Financial Statements and
Independent Auditor’s Report

Mountain Valley Developmental Services, Inc.

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mountain Valley Developmental Services, Inc.

We have audited the accompanying financial statements of Mountain Valley Developmental Services, Inc. (the Center), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain Valley Developmental Services, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2018 financial statements, and our report dated May 7, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
September 10, 2019

Financial Statements

Mountain Valley Developmental Services, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With summarized financial information as of June 30, 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,206,827	$ 2,270,260
Accounts receivable		
Fees and grants from governmental agencies, net of allowance for doubtful accounts of $38,172	1,355,653	1,136,255
Other	103,979	33,279
Inventories	43,947	61,764
Prepaid expenses and other	353,223	312,703
Total current assets	4,063,629	3,814,261
Land, building and equipment, net of accumulated depreciation	2,627,739	2,726,343
Total assets	$ 6,691,368	$ 6,540,604
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 1,170,092	$ 1,121,439
Current portion of notes payable	49,228	47,011
Deferred revenue	73,549	59,000
Total current liabilities	1,292,869	1,227,450
Long-term liabilities		
Notes payable, net of current portion	395,850	445,078
Total liabilities	1,688,719	1,672,528
Net assets		
Without donor restrictions		
Invested in property and equipment, net of related debt	2,182,661	2,234,254
Undesignated	2,819,988	2,633,822
Total net assets	5,002,649	4,868,076
Total liabilities and net assets	$ 6,691,368	$ 6,540,604

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	Total without donor restrictions	
	2019	2018
Revenues and support		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund	$ 1,306,494	$1,176,214
Medicaid	7,764,202	7,247,008
Counties	151,687	141,324
Grants and other		
Part C	53,664	66,643
Department of Housing and Urban Development	7,782	3,037
Department of Social Services	76,425	20,761
Colorado Department of Education	23,950	20,098
Colorado Department of Human Services	127,524	143,762
Other	460,884	346,110
Total fees and grants from governmental agencies	9,972,612	9,164,957
Public support - contributions	92,259	56,049
Residential room and board	635,314	603,966
Production revenue	189,746	150,566
Other revenue	135,334	167,773
Total revenues and support	11,025,265	10,143,311
Expenses		
Program services		
Medicaid comprehensive	6,967,826	6,371,643
State adult supported living	60,606	79,894
Medicaid adult supported living	470,783	510,321
Children's extensive support	11,495	6,287
Early intervention	728,171	645,238
Family support	165,493	152,464
Case management	783,706	698,593
Rocky mountain early childhood council	555,853	482,604
Total program services	9,743,933	8,947,044
Supporting services		
Management and general	1,146,759	1,147,149
Total expenses	10,890,692	10,094,193
CHANGE IN NET ASSETS	134,573	49,118
Net assets, beginning of year	4,868,076	4,818,958
Net assets, end of year	$ 5,002,649	$4,868,076

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	Program Services			
	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Salaries	$ 3,551,288	$ 30,867	$ 245,473	$ 9,693
Benefits and taxes	1,098,306	6,283	41,977	1,448
Professional services	808,196	15,740	143,539	-
Occupancy	306,705	1,956	1,798	-
Insurance	60,287	1,059	4,343	-
Supplies	382,572	705	3,864	354
Client assistance and activities	7,217	-	-	-
Interest	22,190	-	-	-
Depreciation	199,766	1,361	14,501	-
Other	531,299	2,635	15,288	-
Total expenses	$ 6,967,826	$ 60,606	$ 470,783	$ 11,495

The accompanying notes are an integral part of this statement.

Program Services						
Early interven-tion	Family support	Case manage-ment	Rocky mountain early childhood council	Management and general	Total 2019	Total 2018
$ 53,417	$ 15,975	$ 537,172	$ 112,773	$ 522,422	$ 5,079,080	$ 4,905,118
4,959	1,193	169,696	9,331	167,941	1,501,134	1,249,934
625,003	-	1,172	-	160,844	1,754,494	1,618,654
-	-	8,758	-	35,833	355,050	373,171
69	-	3,507	206	8,695	78,166	74,325
165	194	12,000	-	17,304	417,158	330,640
-	148,131	-	433,543	-	588,891	514,632
-	-	-	-	-	22,190	20,113
-	-	4,774	-	51,961	272,363	258,808
44,558	-	46,627	-	181,759	822,166	748,798
$ 728,171	$ 165,493	$ 783,706	$ 555,853	$ 1,146,759	$ 10,890,692	$ 10,094,193

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2019
(With summarized financial information for the year ended June 30, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 134,573	$ 49,118
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	272,363	258,808
Gain on sale of fixed assets	(3,000)	(1,328)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(290,098)	157,692
(Increase) decrease in inventories	17,817	(29,925)
Increase in prepaid expenses and other	(40,520)	(44,670)
Increase in accounts payable and accrued expenses	48,653	31,607
Increase (decrease) in deferred revenue	14,549	(73,296)
Net cash provided by operating activities	154,337	348,006
Cash flows from investing activities		
Purchase of land, building and equipment	(173,759)	(442,438)
Proceeds from sale of fixed assets	3,000	1,600
Net cash used in investing activities	(170,759)	(440,838)
Cash flows from financing activities		
Advances on notes payable	-	225,000
Payments on notes payable	(47,011)	(34,237)
Net cash provided by (used in) financing activitities	(47,011)	190,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,433)	97,931
Cash and cash equivalents, beginning of year	2,270,260	2,172,329
Cash and cash equivalents, end of year	$ 2,206,827	$ 2,270,260
Supplemental data		
Cash paid for interest	$ 22,190	$ 20,113

The accompanying notes are an integral part of this statement.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of Mountain Valley Developmental Services, Inc.'s (the Center) nature of activities and summary of significant accounting policies is presented to assist in understanding the Center's financial statements.

1. *Summary of Business Activities*

Mountain Valley Developmental Services, Inc., a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado in 1975 for the purpose of providing a community center board to coordinate programs through interagency cooperation and local agencies to provide services to persons with developmental disabilities in Garfield, Eagle, Pitkin and Lake Counties. The Center's revenue comes primarily from the State of Colorado for services provided.

2. *Description of Services Provided*

The major program services or supports and functional activities directly provided or purchased by the Center are:

Program Services or Supports

Comprehensive (Medicaid) refers to residential services, adult day services or supports and transportation activities as specified in the eligible person's Individualized Plan (IP). Included are a number of different types of residential settings, which provide an array of training, learning, experiential and support activities provided in residential living alternatives designed to meet individual needs. Additionally, adult day services provide opportunities for individuals to experience and actively participate in valued roles in the community. These services and supports enable individuals to access and participate in typical community activities such as work, recreation, and senior citizen activities. Finally, transportation activities refer to "Home to Day Program transportation" services relevant to an individual's work schedule as specified in the IP. For these purposes, "work schedule" is defined broadly to include adult and retirement activities such as education, training, community integration and employment.

Adult Supported Living (State and Medicaid) provides individualized living services for persons who are responsible for their own living arrangements in the community.

Children's Extensive Support is a deeming waiver (only the child's income is considered in determining eligibility) intended to provide needed services and supports to eligible children under the age of eighteen years in order for the children to remain in or return to the family home. Waiver services are targeted to children having extensive support

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

needs, which require constant line-of-sight supervision due to significantly challenging behaviors and/or co-existing medical conditions. Available services include personal assistance, household modification, specialized medical equipment and supplies, professional services and community connection services.

Early Intervention is for children from birth through age two which offer infants and toddlers and their families services and supports to enhance child development in the areas of cognition, speech, communication, physical, motor, vision, hearing, social-emotional development, and self help skills; parent-child or family interaction; and early identification, screening and assessment services.

Family Support provides an array of supportive services to the person with a developmental disability and his/her family when the person remains within the family home, thereby preventing or delaying the need for out-of-home placement, which is unwanted by the person or the family.

Case Management is the determination of eligibility for services and supports, service and support coordination, and the monitoring of all services and supports delivered pursuant to the IP, and the evaluation of results identified in the IP.

Rocky Mountain Early Childhood Council promotes and supports a system of quality, accessibility, affordability of early childhood for families in the Rural Resort Region.

Supporting Services

Management and General includes those activities necessary for planning, coordination and overall direction of the organization, financial administration, general board activities and other related activities indispensable to the organization's corporate existence.

3. *Basis of Accounting*

Financial statements of the Center have been prepared on the accrual basis, whereby revenue is recorded when services are performed and expenses are recognized when incurred.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Subsequent Events*

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through September 10, 2019, the date on which the financial statements were issued. The Center did not identify any events or transactions that would have a material impact on the financial statements.

5. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

6. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Center considers cash to be cash on hand and cash on deposit, subject to immediate withdrawal, and cash equivalents to be certificates of deposit with an original maturity of three months or less.

The Center maintains cash balances in financial institutions located in Glenwood Springs, Colorado, which at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

7. *Accounts Receivable*

The majority of the Center's accounts receivable are due from the State of Colorado. Accounts receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Center determines its allowance by considering a number of factors, including the length of time accounts receivable are past due and the Center's previous collection history. The Center writes off accounts receivable to bad debt expense after reasonable collection efforts have been made. Payments subsequently received on such receivables, if any, are recorded as other revenue.

8. *Inventories*

The cost of inventories was determined principally on a first-in, first-out basis under the lower of cost or market method of accounting.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets with a cost of $5,000 or more and an estimated fair value, at date of receipt, for donated property. Depreciation is provided on the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	5–30
Equipment	2–10
Vehicles	3–6

10. *Accounting for Contributions*

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as increases in net assets without donor restrictions.

11. *In-kind Contributions*

Contributions of property, materials and personal services are known as in-kind contributions and are recorded at estimated fair value at the date of receipt. The amount recorded for these contributions (other than contributions of land, building and equipment) is also included as program costs to properly reflect the total cost of the particular program.

12. *Net Assets*

From time to time, the Center's Board of Directors approves designating net assets for future use for a specific purpose.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Functional Allocation of Expenses*

    The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated to program and management and general based on estimates of time and effort, square footage of the office and other methods.

14. *Income Taxes*

    The Center is operated as a nonprofit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Center recognizes tax liabilities when, despite the Center's belief that its tax return positions are supportable, the Center believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Center has concluded there is no tax liability or benefit required to be recorded as of June 30, 2019. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Center believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2016.

15. *Prior Year Summarized Information*

    The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2018 from which the summarized information was derived.

16. *Recent Accounting Pronouncements*

    In August 2016, the FASB issued ASU No. 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit organization's liquidity, financial performance and cash flows. For the year ended June 30, 2019, the Center has implemented ASU No. 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented and no adjustments were needed to the financial statements.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. *Recent Accounting Pronouncements (Continued)*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (US GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Center has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The most significant change for lessee is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Changes to the lessor accounting model include: (a) synchronizing key aspects of the model with the new revenue recognition guidance, such as basing whether a lease is similar to a sale or whether control of the underlying asset has transferred to the lessee and (b) prospectively eliminating the specialized accounting for leveraged leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Center is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update clarify the guidance regarding the classification of operating, investing and financing activities for certain types of cash receipts and payments. The amendments in this update are effective for the annual periods, and the interim periods within those years, beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Center is evaluating the impact of adoption, if any, to the financial statements.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. *Recent Accounting Pronouncements (Continued)*

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Center is in the process of evaluating the impact of this new guidance.

In June 2018, the FASB issued ASU No. 2018-08 *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve the scope and the accounting guidance for contributions received and contributions made. The ASU will be effective for all entities that have not issued or is a conduit bond obligor for securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource recipient, for fiscal years beginning after December 15, 2018. The ASU will be effective for all entities that have not issued or is a conduit bond obligor for securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource provider, for fiscal years beginning after December 15, 2019.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and cash equivalents	$ 2,206,827	$ 2,270,260
Accounts receivable	1,459,632	1,169,534
	$ 3,666,459	$ 3,439,794

As a part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2019:

Buildings and improvements	$ 6,485,535
Equipment	167,545
Vehicles	501,691
	7,154,771
Less accumulated depreciation and amortization	5,322,726
	1,832,045
Land	795,694
	$ 2,627,739

Depreciation expense was $272,363 for the year ended June 30, 2019.

NOTE D – NOTES PAYABLE

On December 8, 2017, the center borrowed $225,000 from a financial institution with a fixed rate of 4.99%, which is due December 8, 2027, payable in monthly installments of $2,393 including interest, and collateralized by land and building. The outstanding balance of this note at June 30, 2019 was $197,933.

On December 20, 2013, the Center borrowed $100,000 from a financial institution with a fixed rate of 4.85%, which is due December 20, 2023, payable in monthly installments of $1,057 including interest, and collateralized by a building and deposits held at the financial institution. The outstanding balance of this note at June 30, 2019 was $51,090.

On February 11, 2009, the Center borrowed $335,000 from a financial institution which is due February 25, 2029, collateralized by land and building. The terms of this note were changed during the year ended June 30, 2013. The rate changed in October 2015 to an annual, variable rate of prime plus 1.5% with a floor of 4.5% and a ceiling of 24.0%. On December 8, 2017, the terms of this note were modified. The interest rate is now fixed at 4.25% until December 25, 2022, at which time the interest rate becomes variable based on the prime rate. The monthly payment amount of principal and interest is $2,317 and the loan is due on November 25, 2027. The outstanding balance of this note at June 30, 2019 was $196,055.

NOTE D – NOTES PAYABLE (CONTINUED)

Future maturities of notes payable at June 30, 2019, are as follows:

Year ending June 30,	
2020	$ 49,228
2021	51,662
2022	54,159
2023	56,778
2024	53,094
Thereafter	180,157
	445,078
Less current portion	49,228
	$ 395,850

Interest expense was $22,190 for the year ended June 30, 2019.

NOTE E – DEFERRED REVENUE

Deferred revenue of $73,549 at June 30, 2019, consists of $10,000 of unspent funds from Eagle County, $24,500 of unspent funds from Garfield County, $17,500 of unspent funds from Pitkin County, $19,129 of unspent funds from Temple Hoyne Buell Foundation and $2,420 of rent received in advance.

NOTE F – LEASES

The Center leases facilities and equipment under operating lease arrangements to conduct a portion of its operations. Rental expense for the year ended June 30, 2019 was $120,928. Future minimum lease payments under noncancelable operating leases at June 30, 2019 are as follows:

Year ending June 30,	
2020	$ 50,537
2021	22,733
2022	1,037
	$ 74,307

NOTE G – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries and benefits, telephone, depreciation and amortization, insurance, utilities, postage, storage and equipment lease, miscellaneous and interest, which are allocated on the basis of usage studies, square footage and other methods.

NOTE H – RETIREMENT PLANS

Defined Contribution Plan

The Center has adopted a contributory defined contribution plan for employees. Employees are eligible to participate after one year of full-time employment. The Center is a safe harbor plan with a maximum match of 4%, depending on years of service, which becomes fully vested immediately. During the year ended June 30, 2019, contributions to the plan by the Center were $101,154.

Deferred Compensation Plan

The Center has a deferred compensation plan for a select group of management and highly compensated employees. Participants contribute a certain percentage of their salary to the Plan and the Center can make contributions to the Plan. The Center will distribute the balance of the participant's account upon the 90th day after the participant separates employment with the Center, unless the participant has elected to commence distribution prior to this date. The Center maintains accounts for the participants. The total amount in these accounts was $266,075 as of June 30, 2019. The amount is recorded in prepaid expenses and other and accounts payable and accrued expenses. For the year ended June 30, 2019, no deferred compensation contributions were made and $12,000 in distributions were made.

NOTE I – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado is $1,231,230 at June 30, 2019. The Center has a payable to the State of Colorado of $16,591 as of June 30, 2019. These transactions are considered to be transactions with a related party by virtue of significant management influence exercised by the State of Colorado through contract provisions.