

Financial Statements and
Independent Auditor's Report

Mountain Valley Developmental Services, Inc.

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mountain Valley Developmental Services, Inc.

Opinion

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, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Center's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Logan, Thomas + Johnson, LLC

Castle Rock, Colorado
March 3, 2026

Financial Statements

Mountain Valley Developmental Services, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With summarized financial information as of June 30, 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,153,126	\$ 3,640,402
Accounts receivable, net of allowance for credit losses of \$0		
Fees and grants from governmental agencies	2,767,589	3,288,036
Other	112,591	29,816
Inventories	83,318	80,655
Prepaid expenses and other	393,221	319,622
Total current assets	7,509,845	7,358,531
Right of use assets - operating leases	87,537	60,932
Land, building and equipment, net of accumulated depreciation	2,715,643	2,883,668
Total assets	\$10,313,025	\$10,303,131
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,866,631	\$ 2,157,922
Current portion of lease obligation - operating leases	36,978	29,022
Current portion of notes payable	50,962	48,940
Deferred revenue	129,985	159,542
Total current liabilities	2,084,556	2,395,426
Long-term liabilities		
Lease obligation - operating leases	50,559	31,910
Notes payable, net of current portion	78,465	129,427
Total liabilities	2,213,580	2,556,763
Net assets		
Without donor restrictions		
Invested in property and equipment, net of related debt	2,586,216	2,705,301
Undesignated	5,513,229	5,041,067
Total net assets	8,099,445	7,746,368
Total liabilities and net assets	\$10,313,025	\$10,303,131

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2025
(With summarized financial information for the year ended June 30, 2024)

	<u>Total without donor restrictions</u>	
	<u>2025</u>	<u>2024</u>
Revenues and support		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund	\$ 1,829,267	\$ 2,012,123
Medicaid	10,706,670	10,077,189
Counties	238,192	186,475
Grants and other		
Part C	-	240,925
Department of Housing and Urban Development	2,327	1,854
Colorado Department of Social Services	33,959	26,869
Colorado Department of Health Care Policy and Financing ARPA	48,063	66,724
Colorado Department of Education	486,310	1,280,423
Colorado Department of Human Services	165,847	155,730
Other	234,652	166,794
Total fees and grants from governmental agencies	13,745,287	14,215,106
Public support - contributions	73,503	87,104
Residential room and board	627,194	599,717
Production revenue	77,231	169,846
Other revenue	403,569	470,997
Total revenues and support	14,926,784	15,542,770
Expenses		
Program services		
Medicaid comprehensive	8,881,785	8,923,882
State adult supported living	48,278	66,973
Medicaid adult supported living	921,445	868,314
Children's extensive support	305,467	185,877
Early intervention	1,140,523	1,178,595
Family support	6,080	135,325
Case management	652,699	1,089,637
Rocky mountain early childhood council	835,346	1,567,108
Total program services	12,791,623	14,015,711
Supporting services		
Management and general	1,782,084	1,462,123
Total expenses	14,573,707	15,477,834
CHANGE IN NET ASSETS	353,077	64,936
Net assets, beginning of year	7,746,368	7,681,432
Net assets, end of year	\$ 8,099,445	\$ 7,746,368

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

(With summarized financial information for the year ended June 30, 2024)

	Program Services			
	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Salaries	\$ 4,833,923	\$ 29,105	\$ 249,531	\$ 103,117
Benefits and taxes	1,013,369	11,330	43,415	14,529
Professional services	1,501,138	-	585,329	-
Occupancy	339,334	2,840	15,728	-
Insurance	102,210	1,608	5,998	-
Supplies	221,659	377	405	330
Client assistance and activities	7,424	-	-	-
Interest	7,053	-	-	-
Depreciation	221,649	607	8,980	-
Other	634,026	2,411	12,059	187,491
Total expenses	\$ 8,881,785	\$ 48,278	\$ 921,445	\$ 305,467

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	
					2025	2024
\$ 586,271	\$ -	\$ 521,727	\$ 240,323	\$ 800,080	\$ 7,364,077	\$ 7,656,177
103,827	110	90,031	34,341	193,507	1,504,459	1,434,701
402,185	-	-	-	420,769	2,909,421	2,556,919
-	-	3,261	-	20,845	382,008	438,022
124	-	3,197	373	23,284	136,794	123,489
555	-	37	-	16,760	240,123	412,367
-	5,970	-	560,309	-	573,703	1,417,306
-	-	-	-	-	7,053	11,677
-	-	2,023	-	32,444	265,703	276,545
47,561	-	32,423	-	274,395	1,190,366	1,150,631
<u>\$1,140,523</u>	<u>\$ 6,080</u>	<u>\$ 652,699</u>	<u>\$ 835,346</u>	<u>\$ 1,782,084</u>	<u>\$ 14,573,707</u>	<u>\$ 15,477,834</u>

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2025
(With summarized financial information for the year ended June 30, 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 353,077	\$ 64,936
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	265,703	276,545
Gain on sale of fixed assets	-	(19,169)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	437,672	(681,624)
Increase in inventories	(2,663)	(8,228)
Increase in prepaid expenses and other	(73,599)	(31,561)
Increase (decrease) in accounts payable and accrued expenses	(291,291)	436,580
Decrease in deferred revenue	(29,557)	(2,535)
Net cash provided by operating activities	659,342	34,944
Cash flows from investing activities		
Purchase of land, building and equipment	(97,678)	(124,121)
Proceeds from sale of fixed assets	-	19,169
Net cash used in investing activities	(97,678)	(104,952)
Cash flows from financing activities		
Payments on notes payable	(48,940)	(53,229)
Net cash used in financing activities	(48,940)	(53,229)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	512,724	(123,237)
Cash and cash equivalents, beginning of year	3,640,402	3,763,639
Cash and cash equivalents, end of year	\$ 4,153,126	\$ 3,640,402
Supplemental data		
Cash paid for interest	\$ 7,053	\$ 11,677
Noncash financing and investing activities		
Operating lease right-of-use asset acquired through operating lease	62,407	-

The accompanying notes are an integral part of this statement.

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, to coordinate programs through interagency cooperation and local agencies to provide services to persons with developmental disabilities or delays in Garfield, Eagle, Pitkin and Lake Counties. As of July 1, 2024, the Center is a provider agency and is also an early intervention broker along with evaluating individuals for early intervention services. 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

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

to the family home. Waiver services are targeted to children having extensive support 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.

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 March 3, 2026, 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 has tracked historical loss information for its accounts receivable. The Center has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have been adjusted for differences in current conditions or forecasted changes. Accordingly, the Center believes all receivables are collectible and that no allowance for credit loss is necessary as of June 30, 2025. 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.

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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.

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:

	<u>Years</u>
Buildings and improvements	5–30
Equipment	2–10
Vehicles	3–6

10. *Leases*

The Center records operating lease assets and corresponding lease liabilities on the statement of financial position and discloses key quantitative and qualitative information about lease contracts.

Under ASC 842, the Center determines if a contract is a leasing arrangement at inception. Operating lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Center used the risk-free rate of return. The Center recognized operating lease expense for operating leases on a straight-line basis over the lease term.

The Center leases equipment under noncancelable operating leases which may include renewal or termination options that are reasonably certain of exercise. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

11. *Revenue Recognition*

Revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing services. Program revenue consists primarily of funds received from the State of Colorado for Medicaid and other services, miscellaneous smaller grants and awards from federal, state, county and municipal sources. Billings for services are billed after the services are performed. As performance obligations are satisfied, revenue is recognized.

Performance obligations are determined based on the nature of the services provided. As performance obligations are satisfied over time, revenue is recognized based on when related services are performed. This method provides for the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations. Revenue received in advance is deferred to the applicable period in which the related program services are performed and at which time will be recognized in the period in which the related services are performed. Transaction price is based on standard charges for services provided, which is set by the State of Colorado. Rent income is recognized in the month in which it is earned rather than received.

12. *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.

13. *Net Assets*

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

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

14. *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.

15. *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, 2025. 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, 2022.

16. *Prior Year Summarized Information and Reclassifications*

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, 2024 from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2024 has been reclassified to conform with the presentation for the current year.

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:

Cash and cash equivalents	\$ 4,153,126
Accounts receivable	<u>2,880,180</u>
	\$ <u>7,033,306</u>

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE B – LIQUIDITY AND AVAILABILITY (CONTINUED)

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, 2025:

Buildings and improvements	\$ 7,542,369
Equipment	202,056
Vehicles	<u>473,981</u>
	8,218,406
Less accumulated depreciation and amortization	<u>6,345,867</u>
	1,872,539
Land	<u>843,104</u>
	\$ <u>2,715,643</u>

Depreciation expense was \$265,703 for the year ended June 30, 2025.

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. On October 1, 2020, the loan agreement was amended to change the interest rate to a fixed rate of 4.00% and the monthly installments to \$2,311. The outstanding balance of this note at June 30, 2025 was \$65,821.

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 interest rate was a 4.25% fixed rate until December 25, 2022, at which time the interest rate becomes variable based on the prime rate. On October 1, 2020, the loan agreement was amended to change the interest rate to a fixed rate of 4.00%. The monthly payment amount of principal and interest is \$2,295 and the loan is due on November 25, 2027. The outstanding balance of this note at June 30, 2025 was \$63,606.

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE D – NOTES PAYABLE (CONTINUED)

Future maturities of notes payable at June 30, 2025, are as follows:

Year ending June 30,	
2026	\$ 50,962
2027	53,068
2028	<u>25,397</u>
	129,427
Less current portion	<u>50,962</u>
	\$ <u>78,465</u>

Interest expense was \$7,053 for the year ended June 30, 2025.

NOTE E – DEFERRED REVENUE

Deferred revenue of \$129,985 at June 30, 2025, consists of \$17,500 of unspent funds from Eagle County, \$38,000 of unspent funds from Garfield County, and \$74,485 of unspent funds from Temple Hoyne Buell Foundation.

NOTE F – LEASES

The Center leases vehicles under operating lease arrangements to conduct a portion of its operations. The Center determines if an arrangement is a lease at the inception of a contract and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

Total rent expense was \$72,422 for the year ended June 30, 2025 and is included in other on the statement of functional expenses.

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating lease liabilities reported on the statement of financial position:

Year ending June 30,	
2026	\$ 40,083
2027	23,619
2028	13,055
2029	11,706
2030	<u>6,829</u>
Total lease payments	95,292
Less interest	<u>(7,755)</u>
Present value of lease liability	\$ <u>87,537</u>

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE F – LEASES (CONTINUED)

Average operating lease terms and discount rate at June 30, 2025 were as follows:

Weighted average remaining lease term (years)	3.23
Weighted average discount rate	6.40%

The following summarizes cash paid for operating lease liabilities and other non-cash information:

Cash paid for amounts included in the measurement of operating lease liability	\$41,352
Right of use assets obtained in exchange for operating lease obligations	62,407

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's Plan 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, 2025, contributions to the plan by the Center were \$128,831.

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 maintains accounts for the participants. The total amount in these accounts was \$252,043 as of June 30, 2025. The amount is recorded in prepaid expenses and other and accounts payable and accrued expenses. For the year ended June 30, 2025, no deferred compensation contributions were made and \$10,716 in distributions were made.

Mountain Valley Developmental Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE I – CONCENTRATIONS

The Center receives a substantial amount of revenue from the State of Colorado. For the year ended June 30, 2025, the Center received \$13,270,116 from the State of Colorado derived from State and Federal sources which comprises 89% of total revenue. In addition, the Center has State of Colorado related receivables of \$2,755,570 which comprises 96% of total accounts receivable at June 30, 2025.