

**COMMUNITY  
CONNECTIONS, INC.**

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

June 30, 2017 and 2016

DRAFT

# **COMMUNITY CONNECTIONS, INC.**

## **STATEMENTS OF FINANCIAL POSITION**

June 30, 2017 and 2016

### **ASSETS**

	2017	2016
<b>Current assets</b>		
Cash and cash equivalents (Note 15).....	\$ 607,761	\$ 537,953
Cash - two month operating reserve (Notes 10 and 15).....	874,000	903,000
Fees and grants due from governmental agencies (Note 4).....	491,628	421,707
Accounts receivable, net of allowance of \$23,833 in 2017 and \$21,479 in 2016.....	18,958	18,107
Current portion of long-term contribution receivable (Note 6).....	9,250	9,250
Prepaid expenses and other.....	25,217	5,423
Total current assets.....	<u>2,026,814</u>	<u>1,895,440</u>
<b>Non-current assets</b>		
Investments (Note 3).....	271,591	249,406
Property and equipment, net (Notes 5 and 9).....	1,088,304	1,100,557
Long-term contribution receivable, net of current portion (Note 6).....	55,500	64,750
Total non-current assets.....	<u>1,415,395</u>	<u>1,414,713</u>
<b>Total assets.....</b>	<b><u>\$ 3,442,209</u></b>	<b><u>\$ 3,310,153</u></b>

### **LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable and accrued expenses (Note 15).....	\$ 574,473	\$ 542,211
Deferred revenue (Note 7).....	-	5,142
Current portion of notes payable (Note 8).....	11,335	11,692
Total current liabilities.....	<u>585,808</u>	<u>559,045</u>
<b>Long-term liabilities</b>		
Notes payable, net of current portion (Note 8).....	229,093	249,842
Total liabilities.....	<u>814,901</u>	<u>808,887</u>
<b>Net assets</b>		
Unrestricted		
Undesignated.....	834,816	677,266
Board designated operating reserves (Note 10).....	874,000	903,000
Net investment in property and equipment.....	847,876	839,023
Total unrestricted.....	<u>2,556,692</u>	<u>2,419,289</u>
Temporarily restricted (Note 11).....	70,616	81,977
Total net assets.....	<u>2,627,308</u>	<u>2,501,266</u>
<b>Total liabilities and net assets.....</b>	<b><u>\$ 3,442,209</u></b>	<b><u>\$ 3,310,153</u></b>

The accompanying notes are an integral part of these financial statements.

# **COMMUNITY CONNECTIONS, INC.**

## STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2017 and 2016

	2017	2016
<b>Unrestricted net assets activity:</b>		
Support and revenue		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund		
Comprehensive services.....	\$ 35,625	\$ 14,641
Adult supported living services.....	194,549	166,934
Early intervention.....	290,699	289,940
Family support services program.....	119,192	123,255
Total fees from State General Fund.....	640,065	594,770
Medicaid		
Comprehensive services.....	3,325,857	3,607,164
Adult supported living services.....	606,342	610,899
Children's extensive supports.....	60,935	54,052
Early intervention.....	87,127	66,131
Home and community based services.....	10,549	10,197
Total fees from Medicaid.....	4,090,810	4,348,443
Grants and other government sources		
State Part C - Early intervention.....	62,435	14,525
Counties and cities.....	83,136	95,983
Department of Housing and Urban Development.....	2,001	2,825
Colorado Department of Transportation.....	34,293	-
Other.....	1,407	6,892
Total grants and other government sources.....	183,272	120,225
Total fees and grants from governmental agencies.....	4,914,147	5,063,438
Public support - contributions.....	41,542	47,318
Public support - in-kind contributions.....	13,485	13,563
Residential room and board.....	428,345	456,959
Investment income (loss), net (Note 3).....	22,185	(211)
Other revenue.....	45,643	44,240
Total before reclassifications.....	5,465,347	5,625,307
Net assets released from restrictions.....	11,361	11,904
Total support and revenue.....	5,476,708	5,637,211

The accompanying notes are an integral part of these financial statements.

# **COMMUNITY CONNECTIONS, INC.**

## STATEMENTS OF ACTIVITIES - Continued For the Years Ended June 30, 2017 and 2016

	2017	2016
Expenses and losses		
Program services		
Medicaid comprehensive services.....	\$ 3,144,597	\$ 3,329,642
State adult supported living services.....	82,416	109,956
Medicaid adult supported living services.....	583,210	529,455
Children's extensive supports.....	34,443	37,092
Early intervention.....	258,588	208,265
Family support services program.....	120,910	136,290
Case management.....	464,829	469,058
Other program services.....	12,777	24,220
Total program services.....	4,701,770	4,843,978
Supporting services		
Management and general.....	613,850	614,030
Fundraising (Note 12).....	20,555	23,339
Bad debt provision.....	3,130	11,473
Total supporting services.....	637,535	648,842
Total expenses and losses.....	5,339,305	5,492,820
Change in unrestricted net assets.....	137,403	144,391
<b>Temporarily restricted net assets activity:</b>		
Public support - contributions.....	-	2,000
Net assets released from restrictions.....	(11,361)	(11,904)
Change in temporarily restricted net assets.....	(11,361)	(9,904)
<b>Change in total net assets.....</b>	<b>126,042</b>	<b>134,487</b>
Net assets, beginning of year.....	2,501,266	2,366,779
<b>Net assets, end of year.....</b>	<b>\$ 2,627,308</b>	<b>\$ 2,501,266</b>

The accompanying notes are an integral part of these financial statements.

# **COMMUNITY CONNECTIONS, INC.**

## STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2017 and 2016

### Increase (Decrease) in Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Cash received from governmental agencies and others.....	\$ 5,360,717	\$ 5,690,537
Cash paid to suppliers and employees.....	(5,227,875)	(5,329,459)
Interest received.....	2,053	1,764
Interest paid.....	(15,491)	(15,237)
Net cash provided by operating activities.....	<u>119,404</u>	<u>347,605</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment.....	(57,490)	(7,685)
Proceeds from sale of property and equipment.....	-	500
Purchases of investments.....	(26,600)	(200,000)
Proceeds from sale of investments.....	26,600	-
Net cash used by investing activities.....	<u>(57,490)</u>	<u>(207,185)</u>
<b>Cash flows from financing activities:</b>		
Payments made on notes payable.....	(21,106)	(11,282)
Net cash used by financing activities.....	<u>(21,106)</u>	<u>(11,282)</u>
<b>Net increase in cash and cash equivalents.....</b>	<b>40,808</b>	129,138
Cash and cash equivalents, beginning of year.....	<u>1,440,953</u>	<u>1,311,815</u>
Cash and cash equivalents, end of year.....	<u>\$ 1,481,761</u>	<u>\$ 1,440,953</u>
Cash and cash equivalents as reported on the statement of financial position		
Cash and cash equivalents.....	\$ 607,761	\$ 537,953
Cash - two month operating reserve.....	874,000	903,000
	<u>\$ 1,481,761</u>	<u>\$ 1,440,953</u>

The accompanying notes are an integral part of these financial statements.

# **COMMUNITY CONNECTIONS, INC.**

## STATEMENTS OF CASH FLOWS - Continued For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Reconciliation of change in net assets to net cash provided</b>		
<b>by operating activities:</b>		
Change in net assets.....	\$ 126,042	\$ 134,487
<b>Adjustments to reconcile:</b>		
Depreciation and amortization.....	69,743	60,856
Gain on disposal of property and equipment.....	-	(500)
Change in allowance for uncollectible client accounts receivable.....	2,354	11,473
Net (gain) loss on investments.....	(22,185)	211
Non-cash expense (land lease).....	9,250	9,250
Decrease (increase) in		
Fees and grants due from governmental agencies.....	(69,921)	87,884
Accounts receivable.....	(3,205)	(6,186)
Prepaid expenses and other.....	(19,794)	7,939
Increase (decrease) in		
Accounts payable and accrued expenses.....	32,262	57,446
Deferred revenue.....	(5,142)	(15,255)
Total adjustments.....	<u>(6,638)</u>	<u>213,118</u>
<b>Net cash provided by operating activities.....</b>	<b><u>\$ 119,404</u></b>	<b><u>\$ 347,605</u></b>

The accompanying notes are an integral part of these financial statements.

# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2017 and 2016

### **NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Community Connections, Inc. (the Center) was incorporated under the laws of the State of Colorado in 1985 for the purpose of providing a community center board to coordinate programs through interagency cooperation and local agencies to provide services to persons with intellectual and developmental disabilities in La Plata, Archuleta, Montezuma, Dolores, and San Juan Counties. The Center's revenue comes primarily from the State of Colorado for services provided. The major program services or supports and functional activities directly provided or purchased by the Center are:

#### **Adult Comprehensive Services (Residential)**

Comprehensive services (State and Medicaid funded) provide a full day (24 hours) of services and/or supports for adults which are designed to ensure the health, safety and welfare of the individual, and to assist in the acquisition, retention and/or improvement in skills necessary to support individuals to live and participate successfully in their community. These services are individually planned and coordinated through the person's Service Plan (SP). Additionally, services are provided to give individuals opportunities to experience and actively participate in valued roles in the community. These services may include a combination of life-long or extended duration supervision, training, and/or support such as Day Habilitation services and Supported Employment.

#### **Adult Supported Living Services**

Adult supported living services (State and Medicaid funded) augment already available supports for those adults who either can live independently with limited support or who, if they need extensive support, are getting that support from other sources, such as family. Services provided may include a combination of life-long or extended duration supervision, training, and/or support such as Day Habilitation Services and Supported Employment. The Center has no responsibility for the living arrangement in the community.

#### **Children's Extensive Supports**

Children's extensive supports provide needed services and supports to eligible children under the age of eighteen years in order for the child to remain or return to the family home. This program is a deeming waiver meaning only the child's income is considered in determining eligibility. Waiver services are targeted to children having extensive support needs, which require constant line-of-sight supervision due to significantly challenging behaviors and/or coexisting medical conditions. Available services include personal assistance, household modifications, specialized medical equipment and supplies, professional service, and community connections services.

#### **Early Intervention**

Early intervention is a program for children from birth through age two offering 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 developmental, and self-help skills, parent-child or family interactions; and early identification, screening and assessment services.

#### **Family Support Services Program**

Family support services provide an array of supportive services to the person with an intellectual and development disability and his/her family when the person remains within the family home, thereby preventing or delaying the need for out-of-home placement that is unwanted by the person or the family.

#### **Home and Community Based Services**

Home and community based services provide Medicaid benefits of case management and supportive services for children with disabilities from birth through age seventeen who would otherwise be ineligible for Medicaid due to excess parental income and/or resources. Children must be at risk of nursing facility or hospital placement.

# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS - Continued** June 30, 2017 and 2016

### **NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES - Continued**

#### **Case Management**

Case management includes the determination of eligibility for services and supports, service and support coordination, and the monitoring of all services and supports delivered pursuant to an individual Service Plan, and the evaluation of results identified in the individual Service Plan.

#### **Other Program Services**

Other program services include contractual employment opportunities for clients in the community.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of accounting and presentation**

The financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The Center reports information regarding its financial position and activities according to three general classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Donor restricted revenue for which restrictions are satisfied in the same fiscal year, are reported as unrestricted revenue, rather than temporarily restricted. Donor restricted contributions for which restrictions are not currently met, are reflected as an increase to temporarily restricted net assets.

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates. Estimates affect financial statement amounts and the disclosure of contingent assets and liabilities at the date of the financial statements. Due to their inherent nature, estimates may differ from future actual results.

#### **Cash and cash equivalents**

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

#### **Investments**

Investments in marketable securities are carried at the quoted market value of the securities. Total investment return consists of investment income in the form of interest and dividends and realized and unrealized gains and losses as reported on the statement of activities, less administrative fees and taxes.

#### **Receivables**

The majority of the Center's receivables are due from the State of Colorado through Medicaid funding. Other accounts receivables are primarily due from consumers for room and board. Accounts are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts considering a number of factors, including the length of time accounts receivables are past due and the Center's previous collection history. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance.



# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS - Continued** June 30, 2017 and 2016

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Fair value of financial instruments**

Generally accepted accounting principles (GAAP) requires disclosure of an estimate of fair value of certain financial instruments. The Center's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

#### **Fair value measurements**

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

#### **Property and equipment**

Property and equipment are stated at cost at date of acquisition or estimated fair value at date of donation. The Center capitalizes property and equipment acquisitions of \$1,000 or more that have a useful life of more than two years. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Lives are estimated at five to forty years for buildings and improvements, and three to ten years for equipment.

#### **Revenue recognition**

Revenues are recognized when services are performed. Deferred revenue represents payments received by the Center not spent in the current year, but for which the Center has met certain control points. Under contract provisions, the Center is allowed to defer a portion of unspent awards to the following year.

#### **In-kind donations**

Contributions of property, material, and personal services are known as in-kind donations and are recorded at estimated value as of the date received. These donations (other than contributions of property and equipment) are included as program costs to properly reflect the total cost of the particular program.

#### **Income taxes**

The Center is exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Center adopted accounting requirements that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns, including the position that the Center continues to qualify to be treated as a tax-exempt organization for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. When the Center has unrelated business income, the federal Exempt Organization Business Income Tax Return (Form 990T) would be subject to examination by the Internal Revenue Service for three years after filing. Should any penalties and interest be incurred, they would be recognized as management and general expenses.

#### **Reclassifications**

Certain reclassifications have been made to the prior year statement presentation to correspond to the current year's format. Total net assets and change in total net assets are unchanged by these reclassifications.

# **COMMUNITY CONNECTIONS, INC.**

## NOTES TO FINANCIAL STATEMENTS - Continued June 30, 2017 and 2016

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### Subsequent events

Management has evaluated subsequent events through **October XX, 2017**, the date which the financial statements were available to be issued. Except as described in Note 5, no events were identified that required additional disclosure.

### **NOTE 3 - INVESTMENTS**

Investments are carried at market value. Market values are provided by the brokerage firm and are based on quoted market prices (a Level 1 measurement) as of the date of the statement of financial position. Market risk exists and potential gains and losses are dependent on future changes in market prices of various investments held.

The Organization's investment account includes cash, cash equivalents and mutual funds. At June 30, 2017, the account consisted of the following:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Cash and Equivalents	\$ 6,015	\$ 6,015	\$ 5,655	\$ 5,655
Mutual Funds	258,831	265,576	252,718	243,751
	\$ 264,846	\$ 271,591	\$ 258,373	\$ 249,406

Net investment return is included in other revenue in the accompanying statements of activities. The net gains and losses generated by investments is summarized as follows for the respective years ended June 30, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 9,823	\$ 10,376
Realized losses	(514)	-
Unrealized gains (losses)	14,967	(8,741)
Total investment income (loss) before expenses	24,276	1,635
Custodial fees	(2,091)	(1,846)
Investment income (loss), net of expenses	\$ 22,185	\$ (211)

### **NOTE 4 - FEES AND GRANTS DUE FROM GOVERNMENTAL AGENCIES**

Amounts receivable due from governmental agencies at June 30, 2017 and 2016 were as follows:

	2017	2016
State of Colorado		
General Fund	\$ 103,153	\$ 98,767
Medicaid	329,278	275,365
Part C	20,788	10,527
Due from State of Colorado	453,219	384,659
Local governments	21,755	27,835
Other	16,654	9,213
	\$ 491,628	\$ 421,707

# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS - Continued** June 30, 2017 and 2016

### **NOTE 5 - PROPERTY AND EQUIPMENT**

The cost of property and equipment and related accumulated depreciation at June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 296,898	\$ 296,898
Buildings and improvements	1,595,150	1,587,102
Program and administrative equipment	305,420	258,548
Construction in progress	-	3,870
	<u>2,197,468</u>	<u>2,146,418</u>
Accumulated depreciation and amortization	<u>(1,109,164)</u>	<u>(1,045,861)</u>
Net property and equipment	<u>\$ 1,088,304</u>	<u>\$ 1,100,557</u>

### **NOTE 6 - CONTRIBUTED USE OF LAND**

In 1984, the City of Durango approved a 20-year lease for the use of land by the Center for \$1 per year. During that year the Center had a new facility built with a grant that restricted the use of the building. In 1996, the restriction was removed and the Center obtained unrestricted use of the facility. In 2004, the City of Durango renewed the land lease for another 20 years for \$1 per year. The Center assigned a value of \$185,000 to the land based on the median sale price of similar property in 2004. Since title to the property was not conveyed to the Center, the Center cannot recognize the land as an asset; rather, a restricted contribution for the use of the land equal to its estimated value was recognized in 2004, along with a long-term contribution receivable. The receivable is reduced annually through the recognition of rental expense for one-twentieth of the value, which releases that amount from restriction. The balance of the receivable was \$64,750 and \$74,000 at June 30, 2017 and 2016, respectively, including \$9,250 classified as current each year. Rent expense of \$9,250 was recognized during each of the years ended June 30, 2017 and 2016.

### **NOTE 7 - DEFERRED REVENUE**

Deferred revenue of \$5,142 at June 30, 2016 consisted of consisted of unearned family supported service funds. There was no deferred revenue as of June 30, 2017.

### **NOTE 8 - NOTES PAYABLE**

At June 30, 2017 and 2016, the Center had the following notes payable:

	<u>2017</u>	<u>2016</u>
Note payable to Wells Fargo Bank, due February 2029, payable in monthly installments of \$1,122 including interest at 5.75%, guaranteed by a deed of trust on a residential facility with a carrying value of \$143,627	\$ 113,980	\$ 120,107
Note payable to First National Bank of Durango, due February 2035, payable in monthly installments of \$979 including interest at 6.00%, guaranteed by USDA and collateralized by inventory, accounts receivable and equipment and a deed of trust on a residential facility with a carrying value of \$137,014	126,448	130,405

# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS - Continued** June 30, 2017 and 2016

### **NOTE 8 - NOTES PAYABLE - Continued**

	<u>2017</u>	<u>2016</u>
Note payable to First National Bank of Durango, due February 2035, payable in monthly installments of \$104 including variable interest equal to the Wall Street Journal prime rate index (3.50% at June 30, 2016)	-	11,022
Total	240,428	261,534
Less: current portion	11,335	11,692
Long-term portion	<u>\$ 229,093</u>	<u>\$ 249,842</u>

Future maturities of notes payable at June 30, 2017 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	11,335
2019	12,015
2020	12,736
2021	13,500
2022	14,311
Thereafter	176,531
	<u>\$ 240,428</u>

Interest expense on notes payable was \$15,491 and \$15,237 for the years ended June 30, 2017 and 2016, respectively.

#### **Line of Credit**

The Center has a \$200,000 line of credit arrangement with Alpine Bank expiring in April 2019. The line is secured by a lien on all business assets and carries certain financial covenants. The interest rate applied to outstanding borrowings is fixed at 6.00%. Nothing was borrowed against the line during the years ended June 30, 2017 or 2016.

### **NOTE 9 - COMMITMENTS**

#### **Operating leases**

The Center entered into an agreement for telecom services for a period of five years ending in 2018. The total annual rate was \$20,346 for both years ended June 30, 2017 and 2016. The Center has one operating lease of \$2,116 annually for the use of office equipment through April 2020.

Future minimum lease payments as of June 30, 2017 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 12,289
2019	2,116
2020	1,763
	<u>\$ 16,168</u>

# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS - Continued** June 30, 2017 and 2016

### **NOTE 10 - BOARD DESIGNATED OPERATING RESERVES**

During 2014, the Board of Trustees approved the establishment of an operating reserve. Operating reserves are the portion of available unrestricted net assets that are specifically reserved for use in emergencies to sustain operations in the event of significant unanticipated increases in operating expenses or reductions in operating revenues, or both. The reserve balance is \$874,000 and \$903,000 for years ended June 30, 2017 and 2016, respectively. Operating reserves give the Center greater financial stability and flexibility to respond to potential threats in the future. The reserve represents approximately two months of operating expenses. An equal amount of cash has been separately identified on the accompanying statement of financial position.

### **NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2017 and 2016 included the following:

	<u>2017</u>	<u>2016</u>
Contributed use of land (Note 6)	\$ 64,750	\$ 74,000
Green House	5,193	5,208
Family Support Services Program	673	1,631
Community Center	-	1,138
Total temporarily restricted net assets	<u>\$ 70,616</u>	<u>\$ 81,977</u>

### **NOTE 12 - SPECIAL EVENTS**

During 2017 and 2016, the Center held two special events for the purpose of fundraising.

	<u>2017</u>	<u>2016</u>
Cash contributions	\$ 18,934	\$ 20,351
Non-cash contributions	12,000	12,000
Special event income	<u>30,934</u>	<u>32,351</u>
Direct expenses	8,555	11,339
Value of donated space and materials	12,000	12,000
Total event cost	<u>20,555</u>	<u>23,339</u>
Net special event income	<u>\$ 10,379</u>	<u>\$ 9,012</u>

### **NOTE 13 - RETIREMENT PLAN**

The Center maintains a 401(k) plan for the benefit of its employees. All employees who have completed one year of service and are age 21 or older may participate in the Plan. Employees may elect to make a salary reduction contribution of up to \$18,000 annually. Contributions made by the employee are immediately vested. During 2017, plan expenses for fees incurred by the employer were \$500. For the year ended June 30, 2016 employer plan expenses totaled \$2,807.

# **COMMUNITY CONNECTIONS, INC.**

## **NOTES TO FINANCIAL STATEMENTS - Continued** June 30, 2017 and 2016

### **NOTE 14 - RELATED PARTY TRANSACTIONS**

The State of Colorado is considered a related party by virtue of significant management influence exercised by the State through contract provisions. The Center received a substantial portion of its revenue from the State of Colorado as identified in the statement of activities. The amount due to the Center from the State of Colorado is described in Note 4. The Center had balances due to the State of Colorado for expenses and reimbursements, which are recorded in accounts payable and accrued expenses. The balances due at June 30, 2017 and 2016 were \$83,055 and \$55,302, respectively.

### **NOTE 15 - CONCENTRATION OF RISK**

#### **Deposit risk**

The Center maintains cash on deposit with various financial institutions which are members of the Federal Deposit Insurance Corporation (FDIC). The FDIC insures deposits up to \$250,000 for each depositor at each institution. Based on bank account balances at June 30, 2017, the Center had cash balances in excess of the insured limit of \$1,218,525 at Alpine Bank. In July 2017, the Center enrolled in Alpine Bank's Deposit Sweep Program increasing FDIC protection to fully cover bank account balances at any point in time.

#### **Credit risk**

During the years ended June 30, 2017 and 2016, bad debt expense of \$3,130 and \$11,473, respectively, was recognized as a supporting service expense.

#### **ACA estimated penalty**

In prior years and for part of the current year the Center had elected to discontinue health insurance for its employees. Failure to provide such insurance in accordance with the federal Affordable Care Act will result in future penalties. A liability of \$79,000 has been accrued as of June 30, 2016 to recognize the estimated expense. In November 2016, the Center began offering health insurance in accordance with ACA law and, at that time, is considered compliant with the law and not subject to penalties.

**SUPPLEMENTARY INFORMATION**

**DRAFT**

# **COMMUNITY CONNECTIONS, INC.**

## SCHEDULE OF CASE MANAGEMENT SERVICES

For the year ended June 30, 2017

	Targeted case management	Other case management	Total
Fees and grants from governmental agencies			
Fees for Services			
State of Colorado			
State General Fund			
Comprehensive services.....	\$ -	\$ 35,625	\$ 35,625
Adult supported living services.....	-	48,988	48,988
Children and families			
Early Intervention.....	-	47,017	47,017
Family support services program.....	-	18,047	18,047
Children's extensive support.....	-	662	662
Other.....	-	52	52
Medicaid			
Comprehensive services.....	147,210	10,925	158,135
Adult supported living services.....	114,058	10,734	124,792
Children's extensive supports.....	3,714	662	4,376
Early intervention.....	42,817	-	42,817
Home and community based services.....	-	10,549	10,549
Part C.....	-	20,860	20,860
Other revenue.....	-	3,167	3,167
<b>Total support and revenue.....</b>	<b>\$ 307,799</b>	<b>\$ 207,288</b>	<b>\$ 515,087</b>

	Targeted case management	Other case management	Total
Statistical Data (Unaudited)			
Unduplicated number of individuals	209	239	448
Full-time equivalents	6	3.25	9.25



# **COMMUNITY CONNECTIONS, INC.**

## SCHEDULE OF CASE MANAGEMENT SERVICES - Continued

For the year ended June 30, 2017

	Targeted case management	Other case management	Total
Expenses			
Salaries			
Direct care.....	\$ 224,341	\$ 137,806	\$ 362,147
Other.....	-	-	-
Payroll taxes.....	18,875	11,668	30,543
Employee benefits.....	12,805	7,974	20,779
Total personal services.....	256,021	157,448	413,469
Medical professional services			
Physicians.....	-	-	-
Other.....	-	-	-
Other professional services.....	169	286	455
Staff development.....	5,896	2,446	8,342
Staff travel.....	3,852	3,643	7,495
Vehicles			
Fuel and oil.....	-	-	-
Maintenance.....	-	-	-
Leases.....	-	-	-
Occupancy			
Rent.....	206	174	380
Maintenance.....	495	292	787
Utilities.....	353	250	603
Equipment			
Leases.....	49	34	83
Maintenance.....	582	300	882
Supplies			
Medical and client care supplies.....	-	-	-
Pharmacy.....	-	-	-
Productions materials.....	-	-	-
Other.....	397	176	573
Telephone.....	1,770	977	2,747
Dues and subscriptions.....	-	-	-
Food.....	-	-	-
Insurance.....	1,561	950	2,511
Interest.....	-	-	-
Other.....	13,441	5,206	18,647
Insurance penalty.....	1,734	994	2,728
Total direct program expenses.....	286,526	173,176	459,702
Depreciation and amortization.....	3,647	1,480	5,127
Total expenses.....	\$ 290,173	\$ 174,656	\$ 464,829