

Financial Statements and
Independent Auditor's Report

Community Options, Inc.

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Options, Inc.

We have audited the accompanying financial statements of Community Options, Inc. (the Center), which comprise the statement of financial position as of June 30, 2020, 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 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 Community Options, Inc. as of June 30, 2020, 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.

Emphasis Matter

Note Q to the financial statements discusses default on certain notes payable and subsequent reclassification of future maturities on all related debt to current liabilities. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Center's 2019 financial statements, and our report dated December 15, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The summary of revenues, support and expenses by program on pages 28 through 31 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 30 through 33 is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information on pages 32 through 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Logan, Thomas + Johnson, LLC

Broomfield, Colorado
December 15, 2020

Financial Statements

Community Options, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With summarized financial information as of June 30, 2019)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,357,595	\$ 1,133,784
Accounts receivable		
Fees and grants from governmental agencies	810,782	766,541
Workshop trade accounts	2,775	4,710
Other	86,878	23,803
Current portion of notes receivable	46,001	101,875
Prepaid expenses and other	33,733	29,035
Total current assets	3,337,764	2,059,748
Notes receivable, net of current portion	-	46,009
Assets held for sale	875,000	1,087,471
Land, buildings and equipment, net	3,152,437	3,202,037
Total assets	\$ 7,365,201	\$ 6,395,265
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 868,749	\$ 782,822
Current portion of note payable	1,821,780	756,345
Current portion of bonds payable	31,240	29,560
Total current liabilities	2,721,769	1,568,727
Obligation under interest rate swap	40,669	35,444
Long-term debt, net of current portion		
Note payable	587,290	647,360
Bonds payable, net of unamortized bond costs	237,608	267,140
Total liabilities	3,587,336	2,518,671
Net assets		
Without donor restrictions		
Net investment in land, buildings and equipment	2,397,619	2,589,103
Undesignated	1,304,031	1,225,832
Total without donor restrictions	3,701,650	3,814,935
With donor restrictions	76,215	61,659
Total net assets	3,777,865	3,876,594
Total liabilities and net assets	\$ 7,365,201	\$ 6,395,265

The accompanying notes are an integral part of this statement.

Community Options, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	Without donor restrictions	With donor restrictions	Total	
			2020	2019
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	\$ 692,366	\$ -	\$ 692,366	\$ 788,490
Medicaid	6,503,962	-	6,503,962	6,279,947
Counties and cities	16,500	-	16,500	9,000
Grants and other				
Colorado Department of Education - Vocational Rehabilitation	19,468	-	19,468	31,415
Colorado Department of Transportation	157,464	-	157,464	-
Department of Housing and Urban Development	10,235	-	10,235	4,035
Total fees and grants from governmental agencies	7,399,995	-	7,399,995	7,112,887
Public support - contributions	89,607	80,046	169,653	95,136
In-kind contributions	6,636	-	6,636	5,005
Residential room and board	696,086	-	696,086	688,177
Gain on sale of assets	20,130	-	20,130	18,850
Other revenue	181,420	-	181,420	174,375
Net assets released from restrictions				
Satisfaction of program restrictions	65,490	(65,490)	-	-
Total revenues and support	8,459,364	14,556	8,473,920	8,094,430
Expenses				
Program services				
Medicaid comprehensive	5,694,327	-	5,694,327	5,464,161
State adult supported living	151,385	-	151,385	185,896
Medicaid adult supported living	758,820	-	758,820	888,261
Children's extensive support	80,918	-	80,918	59,612
Early intervention	284,494	-	284,494	320,562
Family support	112,950	-	112,950	110,475
Case management	563,612	-	563,612	590,802
Total program services	7,646,506	-	7,646,506	7,619,769
Supporting services				
Management and general	713,672	-	713,672	774,807
Total expenses	8,360,178	-	8,360,178	8,394,576
CHANGE IN NET ASSETS FROM OPERATIONS	99,186	14,556	113,742	(300,146)
Loss on impairment of assets held for sale	212,471	-	212,471	-
CHANGE IN NET ASSETS	(113,285)	14,556	(98,729)	(300,146)
Net assets, beginning of year	3,814,935	61,659	3,876,594	4,176,740
Net assets, end of year	\$ 3,701,650	\$ 76,215	\$ 3,777,865	\$ 3,876,594

The accompanying notes are an integral part of this statement.

Community Options, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020
(With summarized financial information for the year ended June 30, 2019)

	Program Services			
	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Expenses				
Salaries, benefits and taxes	\$ 3,860,370	\$ 66,149	\$ 579,659	\$ 41,101
Professional services	514,854	7,124	33,407	34,355
Staff development and travel	6,721	98	1,162	45
Vehicles	108,652	2,348	29,733	1,447
Occupancy	359,057	2,355	19,149	233
Supplies and equipment	122,801	2,965	7,427	843
Food	247,954	139	1,240	4
Telephone	65,569	1,120	10,339	403
Insurance	79,434	2,099	17,074	1,449
Interest	63,779	2,510	18,295	372
Other expense	29,357	572	4,305	302
In-kind contributions	1,211	-	-	-
Purchased services	-	60,494	-	-
Depreciation	234,568	3,412	37,030	364
Total expenses	<u>\$ 5,694,327</u>	<u>\$ 151,385</u>	<u>\$ 758,820</u>	<u>\$ 80,918</u>

The accompanying notes are an integral part of this statement.

Program Services

Early interven- tion	Family support	Case manage- ment	Management and general	Total	
				2020	2019
\$ 81,581	\$ -	\$ 501,306	\$ 549,689	\$ 5,679,855	\$ 5,637,926
177,386	52,434	7,640	59,679	886,879	900,599
1,486	-	4,948	4,507	18,967	39,221
3,400	207	1,524	5,879	153,190	164,385
6,055	-	12,366	7,492	406,707	382,440
3,178	23,926	9,389	13,382	183,911	191,569
278	-	1,888	1,218	252,721	266,122
3,199	-	5,757	4,522	90,909	84,298
4,012	-	9,776	11,455	125,299	167,550
802	-	3,036	3,300	92,094	91,764
1,584	36,383	3,848	43,755	120,106	109,977
-	-	225	5,200	6,636	5,005
-	-	-	-	60,494	66,741
1,533	-	1,909	3,594	282,410	286,979
<u>\$ 284,494</u>	<u>\$ 112,950</u>	<u>\$ 563,612</u>	<u>\$ 713,672</u>	<u>\$ 8,360,178</u>	<u>\$ 8,394,576</u>

The accompanying notes are an integral part of this statement.

Community Options, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2020

(With summarized financial information for the year ended June 30, 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (98,729)	\$ (300,146)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	282,410	286,979
Amortization of debt issuance costs	1,188	1,188
Loss on impairment of assets held for sale	212,471	-
Gain on sale of assets	(20,130)	(18,850)
Grant for purchase of long-term capital assets	(157,464)	-
Contributions restricted for purchase of long-term capital assets	(8,359)	-
Change in assets and liabilities		
Increase in accounts receivable	(105,381)	(70,094)
(Increase) decrease in prepaid expenses and other	(4,698)	50,707
Increase (decrease) in accounts payable and accrued expenses	85,927	(243,156)
Increase in obligation under interest rate swap	5,225	4,167
Net cash provided by (used in) operating activities	192,460	(289,205)
Cash flows from investing activities		
Purchase of land, buildings and equipment	(85,216)	(63,979)
Proceeds from sale of assets	30,000	18,850
Collection on notes receivable	101,883	59,845
Net cash provided by investing activities	46,667	14,716
Cash flows from financing activities		
Contributions restricted for purchase of long-term capital assets	8,359	-
Payments on bonds payable	(29,040)	(26,880)
Proceeds from advances on notes payable	1,048,100	-
Payments on note payable	(42,735)	(43,823)
Net cash provided by (used in) financing activities	984,684	(70,703)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,223,811	(345,192)
Cash and cash equivalents, beginning of year	1,133,784	1,478,976
Cash and cash equivalents, end of year	\$ 2,357,595	\$ 1,133,784
Supplemental data		
Cash paid for interest	\$ 85,681	\$ 86,409
Cash paid for taxes	1,467	1,283
Noncash financing activities		
Grant for purchase of vehicles	157,464	-

The accompanying notes are an integral part of this statement.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

This description of Community Options, 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*

Community Options, Inc., a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado in 1972 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 Delta, Montrose, Gunnison, San Miguel, Ouray and Hinsdale 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 needs, which require constant line-of-sight supervision due to significantly challenging

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

behaviors and/or coexisting 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 that 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.

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 Center's corporate existence.

3. *Basis of Accounting*

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

4. *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.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

5. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Center considers cash to be all cash on hand and cash on deposit, subject to immediate withdrawal, and cash equivalents to be money market funds.

The Center maintains its cash balances in financial institutions, 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.

6. *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 amounts management expects to collect from outstanding balances. The Center believes all receivables are collectible and that no allowance for doubtful accounts is necessary. The Center writes off accounts receivable when they become uncollectible. Payments subsequently received on such receivables, if any, are recorded as other revenue.

7. *Land, Buildings and Equipment and Assets Held for Sale*

Land, buildings and equipment are reported at cost for purchased assets and estimated fair value, at date of receipt, for donated property. Any asset purchased for \$1,000 or more that has a life expectancy of more than two years is capitalized. Assets held for sale are not depreciated. Depreciation is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	3–40
Administrative equipment	3–10
Program equipment	3–15
Transportation equipment	3–10

8. *Derivative Financial Instruments*

The Center uses an interest rate swap agreement to manage interest rate risk associated with variable rate debt. Under the interest rate swap agreement, the Center and the counterparties agree to exchange the difference between fixed rate and variable rate interest amounts calculated by reference to specified notional amounts during the agreement period. Notional principal amounts are used to express the volume of these

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

8. *Derivative Financial Instruments (Continued)*

transactions, but the cash requirements and amounts subject to credit risk are substantially less. The fair value of the swap is recorded as a receivable or payable on the statement of financial position and changes in fair value are recognized as either an increase or decrease in interest expense.

9. *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.

10. *In-kind Contributions*

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

11. *Grant Revenue*

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or as a contribution when received if it is a nonexchange transaction. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

12. *Revenue Recognition*

The Center meets performance obligations and records revenue for contracts as earned based on service dates. Services are typically contracted based on fixed fees for various types of services and dates of service. One program is contracted on a cost reimbursement basis with a pre-approved contracted budget.

Contracts primarily consist of various agreements with the State of Colorado which are recorded in State General Fund and Medicaid revenue and with local governmental agencies which is included in Counties and cities revenue. Receivables for contracts are recorded in Fees and grants from governmental agencies. Payables related to these contracts are included in Accounts payable and accrued expenses and disclosed in Note L. Deferred revenue represents amounts received, but not earned on these contracts as of year-end.

13. *Bond Issuance Costs*

Bond issuance costs are deferred and amortized to interest expense over the term of the respective bond using the straight-line method, which approximates the effective interest method.

14. *Net Assets*

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered in-to in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

14. *Net Assets (Continued)*

resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

15. *Subsequent Events*

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through December 15, 2020, the date on which the financial statements were issued. Other than the transactions disclosed in Note F and Note Q, the Center did not identify any events or transactions that would have a material impact on the financial statements.

16. *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, 2020. 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, 2017.

Interest income derived from the Center's notes receivable are considered unrelated business income, which may be subject to federal tax. The Center estimates taxes due for unrelated business income tax will approximate \$4,325. For the year ended June 30, 2020, the Center paid \$1,467 for unrelated business income tax on interest income earned as of June 30, 2019, but no amounts were paid or accrued for current year activity.

17. *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. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

17. *Functional Allocation of Expenses (Continued)*

consistently applied. Those 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.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

18. *Fundraising*

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others. Fundraising activities generated revenue of \$97,796 and incurred expenses of \$24,043 for the year ended June 30, 2020. These amounts are reported under management and general revenue and expense.

19. *Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established under generally accepted accounting principles, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and mutual funds that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government agency debt securities and corporate-debt securities.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

19. *Fair Value Measurements (Continued)*

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. The disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed. Management recognizes transfers between fair value hierarchy levels at the time of fair value measurement.

20. *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, 2019, from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2019 has been reclassified to conform with the presentation for the current year.

21. *Recent Accounting Pronouncements*

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 adopted this ASU during the year ended June 30, 2020 and there was no effect.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

21. *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. This 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 adopted this ASU during the year ended June 30, 2020 and there was no effect.

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 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. The Center implemented ASU 2018-08 as a resource recipient and as a resource provider and there was no effect.

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 lessees 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. In November 2019, the FASB issued ASU 2019-10, which defers the effective date of ASU 2016-02 one year, making it effective for annual

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

21. *Recent Accounting Pronouncements (Continued)*

reporting periods beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, which allows certain entities the option to delay the adoption by one year, making it effective for annual reporting periods beginning after December 15, 2021. The Center is in the process of evaluating the impact of this new guidance.

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	\$ 2,357,595
Accounts receivable	900,435
Notes receivable	<u>46,001</u>
Total financial assets	3,304,031
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note J)	<u>(76,215)</u>
Amount available for general expenditures within one year	<u>\$ 3,227,816</u>

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. To help manage unanticipated liquidity needs, the Center has a committed line of credit in the amount of \$20,000 which it could draw upon (See Note G).

NOTE C – NOTES RECEIVABLE

On February 9, 2018, the Center received a promissory note for \$56,000 for the sale of land and property with monthly principal and interest installments of \$608 and a balloon payment at the maturity date of February 9, 2021. The interest rate is 5.5%. The note is secured by a deed of trust for the land and property sold. The outstanding balance at June 30, 2020 is \$46,001, which matures in the year ending June 30, 2021.

Community Options, Inc.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE D – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following at June 30, 2020:

Buildings and improvements	\$	5,289,956
Administrative equipment		262,082
Program equipment		150,278
Transportation equipment		<u>1,333,636</u>
		7,035,952
Less accumulated depreciation		<u>4,488,120</u>
		2,547,832
Land		<u>604,605</u>
	\$	<u>3,152,437</u>

Depreciation expense was \$282,410 for the year ended June 30, 2020.

NOTE E – IMPAIRMENT OF ASSETS HELD FOR SALE

The Center owns two donated parcels of commercial property which it has held for sale for several years. Due to recent market conditions, the Center has lowered the asking price of the properties. Therefore, the Center considers the value of the property impaired and has recorded an impairment loss of \$212,471 to adjust the value of the property to the market listing price.

NOTE F – LONG-TERM DEBT

Notes Payable

Notes payable consist of the following at June 30, 2020:

1.00% rate unsecured note under the Paycheck Protection Program (PPP) dated April 11, 2020, payments of principal of \$58,984 and accrued interest are due monthly beginning November 11, 2020 and maturing on April 11, 2021. The loan is intended to cover qualifying expenses which include qualifying payroll and occupancy costs. Under the CARES Act, the Center must submit a Loan Forgiveness Application and meet various criteria as defined in the Paycheck Protection Flexibility Act, which was not available through the date of financial statement issuance, in order for the loan to be potentially be forgiven. See subsequent event at Note Q.	\$ 1,048,100
5.90% rate note dated August 26, 2013, payments of principal and interest of \$1,320 are due monthly, maturing on July 15, 2029. Collateralized by the land and property. (1)	111,540

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE F – LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

4.50% rate note dated March 23, 2015, payments of principal and interest of \$4,560 are due monthly with a balloon payment at maturity. On April 13, 2020, maturity was extended to October 30, 2020. Collateralized by the land and property. (1) See Note Q for subsequent event.	713,716
4.70% rate note dated October 28, 2015, payments of principal and interest of \$1,399 are due monthly with a balloon payment at maturity, maturing on October 30, 2020. Collateralized by the land and property. (1)	218,452
Note dated November 9, 2015, payments of principal and interest beginning December 30, 2015 for 12 months of \$1,508 with an interest rate of 1.98% followed by 107 monthly principal and interest payments of \$2,182 at an interest rate of 5.55% and matures with a balloon payment on November 30, 2025. The note is collateralized by land and property. (1)	<u>317,262</u>
	2,409,070
Less current portion	<u>1,821,780</u>
	\$ <u>587,290</u>

(1) The loan contains covenants that require a debt coverage ratio at the end of each year not less than 1.0 to 1.0 and audited financial statements to be issued not later than 168 days after year end. The Center was in compliance with the debt covenants as of June 30, 2020.

Interest expense for notes payable for the year ended June 30, 2020 was \$70,817. Future maturities under the notes payable are as follows:

Year ending June 30,	
2021	\$ 1,821,780
2022	<u>587,290</u>
	\$ <u>2,409,070</u>

NOTE G – LINE OF CREDIT

The Center maintains an uncollateralized line of credit with a financial institution that allows for advances up to \$20,000 bearing interest at the bank’s base rate (rate was 5.75% at June 30, 2020). There was no balance outstanding on the line of credit as of June 30, 2020.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H – INTEREST RATE SWAP AGREEMENT

The Center has entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its variable rate bonds. At June 30, 2020, the Center has outstanding one interest rate swap agreement with a commercial bank having a total notional amount of \$277,560. The agreement effectively changes the Center’s interest rate exposure on its outstanding bonds to a fixed rate of 5.13%. The interest expense incurred with the interest rate swap agreement was \$5,225 for the year ended June 30, 2020. The interest rate swap agreement expires on October 15, 2027. The Center is exposed to a credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the Center does not anticipate nonperformance by the counterparties. The fair value of the interest rate swap agreement as of June 30, 2020 was an obligation of \$40,669.

NOTE I – LEASES

The Center conducts a portion of its operations from leased facilities under operating lease arrangements. The Center leases housing under operating leases that are currently on a month-to-month basis. Total rent expense year ended June 30, 2020 was \$150,779 which includes \$91,994 for host home contract allocation and \$58,785 for operating leases.

NOTE J – NET ASSETS

Net investment in land, building and equipment is comprised of net land, building and equipment plus assets held for sale, less bonds payable net of deferred bond issuance costs and notes payable secured by land, building, and equipment. The Paycheck Protection Program loan is excluded from notes payable as it is an unsecured note and the proceeds were not used to purchase land, building and equipment.

Net assets with donor restrictions consisted of the following purpose-restricted amounts as of June 30, 2020:

Medicaid comprehensive	\$ 37,980
Management and general	22,410
Buildings and building improvements	15,426
Case management	47
Early intervention	<u>352</u>
	\$ <u>76,215</u>

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE K – 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, insurance, utilities, postage, host home contract costs, and interest which are allocated on the basis of usage studies, square footage and other methods.

NOTE L – 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 \$808,578 as of June 30, 2020. The Center has a payable at June 30, 2020, to the State of Colorado, in the amount of \$15,370. These transactions are considered to be transactions with a related party by virtue of the significant management influence exercised by the State of Colorado through contract provisions.

One of the Center's board members is a realtor who is currently listing two properties for sale on behalf of the Center. The Board member does not participate in any voting or decision making related to the Center's realty transactions to which they are involved.

NOTE M – FAIR VALUE MEASUREMENTS

The following table presents the Center's fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2020:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liability:				
Interest rate swap	\$ 40,669	\$ -	\$ -	\$ 40,669

Interest rate swap agreement - The fair value for the swap is considered a Level 3 liability and has been estimated by management based on both observable and unobservable inputs obtained from the counterparty to the swap. Future cash flows are determined as the difference between the estimated 1-month LIBOR forward interest rates and the 5.13% fixed rate of the swap agreement and are discounted at a present value factor approximating 0.3% to 4.0% based on number of years to maturity. The valuation is a fair value estimate based on discounted cash flows derived from the proprietary model of the counterparty based upon financial principles and reasonable estimates about relevant future market conditions. The valuation methodology is believed to be consistent with accepted practice in the market for interest rate swaps. Changes in fair value are reported in interest expense. The total changes in fair value of \$5,225 was recorded as interest expense as of June 30, 2020.

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE M – FAIR VALUE MEASUREMENTS (CONTINUED)

The reconciliation of Level 3 liabilities consists of the following components:

Balance, July 01, 2019	\$ 35,444
Change in fair value	<u>5,225</u>
Balance, June 30, 2020	\$ <u>40,669</u>

NOTE N – CONTINGENCIES

The Center is contingently liable to the Daniels Fund for the \$90,000 of funding received for the facilities located at Park Place. The funding agreement provides that as long as the facility is used and managed by the Center for their exempt purpose and as described in the grant agreement, title of the property is not transferred, and the Center complies with the terms and conditions of the grant through May 31, 2028, the Center will not be required to repay any portion of the grant.

The Center purchased 3 vehicles for a total of \$198,503 for the year ended June 30, 2020 through a grant from the Colorado Department of Transportation (CDOT) for 80% of the purchase price. CDOT has liens on the vehicles totaling \$157,464.

NOTE O – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak has adversely affected workforces, customers, economies, and financial markets globally. This outbreak could adversely affect the Center's ability to provide services, and reduce funding sources available. It is not possible for the Center to predict the duration or magnitude of the adverse results of the outbreak and its effects on the organization's activities or results of operations, financial condition, or liquidity, at this time.

NOTE P – SELF-INSURED HEALTH PLAN

On December 10, 2019, the Center entered into agreements to establish the Community Options Medical Benefits Plan (the Plan) for the purpose of providing certain group-health plan benefits to eligible participants effective January 1, 2020. The Center will be the Plan sponsor. The Plan will provide a contract to be self-insured. There is also an agreement with a third-party administrator (TPA) which will automatically renew on a yearly basis. However, the TPA agreement may be terminated by any of the parties to the agreement with 30 days prior written notice to the other parties. The Center has recorded a liability of approximately \$14,752, which represents the estimated amount of \$51,457 medical claims

Community Options, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE P – SELF-INSURED HEALTH PLAN (CONTINUED)

incurred but not reported as of June 30, 2020, net of amounts reimbursed for those claims in the amount of \$36,705 due to exceeding the stop loss. The liability is included in accounts payable and accrued expenses in the statement of financial position. Claims are filed directly with a TPA for processing. The TPA dispenses funds to and on behalf of the participants for covered medical claims. The Center carries specific stop-loss insurance coverage for payment of eligible participant claims in excess of certain limits. The individual stop-loss claim deductible per participant is \$20,000. The stop-loss insurance has an aggregate stop-loss limit of approximately \$1,000,000 as of June 30, 2020.

NOTE Q – SUBSEQUENT EVENTS

On November 16, 2020, the Center received notice that its Paycheck Protection Program (PPP) loan in the amount of \$1,048,100 plus interest of \$6,289 had been approved for forgiveness by the Small Business Administration.

A note payable with a balance as of June 30, 2020 of \$713,716 matured on October 30, 2020. The Center did not pay the outstanding balance at that time and as a result has defaulted on this note payable. Terms of the loan agreement designate that, upon default, the lender may impose a default rate of interest equal to the pre-default interest rate plus 4% per annum and declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due. In addition, the default on this note creates a default for any other agreement between the lender and the Center. Therefore, all future maturities related to this lender have been classified as a current liability as of June 30, 2020.

Supplementary and Other Information

Community Options, Inc.
SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM
Year ended June 30, 2020
(With summarized financial information for the year ended June 30, 2019)

	Program Services			
	Non specified	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	\$ -	\$ 1,200	\$ 134,486	\$ -
Medicaid	-	5,262,472	-	739,918
Counties and cities	16,500	-	-	-
Grants and other				
Colorado Department of Education - Vocational Rehabilitation	-	19,468	-	-
Colorado Department of Transportation	-	157,464	-	-
Department of Housing and Urban Development	-	10,235	-	-
Total fees and grants from governmental agencies	16,500	5,450,839	134,486	739,918
Public support - contributions	-	60,029	-	-
In-kind contributions	-	1,211	-	-
Residential room and board	-	696,086	-	-
Gain on sale of assets	-	20,130	-	-
Other revenue	25,854	129,272	1,053	-
Total revenues and support	<u>\$ 42,354</u>	<u>\$ 6,357,567</u>	<u>\$ 135,539</u>	<u>\$ 739,918</u>
Expenses				
Salaries				
Direct care	\$ -	\$ 2,177,097	\$ 21,082	\$ 307,451
Other	-	826,695	27,649	148,910
Payroll taxes	-	331,560	7,095	52,701
Employee benefits	-	525,018	10,323	70,597
Total personal services	-	3,860,370	66,149	579,659
Medical professional services				
Other	-	21,037	1,011	1,334
Other professional services	-	493,817	6,113	32,073
Staff development	-	2,370	49	689
Staff travel	-	4,351	49	473
Vehicles				
Fuel and oil	-	47,652	1,028	13,012
Maintenance	-	61,000	1,320	16,721
Occupancy				
Rent and taxes	-	148,650	5	43
Maintenance	-	48,428	789	7,091
Utilities	-	161,979	1,561	12,015

Program Services

Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total	
					2020	2019
\$ -	\$ 218,900	\$ 112,893	\$ 154,356	\$ 70,531	\$ 692,366	\$ 788,490
75,318	47,502	-	322,505	56,247	6,503,962	6,279,947
-	-	-	-	-	16,500	9,000
-	-	-	-	-	19,468	31,415
-	-	-	-	-	157,464	-
-	-	-	-	-	10,235	4,035
75,318	266,402	112,893	476,861	126,778	7,399,995	7,112,887
-	-	10,055	-	99,569	169,653	94,536
-	-	-	225	5,200	6,636	5,005
-	-	-	-	-	696,086	688,177
-	-	-	-	-	20,130	18,850
-	20,762	-	4,259	220	181,420	174,975
<u>\$ 75,318</u>	<u>\$ 287,164</u>	<u>\$ 122,948</u>	<u>\$ 481,345</u>	<u>\$ 231,767</u>	<u>\$ 8,473,920</u>	<u>\$ 8,094,430</u>
\$ 34,340	\$ 61,786	\$ -	\$ 393,980	\$ -	\$ 2,995,736	\$ 2,845,302
-	-	-	-	452,597	1,455,851	1,587,236
3,881	4,831	-	32,431	35,067	467,566	507,886
2,880	14,964	-	74,895	62,025	760,702	697,502
41,101	81,581	-	501,306	549,689	5,679,855	5,637,926
-	159,587	5,716	-	-	188,685	234,442
34,355	17,799	46,718	7,640	59,679	698,194	666,157
18	978	-	1,107	1,428	6,639	18,688
27	508	-	3,841	3,079	12,328	20,533
632	1,484	207	666	2,559	67,240	77,259
815	1,916	-	858	3,320	85,950	87,126
-	-	-	-	270	148,968	139,085
49	2,894	-	4,936	1,666	65,853	56,442
184	3,161	-	7,430	5,556	191,886	186,913

(Continued)

Community Options, Inc.
SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM (CONTINUED)
Year ended June 30, 2020
(With summarized financial information for the year ended June 30, 2019)

	Program Services			
	Non specified	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living
Equipment				
Leases	\$ -	\$ 225	\$ 1	\$ 40
Maintenance	-	12,199	140	950
Supplies				
Medical and client care supplies	-	30,375	87	836
Other	-	80,002	2,737	5,601
Telephone	-	65,569	1,120	10,339
Dues and subscriptions	-	17,309	468	3,385
Food	-	247,954	139	1,240
Insurance	-	79,434	2,099	17,074
Interest	-	63,779	2,510	18,295
Other	-	12,048	104	920
In-kind contributions	-	1,211	-	-
Total direct program expenses	-	5,459,759	87,479	721,790
Purchased services	-	-	60,494	-
Expenses before depreciation	-	5,459,759	147,973	721,790
Depreciation	-	234,568	3,412	37,030
Total expenses	\$ -	\$ 5,694,327	\$ 151,385	\$ 758,820

Program Services

Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total	
					2020	2019
\$ -	\$ 125	\$ -	\$ 700	\$ 720	\$ 1,811	\$ 1,814
73	272	-	546	762	14,942	24,351
-	-	23,926	-	-	55,224	47,935
770	2,781	-	8,143	11,900	111,934	117,469
403	3,199	-	5,757	4,522	90,909	84,298
296	974	-	2,767	41,564	66,763	72,096
4	278	-	1,888	1,218	252,721	266,122
1,449	4,012	-	9,776	11,455	125,299	167,550
372	802	-	3,036	3,300	92,094	91,764
6	610	36,383	1,081	2,191	53,343	37,881
-	-	-	225	5,200	6,636	5,005
80,554	282,961	112,950	561,703	710,078	8,017,274	8,040,856
-	-	-	-	-	60,494	66,741
80,554	282,961	112,950	561,703	710,078	8,077,768	8,107,597
364	1,533	-	1,909	3,594	282,410	286,979
<u>\$ 80,918</u>	<u>\$ 284,494</u>	<u>\$ 112,950</u>	<u>\$ 563,612</u>	<u>\$ 713,672</u>	<u>\$ 8,360,178</u>	<u>\$ 8,394,576</u>

Community Options, Inc.
 STATISTICAL DATA (UNAUDITED)
 Year ended June 30, 2020

	Program Services		
	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living
Total expenses	\$ 5,694,327	\$ 151,385	\$ 758,820
Net allocated management and general (note A)	358,873	9,541	47,823
Adjusted total expenses	\$ 6,053,200	\$ 160,926	\$ 806,643
Statistical Data (Unaudited)			
1. Total days in residential used - State, Medicaid, private pay, etc.	30,260		
2. Total days in residential used - State and Medicaid only	30,260		
3. Unduplicated number of individuals	92	26	76
Cost per unit of service			
Adjusted total expense/item 2	\$ 200		
Adjusted total expense/item 3		\$ 6,189	\$ 10,614

Note A:

Net management and general expenses are allocated to program services based on the individual program's expense as a percentage to total program expenses.

Program Services

Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total
\$ 80,918	\$ 284,494	\$ 112,950	\$ 563,612	\$ 713,672	\$ 8,360,178
5,100	17,930	7,118	35,520	(481,905)	-
<u>\$ 86,018</u>	<u>\$ 302,424</u>	<u>\$ 120,068</u>	<u>\$ 599,132</u>	<u>\$ 231,767</u>	<u>\$ 8,360,178</u>

7 106 85 412

\$ 12,288 \$ 2,853 \$ 1,413 \$ 1,454