Consolidated Financial Statements and
Independent Auditor's Report

Colorado Bluesky Enterprises, Inc. and Affiliates

June 30, 2018

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LTJ LLC
Certified Public Accountants

email: info@ltjcpa.com
web: ltjcpa.com
main phone/fax: 303-663-1400
toll-free phone/fax: 888-959-9640

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Colorado Bluesky Enterprises, Inc.

We have audited the accompanying consolidated financial statements of Colorado Bluesky Enterprises, Inc. and Affiliates (jointly, the Center), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Colorado Bluesky Enterprises, Inc. and Affiliates as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2017 consolidated financial statements, and our report dated December 6, 2018, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
October 14, 2021

Consolidated Financial Statements

Colorado Bluesky Enterprises, Inc. and Affiliates
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018
(With summarized financial information as of June 30, 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,784,726	$ 3,803,817
Investments	1,710,831	1,644,121
Accounts receivable		
Fees and grants from governmental agencies	1,072,760	801,432
Other	69,020	77,033
Prepaid expenses and other	-	1,850
Total current assets	6,637,337	6,328,253
Restricted cash	101,470	103,333
Restricted cash in reserve funds	137,474	133,433
Land, building and equipment, net	6,142,229	6,339,379
Total assets	$ 13,018,510	$ 12,904,398
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 270,321	$ 397,896
Accrued expenses	272,532	307,921
Deferred revenue	-	103,221
Lines of credit	225,150	-
Current maturities of long-term debt	750,333	556,559
Total current liabilities	1,518,336	1,365,597
Long-term debt, less current maturities	270,748	580,480
Total liabilities	1,789,084	1,946,077
Net assets		
Unrestricted		
Net investment in land, building and equipment	5,187,768	5,268,960
Designated for consumer home financing	2,390	2,390
Designated for transitional program	11,187	16,874
Undesignated	5,993,652	5,637,729
Total unrestricted net assets	11,194,997	10,925,953
Temporarily restricted	34,429	32,368
Total net assets	11,229,426	10,958,321
Total liabilities and net assets	$ 13,018,510	$ 12,904,398

The accompanying notes are an integral part of this statement.

Colorado Bluesky Enterprises, Inc. and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2018
(With summarized financial information for the year ended June 30, 2017)

	Unrestricted	Temporarily restricted	Total 2018	Total 2017
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	$ 1,458,874	$ -	$ 1,458,874	$ 1,450,969
Medicaid	5,060,256	-	5,060,256	7,692,220
County	490,776	-	490,776	464,761
Grants and other				
Part C	45,313	-	45,313	142,636
Department of Housing and Urban Development	408,419	-	408,419	435,314
Total fees and grants from governmental agencies	7,463,638	-	7,463,638	10,185,900
Public support - contributions	8,012	3,319	11,331	57,459
In-kind contributions	3,000	-	3,000	8,500
Residential room and board	292,062	-	292,062	359,913
Investment income	84,580	-	84,580	134,496
Other revenue	923,978	-	923,978	831,946
Net assets released from restrictions				
Satisfaction of program restrictions	1,258	(1,258)	-	-
Total revenues and support	8,776,528	2,061	8,778,589	11,578,214
Expenses				
Program services				
Medicaid comprehensive	2,759,339	-	2,759,339	5,578,216
State adult supported living	337,587	-	337,587	344,345
Medicaid adult supported living	888,903	-	888,903	920,635
Children's extensive support	252,186	-	252,186	402,915
Early intervention	748,934	-	748,934	809,841
Family support	166,598	-	166,598	211,367
Case management	1,353,119	-	1,353,119	1,309,144
Affordable housing	687,452	-	687,452	637,782
Total program services	7,194,118	-	7,194,118	10,214,245
Supporting services				
Management and general	1,313,366	-	1,313,366	1,369,208
Total expenses	8,507,484	-	8,507,484	11,583,453
CHANGE IN NET ASSETS	269,044	2,061	271,105	(5,239)
Net assets, beginning of year	10,925,953	32,368	10,958,321	10,963,560
Net assets, end of year	$ 11,194,997	$ 34,429	$ 11,229,426	$ 10,958,321

The accompanying notes are an integral part of this statement.

Colorado Bluesky Enterprises, Inc. and Affiliates
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended June 30, 2018
(With summarized financial information for the year ended June 30, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 271,105	$ (5,239)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	471,779	503,624
Unrealized/realized gain on investments	(6,295)	(85,093)
Loss on disposal of land, building and equipment	42,492	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(263,315)	445,793
(Increase) decrease in prepaid expense and other	1,850	(500)
Increase (decrease) in deferred revenue	(103,221)	103,221
Decrease in accounts payable and accrued expenses	(162,964)	(540,668)
Net cash provided by operating activities	251,431	421,138
Cash flows from investing activities		
Purchase of land, building and equipment	(317,121)	(27,927)
Purchase of restricted reserve funds	(4,041)	(25,887)
Proceeds from sale of investments	1,747,614	-
Purchase of investments	(1,808,029)	(47,722)
Net cash used in investing activities	(381,577)	(101,536)
Cash flows from financing activities		
Payments on long-term debt	(115,958)	(116,182)
Advanaces on lines of credit	225,150	-
(Increase) decrease in restricted cash	1,863	(4,115)
Net cash provided by (used in) financing activities	111,055	(120,297)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,091)	199,305
Cash and cash equivalents, beginning of year	3,803,817	3,604,512
Cash and cash equivalents, end of year	$ 3,784,726	$ 3,803,817
Supplemental data		
Cash paid for interest	$ 54,365	$ 58,440

The accompanying notes are an integral part of this statement.

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

This description of Colorado Bluesky Enterprises, Inc. and Affiliates' (the Center) nature of activities and summary of significant accounting policies is presented to assist in understanding the Center's consolidated financial statements.

1. *Summary of Business Activities*

   Pueblo County Board for Developmental Disabilities, Inc. was incorporated under the laws of the State of Colorado in 1963 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 Pueblo County. On March 11, 1998, the Center changed its official name to Colorado Bluesky Enterprises, Inc. (CBE), a Colorado nonprofit corporation. Colorado Bluesky Foundation (Foundation), a Colorado nonprofit corporation, was created for charitable and educational purposes in support of the Center. Fearnow Group Home Corporation (Fearnow), a Colorado nonprofit corporation, was created to build a home for developmentally disabled individuals. Lawrence William, Limited Partnership (LWLP) and Lawrence William III, Limited Partnership (LWIIILP), Colorado limited partnerships, were formed to develop and operate apartment complexes in Pueblo, Colorado, to provide low-income housing. The Center's revenue comes primarily from the State of Colorado for services provided.

2. *Principles of Consolidation*

   The consolidated financial statements of Colorado Bluesky Enterprises, Inc. include its affiliates, Colorado Bluesky Foundation, Fearnow Group Home Corporation, Lawrence William, Limited Partnership and Lawrence William III, Limited Partnership. The Foundation, Fearnow, LWLP and LWIIILP are affiliates of CBE due to the fact that CBE exercises control over both entities. Significant intercompany transactions have been eliminated.

3. *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

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

3. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

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 18 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 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 offers 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.

Affordable Housing provides low-income housing to residents in Pueblo, Colorado.

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

3. *Description of Services Provided (Continued)*

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.

4. *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.

5. *Subsequent Events*

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through October 14, 2021, the date on which the financial statements were issued, and did not identify any events or transactions that would have a material impact on the financial statements.

6. *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.

7. *Cash and Cash Equivalents*

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

The Center maintains its cash balances in financial institutions located in the Pueblo, Colorado area, 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.

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

8. *Accounts Receivable*

The majority of the Center's accounts receivable is 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 believes all receivables are collectible and that no allowance for doubtful accounts is necessary. 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.

9. *Investments*

The Center records its investments at fair value in the statement of financial position.

10. *Land, Building and Equipment*

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

	Years
Buildings and improvements	3 – 20
Administrative and program equipment	2 – 10
Transportation equipment	2 – 10

11. *Accounting for Contributions*

All contributions are considered to be available for unrestricted use 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 temporarily restricted or permanently restricted support that increases those net asset classes. 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 temporarily restricted net assts.

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, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

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

12. *In-kind Contributions*

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

13. *Net Assets*

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

14. *Income Taxes*

The Center is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center recognizes tax liabilities when, despite the Center's belief that its tax return positions are supportable, the Center believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Center has concluded there is no tax liability or benefit required to be recorded as of June 30, 2018. 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, 2015.

15. *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.

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

15. *Fair Value Measurements (Continued)*

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.

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.

16. *Prior Year Summarized Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

17. *Recent Accounting Pronouncements*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition

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

17. *Recent Accounting Pronouncements (Continued)*

guidance in generally accepted accounting principles in the United States of America (US GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Center has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The most significant change for 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 standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Center is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit organization's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Center is in the process of evaluating the impact of this new guidance.

In 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,

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

17. *Recent Accounting Pronouncements (Continued)*

beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Center is evaluating the impact of adoption, if any, to the financial statements.

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

NOTE B – INVESTMENTS

The following table presents the Center's investments and the fair value hierarchy for those assets measured at fair value as of June 30, 2018:

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Mutual funds:				
Domestic equity	$ 431,742	$ 431,742	$ -	$ -
International equity	330,119	330,119	-	-
Balanced	263,311	263,311	-	-
Domestic bond	541,598	541,598	-	-
International bond	139,169	139,169	-	-
Equity securities	4,892	4,892	-	-
	$ 1,710,831	$ 1,710,831	$ -	$ -

Investment income earned on cash and cash equivalents and mutual funds for the year ended June 30, 2018, consists of the following:

Interest and dividend income	$ 78,285
Net realized/unrealized gain on investments reported at fair value	6,295
	$ 84,580

NOTE C – RESTRICTED CASH

Restricted cash consists of the following at June 30, 2018:

Cash restricted for repayment of debt (Note F)	$ 66,620
Cash restricted for HUD operations	34,850
	$ 101,470

NOTE D – RESTRICTED CASH IN RESERVE FUNDS

In accordance with the U.S. Department of Housing and Urban Development (HUD) regulations, certain reserve accounts are required to be maintained for properties financed by HUD. Distributions for the replacement and/or repair of property and equipment from the replacement reserve account require approval from HUD. Release of funds from the minimum capital reserve account also requires HUD approval. Account activity in these reserves for the year ended June 30, 2018 is as follows:

	Replacement reserve	Minimum capital	Operating reserve
Beginning balance	$ 73,225	$ 5,480	$ 54,728
Interest earned	2	19	45
Deposits	4,036	-	-
Withdrawals	-	(61)	-
Ending balance	$ 77,263	$ 5,438	$ 54,773

NOTE E – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2018:

Buildings and improvements	$ 12,723,584
Administrative and program equipment	394,536
Transportation equipment	977,186
	14,095,306
Less accumulated depreciation	8,729,463
	5,365,843
Land	776,386
	$ 6,142,229

Depreciation expense was $471,779 for the year ended June 30, 2018.

NOTE F – LINES OF CREDIT

In May 2018, the Center entered into two separate unsecured lines of credit with a financial institution which allows for advances up to $112,575 for each line of credit. Each line of credit expires in November 2018 and has a variable rate of interest, which is lender's prime rate. As of June 30, 2018, the lender's prime rate was 4.75%. The outstanding principal and accrued interest on each line of credit will be paid when the lines of credit expire. Each line of credit had an outstanding balance of $112,575 as of June 30, 2018, for a combine total outstanding of $225,150. See Note L for subsequent events related to these lines of credit.

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2018:

6.45% loan payable to Colorado Housing and Finance Authority, payable in monthly installments of $1,195, maturing February 2029, collateralized by deed of trust on real estate	$	14,668
Variable rate loan, due July 2021, payable in monthly installments of $2,362, collateralized by deed of trust on real estate. The interest rate is based on a 10-year LIBOR/Swap rate plus 2 percentage points. As of June 30, 2018, the rate is 4.653%. (1)		70,796
4.95% loan, due March 2020, payable in monthly installments of $2,454, collateralized by real estate		46,475
4.75% loan, due September 2018, payable in monthly installments of $3,476, collateralized by a deed of trust on real estate		437,924
4.75% loan, due October 2018, payable in monthly installments of $1,635, collateralized by a deed of trust on real estate		212,432
4.75% loan, due April 2024, payable in monthly installments of $3,753, collateralized by a deed of trust on real estate		238,786
		1,021,081
Less current maturities		750,333
	$	270,748

(1) This loan contains a debt covenant that requires a global debt service coverage ratio. The Center met this covenant at June 30, 2018.

Interest expense for the year ended June 30, 2018 was $54,365.

See Note L for subsequent events related to the above loans.

NOTE G – LONG-TERM DEBT (CONTINUED)

Future maturities of long-term debt are as follows:

Year ending June 30,	
2019	$ 750,333
2020	80,844
2021	59,516
2022	39,755
2023	41,713
Thereafter	48,920
	$ 1,021,081

The loan agreement with the Colorado Housing and Finance Authority requires that the Center maintain a reserve in the amount of $66,620, which is reported as restricted cash, see Note C.

NOTE H – RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2018:

Early intervention	$ 29,831
In-service courses	4,598
	$ 34,429

NOTE I – RETIREMENT PLANS

401(k) Plan

The Colorado Bluesky Enterprises, Inc. Custom 401(k) Plan and Trust (the Plan) was established July 1, 1985 to provide retirement benefits to the employees of the Center and their beneficiaries. Each employee is eligible to participate after six months of full-time service and attaining the age of 18 years for employee contributions. For purposes of receiving employer contributions, employees must attain one year of service with at least 1,000 hours of service.

Employees may contribute between 1% and 15% of their recognized compensation, not to exceed the limitations imposed by the Internal Revenue Service. The Center is under no obligation to make contributions into the Plan. At its discretion, however, it may match employee contributions up to 15% of the participants' recognized compensation. The Center authorized no contributions to the Plan for the year ended June 30, 2018.

NOTE I – RETIREMENT PLANS (CONTINUED)

403(b) Pension Plan

The Center has adopted a Section 403(b) Pension Plan in which all employees who have completed one year of service and have reached age 21, except nonresident alien employees who receive no U.S. source earned income, certain students, employees who work less than 20 hours per week, leased employees, and contract employees are eligible to participate by contributing a percentage of their gross salary. The Center's contributions to the plan are discretionary. The Board of Directors approved a contribution of 6% of employees' salaries for the year ended June 30, 2018, which totaled $157,750.

NOTE J – 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 $984,987 at June 30, 2018. The Center has a payable to the State of Colorado in the amount of $57,605 at June 30, 2018. 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.

NOTE K – CONTINGENCIES

The Center has the following contingencies as of June 30, 2018:

Grantor	Year of Grant	Amount	Requirement	Result of Failure to Comply
Federal Home Loan Bank of Topeka	1997	$ 98,000	Property must be used for affordable housing for 50 years	Funds must be repaid
US Department of Housing and Urban Development Capital Advance	2002	309,000	Property must be available to very low-income people with disabilities through 2043	Funds must be repaid with accrued interest at 5.75% from September 1, 2002
State of Colorado Department of Local Affairs	2000	$135,000	Property must be used for affordable housing for 40 years	Funds must be repaid
State of Colorado Department of Local Affairs	2003	86,000	Property must be used for affordable housing for 40 years	Funds must be repaid

NOTE K – CONTINGENCIES (CONTINUED)

Grantor	Year of Grant	Amount	Requirement	Result of Failure to Comply
State of Colorado Department of Local Affairs	2004	51,000	Property must be used for affordable housing for 30 years	Funds must be repaid
State of Colorado Department of Local Affairs	2006	50,000	Property must be used for affordable housing for 30 years	Funds must be repaid
Community Housing Development Services	2000	139,000	Property must be used for affordable housing for 20 years	Funds must be repaid
Community Housing Development Services	2004	120,000	Property must be used for affordable housing for 15 years	Funds must be repaid
HUD/HOME Grant Special Projects	2005	90,000	Property must be used for affordable housing for 20 years	Funds must be repaid

NOTE L – SUBSEQUENT EVENTS

In February 2019, the Center entered into two new loan agreements with a financial institution. One of the lines of credit and the $437,924 loan (noted in Note G) were combined into a new loan with an interest rate of 4.99% and matures in September 2028. The other line of credit and the $238,786 loan (noted in Note G) were combined into a new loan with an interest rate of 4.99% and matures in February 2029. Both of the new loans are collateralized by a deed of trust on real estate.

In February 2019, the Center extended the terms of the $212,432 loan (noted in Note G). The loan has an interest rate of 4.99% and matures in October 2028.

In June 2021, the Center paid off all debt listed in Note G that previously had not been paid off due to maturity of the debt.

In June 2021, the Center sold two properties utilized for low-income housing for a total sales price of $3,975,000.