



Financial Statements and Report of Independent
Certified Public Accountants

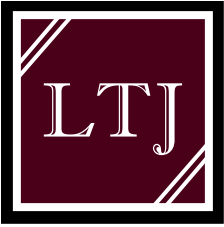
**Envision, Creative Support for People with
Developmental Disabilities**

June 30, 2008



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Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

Envision, Creative Support for People with Developmental Disabilities

We have audited the accompanying statement of financial position of Envision, Creative Support for People with Developmental Disabilities (the Center) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's 2007 financial statements, and in our report dated December 21, 2007, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Envision, Creative Support for People with Developmental Disabilities as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado

November 19, 2008

5023 W. 120th Ave., #165, Broomfield, CO 80020

Calvin Logan
Phone 303 532 1000
Fax 303 532 1080

Jan Thomas
Phone 303 569 6030
Fax 303 569 6031

Pauline Johnson
Phone 719 937 4270
Fax 719 937 4271

Financial Statements

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF FINANCIAL POSITION
June 30, 2008
(With summarized financial information for June 30, 2007)

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,069,730	\$ 3,231,572
Investments	965,527	-
Accounts receivable		
Fees and grants from governmental agencies	1,044,053	754,224
Other, net of allowance for doubtful accounts of \$10,462	44,104	28,723
Prepaid expenses and other	58,068	93,779
Total current assets	3,181,482	4,108,298
Investments	517,835	-
Land, building and equipment, net	513,148	601,605
	\$ 4,212,465	\$ 4,709,903
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 514,269	\$ 488,362
Accrued personnel expenses	131,840	134,175
Deferred revenue	23,271	24,831
Current portion of capital lease obligation	50,217	46,497
Total current liabilities	719,597	693,865
Long-term debt, net of current portion		
Capital lease obligation	135,370	185,587
Total liabilities	854,967	879,452
Net assets		
Unrestricted		
Net investment in land, building and equipment	327,561	369,521
Undesignated	2,978,900	3,413,521
	3,306,461	3,783,042
Temporarily restricted	51,037	47,409
	3,357,498	3,830,451
	\$ 4,212,465	\$ 4,709,903

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF ACTIVITIES
Year ended June 30, 2008
(With summarized financial information for the year ended June 30, 2007)

	Unrestricted	Temporarily Restricted	Total	
			2008	2007
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund				
Comprehensive	\$ 560,034	\$ -	\$ 560,034	\$ 757,988
Adult supported living	299,546	-	299,546	331,895
Children and families	603,889	-	603,889	686,488
Medicaid				
Comprehensive	4,400,944	-	4,400,944	4,290,514
Adult supported living	1,664,124	-	1,664,124	1,806,366
Children's extensive support	90,512	-	90,512	73,620
Part C	255,866	-	255,866	131,954
County and cities	74,658	-	74,658	70,158
Grants and other				
Department of Housing and Urban Development	-	-	-	258
Vocational rehabilitation	37,029	-	37,029	-
Other	3,197	-	3,197	1,916
Total fees and grants from governmental agencies	7,989,799	-	7,989,799	8,151,157
Public support				
Donations	11,091	6,422	17,513	15,650
United Way	32,272	-	32,272	49,122
Colorado Trust Bullying Prevention Initiative	-	-	-	30,745
Residential room and board	357,819	-	357,819	356,323
Other revenue	69,897	-	69,897	159,784
Net assets released from restrictions				
Satisfaction of program restrictions	2,794	(2,794)	-	-
Total support and revenue	8,463,672	3,628	8,467,300	8,762,781

(Continued)

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF ACTIVITIES (CONTINUED)
Year ended June 30, 2008
(With summarized financial information for the year ended June 30, 2007)

	Unrestricted	Temporarily Restricted	Total	
			2008	2007
Expenses				
Program services				
Medicaid comprehensive	\$ 4,437,810	\$ -	\$ 4,437,810	\$ 4,021,990
State adult supported living	233,665	-	233,665	259,612
Medicaid adult supported living	1,680,758	-	1,680,758	1,493,016
Children's extensive support	113,476	-	113,476	71,707
Early intervention	472,161	-	472,161	325,686
Family support	240,867	-	240,867	221,029
Case management	775,203	-	775,203	727,079
Other program services	9,408	-	9,408	47,270
Total program services	7,963,348	-	7,963,348	7,167,389
Supporting services				
Management and general	976,905	-	976,905	985,785
Total expenses	8,940,253	-	8,940,253	8,153,174
CHANGE IN NET ASSETS	(476,581)	3,628	(472,953)	609,607
Net assets, beginning of year	3,783,042	47,409	3,830,451	3,220,844
Net assets, end of year	\$ 3,306,461	\$ 51,037	\$ 3,357,498	\$ 3,830,451

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
STATEMENT OF CASH FLOWS
Year ended June 30, 2008
(With summarized financial information for the year ended June 30, 2007)

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (472,953)	\$ 609,607
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	101,536	115,218
Realized/unrealized loss on investments	62,024	-
Loss on disposal of property and equipment	-	3,901
Change in assets and liabilities		
Increase in accounts receivable	(305,210)	(268,543)
(Increase) decrease in prepaid expenses and other	35,711	(34,639)
Increase (decrease) in accounts payable and accrued personnel expenses	23,572	(584,569)
Increase (decrease) in deferred revenue	(1,560)	9,321
Net cash used in operating activities	(556,880)	(149,704)
Cash flows from investing activities		
Purchase of land, building and equipment	(13,079)	-
Proceeds from sale of property and equipment	-	4,400
Purchase of investments	(1,577,812)	-
Proceeds from sale of investments	32,426	-
Net cash provided by (used in) investing activities	(1,558,465)	4,400
Cash flows used in financing activities		
Capital lease payments	(46,497)	(27,715)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,161,842)	(173,019)
Cash and cash equivalents, beginning of year	3,231,572	3,404,591
Cash and cash equivalents, end of year	\$ 1,069,730	\$ 3,231,572
Supplemental data		
Cash paid for interest	\$ 18,567	\$ 12,990
Noncash investing and financing activities		
Vehicles acquired through a capital lease	-	259,799

The accompanying notes are an integral part of this statement.

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Envision, Creative Support for People with Developmental Disabilities (the Center) is presented to assist in understanding the Center's financial statements.

1. *Summary of Business Activities*

The Center was incorporated under the laws of the State of Colorado in 1964 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 Weld County. The Center was incorporated as Weld County Community Center Foundation and in April 1986, began doing business as Envision, Creative Support for People with Developmental Disabilities. 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'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 Individualized Plan. 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 Individualized Plan. 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.

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

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 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 offer infants and toddlers and their families services and supports to enhance child development in the areas of cognition, speech, communication, physical, motor, vision, hearing, social-emotional development, and self help skills; parent-child or family interaction; and early identification, screening and assessment services.

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

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

Other Program Services includes a grant from United Way of Weld County to build community involvement skills for eligible individuals who are transitioning from the school environment to adult life. Skills that are addressed include making healthy food choices, using household tools, accessing public transportation, and learning and applying social and safety skills in the community. Other program services also includes services performed for the Colorado Division of Vocational Rehabilitation on a fee for service basis. Services provided include work adjustment training with a focus on developing skills necessary to obtain and hold community employment.

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *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 organization's corporate existence.

3. *Basis of Accounting*

Financial statements of the Center have been prepared on the accrual basis, whereby support and revenue 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 and expenses during the reporting period. Actual results could differ from those estimates.

5. *Cash and Cash Equivalents*

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

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

6. *Investments*

The Center records investments in equity and debt securities at fair value in the statement of financial position as determined by quoted market prices. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. *Accounts Receivable*

The majority of the Center's accounts receivable are due from the State of Colorado. Accounts receivable are due according to contractual terms and are stated at the amounts management expects to collect from outstanding balances. The Center determines its allowance by considering a number of factors, including the length of time accounts receivable are past due and the Center's previous collection history. The Center writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to revenue.

8. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets and estimated value, at date of receipt, for donated property. Depreciation is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5–30
Administrative and program equipment	5
Transportation equipment	5

9. *Revenue Recognition*

Revenues are recognized when services are performed. The Center receives certain revenue for which if it does not spend all the revenue in the current year and the Center has met certain control points, it is allowed to recognize five percent of the total original revenue and the remaining excess revenue is deferred to the next year.

10. *Temporarily Restricted Revenue*

Donor restricted revenue, whose restrictions are currently satisfied in the same fiscal year, are reported as unrestricted revenue, rather than temporarily restricted. Donor restricted contributions, whose restrictions are not currently met, are reflected as an increase to temporarily restricted net assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

11. *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, 2007, from which the summarized information was derived.

Envision, Creative Support for People with Developmental Disabilities
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. *Reclassifications*

Certain financial information as of and for the year ended June 30, 2007, has been reclassified to conform with the presentation for the current year

NOTE B – FEES AND GRANTS FROM GOVERNMENTAL AGENCIES

Amounts receivable from governmental agencies are as follows at June 30, 2008:

State of Colorado	
General Fund	\$ 475,460
Medicaid	552,283
Part C	15,137
Other	<u>1,173</u>
	\$ <u>1,044,053</u>

NOTE C – INVESTMENTS

Investments are classified between current and noncurrent based on their maturity dates. Investments at June 30, 2008 are comprised of the following:

Mutual funds	\$ 965,527
U.S. Government securities	180,704
Corporation bonds	<u>337,131</u>
	\$ <u>1,483,362</u>
Current investments	\$ 965,527
Noncurrent investments	<u>517,835</u>
	\$ <u>1,483,362</u>

Investment return for the year ended June 30, 2008, consists of the following:

Investment income	\$ 160,077
Unrealized loss of investments	(60,874)
Realized loss on investments	<u>(1,150)</u>
	\$ <u>98,053</u>

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE D – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2008:

Buildings and improvements	\$ 1,175,314
Administrative and program equipment	210,802
Transportation equipment	<u>561,056</u>
	1,947,172
Less accumulated depreciation and amortization	<u>1,608,024</u>
	339,148
Land	<u>174,000</u>
	\$ <u>513,148</u>

Depreciation expense was \$101,536 at June 30, 2008.

NOTE E – DEFERRED REVENUE

Deferred revenue of \$23,271 at June 30, 2008, consists of unspent State adult supported living services revenue.

NOTE F – RETIREMENT PLAN

The Center has adopted a voluntary salary reduction individual annuity plan. All full-time employees who have completed one year of service are eligible. Generally, as defined in the plan, employees may contribute any amount and the Center will match the contribution up to 3% of employees' compensation for the first four years of employment and 5% thereafter. Rights are fully vested immediately upon participation. The retirement plan expense was \$34,495 for the year ended June 30, 2008.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$51,037 at June 30, 2008, are available for use in comprehensive services.

Envision, Creative Support for People with Developmental Disabilities

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE H – LEASES

Operating

The Center conducts a portion of its comprehensive residential program operations from leased facilities. In addition, the Center leases various pieces of equipment under operating leases, which expire at various dates through 2013.

Future minimum lease payments under noncancelable operating leases of June 30, 2008, are as follows:

Year ending June 30,	
2009	\$ 88,814
2010	19,281
2011	8,881
2012	2,364
2013	<u>2,364</u>
Total minimum lease payments	\$ <u>121,704</u>

Rental expense under the operating leases for 2008 was \$106,219.

Capital

The Center leases vehicles, and for financial reporting purposes, minimum lease rentals relating to the vehicles have been capitalized. The related assets and obligation have been recorded using the Center's incremental borrowing rate at the inception of the lease. The lease, which is non-cancelable, expires in fiscal year 2012.

A schedule of future minimum lease payments under this capital lease together with the present value of the net minimum lease payments as of June 30, 2008 is as follows:

Year ending June 30,	
2009	\$ 65,064
2010	65,064
2011	65,064
2012	<u>27,108</u>
	222,300
Less amount representing interest	<u>36,713</u>
Total minimum lease payments	185,587
Less current portion	<u>50,217</u>
Long-term capital lease obligations	\$ <u>135,370</u>

Envision, Creative Support for People with Developmental Disabilities
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE H – LEASES (CONTINUED)

Capital (Continued)

Property recorded under the capital lease includes the following amounts at June 30, 2008:

Transportation equipment	\$ 259,799
Less accumulated amortization	<u>(84,438)</u>
	\$ <u>175,361</u>

Amortization expense related to property recorded under the capital lease is combined with depreciation expense.

NOTE I – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado is disclosed in Note B and the Center has a payable at June 30, 2008, to the State of Colorado in the amount of \$78,165 which is recorded in accounts payable. 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 J – SUBSEQUENT EVENT

In October 2008, the Center sold all of its corporate bonds and US Government securities and recognized a loss of \$83,741 on the sale. With the proceeds, the Center purchased equities and mutual funds and kept some in cash. The fair value of the investments decreased by \$418,642 and the value of the investment portfolio as of October 31, 2008 was \$1,226,342, of which \$161,622 was in cash.