

**CHEYENNE VILLAGE, INC.**

**Financial Statements**

**For The Year Ended June 30, 2015**

**And**

**Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cheyenne Village, Inc.

We have audited the accompanying financial statements of Cheyenne Village, Inc. (Cheyenne Village) which comprise the statement of financial position as of June 30, 2015, 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.

### Auditors' 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. 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 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 Cheyenne Village, Inc. as of June 30, 2015 and the change 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 Cheyenne Village's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stockman Kast Ryan & Co., LLP*

October 20, 2015

# CHEYENNE VILLAGE, INC.

## STATEMENT OF FINANCIAL POSITION

**JUNE 30, 2015 (with comparative totals for 2014)**

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	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,107,751	\$ 1,855,993
Investments	1,883,210	1,818,528
Accounts receivable, net	443,001	429,850
Contributions receivable	85,885	70,263
Other assets	<u>45,905</u>	<u>46,476</u>
Total	4,565,752	4,221,110
BENEFICIAL INTEREST IN TRUST	855,772	872,129
LAND, BUILDINGS AND EQUIPMENT, NET	1,008,467	1,115,807
OTHER ASSETS	<u>94,304</u>	<u>86,613</u>
TOTAL ASSETS	<u>\$ 6,524,295</u>	<u>\$ 6,295,659</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 191,974	\$ 198,840
Accrued expenses and other	<u>443,239</u>	<u>420,527</u>
Total	<u>635,213</u>	<u>619,367</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board designated	465,599	465,599
Available for operations	<u>4,071,536</u>	<u>3,828,365</u>
Total	4,537,135	4,293,964
Temporarily restricted	496,175	510,199
Permanently restricted	<u>855,772</u>	<u>872,129</u>
Total net assets	<u>5,889,082</u>	<u>5,676,292</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,524,295</u>	<u>\$ 6,295,659</u>

See notes to financial statements.

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# CHEYENNE VILLAGE, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015 (with comparative totals for 2014)

	2015					2014 Total	
	Operations	Unrestricted Designated	Total	Temporarily Restricted	Permanently Restricted		
<b>REVENUES</b>							
Fees from services:							
Host home services	\$ 2,781,829		\$ 2,781,829		\$ 2,781,829	\$ 2,528,085	
Individual residential services	2,579,831		2,579,831		2,579,831	2,401,611	
Group residential services	1,330,374		1,330,374		1,330,374	1,240,736	
Supported community connections	377,179		377,179		377,179	213,690	
Other operating support:							
Contributions	472,380		472,380	\$ 134,061	606,441	585,970	
Interest and dividends	91,015		91,015		91,015	151,560	
Supported living services	78,787		78,787		78,787	311,777	
Net realized and unrealized investment gains	15,895		15,895		15,895	96,169	
Change in value of beneficial interest in trust					\$ (16,357)	(16,357)	49,782
Event loss (net of direct event expenses of \$67,866 and \$60,384 respectively)	(10,576)		(10,576)		(10,576)	(25,599)	
Other	64,858		64,858		64,858	53,422	
Net assets released from restrictions	148,085		148,085	(148,085)			
<b>Total</b>	<u>7,929,657</u>	<u>\$ —</u>	<u>7,929,657</u>	<u>(14,024)</u>	<u>(16,357)</u>	<u>7,899,276</u>	<u>7,607,203</u>
<b>EXPENSES</b>							
Program services	6,569,245		6,569,245		6,569,245	6,376,155	
General and administrative	791,366		791,366		791,366	790,137	
Fund raising	325,875		325,875		325,875	293,483	
<b>Total</b>	<u>7,686,486</u>	<u>—</u>	<u>7,686,486</u>	<u>—</u>	<u>—</u>	<u>7,686,486</u>	<u>7,459,775</u>
<b>CHANGE IN NET ASSETS</b>	243,171	—	243,171	(14,024)	(16,357)	212,790	147,428
<b>NET ASSETS, Beginning of year</b>	<u>3,828,365</u>	<u>465,599</u>	<u>4,293,964</u>	<u>510,199</u>	<u>872,129</u>	<u>5,676,292</u>	<u>5,528,864</u>
<b>NET ASSETS, End of year</b>	<u>\$ 4,071,536</u>	<u>\$ 465,599</u>	<u>\$ 4,537,135</u>	<u>\$ 496,175</u>	<u>\$ 855,772</u>	<u>\$ 5,889,082</u>	<u>\$ 5,676,292</u>

See notes to financial statements.

**CHEYENNE VILLAGE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015 (with comparative totals for 2014)**

	<b>2015</b>												
	<b>Program Services</b>												
	<b>Host Homes</b>	<b>Individual Residential Services</b>	<b>Group Residential Services</b>	<b>Program Support</b>	<b>Supported Community Connections</b>	<b>Supported Living Services</b>	<b>McLaughlin Lodge</b>	<b>Outreach</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Fund Raising</b>	<b>Total</b>	<b>2014 Total</b>
<b>EXPENSES</b>													
Salaries	237,565	1,022,337	952,843	290,663	228,110	123,384	10,099	23,955	2,888,956	553,162	175,181	\$ 3,617,299	\$ 3,612,433
Client benefits	1,942,620	396,300	108,013	-	12,378	4,939	153	545	2,464,948	-	-	2,464,948	2,308,779
Employee benefits	48,768	228,927	241,651	58,853	43,570	21,634	892	7,317	651,612	93,463	31,049	776,124	816,568
Contract services	9,721	27,552	23,648	7,973	5,476	4,939	476	157	79,942	51,581	40,422	171,945	98,132
Repairs and maintenance	4,265	19,284	34,925	3,091	1,643	1,215	5,069	167	69,659	10,293	517	80,469	81,693
Insurance	1,863	32,583	21,799	5,542	9,287	9,287	7,945	48	88,354	8,851	145	97,350	81,328
Vehicle expenses	1,100	16,946	4,627	3,766	17,507	6,047	-	-	49,993	670	-	50,663	59,981
Supplies	3,280	8,137	4,399	4,743	1,653	817	693	239	23,961	8,191	7,910	40,062	45,278
Utilities	1,923	11,125	5,325	2,057	1,235	657	4,355	199	26,876	6,146	759	33,781	35,990
Printing and publications	250	1,421	1,252	1,289	364	161	49	65	4,851	2,964	24,008	31,823	31,048
Telephone	715	10,148	6,083	2,173	2,322	1,471	1,184	50	24,146	4,937	524	29,607	28,434
Advertising and public relations	3,708	3,486	2,860	18	4,084	10	1	2	14,169	1,034	32,581	47,784	27,429
Meetings and conferences	852	3,843	3,599	2,325	1,300	405	14	49	12,387	8,534	721	21,642	19,315
Mileage	2,739	4,921	3,985	279	512	1,600	-	55	14,091	597	290	14,978	18,431
Dues, subscriptions and miscellaneous	378	2,161	2,030	308	648	174	9	56	5,764	1,087	6,114	12,965	11,291
Leases and rentals	-	8,394	-	-	-	-	-	-	8,394	-	-	8,394	10,866
Postage	291	1,579	1,400	391	405	192	8	18	4,284	1,454	2,632	8,370	8,322
Taxes and licenses	79	107	2,127	4	17	2	36	-	2,372	1,507	260	4,139	6,210
Bad debt expense	-	497	134	-	-	-	-	-	631	-	621	1,252	3,204
Other	252	246	117	-	-	-	-	-	615	15,968	39	16,622	12,743
<b>TOTAL BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>2,260,369</b>	<b>1,799,994</b>	<b>1,420,817</b>	<b>383,475</b>	<b>330,511</b>	<b>176,934</b>	<b>30,983</b>	<b>32,922</b>	<b>6,436,005</b>	<b>770,439</b>	<b>323,773</b>	<b>7,530,217</b>	<b>7,317,475</b>
Depreciation and amortization	5,570	55,969	40,871	7,720	11,100	7,516	4,470	24	133,240	20,927	2,102	156,269	142,300
<b>TOTAL EXPENSES</b>	<b>\$ 2,265,939</b>	<b>\$ 1,855,963</b>	<b>\$ 1,461,688</b>	<b>\$ 391,195</b>	<b>\$ 341,611</b>	<b>\$ 184,450</b>	<b>\$ 35,453</b>	<b>\$ 32,946</b>	<b>\$ 6,569,245</b>	<b>\$ 791,366</b>	<b>\$ 325,875</b>	<b>\$ 7,686,486</b>	
<b>PERCENT OF TOTAL COSTS</b>	<b>30%</b>	<b>24%</b>	<b>19%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>86%</b>	<b>10%</b>	<b>4%</b>	<b>100%</b>	
<b>COMPARATIVE 2014 EXPENSES</b>	<b>\$ 2,054,813</b>	<b>\$ 1,921,575</b>	<b>\$ 1,368,802</b>	<b>\$ 353,552</b>	<b>\$ 259,766</b>	<b>\$ 325,127</b>	<b>\$ 39,101</b>	<b>\$ 53,419</b>	<b>\$ 6,376,155</b>	<b>\$ 790,137</b>	<b>\$ 293,483</b>		<b>\$ 7,459,775</b>
<b>2014 PERCENT OF TOTAL COSTS</b>	<b>28%</b>	<b>26%</b>	<b>18%</b>	<b>5%</b>	<b>3%</b>	<b>4%</b>	<b>1%</b>	<b>1%</b>	<b>86%</b>	<b>10%</b>	<b>4%</b>		<b>100%</b>

See notes to financial statements.

## CHEYENNE VILLAGE, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015 (with comparative totals for 2014)

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	2015	2014
OPERATING ACTIVITIES		
Change in net assets	\$ 212,790	\$ 147,428
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	156,269	142,300
Net realized and unrealized gains on investments	(15,895)	(96,169)
Gain on sale of land, buildings and equipment		3,333
Change in value of beneficial interest in trust	16,357	(49,782)
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,151)	37,454
Contributions receivable	(15,622)	7,307
Other assets	(7,120)	(27,181)
Accounts payable and accrued expenses	<u>15,846</u>	<u>77,551</u>
Net cash provided by operating activities	<u>349,474</u>	<u>242,241</u>
INVESTING ACTIVITIES		
Proceeds from sales of investments	173,342	1,847,488
Purchases of investments	(222,129)	(1,951,370)
Purchases of land, buildings and equipment	<u>(48,929)</u>	<u>(241,701)</u>
Net cash used in investing activities	<u>(97,716)</u>	<u>(345,583)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	251,758	(103,342)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,855,993</u>	<u>1,959,335</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,107,751</u>	<u>\$ 1,855,993</u>

See notes to financial statements.

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# CHEYENNE VILLAGE, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cheyenne Village, Inc. (Cheyenne Village) serves adults with developmental disabilities, providing services, choices, and opportunities which promote full participation in El Paso County, Colorado. Nearly all of the people served by Cheyenne Village will require their services throughout the course of their lives; many have been with Cheyenne Village since its founding in 1971.

**Basis of Presentation** — The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Cheyenne Village's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Cheyenne Village reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by Cheyenne Village is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Cheyenne Village.

**Revenue Recognition** — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cheyenne Village reports gifts of land, building and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Cheyenne Village reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Cheyenne Village reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Contributions Receivable** — Management believes that all contributions receivable recorded at June 30, 2015 are collectible and no allowance for doubtful contributions is deemed necessary. Contributions receivable consist entirely of unconditional promises to give in less than one year.

**Investments** — Investments are carried at fair value. Fair values for exchange traded funds, mutual funds and common stock are determined principally through quoted market prices. Fair values for fixed income obligations are determined through pricing services. Realized and unrealized gains and losses are reflected in the statement of activities. Earnings on restricted investments are recognized as an increase in unrestricted or temporarily restricted net assets according to the nature of the restrictions on the original gift.



**Land, Buildings and Equipment** — Land, buildings and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from five to thirty years for buildings and improvements and from three to five years for vehicles, furnishings and equipment. Cheyenne Village capitalizes property and equipment purchases which exceed \$1,000 and have a useful life in excess of one year.

**Compensated Absences** — Employees of Cheyenne Village earn a vested right to compensation for unused vacation time. Accordingly, Cheyenne Village has made an accrual for vacation compensation that employees have earned but not taken.

**Tax Status** — Cheyenne Village is a not-for-profit corporation which is classified as a public charity by the Internal Revenue Service and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Cheyenne Village's information returns for the year ended June 30, 2012 through the current period remain subject to examination by taxing authorities.

Cheyenne Village believes that it does not have any uncertain tax positions that are material to the financial statements.

**Statement of Cash Flows** — For purposes of reporting cash flows, Cheyenne Village considers cash on hand and amounts due from banks as cash and cash equivalents.

**Statement of Functional Expenses** — The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates** — The preparation of Cheyenne Village's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Subsequent Events** — Cheyenne Village has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. ACCOUNTS RECEIVABLE

Accounts receivable are stated at the invoiced amounts, net of an allowance for doubtful accounts of \$1,533 and \$903 as of June 30, 2015 and 2014, respectively, which represents management's estimate of specific accounts receivable balances that they believe are uncollectible. Medicaid receivables accounted for approximately 94% and 93% of total net receivables at June 30, 2015 and 2014, respectively.

### **3. BENEFICIAL INTEREST IN TRUST**

Cheyenne Village is a 6% beneficiary of the Jacqueline Grace Archer Trust, the principal of which is to be held in perpetuity at a bank. Cheyenne Village's share of the fair market value of this trust was \$855,772 and \$872,129 at June 30, 2015 and 2014, respectively. The fair value in the trust is determined based on Cheyenne Village's proportionate share of the fair value of the underlying assets of the trust. Fair value of the underlying assets is determined using quoted market prices and pricing services. Cheyenne Village received \$36,000 in distributions from the trust during each of the years ended June 30, 2015 and 2014.

### **4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Cheyenne Village uses a framework pursuant to generally accepted accounting principles for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that Cheyenne Village has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, Cheyenne Village's investments and beneficial interest at fair value as of June 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2015:</b>				
Investments:				
Exchange traded funds:				
Domestic equity	\$ 554,913	\$ 554,913		
International equity	43,615	43,615		
Mutual funds:				
Domestic equity	253,751	253,751		
International equity	249,625	249,625		
Fixed income	266,678	266,678		
Common stock	198,653	198,653		
Money market accounts	26,660	26,660		
Government bonds	116,564		\$ 116,564	
Corporate bonds	<u>172,751</u>		<u>172,751</u>	
Total	<u>\$ 1,883,210</u>	<u>\$ 1,593,895</u>	<u>\$ 289,315</u>	<u>\$ —</u>
Beneficial interest in perpetual trust	<u>\$ 855,772</u>	<u>\$ —</u>	<u>\$ 855,772</u>	<u>\$ —</u>
<b>2014:</b>				
Investments:				
Exchange traded funds:				
Domestic equity	\$ 533,858	\$ 533,858		
International equity	46,849	46,849		
Fixed income	33,130	33,130		
Mutual funds:				
Domestic equity	289,022	289,022		
Fixed income	254,196	254,196		
International equity	198,684	198,684		
Common stock	155,188	155,188		
Money market accounts	28,783	28,783		
Government bonds	128,638		\$ 128,638	
Corporate bonds	<u>150,180</u>		<u>150,180</u>	
Total	<u>\$ 1,818,528</u>	<u>\$ 1,539,710</u>	<u>\$ 278,818</u>	<u>\$ —</u>
Beneficial interest in perpetual trust	<u>\$ 872,129</u>	<u>\$ —</u>	<u>\$ 872,129</u>	<u>\$ —</u>

## 5. LAND, BUILDINGS AND EQUIPMENT

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

	<b>2015</b>	<b>2014</b>
Buildings and improvements	\$ 2,597,636	\$ 2,560,936
Vehicles and equipment	1,107,463	1,102,331
Land	<u>407,168</u>	<u>407,168</u>
Total	4,112,267	4,070,435
Less accumulated depreciation and amortization	<u>3,103,800</u>	<u>2,954,628</u>
Land, buildings and equipment, net	<u>\$ 1,008,467</u>	<u>\$ 1,115,807</u>

## 6. EMPLOYEE BENEFIT PLANS

Cheyenne Village maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. Employees had not been allowed to make contributions to the plan. As of January 1, 2015 the plan allows employee contributions.

Cheyenne Village also maintains a qualified defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees with at least 60 days of service. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Through December 31, 2014, employer contributions were determined annually by the Board of Directors. As of January 1, 2015 the plan was amended to be a safe harbor matching plan, whereby the Organization matches 100% of the first 3% and 50% of the next 2% of employee contributions. Cheyenne Village made contributions to the profit sharing plan of \$34,607 and \$60,756 for the years ended June 30, 2015 and 2014, respectively.

Cheyenne Village has a non-qualified deferred compensation plan. The plan does not provide for employer contributions. The plan investments are assets of Cheyenne Village and are reflected in long-term other assets in the accompanying statement of financial position at fair value. A corresponding liability is reflected within accrued expenses. The fair value of the plan investments as of June 30, 2015 and 2014 was \$ 67,046 and \$59,355, respectively.

## 7. CONCENTRATIONS OF CREDIT RISK

Cheyenne Village maintains its cash and cash equivalents in bank deposit accounts which, at times, exceed federally insured limits. Cheyenne Village has not experienced any losses in such accounts.

Cheyenne Village has investments in money market accounts, mutual funds, exchange traded funds, common stock and fixed income securities which it has placed with an investment management company. Cheyenne Village invests in investment securities which 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 investments will occur in the near term and that such changes could materially affect the recorded amount of investments in Cheyenne Village's financial statements.

**8. CONCENTRATIONS OF REVENUE**

During the years ended June 30, 2015 and 2014, Cheyenne Village received approximately 75% and 72%, of its revenues from the State of Colorado, respectively, and during each of those years, received 11% of its revenues from Federal Social Security and other assistance programs.

**9. VOLUNTEER SERVICES**

During the years ended June 30, 2015 and 2014, Cheyenne Village received 1,447 and 1,511 hours, respectively, of donated services to support its programs and services. Volunteers provide essential services that Cheyenne Village might otherwise be unable to afford. Services contributed by volunteers include providing administrative assistance and aiding individuals in community participation. The value of these services has not been included in the financial statements.

**10. BOARD DESIGNATED NET ASSETS — UNRESTRICTED**

The Board of Directors has designated net assets for the following purposes:

	<b>2015</b>	<b>2014</b>
General endowment	<u>\$ 465,599</u>	<u>\$ 465,599</u>

**11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

At June 30 temporarily restricted net assets are available for the following purposes:

	<b>2015</b>	<b>2014</b>
Persons served funds	\$ 295,297	\$ 243,061
Alzheimer's fund	109,478	91,478
United Way funds restricted for future periods	48,104	60,131
Memorial fund	31,514	31,514
Staff development	7,623	7,623
Buildings and equipment	<u>4,159</u>	<u>76,392</u>
Total	<u>\$ 496,175</u>	<u>\$ 510,199</u>

Permanently restricted net assets are comprised of investment funds to be held in perpetuity, the income from which is expendable to support the activities of Cheyenne Village. Permanently restricted net assets consist of the beneficial interest in perpetual trust of \$855,772 and \$872,129 as of June 30, 2015 and 2014, respectively.

During the year ended June 30, 2014, management and the Board of Directors of Cheyenne Village determined that there was no existing support for \$110,769 of donor restrictions. Therefore, \$110,769 was reclassified from permanently restricted net assets to board designated unrestricted net assets as of July 1, 2013.

## 12. ENDOWMENT FUNDS

Cheyenne Village's endowment consists of two endowment funds established for the purpose of supporting the operations of Cheyenne Village. Its endowment includes both a donor-restricted endowment fund and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides statutory guidance for management, investment and expenditure of endowment funds held by not-for-profit organizations. Cheyenne Village has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Cheyenne Village classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Cheyenne Village in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Cheyenne Village considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of Cheyenne Village and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of Cheyenne Village
- 7) The investment policies of Cheyenne Village

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds			\$ 855,772	\$ 855,772
Board-designated endowment funds	\$ 465,599	_____	_____	_____465,599
Total funds	<u>\$ 465,599</u>	<u>\$ —</u>	<u>\$ 855,772</u>	<u>\$ 1,321,371</u>

Changes in endowment net assets for the year ended June 30, 2015 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, Beginning of year	\$ 465,599	\$ —	\$ 872,129	\$ 1,337,728
Distribution from trust			(36,000)	(36,000)
Net appreciation (realized and unrealized)	<u>                    </u>	<u>                    </u>	<u>19,643</u>	<u>19,643</u>
Endowment net assets, End of year	<u>\$ 465,599</u>	<u>\$ —</u>	<u>\$ 855,772</u>	<u>\$ 1,321,371</u>

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds			\$ 872,129	\$ 872,129
Board-designated endowment funds	<u>\$ 465,599</u>	<u>                    </u>	<u>                    </u>	<u>465,599</u>
Total funds	<u>\$ 465,599</u>	<u>\$ —</u>	<u>\$ 872,129</u>	<u>\$ 1,337,728</u>

Changes in endowment net assets for the year ended June 30, 2014 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, Beginning of year	\$ 465,599	\$ 24,647	\$ 822,347	\$ 1,312,593
Distribution from trust			(36,000)	(36,000)
Net appreciation (realized and unrealized)			85,782	85,782
Appropriation of endowment assets for expenditures	<u>                    </u>	<u>(24,647)</u>	<u>                    </u>	<u>(24,647)</u>
Endowment net assets, End of year	<u>\$ 465,599</u>	<u>\$ —</u>	<u>\$ 872,129</u>	<u>\$ 1,337,728</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Cheyenne Village to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2015 and 2014.

Cheyenne Village has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results within stated risk tolerances. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Cheyenne Village relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Cheyenne Village targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Cheyenne Village also uses fixed income securities to achieve its objectives.