



**CHEYENNE VILLAGE, INC.**

**Financial Statements**

**For The Year Ended June 30, 2018**

**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, 2018, 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, 2018 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2017. 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 financial statements from which it has been derived.

*Stockman Kast Ryan + Co. LLP*

October 17, 2018

## CHEYENNE VILLAGE, INC.

### STATEMENT OF FINANCIAL POSITION JUNE 30, 2018 (with comparative totals for 2017)

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|                                       | 2018                | 2017                |
|---------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                         |                     |                     |
| CURRENT ASSETS                        |                     |                     |
| Cash and cash equivalents             | \$ 2,675,837        | \$ 2,454,639        |
| Investments                           | 1,773,814           | 2,103,198           |
| Accounts receivable, net              | 397,837             | 508,650             |
| Contributions receivable              | 655,407             | 31,916              |
| Other assets                          | <u>75,405</u>       | <u>73,386</u>       |
| Total                                 | 5,578,300           | 5,171,789           |
| BENEFICIAL INTEREST IN TRUST          | 858,525             | 830,885             |
| LAND, BUILDINGS AND EQUIPMENT, NET    | 1,383,595           | 1,048,416           |
| OTHER ASSETS                          | <u>96,336</u>       | <u>95,652</u>       |
| TOTAL ASSETS                          | <u>\$ 7,916,756</u> | <u>\$ 7,146,742</u> |
| <br><b>LIABILITIES AND NET ASSETS</b> |                     |                     |
| CURRENT LIABILITIES                   |                     |                     |
| Accounts payable                      | \$ 275,501          | \$ 252,636          |
| Accrued expenses and other            | <u>334,911</u>      | <u>463,275</u>      |
| Total                                 | <u>610,412</u>      | <u>715,911</u>      |
| NET ASSETS                            |                     |                     |
| Unrestricted                          | 5,487,413           | 5,322,694           |
| Temporarily restricted                | 960,406             | 277,252             |
| Permanently restricted                | <u>858,525</u>      | <u>830,885</u>      |
| Total net assets                      | <u>7,306,344</u>    | <u>6,430,831</u>    |
| TOTAL LIABILITIES AND NET ASSETS      | <u>\$ 7,916,756</u> | <u>\$ 7,146,742</u> |

See notes to financial statements.

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## CHEYENNE VILLAGE, INC.

### STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018 (with comparative totals for 2017)

|   | 2018                |                           |                           | 2017<br>Total       |                     |
|---|---------------------|---------------------------|---------------------------|---------------------|---------------------|
|   | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted |                     | Total               |
| <b>REVENUES</b>   |                     |                           |                           |                     |                     |
| Fees from services:   |                     |                           |                           |                     |                     |
| Host home services  | \$ 3,641,982        |                           |                           | \$ 3,641,982        | \$ 3,113,795        |
| Individual residential services   | 2,676,302           |                           |                           | 2,676,302           | 3,094,209           |
| Group residential services  | 954,621             |                           |                           | 954,621             | 911,502             |
| Supported community connections   | 373,537             |                           |                           | 373,537             | 343,216             |
| Other operating support:  |                     |                           |                           |                     |                     |
| Contributions   | 391,004             | \$ 780,634                |                           | 1,171,638           | 623,914             |
| Supported living services   | 194,419             |                           |                           | 194,419             | 159,393             |
| Interest and dividends  | 101,271             |                           |                           | 101,271             | 89,635              |
| Event income (loss) (net of direct event expenses of \$41,990 and \$52,006, respectively) | 2,560               |                           |                           | 2,560               | (7,381)             |
| Net realized and unrealized investment gains  | 109,826             |                           |                           | 109,826             | 183,110             |
| Change in value of beneficial interest in trust   |                     |                           | \$ 27,640                 | 27,640              | 73,856              |
| Other   | 122,537             |                           |                           | 122,537             | 60,308              |
| Net assets released from restrictions   | <u>97,480</u>       | <u>(97,480)</u>           |                           |                     |                     |
| <b>Total</b>  | <u>8,665,539</u>    | <u>683,154</u>            | <u>27,640</u>             | <u>9,376,333</u>    | <u>8,645,557</u>    |
| <b>EXPENSES</b>   |                     |                           |                           |                     |                     |
| Program services  | 7,314,818           |                           |                           | 7,314,818           | 6,985,673           |
| General and administrative  | 837,130             |                           |                           | 837,130             | 827,013             |
| Fund raising  | <u>348,872</u>      |                           |                           | <u>348,872</u>      | <u>350,255</u>      |
| <b>Total</b>  | <u>8,500,820</u>    | <u>—</u>                  | <u>—</u>                  | <u>8,500,820</u>    | <u>8,162,941</u>    |
| <b>CHANGE IN NET ASSETS</b>   | 164,719             | 683,154                   | 27,640                    | 875,513             | 482,616             |
| <b>NET ASSETS, Beginning of year</b>  | <u>5,322,694</u>    | <u>277,252</u>            | <u>830,885</u>            | <u>6,430,831</u>    | <u>5,948,215</u>    |
| <b>NET ASSETS, End of year</b>  | <u>\$ 5,487,413</u> | <u>\$ 960,406</u>         | <u>\$ 858,525</u>         | <u>\$ 7,306,344</u> | <u>\$ 6,430,831</u> |

See notes to financial statements.

**CHEYENNE VILLAGE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018 (with comparative totals for 2017)**

|   | 2018                |                                       |                                  |                    |                                       |                                 |                     |             |                              |                                  |                   |                     | 2017<br>Total    |
|---|---------------------|---------------------------------------|----------------------------------|--------------------|---------------------------------------|---------------------------------|---------------------|-------------|------------------------------|----------------------------------|-------------------|---------------------|------------------|
|   | Program Services    |                                       |                                  |                    |                                       |                                 |                     |             | Total<br>Program<br>Services | General<br>and<br>Administrative | Fund<br>Raising   | Total               |                  |
|   | Host<br>Homes       | Individual<br>Residential<br>Services | Group<br>Residential<br>Services | Program<br>Support | Supported<br>Community<br>Connections | Supported<br>Living<br>Services | McLaughlin<br>Lodge | Outreach    |                              |                                  |                   |                     |                  |
| EXPENSES  |                     |                                       |                                  |                    |                                       |                                 |                     |             |                              |                                  |                   |                     |                  |
| Salaries  | \$ 299,480          | \$ 1,257,059                          | \$ 578,770                       | \$ 321,501         | \$ 207,030                            | \$ 159,290                      | \$ 11,069           |             | \$ 2,834,199                 | \$ 585,524                       | \$ 147,990        | \$ 3,567,713        | \$ 3,682,729     |
| Client benefits                                       | 2,585,675           | 478,646                               | 70,696                           | (33)               | 10,114                                | 4,027                           | 253                 |             | 3,149,378                    |                                  |                   | 3,149,378           | 2,760,974        |
| Employee benefits                                     | 56,150              | 289,352                               | 137,557                          | 86,992             | 47,177                                | 25,137                          | 823                 |             | 643,188                      | 116,298                          | 35,259            | 794,745             | 824,885          |
| Contract services                                     | 13,716              | 46,400                                | 20,640                           | 7,441              | 11,108                                | 8,191                           | 644                 |             | 108,140                      | 55,033                           | 109,721           | 272,894             | 182,362          |
| Repairs and maintenance                               | 8,483               | 25,735                                | 31,993                           | 3,474              | 747                                   | 1,412                           | 9,850               |             | 81,694                       | 10,776                           | 641               | 93,111              | 95,410           |
| Insurance   | 1,649               | 32,656                                | 9,080                            | 11,327             | 8,217                                 | 8,217                           | 7,030               |             | 78,176                       | 7,924                            | 128               | 86,228              | 92,069           |
| Bad debt expense                                      | 1,495               | 13,322                                | 33,418                           |                    | 100                                   | 1,035                           |                     |             | 49,370                       | 130                              | 400               | 49,900              | 3,230            |
| Vehicle expenses                                      | 1,593               | 15,432                                | 3,423                            | 3,839              | 21,565                                | 2,708                           |                     |             | 48,560                       | 431                              |                   | 48,991              | 55,775           |
| Supplies  | 4,059               | 8,167                                 | 2,725                            | 2,924              | 1,197                                 | 850                             | 704                 |             | 20,626                       | 5,868                            | 10,994            | 37,488              | 46,139           |
| Utilities   | 4,064               | 12,814                                | 837                              | 2,127              | 890                                   | 489                             | 5,877               |             | 27,098                       | 5,094                            | 892               | 33,084              | 31,274           |
| Telephone   | 2,630               | 14,771                                | 3,289                            | 1,757              | 2,771                                 | 1,129                           | 790                 |             | 27,137                       | 3,079                            | 406               | 30,622              | 30,771           |
| Advertising and public relations                      | 5,275               | 3,711                                 | 1,483                            | 68                 | 1,014                                 | 6                               |                     |             | 11,557                       | 2,110                            | 13,379            | 27,046              | 32,745           |
| Printing and publications                             | 248                 | 1,165                                 | 368                              | 1,045              | 149                                   | 136                             | 44                  |             | 3,155                        | 2,348                            | 17,192            | 22,695              | 26,887           |
| Meetings and conferences                              | 5,851               | 5,636                                 | 2,477                            | 1,594              | 932                                   | 826                             | 19                  |             | 17,335                       | 2,001                            | 1,205             | 20,541              | 29,725           |
| Mileage   | 3,940               | 5,104                                 | 2,211                            | 717                | 1,094                                 | 1,572                           |                     |             | 14,638                       | 38                               |                   | 14,676              | 13,402           |
| Dues, subscriptions and miscellaneous                 | 448                 | 2,503                                 | 1,133                            | 416                | 463                                   | 447                             | 9                   |             | 5,419                        | 1,048                            | 4,490             | 10,957              | 11,030           |
| Leases and rentals                                    |                     | 7,185                                 |                                  |                    |                                       |                                 |                     |             | 7,185                        |                                  |                   | 7,185               | 8,350            |
| Postage   | 203                 | 1,620                                 | 588                              | 182                | 338                                   | 100                             | 5                   |             | 3,036                        | 317                              | 3,558             | 6,911               | 7,886            |
| Taxes and licenses                                    | 79                  | 107                                   | 1,045                            | 1,123              | 2                                     | 1,230                           | 16                  |             | 3,602                        | 2,207                            | 1                 | 5,810               | 4,099            |
| Other   |                     |                                       | 16,146                           |                    | 40                                    |                                 |                     |             | 16,186                       | 18,449                           |                   | 34,635              | 21,017           |
| <b>TOTAL BEFORE DEPRECIATION<br/>AND AMORTIZATION</b> | <b>2,995,038</b>    | <b>2,221,385</b>                      | <b>917,879</b>                   | <b>446,494</b>     | <b>314,948</b>                        | <b>216,802</b>                  | <b>37,133</b>       | <b>—</b>    | <b>7,149,679</b>             | <b>818,675</b>                   | <b>346,256</b>    | <b>8,314,610</b>    | <b>7,960,759</b> |
| Depreciation and amortization                         | 9,748               | 45,413                                | 61,745                           | 9,901              | 25,849                                | 3,947                           | 8,536               |             | 165,139                      | 18,455                           | 2,616             | 186,210             | 202,182          |
| <b>TOTAL EXPENSES</b>                                 | <b>\$ 3,004,786</b> | <b>\$ 2,266,798</b>                   | <b>\$ 979,624</b>                | <b>\$ 456,395</b>  | <b>\$ 340,797</b>                     | <b>\$ 220,749</b>               | <b>\$ 45,669</b>    | <b>\$ —</b> | <b>\$ 7,314,818</b>          | <b>\$ 837,130</b>                | <b>\$ 348,872</b> | <b>\$ 8,500,820</b> |                  |
| PERCENT OF TOTAL COSTS                                | 35%                 | 27%                                   | 11%                              | 5%                 | 4%                                    | 3%                              | 1%                  | 0%          | 86%                          | 10%                              | 4%                | 100%                |                  |
| COMPARATIVE 2017 EXPENSES                             | \$ 2,537,407        | \$ 2,487,594                          | \$ 920,428                       | \$ 420,532         | \$ 340,344                            | \$ 196,646                      | \$ 41,642           | \$ 41,080   | \$ 6,985,673                 | \$ 827,013                       | \$ 350,255        | \$ 8,162,941        |                  |
| 2017 PERCENT OF TOTAL COSTS                           | 31%                 | 31%                                   | 11%                              | 5%                 | 4%                                    | 2%                              | 1%                  | 1%          | 86%                          | 10%                              | 4%                | 100%                |                  |

See notes to financial statements.

## CHEYENNE VILLAGE, INC.

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018 (with comparative totals for 2017)

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|   | 2018                | 2017                |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES  |                     |                     |
| Change in net assets  | \$ 875,513          | \$ 482,616          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation and amortization   | 186,210             | 202,182             |
| Gain on sale of land, buildings and equipment   | (1,795)             | (5,329)             |
| Net realized and unrealized gains on investments  | (109,826)           | (183,110)           |
| Change in value of beneficial interest in trust   | (27,640)            | (73,856)            |
| Changes in operating assets and liabilities:  |                     |                     |
| Accounts receivable, net  | 110,813             | (148,238)           |
| Contributions receivable  | (623,491)           | 3,408               |
| Other assets  | (2,703)             | 85,604              |
| Accounts payable, accrued expenses and other  | <u>(105,499)</u>    | <u>36,528</u>       |
| Net cash provided by operating activities   | <u>301,582</u>      | <u>399,805</u>      |
| INVESTING ACTIVITIES  |                     |                     |
| Proceeds from sales of investments  | 777,858             | 182,093             |
| Purchases of investments  | (338,648)           | (224,896)           |
| Purchases of land, buildings and equipment  | (525,294)           | (249,670)           |
| Proceeds from sales of land, buildings and equipment  | <u>5,700</u>        | <u>5,450</u>        |
| Net cash used in investing activities   | <u>(80,384)</u>     | <u>(287,023)</u>    |
| NET INCREASE IN CASH AND CASH EQUIVALENTS   | 221,198             | 112,782             |
| CASH AND CASH EQUIVALENTS, Beginning of year  | <u>2,454,639</u>    | <u>2,341,857</u>    |
| CASH AND CASH EQUIVALENTS, End of year  | <u>\$ 2,675,837</u> | <u>\$ 2,454,639</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, 2017, 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, 2018 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 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 \$53,267 and \$5,643 as of June 30, 2018 and 2017, respectively, which represents management's estimate of specific accounts receivable balances that they believe are uncollectible. Medicaid receivables accounted for approximately 91% and 95% of total net receivables at June 30, 2018 and 2017, 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 \$858,525 and \$830,885 at June 30, 2018 and 2017, 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 \$32,196 and \$34,769 in distributions from the trust during the years ended June 30, 2018 and 2017, respectively.

### **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<br>Prices in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---|---------------------|--|---|--|
| <b>2018:</b>                              |                     |  |   |  |
| Investments:                              |                     |  |   |  |
| Exchange traded funds:                    |                     |  |   |  |
| Domestic equity                           | \$ 493,954          | \$ 493,954   |   |  |
| International equity                      | 6,126               | 6,126  |   |  |
| Mutual funds:                             |                     |  |   |  |
| International equity                      | 316,914             | 316,914  |   |  |
| Domestic equity                           | 218,036             | 218,036  |   |  |
| Fixed income                              | 190,604             | 190,604  |   |  |
| Common stock:                             |                     |  |   |  |
| Domestic                                  | 216,102             | 216,102  |   |  |
| International                             | 25,905              | 25,905   |   |  |
| Corporate bonds                           | 261,120             |  | \$ 261,120  |  |
| Government bonds                          | 24,973              |  | 24,973  |  |
| Money market accounts                     | <u>20,080</u>       | <u>20,080</u>  |   |  |
| Total                                     | <u>\$ 1,773,814</u> | <u>\$ 1,487,721</u>  | <u>\$ 286,093</u>   | <u>\$ —</u>  |
| Beneficial interest in<br>perpetual trust | <u>\$ 858,525</u>   | <u>\$ —</u>  | <u>\$ 858,525</u>   | <u>\$ —</u>  |
| <b>2017:</b>                              |                     |  |   |  |
| Investments:                              |                     |  |   |  |
| Exchange traded funds:                    |                     |  |   |  |
| Domestic equity                           | \$ 629,888          | \$ 629,888   |   |  |
| Fixed income                              | 66,153              | 66,153   |   |  |
| International equity                      | 51,420              | 51,420   |   |  |
| Mutual funds:                             |                     |  |   |  |
| International equity                      | 341,649             | 341,649  |   |  |
| Fixed income                              | 259,130             | 259,130  |   |  |
| Domestic equity                           | 190,383             | 190,383  |   |  |
| Common stock:                             |                     |  |   |  |
| Domestic                                  | 243,968             | 243,968  |   |  |
| International                             | 22,108              | 22,108   |   |  |
| Corporate bonds                           | 208,864             |  | \$ 208,864  |  |
| Government bonds                          | 50,189              |  | 50,189  |  |
| Money market accounts                     | <u>39,446</u>       | <u>39,446</u>  |   |  |
| Total                                     | <u>\$ 2,103,198</u> | <u>\$ 1,844,145</u>  | <u>\$ 259,053</u>   | <u>\$ —</u>  |
| Beneficial interest in<br>perpetual trust | <u>\$ 830,885</u>   | <u>\$ —</u>  | <u>\$ 830,885</u>   | <u>\$ —</u>  |

## 5. LAND, BUILDINGS AND EQUIPMENT

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

|  | <b>2018</b>         | <b>2017</b>         |
|--|---------------------|---------------------|
| Buildings and improvements                     | \$ 2,640,234        | \$ 2,580,384        |
| Vehicles and equipment                         | 1,243,547           | 1,223,515           |
| Land   | 407,168             | 407,168             |
| Construction in progress                       | <u>381,338</u>      | <u>          </u>   |
| Total  | 4,672,287           | 4,211,067           |
| Less accumulated depreciation and amortization | <u>3,288,692</u>    | <u>3,162,651</u>    |
| Land, buildings and equipment, net             | <u>\$ 1,383,595</u> | <u>\$ 1,048,416</u> |

## 6. EMPLOYEE BENEFIT PLANS

Cheyenne Village maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code under which employees may make contributions to the plan.

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. The plan is a safe harbor matching plan, whereby Cheyenne Village 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 \$140,377 and \$143,778 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 was \$69,078 and \$68,394 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, 2018 and 2017, Cheyenne Village received approximately 70% and 73%, of its revenues from the State of Colorado, respectively, and received approximately 10% and 11%, respectively, of its revenues from Federal Social Security and other assistance programs.

**9. VOLUNTEER SERVICES**

During the years ended June 30, 2018 and 2017, Cheyenne Village received 1,402 and 1,688 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. NET ASSETS**

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

|  | <b>2018</b>       | <b>2017</b>       |
|--|-------------------|-------------------|
| Future Neighborhood Expansion                  | \$ 647,962        |                   |
| Persons served funds                           | 255,109           | \$ 217,919        |
| Alzheimer's fund                               | 29,778            | 29,778            |
| McLaughlin Lodge                               | 14,025            | 2,500             |
| United Way funds restricted for future periods | 10,000            | 23,571            |
| Buildings and equipment                        | <u>3,532</u>      | <u>3,484</u>      |
| Total  | <u>\$ 960,406</u> | <u>\$ 277,252</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 \$858,525 and \$830,885 as of June 30, 2018 and 2017, respectively.

At June 30, 2018, the Board of Directors has designated \$119,307 of net assets for the Future Neighborhood Expansion. The designated net assets are included in unrestricted net assets on the statement of financial position.

**11. ENDOWMENT FUNDS**

Cheyenne Village's endowment consists of one donor restricted endowment fund established for the purpose of supporting the operations of Cheyenne Village. 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, 2018 is as follows:

|                                  | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> | <b>Total</b>      |
|----------------------------------|---------------------|-------------------------------|-------------------------------|-------------------|
| Donor-restricted endowment funds | \$ <u>—</u>         | \$ <u>—</u>                   | \$ <u>858,525</u>             | \$ <u>858,525</u> |

Changes in endowment net assets for the year ended June 30, 2018 is as follows:

|  | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> | <b>Total</b>      |
|--|---------------------|-------------------------------|-------------------------------|-------------------|
| Endowment net assets, Beginning of year    | \$ —                | \$ —                          | \$ 830,885                    | \$ 830,885        |
| Distribution from trust                    |                     |                               | (32,196)                      | (32,196)          |
| Net appreciation (realized and unrealized) | <u>          </u>   | <u>          </u>             | <u>59,836</u>                 | <u>59,836</u>     |
| Endowment net assets, End of year          | \$ <u>—</u>         | \$ <u>—</u>                   | \$ <u>858,525</u>             | \$ <u>858,525</u> |

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

|                                     | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
|-------------------------------------|--------------|---------------------------|---------------------------|-------------------|
| Donor-restricted<br>endowment funds | \$ <u>—</u>  | \$ <u>—</u>               | \$ <u>830,885</u>         | \$ <u>830,885</u> |

Changes in endowment net assets for the year ended June 30, 2017 is as follows:

|   | Unrestricted                | Temporarily<br>Restricted   | Permanently<br>Restricted | Total             |
|---|-----------------------------|-----------------------------|---------------------------|-------------------|
| Endowment net assets,<br>Beginning of year    | \$ —                        | \$ —                        | \$ 757,029                | \$ 757,029        |
| Distribution from trust                       |                             |                             | (34,769)                  | (34,769)          |
| Net appreciation (realized<br>and unrealized) | <u>                    </u> | <u>                    </u> | <u>108,625</u>            | <u>108,625</u>    |
| Endowment net assets,<br>End of year          | \$ <u>—</u>                 | \$ <u>—</u>                 | \$ <u>830,885</u>         | \$ <u>830,885</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, 2018 and 2017.

## 12. FUTURE CHANGE IN ACCOUNTING PRINCIPLE

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 amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to *net assets with donor restrictions* and *net assets without donor restrictions*; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statements of operations, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for Cheyenne Village for the year ending June 30, 2019. Entities should apply the amendment in this update retrospectively to all periods presented. Cheyenne Village is in the process of evaluating the impact the amendment will have on the financial statements.