Financial Statements and Report of Independent Certified Public Accountants

Denver Options, Inc.

June 30, 2009

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Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Denver Options, Inc.

We have audited the accompanying statement of financial position of Denver Options, Inc. (Options) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Options' 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 Options' 2008 financial statements, and in our report dated October 10, 2008, 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 Options' 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 Denver Options, Inc. as of June 30, 2009, 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 9, 2009

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Financial Statements

Denver Options, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2009
(With summarized financial information for June 30, 2008)

	2009	2008
ASSETS		
Current assets		
Cash	$ 3,668,893	$ 2,510,130
Accounts receivable		
Fees and grants from governmental agencies, net	5,443,093	6,067,568
Other	172,026	160,119
Prepaid expenses and other	118,126	249,346
Total current assets	9,402,138	8,987,163
Deposits with bond trustee		
Restricted bond proceeds	720,004	671,040
Restricted loan reserve	1,003,254	1,003,254
Deferred loan issuance costs, net of amortization of $574,576	1,072,491	1,150,235
Land, building, equipment and software, net	9,392,430	9,709,625
	$ 21,590,317	$ 21,521,317
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 4,868,765	$ 4,700,819
Current portion of long-term debt		
Capital lease obligation	75,893	75,423
Loans payable	320,031	296,941
Total current liabilities	5,264,689	5,073,183
Long-term debt, net of current portion		
Capital lease obligation	31,621	107,515
Loans payable, net of discount	12,442,523	12,707,991
Total liabilities	17,738,833	17,888,689
Net assets		
Unrestricted		
Net investment in building, equipment and software	(681,889)	(653,716)
Undesignated	4,272,595	3,855,477
Total unrestricted	3,590,706	3,201,761
Temporarily restricted	260,778	430,867
Total net assets	3,851,484	3,632,628
	$ 21,590,317	$ 21,521,317

The accompanying notes are an integral part of this statement.

Denver Options, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	Unrestricted	Temporarily restricted	Total 2009	Total 2008
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund				
Comprehensive	$ 1,510,724	$ -	$ 1,510,724	$ 1,507,047
Adult supported living	1,469,688	-	1,469,688	1,437,719
Children and families	2,308,290	-	2,308,290	2,733,377
Medicaid				
Comprehensive	17,247,603	-	17,247,603	22,435,807
Adult supported living	5,839,840	-	5,839,840	5,600,329
Children's extensive support	769,412	-	769,412	668,488
Department of Education (DOE)	235,044	-	235,044	290,348
Part C	1,475,801	-	1,475,801	609,180
City and County of Denver	8,995,462	-	8,995,462	8,550,950
Grants and other				
The Colorado Traumatic Brain Injury Trust Fund	1,374,982	-	1,374,982	1,414,685
Region VIII Youth Corp Project	136,387	-	136,387	370,771
Denver 360	543,756	-	543,756	319,354
Creative Training Accelerating Talent (CTAT)				
University of Northern Colorado	210,013		210,013	-
U.S. Department of Education	100,438	-	100,438	504,251
Other	-	-	-	13,149
Total fees and grants from governmental agencies	42,217,440	-	42,217,440	46,455,455
Public support - contributions	157,886	275,105	432,991	531,861
In-kind donations	-	-	-	70,246
Room and board	401,643	-	401,643	340,561
Other revenue	1,074,891	-	1,074,891	735,007
Net assets released from restrictions				
Satisfaction of program restrictions	445,194	(445,194)	-	-
Total support and revenue	44,297,054	(170,089)	44,126,965	48,133,130

(Continued)

The accompanying notes are an integral part of this statement.

Denver Options, Inc.
STATEMENT OF ACTIVITIES (CONTINUED)
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	Unrestricted	Temporarily restricted	Total 2009	Total 2008
Expenses				
Program services				
State comprehensive	$ 782,138	$ -	$ 782,138	$ 618,563
Medicaid comprehensive	15,288,783	-	15,288,783	20,687,948
State adult supported living	1,741,803	-	1,741,803	1,692,176
Medicaid adult supported living	6,552,504	-	6,552,504	6,365,804
Children's extensive support	741,108	-	741,108	698,146
Early intervention	3,114,011	-	3,114,011	2,792,128
Family support	837,260	-	837,260	805,910
Case management	7,052,975	-	7,052,975	6,603,351
Traumatic brain injury	1,908,494	-	1,908,494	1,589,313
Training and technical support	1,387,919	-	1,387,919	1,582,782
Total program services	39,406,995	-	39,406,995	43,436,121
Supporting services				
Management and general	4,501,114	-	4,501,114	4,011,735
Total expenses	43,908,109	-	43,908,109	47,447,856
CHANGE IN NET ASSETS	388,945	(170,089)	218,856	685,274
Net assets, beginning of year	3,201,761	430,867	3,632,628	2,947,354
Net assets, end of year	$ 3,590,706	$ 260,778	$ 3,851,484	$ 3,632,628

The accompanying notes are an integral part of this statement.

Denver Options, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	2009	2008
Cash flows from operating activities		
Change in net assets	$ 218,856	$ 685,274
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	633,035	752,118
Gain on disposal of building and equipment	-	(4,720)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	612,568	(663,694)
Decrease in prepaid expenses and other	131,220	86,482
Increase (decrease) in accounts payable and accrued expenses	167,946	(490,228)
Net cash provided by operating activities	1,763,625	365,232
Cash flows from investing activities		
Proceeds from sale of equipment	-	12,171
Purchase of building and equipment	(224,189)	(88,578)
Net cash used in investing activities	(224,189)	(76,407)
Cash flows from financing activities		
(Increase) decrease in deposits with bond trustee	(48,964)	123,521
Payments on notes payable	(303,768)	(303,109)
Proceeds from notes payable	47,482	16,339
Capital lease payments	(75,423)	(59,662)
Net cash used in financing activities	(380,673)	(222,911)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,158,763	65,914
Cash and cash equivalents, beginning of year	2,510,130	2,444,216
Cash and cash equivalents, end of year	$ 3,668,893	$ 2,510,130
Supplemental data		
Cash paid for interest	$ 726,670	$ 741,840
Noncash investing and financing activities		
Equipment acquired through a capital lease	-	66,033

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Denver Options, Inc. (Options) is presented to assist in understanding Options' financial statements.

1. *Summary of Business Activities*

   Denver Options, Inc. was incorporated under the laws of the State of Colorado on July 18, 1991 for the purpose of providing a community centered board to coordinate programs primarily through interagency cooperation and local agencies to provide services to persons with developmental disabilities in Denver County. Options' revenue comes primarily from the State of Colorado for services provided and from mill levy revenue from the City and County of Denver.

2. *Description of Services Provided*

   The major program services or supports and functional activities directly provided or purchased by Options are:

   Program Services or Supports

   Comprehensive (State and 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 community activities such as employment, education, training, and community integration.

   Adult Supported Living (State and Medicaid) provides individualized living services for persons who are responsible for their own living arrangements in the community and include services such as personal assistance, adult day services and supports, transportation, professional services and adaptive equipment.

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 to eligible children under the age of eighteen years in order for the children to remain in or return to the family home. Waiver services are targeted to children having extensive support needs, which require constant line-of-sight supervision due to significantly challenging behaviors and/or coexisting medical conditions. Available services include personal assistance, household modification, specialized medical equipment and supplies, professional services, and community connection services.

Early Intervention is for children from birth through age two which offers infants and toddlers and their families services and supports to enhance child development in the areas of cognition, speech, communication, physical, motor, vision, hearing, social-emotional development, and self help skills; parent-child or family interaction; and early identification, screening and assessment services.

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

Case Management (also known as Service Coordination) 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.

Traumatic Brain Injury is the provision of care coordination and purchased services to children and adults with traumatic brain injuries. Options provides services to children and adults with traumatic brain injuries through funding by the State of Colorado Traumatic Brain Injury Trust Fund. Services include one year of care coordination and access to services. Care Coordination assists the individual to devise a care plan to address their needs for the coming year. The goal of Care Coordination is to help individuals and families navigate funding resources and systems, provide access to supports and services in the community and create a transition plan for life after their year of services ends. The Trust Fund also provides limited financial assistance for therapies and services that are related and essential to the treatment of the individual's brain injury.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

Training and Technical Support is not the recruitment nor development of service providers in the service area, nor the training of staff and committee members. Rather this service refers to the activities, which have a focus on the development or improvement of a community's ability to provide direct or support services, which enable a person with a disability to live, work, be educated, or participate in community events. This ability is developed by providing training, technical assistance and resource development to the private and public sector to heighten the awareness of the potential of a person with a disability to contribute to an organization and live a fulfilling life in the local community.

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 Options' corporate existence.

3. *Basis of Accounting*

Financial statements of Options 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, Options considers all cash on hand and cash on deposit, subject to immediate withdrawal, to be cash equivalents.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. *Cash and Cash Equivalents (Continued)*

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

6. *Accounts Receivable*

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

7. *Land, Building, Equipment and Software*

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

	Years
Software	2-5
Furniture and fixtures	5-7
Administrative equipment	3-7
Transportation equipment	4-5
Buildings	25-30

8. *Temporarily Restricted Revenue*

Options reports gifts of cash and other assets as restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is when a stipulated time ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor restricted revenue, whose restrictions are currently satisfied in the same fiscal year, are reported as unrestricted revenue rather than temporarily restricted.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. *In-kind Donations*

Contributions of property, materials and personal services are known as in-kind donations and are recorded at estimated value at date of receipt. These donations (other than contributions of land, building and equipment) are included as program costs to properly reflect the total cost of the particular program.

10. *Income Taxes*

Options is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Effective July 1, 2008, Options adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income tax recognized in an entity's financial statements. FIN 48 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. A tax position is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The adoption of FIN 48 had no impact on Options' financial statements.

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 Options' financial statements as of and for the year ended June 30, 2008, from which the summarized information was derived.

12. *Reclassifications*

Certain financial information as of and for the year ended June 30, 2008 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, 2009:

State of Colorado	
General Fund	$ 358,484
Medicaid	3,561,216
Department of Education – Per Pupil Operating Ratio (PPOR)	32,947
Part C	58,582
Mill levy	1,379,727
Other	452,137
Less allowance for doubtful accounts	(400,000)
	$ 5,443,093

NOTE C – DEPOSITS WITH BOND TRUSTEE

Options was required to deposit $8,521,748 of bond offering proceeds (Note E) into trust accounts for the bond interest, project, reserve, and repair and replacement funds. On July 10, 2002, Options entered into a flexible draw investment agreement which guarantees an interest rate of 4.91% on deposited funds. A third party guarantees the funds in this agreement.

The bond repair and replacement fund is to be used for payments to keep the facilities in sound condition. At June 30, 2009, the repair and replacement fund has a balance of $65,752, which is held in a money market fund.

The bond interest fund is to be used solely to pay interest and principal on the bonds. At the time that payments are required, monies are transferred from this fund to the bond principal fund to cover the entire amount of the debt service payment. At June 30, 2009, the bond interest fund has a balance of $654,140, which is held in a money market fund.

The bond principal fund is to be used solely to pay principal on the bonds. At June 30, 2009, the bond principal fund has a balance of $112, which is held in a money market fund.

Under the loan agreement (Note E), Options is required to maintain a reserve fund with the trustee in the amount of $1,003,254, which all is held in the flexible draw investment fund for the life of the loan, which represents the highest total yearly debt service requirement of the loan.

NOTE D – LAND, BUILDING, EQUIPMENT AND SOFTWARE

Land, building, equipment and software consist of the following at June 30, 2009:

Buildings	$ 9,970,738
Administrative equipment	1,005,128
Transportation equipment	196,055
Software	660,489
Furniture and fixtures	910,300
	12,742,710
Less accumulated depreciation and amortization	4,581,280
	8,161,430
Land	1,231,000
	$ 9,392,430

NOTE E – LOANS PAYABLE

In June 2002, Options entered into a $14,500,000 loan agreement, issued with a discount of $291,611, with Colorado Health Facilities Authority (CoHFA) to construct an administration building, refinance certain existing debt, reimburse certain capital expenditures, and fund certain working capital. CoHFA funded the loan through the issuance of revenue bonds and assessed Options $1,507,027 for deferred loan costs. Options also incurred an additional $140,040 of loan costs for the bond issue. Deferred loan costs and the loan discount are amortized over the life of loan on the effective interest method. Deferred loan costs at June 30, 2009, net of accumulated amortization, are $1,072,491.

The loan is payable in various amounts through maturity in February 2032 and interest is payable semiannually commencing February 2003. Interest rates vary in accordance with the bonds that were issued and range from 4.5% to 5.625%. Payments are made by the Colorado Division for Developmental Disabilities from monies withheld from the Options' contract revenue. $110,000 payments are made in the months of July through April. The loan is entirely tax-exempt. The land, administration building and revenues generated by Options collateralize the loan. The outstanding balance of the loan, net of unamortized discounts, at June 30, 2009 is $12,710,259. The loan contains a debt service coverage ratio covenant, which Options met at June 30, 2009.

NOTE E – LOANS PAYABLE (CONTINUED)

Options entered into two loans in July and August, 2004; one loan in March 2008; and two loans in October 2008 to purchase vehicles. The loans have interest rates of 1.90%, 2.90%, 5.50%, 8.60%, and 8.25%, respectively. The terms of the loans are 48 months and are payable monthly for payment of principal and interest in the amounts of $619, $654, $381, $568, and $605, respectively. The loans are secured by the vehicles. Two loans were paid off before June 30, 2009. The combined total outstanding balance of the loans at June 30, 2009 is $52,295.

Interest expense for the year ended June 30, 2009 was $721,231. Future maturities of the loans payable at June 30, 2009, are as follows:

Year ending June 30,	
2010	$ 320,031
2011	336,244
2012	351,411
2013	354,609
2014	370,000
Thereafter	11,220,000
	12,952,295
Less unamortized discount, net	189,741
	12,762,554
Less current portion	320,031
	$ 12,442,523

NOTE F – LINE OF CREDIT

Options maintains a secured line of credit with a financial institution, which allows for advances up to $1,000,000, bearing interest at LIBOR plus 2.45%. The line of credit expires January 31, 2010. There were no drawings outstanding on the line of credit as of June 30, 2009.

NOTE G – LEASES

Capital Lease Obligation

Options leases office equipment and furniture. For financial reporting purposes, minimum lease rentals relating to the equipment have been capitalized.

NOTE G – LEASES (CONTINUED)

Capital Lease Obligation – (Continued)

The following is a schedule, by years, of future minimum lease payments under these capital leases together with the present value of the net minimum lease payments as of June 30, 2009:

Year ending June 30,	
2010	$ 81,634
2011	19,493
2012	14,619
	115,746
Less amount representing interest	8,232
	107,514
Less current portion	75,893
	$ 31,621

Property recorded under the capital lease includes the following amounts at June 30, 2009:

Administrative equipment, furniture, and software	$ 268,996
Less accumulated amortization	(156,740)
	$ 112,256

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

Operating Leases

Options has automobile, office equipment, and building leases which expire through fiscal year 2013. Rental expense for the year ended June 30, 2009 was $553,012.

Future minimum rental payments for these leases at June 30, 2009 are as follows:

Year ending June 30,	
2010	$ 432,490
2011	270,731
2012	18,410
2013	5,674
	$ 727,305

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the Traumatic Brain Injury program as of June 30, 2009.

NOTE I – RETIREMENT PLANS

Tax Sheltered Annuity Plan

Options has adopted a Tax Sheltered Annuity Plan, in which all full-time employees with six months of service are eligible to participate. Under the plan, eligible employees may contribute any amount allowable by law and Options will match this contribution up to 5% of employees' compensation. The retirement plan expense was $575,039 for the year ended June 30, 2009.

Supplemental Retirement Plan

Options has a supplemental retirement plan for certain key employees. Options contributes between 3% and 12% of compensation to this plan based on employee level and years of service. In addition, Options may make discretionary contributions to this plan. The retirement plan expense was $207,400 for the year ended June 30, 2009.

NOTE J – OTHER RELATED PARTY TRANSACTIONS

Options receives a substantial amount of revenue from the State of Colorado. The amount of receivables Options has from the State of Colorado is disclosed in Note B and Options has a payable to the State of Colorado in the amount of $164,881 which is recorded in accounts payable and accrued liabilities. These transactions are considered to be transactions with a related party by virtue of significant management influence exercised by the State of Colorado through contract provisions.

Options, in turn provides a substantial amount of revenue to service providers and exercises significant influence over these entities through contract provisions. Total expenses incurred by Options to those organizations for the year ended June 30, 2009 were approximately $6,600,000. Amounts due to those organizations at June 30, 2009 were approximately $400,000 and are included in accounts payable and accrued expenses.

NOTE K – CONTINGENCIES

Under the terms of federal grants, certain costs may be questioned as not being appropriate expenditures, which could lead to reimbursement to the grantor agencies. Although the outcome of any such audit cannot be predicted, it is management's opinion that these audits will not result in liabilities to such an extent that they would materially affect Options' financial position.

Supplementary Information

Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON SUPPLEMENTARY INFORMATION

Board of Directors
Denver Options, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Denver Options, Inc. (Options) as of and for the year ended June 30, 2009, which are presented in the preceding section of this report. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical data shown on pages 26 through 31 and the schedule of room and board and other unallowable expenses on pages 32 and 33 have been summarized from Options' records and were not subjected to the audit procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion on such information. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Logan, Thomas & Johnson, LLC

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November 9, 2009

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Denver Options, Inc.
SUMMARY OF REVENUE AND EXPENSES BY PROGRAM
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	Program Services				
	Non specified	State comprehen-sive	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living
Fees and grants from governmental agencies					
Fees for services					
State of Colorado					
State General Fund					
Comprehensive	$ -	$ 525,441	$ 384,333	$ -	$ -
Adult supported living	-	-	-	1,249,234	-
Children and families	-	-	-	-	-
Medicaid					
Comprehensive	-	-	14,559,880	-	-
Adult supported living	-	-	-	-	5,839,840
Children's extensive support	-	-	-	-	-
Department of Education (DOE)	-	-	-	-	-
Part C	-	-	-	-	-
City and County of Denver	8,995,462	-	-	-	-
Grants and other					
The Colorado Traumatic Brain Injury Trust Fund	-	-	-	-	-
Region VIII Youth Corp Project	-	-	-	-	-
Denver 360	-	-	-	-	-
Creative Training Accelerating Talent (CTAT)					
University of Northern Colorado	-	-	-	-	-
U.S. Department of Education	-	-	-	-	-
Other	-	-	-	-	-
Total fees and grants from governmental agencies	8,995,462	525,441	14,944,213	1,249,234	5,839,840
Public support - contributions	-	-	-	-	-
In-kind donations	-	-	-	-	-
Room and board	-	-	401,643	-	-
Other revenue	-	21,208	1,697	-	169
Total support and revenue	$ 8,995,462	$ 546,649	$ 15,347,553	$ 1,249,234	$ 5,840,009
Expenses					
Salaries					
Direct care	$ -	$ -	$ 835,260	$ 379,329	$ 1,426,998
Other	-	-	-	-	-
Payroll taxes	-	-	68,045	31,080	116,920
Employee benefits	-	-	118,728	67,155	252,629
Total personal services	-	-	1,022,033	477,564	1,796,547
Medical professional services					
Physicians	-	-	-	-	-
Other	-	9,934	42,864	47,529	178,799
Other professional services	-	19,928	1,920,827	1,105,413	4,158,458
Staff development	-	-	12,459	3,113	11,713
Staff travel	-	-	17,471	4,381	16,481

Program Services							Total	
Children's extensive support	Early interven-tion	Family support	Case manage-ment	Traumatic brain injury	Training and technical support	Management and general	2009	2008
$ -	$ -	$ -	$ 452,542	$ -	$ -	$ 148,408	$ 1,510,724	$ 1,507,047
-	-	-	-	-	-	220,454	1,469,688	1,437,719
-	1,282,592	679,772	-	-	-	345,926	2,308,290	2,733,377
-	-	-	2,346,422	-	-	341,301	17,247,603	22,435,807
-	-	-	-	-	-	-	5,839,840	5,600,329
769,412	-	-	-	-	-	-	769,412	668,488
-	235,044	-	-	-	-	-	235,044	290,348
-	1,146,827	-	272,187	-	-	56,787	1,475,801	609,180
-	-	-	-	-	-	-	8,995,462	8,550,950
-	-	-	-	1,374,982	-	-	1,374,982	1,414,685
-	-	-	-	-	136,387	-	136,387	370,771
-	-	-	-	-	543,756	-	543,756	319,354
-	-	-	-	-	210,013	-	210,013	-
-	-	-	-	-	100,438	-	100,438	504,251
-	-	-	-	-	-	-	-	13,149
769,412	2,664,463	679,772	3,071,151	1,374,982	990,594	1,112,876	42,217,440	46,455,455
-	1,800	-	37,886	290,105	400	102,800	432,991	531,861
-	-	-	-	-	-	-	-	70,246
-	-	-	-	-	-	-	401,643	340,561
-	465,050	-	105,248	44,479	102,367	334,673	1,074,891	735,007
$ 769,412	$ 3,131,313	$ 679,772	$ 3,214,285	$ 1,709,566	$ 1,093,361	$ 1,550,349	$ 44,126,965	$ 48,133,130
$ -	$ -	$ -	$ 4,587,103	$ -	$ 759,977	$ -	$ 7,988,667	$ 7,444,910
-	-	-	-	603,507	-	2,647,595	3,251,102	2,975,928
-	-	-	388,817	50,123	60,940	197,175	913,100	809,134
-	-	-	702,118	78,569	114,761	452,313	1,786,273	1,469,142
-	-	-	5,678,038	732,199	935,678	3,297,083	13,939,142	12,699,114
-	-	-	-	-	-	-	-	-
-	1,074,553	-	92,353	52,728	-	2,449	1,501,209	1,190,407
692,302	1,375,804	24,625	188,575	723,317	175,254	121,976	10,506,479	9,757,899
957	10,155	4,719	34,665	31,494	41,678	162,070	313,023	243,495
1,070	24,379	9,217	67,040	52,660	17,039	20,625	230,363	307,887

(Continued)

Denver Options, Inc.
SUMMARY OF REVENUE AND EXPENSES BY PROGRAM (CONTINUED)
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	Program Services				
	Non specified	State comprehen-sive	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living
Vehicles					
Fuel and oil	$ -	$ -	$ 2,067	$ 3,515	$ 13,224
Maintenance	-	-	1,938	3,458	13,011
Leases	-	-	8,194	6,773	25,478
Occupancy					
Rent	-	22,237	133,519	23,074	86,800
Maintenance	-	62	82,390	-	-
Utilities	-	3,463	44,567	-	-
Equipment					
Leases	-	-	6,823	1,778	6,689
Maintenance	-	-	1,861	390	1,469
Supplies					
Medical and client care supplies	-	303	12,501	-	-
Pharmacy	-	2,319	12,453	-	-
Production materials	-	-	-	-	-
Other	-	1,231	34,886	6,265	23,570
Telephone	-	1,819	27,707	6,026	22,669
Dues and subscriptions	-	-	11,173	2,036	7,658
Food	-	8,677	8,282	-	-
Insurance	-	-	8,046	1,926	7,246
Interest	-	-	139,937	12,441	46,804
Other	-	1,580	716,815	24,672	92,815
In-kind donations	-	-	-	-	-
Total direct program expenses	-	71,553	4,268,813	1,730,354	6,509,431
Purchased services	-	710,585	10,907,740	-	-
Expenses before depreciation and amortization	-	782,138	15,176,553	1,730,354	6,509,431
Depreciation and amortization	-	-	112,230	11,449	43,073
Total expenses	$ -	$ 782,138	$ 15,288,783	$ 1,741,803	$ 6,552,504

Program Services								
Children's extensive support	Early interven-tion	Family support	Case manage-ment	Traumatic brain injury	Training and technical support	Management and general	Total 2009	Total 2008
$ 94	$ 586	$ 248	$ 8,754	$ 4,340	$ 1,052	$ 2,968	$ 36,848	$ 37,239
138	856	362	5,447	2,976	2,338	6,115	36,639	31,911
19	119	50	331	62	7,641	4,929	53,596	38,875
175	1,085	459	112,297	18,717	613	9,770	408,746	373,996
5,447	33,843	14,300	84,327	17,628	9,956	67,778	315,731	265,708
2,149	13,347	5,639	33,256	6,939	3,926	26,717	140,003	132,443
1,627	10,110	4,272	28,166	5,256	5,712	20,237	90,670	91,904
357	2,221	938	6,186	1,154	1,255	4,444	20,275	20,522
-	-	-	-	-	-	-	12,804	4,420
-	-	-	-	-	-	-	14,772	9,212
-	-	-	-	-	-	-	-	-
5,197	41,594	16,702	168,856	37,739	56,345	199,593	591,978	505,659
2,855	24,067	9,523	74,417	25,148	19,247	25,985	239,463	196,109
1,839	21,621	5,921	36,095	8,794	13,001	32,865	141,003	124,980
-	-	-	-	-	-	-	16,959	15,397
1,763	10,953	4,628	30,513	5,695	6,188	21,923	98,881	93,165
11,388	70,747	29,893	197,096	36,783	39,972	136,170	721,231	736,590
3,736	28,863	679,528	33,582	112,582	15,943	209,802	1,919,918	1,290,369
-	-	-	-	-	-	-	-	70,246
731,113	2,744,903	811,024	6,879,994	1,876,211	1,352,838	4,373,499	31,349,733	28,237,547
-	307,016	-	-	-	-	-	11,925,341	18,458,191
731,113	3,051,919	811,024	6,879,994	1,876,211	1,352,838	4,373,499	43,275,074	46,695,738
9,995	62,092	26,236	172,981	32,283	35,081	127,615	633,035	752,118
$ 741,108	$ 3,114,011	$ 837,260	$ 7,052,975	$ 1,908,494	$ 1,387,919	$ 4,501,114	$ 43,908,109	$ 47,447,856

(Continued)

Denver Options, Inc.
SUMMARY OF REVENUE AND EXPENSES BY PROGRAM (CONTINUED)
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	Program Services				
	Non specified	State comprehen-sive	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living
Total expenses	$ -	$ 782,138	$ 15,288,783	$ 1,741,803	$ 6,552,504
Less unallowable expenses	-	34,439	1,163,789	-	-
Less state funded Department of Education expenses	-	-	-	-	-
Total allowable expenses	-	747,699	14,124,994	1,741,803	6,552,504
Net allocated management and general (note A)	-	58,566	1,144,812	130,425	490,646
Adjusted total expenses	$ -	$ 806,265	$ 15,269,806	$ 1,872,228	$ 7,043,150

Statistical Data (Unaudited)				
1. Total days in residential used - State, Medicaid, private pay, etc.	6,992	78,408		
2. Total days in residential used - State and Medicaid only	6,992	78,408		
3. Unduplicated number of individuals	23	314	128	428
Cost per unit of service				
Adjusted total expense/item 2	$ 115	$ 195		
Adjusted total expense/item 3			$ 14,627	$ 16,456

Note A:

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

Program Services							Total	
Children's extensive support	Early interven-tion	Family support	Case manage-ment	Traumatic brain injury	Training and technical support	Management and general	2009	2008
$ 741,108	$ 3,114,011	$ 837,260	$ 7,052,975	$1,908,494	$1,387,919	$ 4,501,114	$ 43,908,109	$ 47,447,856
-	-	-	-	-	-	-	1,198,228	607,277
-	307,016	-	-	-	-	-	307,016	266,394
741,108	2,806,995	837,260	7,052,975	1,908,494	1,387,919	4,501,114	42,402,865	46,574,185
55,494	233,175	62,693	528,121	142,907	103,926	(2,950,765)	-	-
$ 796,602	$ 3,040,170	$ 899,953	$ 7,581,096	$2,051,401	$1,491,845	$ 1,550,349	$ 42,402,865	$ 46,574,185

31	1,184	554	2,739
$ 25,697	$ 2,568	$ 1,624	$ 2,768

Denver Options, Inc.
SCHEDULE OF MEDICAID ADULT SUPPORTED LIVING SERVICES
Year ended June 30, 2009

	Personal assistance	Day habilitation	Supported employment
Revenue			
Medicaid	$ 1,366,523	$ 3,521,424	$ 321,191
Total expenses	1,537,860	3,953,677	358,829
Less unallowable expenses	-	-	-
Total allowable expenses	1,537,860	3,953,677	358,829
Net allocated management and general (note A)	115,154	296,048	26,869
Adjusted total expenses	1,653,014	4,249,725	385,698
Excess (deficiency) of revenues over expenses	$ (286,491)	$ (728,301)	$ (64,507)
Statistical Data (Unaudited)			
1. Unduplicated number of individuals	428	361	64
2. Number of units provided	471,634	825,361	53,074
3. Number of occurrences provided			
Cost per unit of service			
Adjusted total expense/item 2	$ 4	$ 5	$ 7
Adjusted total expense/item 3			

Note A:

Net management and general costs are allocated to the different Medicaid Adult Supported Living Services categories based on the individual category's expenses as a percentage to total Medicaid Adult Supported Living Services expense.

Professional services	Trans-portation	Dental/ vision/ hearing	Environ-mental engineering	Total
$ 128,476	$ 175,195	$ 245,273	$ 81,758	$ 5,839,840
144,461	195,066	273,120	89,491	6,552,504
-	-	-	-	-
144,461	195,066	273,120	89,491	6,552,504
10,817	14,606	20,451	6,701	490,646
155,278	209,672	293,571	96,192	7,043,150
$ (26,802)	$ (34,477)	$ (48,298)	$ (14,434)	$ (1,203,310)
93	321	244	38	
9,519				
	59,152	826	162	
$ 16				
	$ 4	$ 355	$ 594	

Denver Options, Inc.
SCHEDULE OF CASE MANAGEMENT SERVICES
Year ended June 30, 2009

	Targeted case manage-ment	Other case manage-ment	Total
Fees and grants from governmental agencies			
Fees for services			
State of Colorado			
State General Fund			
Comprehensive	$ -	$ 452,542	$ 452,542
Medicaid			
Comprehensive	2,346,422	-	2,346,422
Part C	-	272,187	272,187
Total fees and grants from governmental agencies	2,346,422	724,729	3,071,151
Public support - contributions	37,886	-	37,886
Other revenue	105,248	-	105,248
Total support and revenue	$ 2,489,556	$ 724,729	$ 3,214,285
Expenses			
Salaries			
Direct care	$ 3,140,781	$ 1,446,322	$ 4,587,103
Other	-	-	-
Payroll taxes	267,560	121,257	388,817
Employee benefits	456,945	245,173	702,118
Total personal services	3,865,286	1,812,752	5,678,038
Medical professional services			
Physicians	-	-	-
Other	87,736	4,617	92,353
Other professional services	179,146	9,429	188,575
Staff development	32,932	1,733	34,665
Staff travel	63,688	3,352	67,040
Vehicles			
Fuel and oil	8,316	438	8,754
Maintenance	5,175	272	5,447
Leases	314	17	331
Occupancy			
Rent	106,681	5,616	112,297
Maintenance	80,111	4,216	84,327
Utilities	31,593	1,663	33,256

(Continued)

Denver Options, Inc.
SCHEDULE OF CASE MANAGEMENT SERVICES (CONTINUED)
Year ended June 30, 2009

	Targeted case manage-ment	Other case manage-ment	Total
Equipment			
Leases	$ 26,758	$ 1,408	$ 28,166
Maintenance	5,877	309	6,186
Supplies			
Medical and client care supplies	-	-	-
Pharmacy	-	-	-
Production materials	-	-	-
Other	160,413	8,443	168,856
Telephone	70,696	3,721	74,417
Dues and subscriptions	34,290	1,805	36,095
Food	-	-	-
Insurance	28,987	1,526	30,513
Interest	187,241	9,855	197,096
Other	31,903	1,679	33,582
In-kind donations	-	-	-
Total direct program expenses	5,007,143	1,872,851	6,879,994
Purchased services	-	-	-
Expenses before depreciation and amortization	5,007,143	1,872,851	6,879,994
Depreciation and amortization	164,332	8,649	172,981
Total expenses	$ 5,171,475	$ 1,881,500	$ 7,052,975
Statistical Data (Unaudited)			
Unduplicated number of individuals	1,177	1,562	
Full-time equivalents	74	34	

Denver Options, Inc.
SCHEDULE OF ROOM AND BOARD AND OTHER UNALLOWABLE EXPENSES
Year ended June 30, 2009
(Unaudited)

	Program Services				
	Non specified	State comprehen-sive	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living
Salaries					
Direct care	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	-	-
Payroll taxes	-	-	-	-	-
Employee benefits	-	-	-	-	-
Total personal services	-	-	-	-	-
Medical professional services					
Physicians	-	-	-	-	-
Other	-	-	-	-	-
Other professional services	-	-	357,971	-	-
Staff development	-	-	-	-	-
Staff travel	-	-	-	-	-
Vehicles					
Fuel and oil	-	-	-	-	-
Maintenance	-	-	-	-	-
Leases	-	-	-	-	-
Occupancy					
Rent	-	22,237	14,274	-	-
Maintenance	-	62	82,390	-	-
Utilities	-	3,463	44,567	-	-
Equipment					
Leases	-	-	-	-	-
Maintenance	-	-	-	-	-
Supplies					
Medical and client care supplies	-	-	-	-	-
Pharmacy	-	-	-	-	-
Production materials	-	-	-	-	-
Other	-	-	-	-	-
Telephone	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Food	-	8,677	8,282	-	-
Insurance	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	656,305	-	-
In-kind donations	-	-	-	-	-
Total direct program expenses	-	34,439	1,163,789	-	-
Purchased services	-	-	-	-	-
Expenses before depreciation and amortization	-	34,439	1,163,789	-	-
Depreciation and amortization	-	-	-	-	-
Total expenses	$ -	$ 34,439	$ 1,163,789	$ -	$ -

Program Services							
Children's extensive support	Early interven-tion	Family support	Case manage-ment	Traumatic brain injury	Training and technical support	Management and general	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	357,971
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	36,511
-	-	-	-	-	-	-	82,452
-	-	-	-	-	-	-	48,030
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	16,959
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	656,305
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,198,228
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,198,228
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,198,228

Denver Options, Inc.
SCHEDULE OF ACCOUNTS RECEIVABLE - FEES AND
GRANTS FROM GOVERNMENTAL AGENCIES
June 30, 2009

State of Colorado	
General Fund	
Comprehensive	$ 14,193
Adult supported living	94,570
Children and families	163,530
Management fee	83,895
Administration	2,296
Medicaid	
Comprehensive	1,906,761
Adult supported living	1,107,000
Children's extensive support	170,670
Targeted case management	318,409
Quality assurance/utilization review	58,376
Department of Education	
Per Pupil Operating Ratio (PPOR)	32,947
Part C	58,582
Mill levy	1,379,727
Other	452,137
Less allowance for doubtful accounts	(400,000)
	$ 5,443,093