Financial Statements and Report of Independent Certified Public Accountants

Horizons Specialized Services

June 30, 2009

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Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Horizons Specialized Services

We have audited the accompanying statement of financial position of Horizons Specialized Services (the Center) 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 the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's 2008 financial statements, and in our report dated December 17, 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 the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons Specialized Services 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 20, 2009

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Financial Statements

Horizons Specialized Services
STATEMENT OF FINANCIAL POSITION
June 30, 2009
(With summarized financial information for June 30, 2008)

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 345,477	$ 609,362
Certificates of deposit	980,000	600,000
Accounts receivable		
Fees and grants from governmental agencies	638,208	344,053
Other	15,405	54,557
Accrued interest receivable	53,883	41,489
Prepaid expenses and other	33,011	29,797
Total current assets	2,065,984	1,679,258
Certificates of deposit	-	180,000
Investments	225,722	220,252
Charitable gift annuity investment	58,723	78,929
Deferred loan costs, net of accumulated amortization of $7,599	19,221	21,009
Land, building and equipment, net	2,394,222	2,036,559
	$ 4,763,872	$ 4,216,007
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 200,346	$ 149,813
Accrued payroll and employee benefits	194,827	167,206
Deferred revenue	205,573	271,432
Current portion of long-term debt	240,644	40,355
Current portion of annuity obligation	5,913	5,913
Total current liabilities	847,303	634,719
Long-term debt		
Notes payable, net of current portion	899,310	941,494
Annuity obligation, net of current portion	31,581	37,494
	1,778,194	1,613,707
Net assets		
Unrestricted		
Board designated		
Operating reserve	779,746	431,246
Capital acquisition	-	98,500
Waiting list	-	125,000
Special projects	-	125,000
Mill levy funds	282,050	346,142
Net investment in land, building and equipment	1,273,489	1,075,719
Undesignated	650,393	400,693
Total unrestricted	2,985,678	2,602,300
	$ 4,763,872	$ 4,216,007

The accompanying notes are an integral part of this statement.

Horizons Specialized Services
STATEMENT OF ACTIVITIES
Year ended June 30, 2009
(With summarized financial information for the year ended June 30, 2008)

	Total unrestricted	
	2009	2008
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund		
Comprehensive	$ 43,168	$ 49,704
Adult supported living	38,935	27,774
Children and families	246,219	322,870
Medicaid		
Comprehensive	2,778,656	2,486,551
Adult supported living	234,726	196,891
Part C	129,012	66,428
Counties and cities	1,213,118	1,052,083
Grants and other		
Child find	18,720	19,344
Department of Housing and Urban Development	45,444	39,427
Total fees and grants from governmental agencies	4,747,998	4,261,072
Public support - contributions		
Individuals and foundations	78,421	75,517
Community organizations	22,663	30,508
	101,084	106,025
Residential room and board	322,495	298,767
In-kind donations	10,284	76,934
Other revenue	137,046	136,364
Total support and revenue	5,318,907	4,879,162
Expenses		
Program services		
Medicaid comprehensive	3,241,193	3,017,300
State adult supported living	28,347	15,715
Medicaid adult supported living	260,759	206,114
Early intervention	332,280	286,449
Family support	150,836	148,396
Case management	301,948	261,710
Total program services	4,315,363	3,935,684
Supporting services		
Management and general	620,166	575,171
Total expenses	4,935,529	4,510,855
CHANGE IN NET ASSETS	383,378	368,307
Net assets, beginning of year	2,602,300	2,233,993
Net assets, end of year	$ 2,985,678	$ 2,602,300

The accompanying notes are an integral part of this statement.

Horizons Specialized Services
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	$ 383,378	$ 368,307
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	186,526	176,554
(Gain) loss on sale of assets	(750)	5,481
Donated equipment and investments	(4,000)	(5,000)
Unrealized (gain) loss on investment	14,736	(4,624)
Change in assets and liabilities		
Increase in accounts receivable	(255,003)	(62,290)
Increase in accrued interest receivable	(12,394)	(14,143)
(Increase) decrease in prepaid expenses and other	(3,214)	20,110
Increase in accounts payable	50,533	12,552
Increase in accrued payroll and employee benefits	27,621	12,307
Increase (decrease) in deferred revenue	(65,859)	40,469
Decrease in annuity obligation	(5,913)	(5,913)
Net cash provided by operating activities	315,661	543,810
Cash flows from investing activities		
Purchase of land, building, and equipment	(538,401)	(97,136)
Proceeds from sale of land, building and equipment	750	2,450
Purchase of certificates of deposit	(700,000)	(200,000)
Proceeds from maturity of certificates of deposit	500,000	300,000
Net cash provided by (used in) investing activities	(737,651)	5,314
Cash flows from financing activities		
Borrowings on notes payable	200,000	-
Payments on notes payable	(41,895)	(315,368)
Proceeds from release of loan reserve	-	9,310
Net cash provided by (used in) financing activities	158,105	(306,058)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(263,885)	243,066
Cash and cash equivalents, beginning of year	609,362	366,296
Cash and cash equivalents, end of year	$ 345,477	$ 609,362
Supplemental data		
Cash paid for interest	$ 45,261	$ 60,509
Noncash investing activities		
In-kind contribution of fixed assets	4,000	5,000

The accompanying notes are an integral part of this statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Horizons Specialized Services (the Center) is presented to assist in understanding the Center's financial statements.

1. *Summary of Business Activities*

   Horizons Specialized Services was incorporated under the laws of the State of Colorado in 1975 for the purpose of providing a community center board to coordinate programs through interagency cooperation and local agencies to provide services to persons with developmental disabilities in Grand, Jackson, Moffat, Rio Blanco and Routt Counties. The Center's revenue comes primarily from the State of Colorado for services provided and from mill levy revenue from Routt County.

2. *Description of Services Provided*

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

   Program Services or Supports

   Comprehensive (Medicaid) refers to residential services, adult day services or supports and transportation activities as specified in the Individualized Plan. Included are a number of different types of residential settings, which provide an array of training, learning, experiential and support activities provided in residential living alternatives designed to meet individual needs. Additionally, adult day services provide opportunities for individuals to experience and actively participate in valued roles in the community. These services and supports enable individuals to access and participate in typical community activities such as work, recreation, and senior citizen activities. Finally, transportation activities refer to "Home to Day Program transportation" services relevant to an individual's work schedule as specified in the Individualized Plan. For these purposes, "work schedule" is defined broadly to include adult and retirement activities such as education, training, community integration and employment.

   Adult Supported Living (State and Medicaid) provides individualized living services for persons who are responsible for their own living arrangements in the community.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

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

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

Supporting Services

Management and General includes those activities necessary for planning, coordination and overall direction of the organization, financial administration, general board activities and other related activities indispensable to the Center's corporate existence.

3. *Basis of Accounting*

Financial statements of the Center have been prepared on the accrual basis, whereby support and revenue are recorded when services are performed and expenses are recognized when incurred.

4. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Center considers all cash on hand and cash on deposit, subject to immediate withdrawal and certificates of deposit with an original maturity of three months or less, to be cash equivalents.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. *Cash and Cash Equivalents (Continued)*

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

6. *Certificates of Deposit and Investments*

The Center records certificates of deposit at carrying value. Certificates of deposit consist of eight individual certificates with interest rates between 0.90% and 4.60%.

Investments consist of two United States Treasury notes, with interest rates of 3.00% and 2.50% maturing in July 2012 and July 2016, respectively. These investments and the charitable gift annuity investments are recorded at fair value in the statement of financial position.

7. *Accounts Receivable*

The majority of the Center's accounts receivable are due from the State of Colorado. Accounts receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Center believes all receivables are collectible and that no allowance for doubtful accounts is necessary. The Center writes off accounts receivable to bad debt expense after reasonable collection efforts have been made, and payments subsequently received on such receivables are recorded as revenue.

8. *Annuity Obligations*

Annuity obligations represent the present value of the remaining payments due to annuitants under annuity contracts, based upon the remaining life expectancies of the respective annuitants.

9. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets greater than $1,000 and at estimated value, at date of receipt, for donated property greater than $1,000.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. *Land, Building and Equipment (Continued)*

Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	3–31
Administrative and other equipment	2–5
Program equipment	3–5
Transportation equipment	5

10. *Revenue Recognition*

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

11. *Temporarily Restricted Revenue*

Donor restricted revenue, whose restrictions are currently satisfied in the same fiscal year, are reported as unrestricted revenue, rather than temporarily restricted. Donor restricted contributions whose restrictions are not currently met, are reflected as an increase to temporarily restricted net assets. In the current fiscal year, the Center has no donor restricted contributions whose restrictions were not currently met.

12. *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 are included as program costs to properly reflect the total cost of the particular program.

13. *Income Taxes*

The Center is operated as a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Effective July 1, 2008, the Center 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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Income Taxes (Continued)*

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 the Center's financial statements.

14. *New Accounting Pronouncement*

Adoption of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*

Effective July 1, 2008, the Center adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements (SFAS 157).* SFAS defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement does not require any new fair value measurements. In February 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 157-2 (FAS 157-2), *Effective Date of FASB Statement No. 157*, which defers the effective date of SFAS 157 for one year for nonfinancial assets and nonfinancial liabilities that are not disclosed at fair value in the financial statements on a recurring basis. FAS 157-2 did not defer the recognition and disclosure requirements for financial or nonfinancial assets and liabilities that are measured at least annually. In February 2008, the Center adopted FAS 157-2. In October 2008, the FASB issued FSP No. FAS 157-3 (FAS 157-3), *Determining the Fair Value of a Financial Asset in a Market That Is Not Active.* FAS 157-3 was effective upon issuance, and applies to periods for which financial statements have not been issued. SFAS 157 guidance clarifies various application issues with respect to the objective of a fair value measurement, distressed transactions, relevance of observable data, and the use of management's assumptions. The effect of the adoption of SFAS 157, FAS 157-2 and FAS 157-3 did not have a material effect on the changes in net assets or financial position of the Center.

Fair Value Hierarchy

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. *New Accounting Pronouncement (Continued)*

inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and mutual funds that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government agency debt securities and corporate-debt securities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

15. *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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. *Prior Year Summarized Information (Continued)*

Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

NOTE B – FEES AND GRANTS FROM GOVERNMENTAL AGENCIES AND OTHERS

Amounts receivable from governmental agencies and others are as follows at June 30, 2009:

Governmental agencies	
State of Colorado	
General Fund	$ 17,770
Medicaid	602,925
Part C	5,897
Others	11,616
	$ 638,208

NOTE C – CHARITABLE GIFT ANNUITY

During fiscal year 2007, the Center became the trustee for a charitable gift annuity which provides for monthly annuity payments of $493 to the annuitant during his life with the remainder to be paid to the Center. Trust assets are recorded at fair market value at the time of donation and related liability is calculated as the present value of future annuity payments based on the life expectancy of the donor and the current applicable federal rate. Contribution revenue was recorded for the balance of assets donated less the annuity liability at the time of donation. The discount rate used to determine the present value of the future obligations to the annuitant was 3.3%. The total future obligation recorded at June 30, 2009 is $37,494. The assets for the annuity are invested in growth mutual funds totaling $58,723 at June 30, 2009. These investments are recorded at fair value in the statement of financial position.

NOTE D – LAND, BUILDING AND EQUIPMENT

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

Buildings and improvements	$ 2,538,398
Administrative and other equipment	264,445
Program equipment	94,016
Transportation equipment	410,678
	3,307,537
Less accumulated depreciation and amortization	1,758,398
	1,549,139
Land	845,083
	$ 2,394,222

Depreciation expense was $184,738 at June 30, 2009.

NOTE E – DEFERRED REVENUE

Deferred revenue of $205,573 at June 30, 2009 consists of $201,744 of unspent mill levy funds from Routt County and $3,829 of unearned revenue for the family support program.

NOTE F – NOTES PAYABLE

In March 2005, the Center entered into a loan agreement in the amount of $1,101,000 with Yampa Valley Housing Authority to refinance its existing debt. Yampa Valley Housing Authority funded the loan through issuance of refunding revenue bonds. The loan is payable in monthly principal and interest installments of $6,945 and matures March 2025. The interest rate on the loan is 4.40% through March 2015 at which time the rate will be adjusted to the prevailing rate for ten year U.S. Treasury notes plus 2%, divided by 1.56% plus 0.28%. The loan is collateralized by certain real property. At June 30, 2009, the outstanding principal balance is $941,502. This loan contains a debt service coverage ratio, which the Center met at June 30, 2009.

In March 2009, the Center entered into a loan agreement in the amount of $200,000. The loan matures March 2010. The interest rate on the loan is 4.50% and is collateralized by a certificate of deposit. At June 30, 2009, the outstanding principal balance is $198,452. The loan was paid off in August 2009.

The Center incurred loan costs of $26,820 which it is amortizing. Deferred loan costs at June 30, 2009, net of accumulated amortization, are $19,221.

NOTE F – NOTES PAYABLE (CONTINUED)

Interest expense for the year ended June 30, 2009 was $45,261.

Future maturities for the notes payable at June 30, 2009, are as follows:

Year ending June 30,	
2010	$ 240,644
2011	44,113
2012	46,020
2013	48,218
2014	50,413
Thereafter	710,546
	1,139,954
Less current portion	240,644
	$ 899,310

NOTE G – LEASES

The Center rents several residences used primarily for the residential program. Some of these leases are on a month-by-month basis and, therefore, are not subject to future minimum rental commitments. Rent expense for the year ended June 30, 2009 was $151,072.

Future minimum lease payments under noncancelable operating leases at June 30, 2009 are as follows:

Year ending June 30,	
2010	$ 119,216
2011	51,511
2012	38,961
2013	3,163
	$ 212,851

NOTE H – RETIREMENT PLAN

The Center has adopted a profit sharing plan, which is a defined contribution pension plan. All full-time employees who have completed one full year of service and are age 18 or older are eligible to participate. Employees participating in the plan are 100% vested after six years of service. The Center contributions to the plan are discretionary. The Board of Directors approved a contribution of 3% of employees' salaries for the year ended June 30, 2009, which totaled $53,460.

NOTE I – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado is disclosed in Note B and the Center has a payable to the State of Colorado in the amount of $78,140 of which $9,568 is recorded in accounts receivable – fees and grants from governmental agencies as an offset and $68,572 is recorded in accounts payable. These transactions are considered to be transactions with a related party by virtue of the significant management influence exercised by the State of Colorado through contract provisions.

The Center has two certificates of deposit, totaling $250,000 as of June 30, 2009, at a bank in which a member of the board of directors is the owner.

NOTE J – FAIR VALUE MEASUREMENTS

The following table presents the Center's fair value hierarchy for those assets measured at fair value as of June 30, 2009:

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
U.S. Treasury Inflation-Protected Security	$ 225,722	$ -	$ 225,722	$ -
Mutual funds	58,723	58,723	-	-
	$ 284,445	$ 58,723	$ 225,722	$ -

NOTE K – SUBSEQUENT EVENT

In November 2009, the Center entered into a contract to purchase a residential facility in the amount of $270,000 of which the Center will pay $120,000 in cash and finance the rest with a loan from a financial institution.

Supplementary Information

Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION

Board of Directors
Horizons Specialized Services

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Horizons Specialized Services (the Center) 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 24 through 29 and the schedule of room and board and other unallowable expenses on pages 30 and 31 have been summarized from the Center's 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

Broomfield, Colorado
November 20, 2009

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Horizons Specialized Services
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	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	$ -	$ -	$ -	$ -
Adult supported living	-	-	31,597	-
Children and families	-	-	-	-
Medicaid				
Comprehensive	-	2,601,722	-	-
Adult supported living	-	-	-	234,726
Part C	-	-	-	-
Counties and cities	311,608	768,071	-	17,394
Grants and other				
Child find	-	-	-	-
Department of Housing and Urban Development	-	45,444	-	-
Total fees and grants from governmental agencies	311,608	3,415,237	31,597	252,120
Public support - contributions				
Individuals and foundations	9,406	48,404	-	4,500
Community organizations	22,663	-	-	-
Residential room and board	-	322,495	-	-
In-kind donations	4,000	5,643	26	44
Other revenue	58,205	11,118	-	495
Total support and revenue	$ 405,882	$ 3,802,897	$ 31,623	$ 257,159
Expenses				
Salaries				
Direct care	$ -	$ 1,876,733	$ 20,579	$ 187,078
Other	-	5,633	-	-
Payroll taxes	-	145,036	1,542	14,148
Employee benefits	-	318,025	1,296	26,926
Total personal services	-	2,345,427	23,417	228,152
Medical professional services				
Physicians	-	29,785	442	6,623
Other	-	3,098	3,564	600
Other professional services	-	118,997	440	5,194
Staff development	-	16,134	207	3,216
Staff travel	-	3,008	133	5,344

Program Services					
Early intervention	Family support	Case management	Management and general	Total 2009	Total 2008
$ -	$ -	$ 43,168	$ -	$ 43,168	$ 49,704
-	-	-	7,338	38,935	27,774
112,792	94,794	-	38,633	246,219	322,870
-	-	159,192	17,742	2,778,656	2,486,551
-	-	-	-	234,726	196,891
87,228	-	36,671	5,113	129,012	66,428
13,542	10,209	30,534	61,760	1,213,118	1,052,083
18,720	-	-	-	18,720	19,344
-	-	-	-	45,444	39,427
232,282	105,003	269,565	130,586	4,747,998	4,261,072
14,941	1,170	-	-	78,421	75,517
-	-	-	-	22,663	30,508
-	-	-	-	322,495	298,767
-	271	-	300	10,284	76,934
61,484	2,049	3,695	-	137,046	136,364
$ 308,707	$ 108,493	$ 273,260	$ 130,886	$ 5,318,907	$ 4,879,162
$ 214,973	$ 37,170	$ -	$ -	$ 2,336,533	$ 2,027,261
-	-	214,837	376,529	596,999	537,168
16,723	2,922	16,273	27,998	224,642	195,481
14,036	4,621	24,178	49,227	438,309	392,498
245,732	44,713	255,288	453,754	3,596,483	3,152,408
998	15,965	-	-	53,813	36,648
-	1,746	-	-	9,008	7,292
1,320	28,950	1,375	49,271	205,547	222,008
912	780	2,168	1,925	25,342	38,420
15,597	970	2,907	733	28,692	25,946

(Continued)

Horizons Specialized Services
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	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living
Vehicles				
Fuel and oil	$ -	$ 18,980	$ -	$ 2,429
Maintenance	-	20,619	-	1,605
Leases	-	-	-	-
Occupancy				
Rent	-	125,279	-	1,800
Maintenance	-	51,271	-	22
Utilities	-	54,452	-	-
Equipment				
Leases	-	-	-	-
Maintenance	-	3,026	-	-
Supplies				
Medical and client care supplies	-	26,533	70	1,670
Pharmacy	-	105	-	-
Production materials	-	-	-	-
Other	-	75,444	23	1,698
Telephone	-	16,702	-	195
Dues and subscriptions	-	6,466	-	1
Food	-	90,107	-	-
Insurance	-	31,957	-	669
Interest	-	31,911	-	-
Other	-	8,123	25	1,497
In-kind donations	-	5,643	26	44
Total direct program expenses	-	3,083,067	28,347	260,759
Purchased services	-	-	-	-
Expenses before depreciation and amortization	-	3,083,067	28,347	260,759
Depreciation and amortization	-	158,126	-	-
Total expenses	$ -	$ 3,241,193	$ 28,347	$ 260,759

Program Services				Total	
Early interven-tion	Family support	Case manage-ment	Management and general	2009	2008
$ 1,301	$ -	$ -	$ 2,451	$ 25,161	$ 26,103
-	-	-	2,465	24,689	19,290
-	-	-	-	-	-
6,832	6,066	7,747	3,348	151,072	136,657
455	416	1,640	11,253	65,057	64,076
408	408	979	5,565	61,812	58,708
-	-	-	-	-	-
210	210	457	926	4,829	6,147
-	9,771	-	-	38,044	40,551
-	108	-	-	213	1,502
-	-	-	-	-	-
5,448	2,057	10,177	8,478	103,325	88,553
2,526	2,149	3,175	3,835	28,582	27,109
813	99	2,016	4,340	13,735	8,885
-	-	-	-	90,107	89,968
1,025	905	1,980	6,549	43,085	41,793
774	774	2,902	8,900	45,261	60,509
46,955	33,838	5,311	33,113	128,862	109,794
-	271	-	300	6,284	71,934
331,306	150,196	298,122	597,206	4,749,003	4,334,301
-	-	-	-	-	-
331,306	150,196	298,122	597,206	4,749,003	4,334,301
974	640	3,826	22,960	186,526	176,554
$ 332,280	$ 150,836	$ 301,948	$ 620,166	$ 4,935,529	$ 4,510,855

(Continued)

Horizons Specialized Services
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	Medicaid comprehen-sive	State adult supported living	Medicaid adult supported living
Total expenses	$ -	$ 3,241,193	$ 28,347	$ 260,759
Less unallowable expenses	-	340,884	-	-
Less private pay	-	-	-	752
Total allowable expenses	-	2,900,309	28,347	260,007
Net allocated management and general (note A)	-	347,851	3,042	27,985
Adjusted total expenses	$ -	$ 3,248,160	$ 31,389	$ 287,992

Statistical Data (Unaudited)			
1. Total days in residential used - State, Medicaid, private pay, etc.	15,552		
2. Total days in residential used - State and Medicaid only	15,552		
3. Unduplicated number of individuals	45	6	26
Cost per unit of service			
Adjusted total expense/item 2	$ 209		
Adjusted total expense/item 3		$ 5,232	$ 11,077

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					
Early interven-tion	Family support	Case manage-ment	Management and general	Total 2009	Total 2008
$ 332,280	$ 150,836	$ 301,948	$ 620,166	$ 4,935,529	$ 4,510,855
-	-	-	26,147	367,031	396,269
-	-	-	-	752	1,385
332,280	150,836	301,948	594,019	4,567,746	4,113,201
35,661	16,188	32,406	(463,133)	-	-
$ 367,941	$ 167,024	$ 334,354	$ 130,886	$ 4,567,746	$ 4,113,201

120	107	262
$ 3,066	$ 1,561	$ 1,276

Horizons Specialized Services
SCHEDULE OF MEDICAID ADULT SUPPORTED LIVING SERVICES
Year ended June 30, 2009

	Personal assistance	Day habilitation	Supported employment
Revenue			
Medicaid	$ 92,801	$ 112,822	$ 5,091
Counties and cities	17,394	-	-
In-kind donations	-	-	-
Total revenue	110,195	112,822	5,091
Total expenses	102,090	137,708	4,077
Less private pay	-	752	-
Total allowable expenses	102,090	136,956	4,077
Net allocated management and general (note A)	10,956	14,779	438
Adjusted total expenses	113,046	151,735	4,515
Excess (deficiency) of revenues over expenses	$ (2,851)	$ (38,913)	$ 576

Statistical Data (Unaudited)			
1. Unduplicated number of individuals	24	26	7
2. Number of units provided	13,535	21,981	646
3. Number of occurrences provided			
Cost per unit of service			
Adjusted total expense/item 2	$ 8	$ 7	$ 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.

Trans-portation	Dental/ vision/ hearing	Environ-mental engineering	Total
$ 18,351	$ 5,241	$ 420	$ 234,726
-	-	-	17,394
-	44	-	44
18,351	5,285	420	252,164
9,839	6,600	445	260,759
-	-	-	752
9,839	6,600	445	260,007
1,056	708	48	27,985
10,895	7,308	493	287,992
$ 7,456	$ (2,023)	$ (73)	$ (35,828)
22	14	1	
1,458	25	12	
$ 7	$ 292	$ 41	

Horizons Specialized Services
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	$ -	$ 43,168	$ 43,168
Medicaid			
Comprehensive	159,192	-	159,192
Part C	-	36,671	36,671
Counties and cities	-	30,534	30,534
Total fees and grants from governmental agencies	159,192	110,373	269,565
Other revenue	-	3,695	3,695
Total support and revenue	$ 159,192	$ 114,068	$ 273,260
Expenses			
Salaries			
Direct care	$ -	$ -	$ -
Other	139,177	75,660	214,837
Payroll taxes	10,527	5,746	16,273
Employee benefits	7,920	16,258	24,178
Total personal services	157,624	97,664	255,288
Medical professional services			
Physicians	-	-	-
Other	-	-	-
Other professional services	640	735	1,375
Staff development	837	1,331	2,168
Staff travel	1,081	1,826	2,907
Vehicles			
Fuel and oil	-	-	-
Maintenance	-	-	-
Leases	-	-	-
Occupancy			
Rent	2,495	5,252	7,747
Maintenance	586	1,054	1,640
Utilities	273	706	979

(Continued)

Horizons Specialized Services
SCHEDULE OF CASE MANAGEMENT SERVICES (CONTINUED)
Year ended June 30, 2009

	Targeted case manage-ment	Other case manage-ment	Total
Equipment			
Leases	$ -	$ -	$ -
Maintenance	216	241	457
Supplies			
Medical and client care supplies	-	-	-
Pharmacy	-	-	-
Production materials	-	-	-
Other	4,844	5,333	10,177
Telephone	1,209	1,966	3,175
Dues and subscriptions	535	1,481	2,016
Food	-	-	-
Insurance	628	1,352	1,980
Interest	1,063	1,839	2,902
Other	2,100	3,211	5,311
In-kind donations	-	-	-
Total direct program expenses	174,131	123,991	298,122
Depreciation and amortization	2,332	1,494	3,826
Total expenses	$ 176,463	$ 125,485	$ 301,948

Statistical Data (Unaudited)		
Unduplicated number of individuals	101	161
Full-time equivalents	3.28	1.77

Horizons Specialized Services
SCHEDULE OF ROOM AND BOARD AND OTHER UNALLOWABLE EXPENSES
Year ended June 30, 2009
(Unaudited)

	Program Services			
	Non specified	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	-	21,330	-	-
Staff development	-	-	-	-
Staff travel	-	-	-	-
Vehicles				
Fuel and oil	-	-	-	-
Maintenance	-	-	-	-
Leases	-	-	-	-
Occupancy				
Rent and taxes	-	67,056	-	-
Maintenance	-	37,248	-	-
Utilities	-	48,484	-	-
Equipment				
Leases	-	-	-	-
Maintenance	-	1,392	-	-
Supplies				
Medical and client care supplies	-	-	-	-
Pharmacy	-	105	-	-
Production materials	-	-	-	-
Other	-	-	-	-
Telephone	-	-	-	-
Dues and subscriptions	-	-	-	-
Food	-	83,945	-	-
Insurance	-	3,877	-	-
Interest	-	23,645	-	-
Other	-	-	-	-
In-kind donations	-	-	-	-
Total direct program expenses	-	287,082	-	-
Purchased services	-	-	-	-
Expenses before depreciation and amortization	-	287,082	-	-
Depreciation and amortization	-	53,802	-	-
Total expenses	$ -	$ 340,884	$ -	$ -

Program Services				
Early interven-tion	Family support	Case manage-ment	Management and general	Total
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	21,330
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	67,056
-	-	-	6,157	43,405
-	-	-	3,173	51,657
-	-	-	-	-
-	-	-	267	1,659
-	-	-	-	-
-	-	-	-	105
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	83,945
-	-	-	1,280	5,157
-	-	-	-	23,645
-	-	-	8,935	8,935
-	-	-	-	-
-	-	-	19,812	306,894
-	-	-	-	-
-	-	-	19,812	306,894
-	-	-	6,335	60,137
$ -	$ -	$ -	$ 26,147	$ 367,031

Horizons Specialized Services
SCHEDULE OF ACCOUNTS RECEIVABLE - FEES AND GRANTS
FROM GOVERNMENTAL AGENCIES
June 30, 2009

State of Colorado		
General Fund		
Adult supported living	$	3,279
Children and families		17,501
Management fee		3,808
Administration		2,750
Less advance due back to the State of Colorado		(9,568)
Medicaid		
Comprehensive		522,428
Adult supported living		42,470
Targeted case management		33,946
Quality assurance		3,106
Utilization review		975
Part C		5,897
Other		11,616
	$	638,208