



Financial Statements and Report of Independent  
Certified Public Accountants

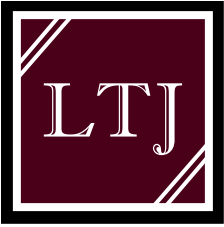
**Community Connections, Inc.**

June 30, 2009



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Logan, Thomas & Johnson, LLC  
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Community Connections, Inc.

We have audited the accompanying statement of financial position of Community Connections, Inc. (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 June 17, 2009, 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 Community Connections, 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  
January 21, 2010

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## *Financial Statements*

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

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 712,049	\$ 524,010
Certificates of deposit	172,383	200,130
Accounts receivable		
Fees and grants from governmental agencies	427,570	451,277
Other receivables, net of allowance of \$12,068	52,870	33,623
Current portion of long-term receivable from joint obligors on bonds payable	164,730	160,395
Prepaid expenses and other	18,959	16,866
Total current assets	1,548,561	1,386,301
Restricted cash - bond reserve	16,986	16,986
Investments	-	25,000
Deferred bond issuance costs, net of accumulated amortization of \$13,035	11,031	13,036
Land, building and equipment, net	1,075,782	1,117,342
Long-term receivable from joint obligors on bonds payable, less current portion	914,685	1,079,415
	\$ 3,567,045	\$ 3,638,080
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 473,321	\$ 361,340
Current portion of long-term debt		
Notes payable	3,279	2,856
Bonds payable	190,000	185,000
Deferred revenue	2,550	14,475
Total current liabilities	669,150	563,671
Long-term debt, less current portion		
Notes payable	165,663	169,139
Bonds payable, net of discount of \$1,021	1,053,979	1,243,787
	1,888,792	1,976,597
Net assets		
Unrestricted		
Net investment in land, building and equipment	732,357	741,745
Undesignated	903,431	870,162
Total unrestricted	1,635,788	1,611,907
Temporarily restricted	4,529	4,929
Permanently restricted	37,936	44,647
	1,678,253	1,661,483
	\$ 3,567,045	\$ 3,638,080

The accompanying notes are an integral part of this statement.

Community Connections, Inc.  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2009

(With summarized financial information for the year ended June 30, 2008)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2009	2008
Fees and grants from governmental agencies					
Fees for services					
State of Colorado					
State General Fund					
Comprehensive	\$ 55,325	\$ -	\$ -	\$ 55,325	\$ 118,510
Adult supported living	195,749	-	-	195,749	232,749
Children and families	311,002	-	-	311,002	245,385
Medicaid					
Comprehensive	2,979,610	-	-	2,979,610	2,968,005
Adult supported living	522,011	-	-	522,011	501,075
Children's extensive support	44,914	-	-	44,914	37,405
Home community based services	5,179	-	-	5,179	5,182
Part C	84,258	-	-	84,258	90,438
Counties and cities	68,436	-	-	68,436	72,890
Grants and other					
Department of Housing and Urban Development	11,553	-	-	11,553	9,760
Assistive Technology Grant	2,000	-	-	2,000	7,000
Other	15,060	-	-	15,060	5,890
Total fees and grants from governmental agencies	4,295,097	-	-	4,295,097	4,294,289
Public support - contributions	50,081	-	-	50,081	43,426
Residential room and board	372,480	-	-	372,480	326,863
Other revenue	60,578	-	-	60,578	116,799
Net assets released from restrictions					
Satisfaction of program restrictions	400	(400)	-	-	-
Depreciation of program restricted assets	6,711	-	(6,711)	-	-
Total support and revenue	4,785,347	(400)	(6,711)	4,778,236	4,781,377

(continued)

The accompanying notes are an integral part of this statement.

Community Connections, Inc.  
STATEMENT OF ACTIVITIES (CONTINUED)

Year ended June 30, 2009

(With summarized financial information for the year ended June 30, 2008)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2009	2008
Expenses					
Program services					
Medicaid comprehensive	\$ 2,884,660	\$ -	\$ -	\$ 2,884,660	\$ 2,900,709
State adult supported living	153,210	-	-	153,210	174,738
Medicaid adult supported living	357,186	-	-	357,186	398,447
Children's extensive support	37,115	-	-	37,115	30,909
Early intervention	305,854	-	-	305,854	277,886
Family support	117,424	-	-	117,424	129,767
Case management	208,392	-	-	208,392	223,811
Other program services	10,814	-	-	10,814	8,700
Total program services	4,074,655	-	-	4,074,655	4,144,967
Supporting services					
Management and general	686,811	-	-	686,811	577,204
Total expenses	4,761,466	-	-	4,761,466	4,722,171
CHANGE IN NET ASSETS	23,881	(400)	(6,711)	16,770	59,206
Net assets, beginning of year	1,611,907	4,929	44,647	1,661,483	1,602,277
Net assets, end of year	\$ 1,635,788	\$ 4,529	\$ 37,936	\$ 1,678,253	\$ 1,661,483

The accompanying notes are an integral part of this statement.

Community Connections, Inc.  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2009

(With summarized financial information for year ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 16,770	\$ 59,206
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	61,469	66,453
Amortization of bond discount	192	192
Loss on disposal of land, building and equipment	2,503	-
Change in assets and liabilities		
Decrease in accounts receivable	4,460	151,998
(Increase) decrease in prepaid expenses and other	(2,093)	130,298
Increase (decrease) in accounts payable and accrued expenses	105,218	(8,356)
Decrease in deferred revenue	(11,925)	(2,697)
Net cash provided by operating activities	<u>176,594</u>	<u>397,094</u>
Cash flows from investing activities		
Purchase of land, building and equipment	(22,424)	(410,471)
Proceeds from sale of land, building and equipment	8,780	-
Purchase of investments	-	(25,000)
Proceeds from sale of investments	25,000	100,000
Purchase of certificates of deposit	(72,253)	(200,130)
Proceeds from maturity of certificates of deposit	100,000	-
Net cash provided by (used in) investing activities	<u>39,103</u>	<u>(535,601)</u>
Cash flows from financing activities		
Payments on notes payable	(3,053)	(2,873)
Payments on bonds payable	(24,605)	(23,805)
Net cash used in financing activities	<u>(27,658)</u>	<u>(26,678)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	188,039	(165,185)
Cash and cash equivalents, beginning of year	<u>524,010</u>	<u>689,195</u>
Cash and cash equivalents, end of year	<u>\$ 712,049</u>	<u>\$ 524,010</u>
Supplemental data		
Cash paid for interest	\$ 14,761	\$ 20,094
Non-cash financing activities		
Reduction of receivable from joint obligors on the bonds payable	160,395	156,195
Fixed asset additions included in accounts payable at year end	6,763	-

The accompanying notes are an integral part of this statement.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Community Connections, Inc. (the Center) is presented to assist in understanding the Center's financial statements.

1. *Summary of Business Activities*

The Center was incorporated under the laws of the State of Colorado in 1985 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 La Plata, Archuleta, Montezuma, Dolores, and San Juan Counties.

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.

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 18 years in order for the children to remain 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.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

**Program Services or Supports (Continued)**

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

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

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

Other Program Services includes programs that provide funding for a summer activity program for children in Durango, assistive technology and transportation for families, and recreational activities for adults.

**Supporting Services**

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

3. *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting and, accordingly, revenue and support are recorded when services are performed and expenses are recognized when incurred.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. *Subsequent Events*

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through January 21, 2010, the date on which the financial statements were issued. Other than the transaction disclosed in Note F, the Center did not identify any events or transactions that would have a material impact on the financial statements.

6. *Cash and Cash Equivalents*

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

The Center maintains some of its cash balances in financial institutions, 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.

7. *Accounts Receivable*

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

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. *Certificates of Deposit*

Certificates of deposit consist of two individual certificates with interest rates of 1.00% and 2.00% and maturity dates of October, 2009 and December, 2009, respectively.

9. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets with a cost of \$1,000 or more and at estimated value, at date of receipt, for donated property with an expected useful life of greater than 2 years. Depreciation is provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	4–40
Program and administrative equipment	3–10

10. *Temporarily Restricted Revenue*

Donor restricted revenue, whose restrictions are currently satisfied in the same fiscal year, are reported as unrestricted revenue rather than temporarily restricted. Donor restricted contributions whose restrictions are not currently met are reflected as an increase to temporarily restricted net assets.

11. *Revenue Recognition*

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

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 (other than contributions of land, building and equipment) are included as program costs to properly reflect the total cost of the particular program.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. *Prior Year Summarized Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

15. *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	\$ 4,534
Medicaid	392,093
Part C	5,266
Other	<u>25,677</u>
	\$ <u>427,570</u>

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE C – LAND, BUILDING AND EQUIPMENT

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

Buildings and improvements (see note F)	\$ 1,310,715
Program and administrative equipment	<u>277,136</u>
	1,587,851
Less accumulated depreciation	<u>791,517</u>
	796,334
Land	<u>279,448</u>
	\$ <u><u>1,075,782</u></u>

Depreciation expense was \$59,464 at June 30, 2009.

NOTE D – DEFERRED REVENUE

Deferred revenue at June 30, 2009 consists of \$2,550 of unspent grant funds.

NOTE E – LONG-TERM DEBT

Notes Payable

On February 22, 2005, the Center borrowed \$162,000 from a financial institution with a fixed interest rate of 6%, which is due on February 15, 2035, payable in monthly principal and interest installments of \$979. The note is guaranteed by the USDA. The note is collateralized by all inventory, accounts, equipment, general intangibles, and the land and property purchased with the proceeds. The outstanding principal balance at June 30, 2009 is \$152,023. This loan contains a debt covenant that requires the Center to provide audited financial statements to the bank within 120 days after year end. The Center is in violation of this covenant and has obtained a waiver from the financial institution.

On February 22, 2005, the Center borrowed \$18,000 from a financial institution with a variable interest rate equal to the Wall Street Journal prime rate index (3.25% at June 30, 2009), which is due on February 15, 2035. Each year on the loan anniversary date, the bank adjusts the payment to ensure the payments are completed on the maturity date and not before. The monthly principal and interest installments at June 30, 2009 were \$111. The note is collateralized by the land and property purchased with the proceeds. The outstanding balance at June 30, 2009 is \$16,919.

Community Connections, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2009

NOTE E – LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

At June 30, 2009, future principal maturities of the notes payable are:

For the year ending June 30,	
2010	\$ 3,279
2011	3,523
2012	3,694
2013	3,926
2014	4,146
Thereafter	<u>150,374</u>
	168,942
Less current portion	<u>3,279</u>
Total	\$ <u>165,663</u>

Bonds Payable

In December 2002, the City of Durango issued \$2,310,000 of Variable Rate Demand Revenue Bonds (2002 Bonds) which were used for the advance refunding of bonds issued in 1995 to construct an office building for the use of the Center, Southwest Colorado Mental Health Center (Southwest) and the San Juan Basin Health Department (Health Department). The outstanding, defeased 1995 bonds were paid off in December 2004. The 2002 Bonds are collateralized by a letter of credit, equal to the outstanding principal and interest at the date of renewal, which is automatically renewed each year for the life of the 2002 Bonds. The Center is also responsible for paying a fee to the issuing bank of 1.0% per annum of the face value of the letter of credit. The bonds are secured by the building constructed with the 1995 bonds. Principal payments are made annually on December 15. Interest payments are paid on the first business day of January, April, July and October. The 2002 Bonds are tax-exempt with an effective rate of approximately 1.40% for the year ended June 30, 2009. The rate currently in effect for the bonds at June 30, 2009 is .37%. The obligations under the letter of credit are governed by a Reimbursement Agreement between the Center, Southwest and the Health Department. The Reimbursement Agreement states the Center, Southwest and Health Department are each joint and primary obligors for the repayment of the 2002 Bonds, as well as establishes each entity's respective ownership in the land and building (the Center's ownership is approximately 14%) and share of the joint obligation (the Center's share is approximately 13%) related to the 2002 Bonds. The accompanying statement of financial position includes the Center's approximately 14% interest in the land and building, less accumulated depreciation. The Reimbursement Agreement also requires payment into a reserve fund, of which the Center's June 30, 2009, share is \$16,986, and is recorded as restricted cash.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE E – LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

The 2002 Bonds have a covenant that each borrower shall furnish, within 150 days after the end of each fiscal year, a copy of the audit report certified by the accountant and the accountant's certificate of non-default to the trustee and issuer of the bonds. The audited financial statements and accountant's certificate of non-default were not issued within 150 days of the year ended June 30, 2009. It is the policy of the trustee to notify the borrower by letter in the event of noncompliance with covenants and provide a grace period of 30 days for the borrower to cure the violation. The trustee notified the Center that they were in noncompliance with the covenants and provided a waiver to the Center.

At June 30, 2009, the Center's financial statements reflect a 2002 Bond liability of \$1,245,000, given the Center is both joint and primary obligor, and a receivable of \$1,079,415 from Southwest and the Health Department, reflecting their share of the 2002 Bonds as joint obligors under the Reimbursement Agreement. The Center's deferred loan costs associated with the issuance of the 2002 Bonds totaled \$24,066, and are being amortized over the life of the bonds. Deferred loan costs at June 30, 2009, net of accumulated amortization, are \$11,031. The loans were issued at a discount and the Center's pro rata share of the discount was \$1,021 at June 30, 2009.

Future maturities at June 30, 2009 under the 2002 Bonds are as follows:

	<u>Total bonds</u>	<u>Center's portion*</u>
Year ending June 30,		
2010	\$ 190,000	\$ 25,270
2011	200,000	26,600
2012	205,000	27,265
2013	210,000	27,930
2014	220,000	29,260
Thereafter	<u>220,000</u>	<u>29,260</u>
	1,245,000	165,585
Less discount	<u>1,021</u>	<u>1,021</u>
Net bonds payable	1,243,979	164,564
Less current portion	<u>190,000</u>	<u>25,270</u>
	\$ <u>1,053,979</u>	\$ <u>139,294</u>

\*Net of joint obligors' portions

Interest expense for all long term debt for the year ended June 30, 2009 was \$13,926.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE F – LINE OF CREDIT

The Center maintains a \$200,000 line of credit with a bank at an annual interest rate of prime plus 1.00% (prime was 3.25% at June 30, 2009), which matured on July 16, 2009. The line of credit is secured by accounts receivable and fixed assets. There was no balance outstanding on the line of credit as of June 30, 2009. Subsequent to June 30, 2009, the Center renewed the line of credit with an annual interest rate based the banks "Index", which was 5.25% at renewal, plus 2%, maturing September 22, 2010. In addition, a building was added as additional collateral.

NOTE G – RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2009:

Recreational activity fund	\$ 4,279
Respite fund	<u>250</u>
	\$ <u>4,529</u>

Permanently restricted net assets consist of land and building donated by the City of Durango and La Plata County in 1985 and is to be utilized as a community integration day site for the developmentally disabled, or the title will revert back to the grantors. The net book value of land and building recorded by the Center is \$37,936 at June 30, 2009.

NOTE H – 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. In addition, the Center leases office equipment under noncancelable operating leases.

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

Year ending June 30,	
2010	\$ 23,635
2011	4,710
2012	<u>1,178</u>
	\$ <u>29,523</u>

Total rent expense for operating leases for the year ended June 30, 2009 was \$122,109.

Community Connections, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE I – RETIREMENT PLAN

The Center maintains a 401(k) plan for the benefit of its employees. All employees who have completed one year of service and are age 21 or older may participate in the plan and are fully vested after six years of service. The Center anticipates, but does not guarantee, contributions of 3% of compensation annually. A matching contribution of \$0.25 for every dollar that employees contribute, up to the first 4% of total employee compensation, is also made. For the year ended June 30, 2009, pension expense was \$58,087.

NOTE J – SELF-FUNDED INSURANCE PLAN

In fiscal year 1999, the Center established a self-funded health insurance plan. Employee insurance claims submitted by the third-party administrator and administrative costs are paid as submitted. Claims are processed by the third party administrator. The Center is liable for individual claims of up to \$27,500 per person (specific stop loss insurance) starting June 1, 2009. Prior to this the specific stop loss insurance amount was \$22,500.

The expense for this Plan was \$328,027 for June 30, 2009. Included in liabilities is an estimate, based on historical experience, of \$31,206 which represents the effect of claims incurred but not reported as of June 30, 2009 and the stop loss insurance costs.

NOTE K – 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 is disclosed in Note B and the Center has a payable at June 30, 2009, to the State of Colorado in the amount of \$68,576 which is recorded in accounts payable and accrued expenses. 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.