Financial Statements and
Independent Auditor’s Report

Foothills Gateway, Inc.

June 30, 2018

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Logan, Thomas & Johnson, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foothills Gateway, Inc.

We have audited the accompanying financial statements of Foothills Gateway, Inc. (the Center), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5023 W. 120th Ave., #165, Broomfield, CO 80020

Calvin Logan	Jan Thomas	Pauline Davis
Phone 303 532 1000	Phone 303 569 6030	Phone 719 640 1188
Fax 303 532 1080	Fax 303 569 6031	Fax 719 937 4271

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foothills Gateway, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2017 financial statements, and our report dated October 16, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
September 17, 2018

Financial Statements

Foothills Gateway, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2018
(With summarized financial information as of June 30, 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,227,153	$ 3,095,273
Investments	2,600,542	2,201,981
Accounts receivable		
Fees and grants from governmental agencies	2,562,112	2,300,283
Vocational contracts	26,683	40,995
Other	155,090	156,669
Prepaid expenses and other	109,483	152,379
Total current assets	8,681,063	7,947,580
Investments	2,395,521	2,893,044
Land, building and equipment, net	1,914,445	1,955,404
Total assets	$ 12,991,029	$ 12,796,028
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 1,566,872	$ 1,445,972
Deferred revenue	31,908	218,621
Total current liabilities	1,598,780	1,664,593
Net assets		
Unrestricted		
Designated memorial funds	166,050	181,004
Designated for capital repair and non billable services	275,869	100,000
Net investment in land, building and equipment	1,914,445	1,955,404
Undesignated	8,999,529	8,814,962
Total unrestricted net assets	11,355,893	11,051,370
Temporarily restricted	36,356	80,065
Total net assets	11,392,249	11,131,435
Total liabilities and net assets	$ 12,991,029	$ 12,796,028

The accompanying notes are an integral part of this statement.

Foothills Gateway, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018
(With summarized financial information for the year ended June 30, 2017)

	Unrestricted	Temporarily restricted	Total 2018	Total 2017
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	$ 3,400,433	$ -	$ 3,400,433	$ 3,163,617
Medicaid	8,900,590	-	8,900,590	13,032,016
Larimer County	4,060,384	-	4,060,384	3,584,948
Grants and other				
Part C	252,105	-	252,105	439,487
U.S. Department of Housing and Urban Development	58,372	-	58,372	44,588
Other	208,871	-	208,871	227,093
Total fees and grants from governmental agencies	16,880,755	-	16,880,755	20,491,749
Public support				
Contributions	402,304	63,490	465,794	232,297
United Way	3,419	-	3,419	5,306
Residential room and board	24,102	-	24,102	32,835
In-kind contributions	28,852	-	28,852	19,418
Vocational revenue	358,549	-	358,549	408,399
Other revenue	449,231	-	449,231	542,653
Net assets released from restrictions				
Satisfaction of program restrictions	107,199	(107,199)	-	-
Total revenues and support	18,254,411	(43,709)	18,210,702	21,732,657

(Continued)

Foothills Gateway, Inc.
STATEMENT OF ACTIVITIES (CONTINUED)
Year ended June 30, 2018
(With summarized financial information for the year ended June 30, 2017)

	Unrestricted	Temporarily restricted	Total 2018	Total 2017
Expenses				
Program services				
Medicaid comprehensive	$ 6,257,896	$ -	$ 6,257,896	$ 9,263,576
State adult supported living	672,516	-	672,516	643,979
Medicaid adult supported living	1,463,795	-	1,463,795	2,494,175
Children's extensive support	573,414	-	573,414	668,961
Early intervention	1,632,162	-	1,632,162	1,645,185
Family support	393,712	-	393,712	407,020
Case management	3,962,131	-	3,962,131	3,588,263
Other program services	739,402	-	739,402	462,962
Vocational program	360,564	-	360,564	389,906
Total program services	16,055,592	-	16,055,592	19,564,027
Supporting services				
Management and general	1,867,949	-	1,867,949	1,832,160
Fundraising	26,347	-	26,347	13,189
Total expenses	17,949,888	-	17,949,888	21,409,376
CHANGE IN NET ASSETS	304,523	(43,709)	260,814	323,281
Net assets, beginning of year	11,051,370	80,065	11,131,435	10,808,154
Net assets, end of year	$ 11,355,893	$ 36,356	$ 11,392,249	$ 11,131,435

The accompanying notes are an integral part of this statement.

Foothills Gateway, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2018
(With summarized financial information for the year ended June 30, 2017)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 260,814	$ 323,281
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	408,210	402,783
Realized/unrealized gain on investments	(57,103)	(31,371)
(Gain) loss on sale of fixed assets	7,278	(30,142)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(245,938)	849,549
(Increase) decrease in prepaid expenses and other	42,896	(10,157)
Increase (decrease) in accounts payable and accrued expenses	120,900	(754,341)
Increase (decrease) in deferred revenue	(186,713)	187,468
Net cash provided by operating activities	350,344	937,070
Cash flows from investing activities		
Purchase of land, building and equipment	(391,099)	(471,745)
Proceeds from sale of fixed assets	16,570	30,142
Purchases of investments	(1,310,655)	(1,610,751)
Proceeds from sale of investments	1,466,720	1,537,779
Net cash used in investing activities	(218,464)	(514,575)
NET INCREASE IN CASH AND CASH EQUIVALENTS	131,880	422,495
Cash and cash equivalents, beginning of year	3,095,273	2,672,778
Cash and cash equivalents, end of year	$ 3,227,153	$ 3,095,273

The accompanying notes are an integral part of this statement.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of Foothills Gateway, Inc.'s (the Center) nature of activities and summary of significant accounting policies is presented to assist in understanding the Center's financial statements.

1. *Summary of Business Activities*

Foothills Gateway, Inc., a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado in 1968 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 Larimer County. The Center's revenue comes primarily from the State of Colorado and Larimer County for services provided.

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 eligible person's Individualized Plan (IP). 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 IP. 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 in or return to the

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

Children's Extensive Support (Continued)

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 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, 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 IP, and the evaluation of results identified in the IP.

Other Program Services – In addition to Supported Living Services and residential services in Larimer County, the Resource Coordination and Development Department also administers Section 8 (HUD) housing subsidies. The Section 8 program enables participants to better afford housing in Larimer County by subsidizing their rent with federal funds. The Center has contracts with organizations which are not State or Medicaid funded. These contracts provide community employment opportunities for disabled individuals. The Center provides family respite and supervision services for adults at the Adult Care Services facility.

Vocational Program refers to vocational contracts which are not State or Medicaid funded. These contracts provide community employment opportunities for disabled individuals.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

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.

Fundraising represents the Center's costs to develop and maintain a fundraising effort that generates awareness and increases support for persons with disabilities.

3. *Basis of Accounting*

Financial statements of the Center have been prepared on the accrual basis, whereby revenue is 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, support 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 September 17, 2018, the date on which the financial statements were issued. 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 cash to be all cash on hand, cash on deposit, and money market accounts subject to immediate withdrawal; and considers cash equivalents to be certificates of deposit and commercial paper with an original maturity of three months or less.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. *Cash and Cash Equivalents (Continued)*

The Center maintains some of its cash balances at financial institutions located in Fort Collins, 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.

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. Payments subsequently received on such receivables, if any, are recorded as other revenue.

8. *Investments*

The Center records investments in equity and debt securities at fair value in the statement of financial position as determined by quoted market prices. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

9. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets with a cost of $3,000 or more, and at estimated fair value, at date of receipt, for donated property. Depreciation is provided on the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10–50
Program and administrative equipment	3–10

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. *Accounting for Contributions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods, or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

11. *In-Kind Contributions*

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

12. *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. The Center recognizes tax liabilities when, despite the Center's belief that its tax return positions are supportable, the Center believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Center has concluded there is no tax liability or benefit required to be recorded as of June 30, 2018. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Center believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2015.

13. *Fair Value Measurements*

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. A fair value hierarchy has been established under generally accepted

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Fair Value Measurements (Continued)*

accounting principles, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring 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. This category generally includes certain U.S. Government agency debt securities and corporate debt securities. The Center's Level 2 securities are primarily valued using quoted market prices for similar instruments and nonbinding market prices that are corroborated by observable market data.

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. 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.

14. *Prior Year Summarized Information and Reclassifications*

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

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. *Prior Year Summarized Information and Reclassifications (Continued)*

June 30, 2017, from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2017 has been reclassified to conform with the presentation for the current year.

15. *Recent Accounting Pronouncements*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (US GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Center has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Changes to the lessor accounting model include: (a) synchronizing key aspects of the model with the new revenue recognition guidance, such as basing whether a lease is similar to a sale or whether control of the underlying asset has transferred to the lessee and (b) prospectively eliminating the specialized accounting for leveraged leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Center is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit organization's liquidity, financial performance and cash flows. The

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. *Recent Accounting Pronouncements (Continued)*

ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Center is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update clarify the guidance regarding the classification of operating, investing and financing activities for certain types of cash receipts and payments. The amendments in this update are effective for the annual periods, and the interim periods within those years, beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Center is evaluating the impact of adoption, if any, to the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. The Center is in the process of evaluating the impact of this new guidance.

In June 2018, the FASB issued ASU No. 2018-08 *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve the scope and the accounting guidance for contributions received and contributions made. The ASU will be effective for all entities that have issued, or is a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource recipient, for fiscal years beginning after December 15, 2018. The ASU will be effective for all entities that have not issued or is a conduit bond obligor for securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource provider, for fiscal years beginning after December 15, 2019. The Center is in the process of evaluating the impact of this new guidance.

NOTE B – INVESTMENTS

Investments are classified between current and noncurrent based on their maturity dates.

Current investments	$ 2,600,542
Noncurrent investments	2,395,521
Total investments	$ 4,996,063

The following table presents the Center's investments and the fair value hierarchy for those assets measured at fair value as of June 30, 2018:

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Equity income securities:				
Domestic	$ 1,534,688	$ 1,534,688	$ -	$ -
International	367,891	367,891	-	-
U.S. Government agency securities	1,567,140	-	1,567,140	-
Corporate bonds	1,526,344	-	1,526,344	-
	$ 4,996,063	$ 1,902,579	$ 3,093,484	$ -

Investment return for the year ended June 30, 2018, consists of the following:

Investment income	$ 154,617
Unrealized gain on investments	28,255
Realized gain on investments	28,848
	$ 211,720

NOTE C – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30, 2018:

Buildings and improvements	$ 6,197,609
Program and administrative equipment	2,103,564
	8,301,173
Less accumulated depreciation	6,523,028
	1,778,145
Land	136,300
	$ 1,914,445

Depreciation expense was $408,210 for the year ended June 30, 2018.

NOTE D – DEFERRED REVENUE

Deferred revenue of $31,908 at June 30, 2018 consists of $15,825 unearned revenue from the U.S. Department of Housing and Urban Development and $16,083 of State of Colorado Supported Living funds. The revenue is recognized when services are performed.

NOTE E – NET ASSETS

From time to time, the Center's Board of Directors approves designating net assets for future use for a specific purpose. Net investment in land, building and equipment is comprised of net land, building and equipment. Temporarily restricted net assets are restricted for the following as of June 30, 2018:

Adult needs	$ 11,149
Children and family	3,339
FSS council	20,254
Other	1,614
	$ 36,356

NOTE F – RETIREMENT PLAN

The Center has established a defined contribution retirement plan for all employees age 21 and over who have completed one year of service. The Center contributes an amount equal to 5% of the salary of each participant totaling $311,496 for the year ended June 30, 2018.

NOTE G – LEASES

The Center leases office space, transportation and workshop equipment as well as residential facilities under operating lease arrangements in the operation of its programs. The total rent expense for operating leases for the year ended June 30, 2018 was $30,507.

Future minimum rental payments for these leases at June 30, 2018 are as follows:

Year ending June 30,	
2019	$ 24,325
2020	15,181
2021	7,610
2022	7,610
2023	996
Thereafter	50
	$ 55,772

NOTE H – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables and deferred revenue the Center has from the State of Colorado is $1,571,342 and $16,083, respectively, at June 30, 2018. The Center has a payable at June 30, 2018 to the State of Colorado in the amount of $8,421 which is recorded in accounts payable and accrued expenses. 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.

NOTE I – TRUST ACTIVITY

Foothills-Gateway Rehabilitation Center Charitable Foundation Trust (the Trust) was created to provide support to the Center for the Center's work in rehabilitating developmentally disabled individuals in the Larimer County area. The Trust leases houses at below market rates to Host Home providers for the benefit of individuals with developmental disabilities served by the Center. The Trust did not receive any funds on behalf of the Center for the year ended June 30, 2018. During the year ended June 30, 2018, the Trust contributed $47,721 to the Center for the support of the adult and children special needs in the Adult Supported Living Services, Medicaid Comprehensive and Family Support programs.