

DEVELOPMENTAL DISABILITY ADVOCATES

HERCULANEUM, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2022

DEVELOPMENTAL DISABILITY ADVOCATES  
HERCULANEUM, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	Pages	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	Pages	4 - 6
STATEMENT OF NET POSITION.....	Page	7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION .....	Page	8
STATEMENT OF CASH FLOWS.....	Pages	9-10
NOTES TO THE FINANCIAL STATEMENTS.....	Pages	11-16

# CROUCH, FARLEY & HEURING, PC

Certified Public Accountants

TERRY L. HEURING, CPA, CMA, CFM  
MICHAEL P. O'SHEA, CPA  
ROBERT D. MATHES, CPA  
RICK L. HEURING, EA  
TAYLOR L. BONE, CPA  
AMY A. BAGWELL, CPA



Financial Measurement, Analysis  
and Communication

LAUREL SUNDBAUSEN, CPA  
ANITA SKAGGS, CPA  
VICKY A. KERBY, CPA  
BARBARA R. HALTER, CPA  
JANICE M. NEUBRAND, CPA  
THOMAS U. VOSS, CPA  
BRIAN E. BURCHAM, CPA  
RACHEL E. FRANCIS, CPA

JOHN R. CROUCH (1947-2019)

To the Board of Directors  
Developmental Disability Advocates  
Herculeaneum, Missouri 63048

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the accompanying financial statements of the business-type activities of the Developmental Disability Advocates as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Developmental Disability Advocates' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Developmental Disability Advocates, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Developmental Disability Advocates, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Developmental Disability Advocates' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Developmental Disability Advocates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Developmental Disability Advocates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Report on Summarized Comparative Information

We have previously audited Developmental Disability Advocates' June 30, 2021 financial statements, and our report dated December 31, 2021, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Crouch, Farley & Houring, PC  
Farmington, Missouri  
February 25, 2023



*Stacey Ismail  
Executive Director*

P.O. Box 427  
Herculaneum, Missouri 63048

(636) 282-5500  
(636) 933-3300

North Fax (636) 282-5501  
South Fax (636) 933-3301

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Developmental Disability Advocates (DD Advocates) annual financial report represents our analysis of our financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the financial statements that follow this section. Those financial statements present the total financial data for DD Advocates' legal entity.

### Financial Highlights

DD Advocates total revenues increased \$16,000 or 0.3% while total expenses increased \$165,000 or 2.8%. Revenue increased slightly because additional county tax revenue was partially offset by lower federal COVID payments. Expenses increased primarily from hiring one additional Service Coordinator and from some new provider agencies being funded. Overall provider agencies were still unable to deliver as much support services as they can during a normal year of operations (i.e. pre-COVID).

DD Advocates net assets increased \$387,000 as a result of this year's operations resulting in ending net assets of \$10,336,000, an increase of 3.9%.

During Fiscal Year 2022, Developmental Disability Advocates:

- Continued implementing a plan to promote our name and services offered throughout the Jefferson County community.
- Expanded our team of Service Coordinators by one in order to support more Jefferson County residents with developmental disabilities throughout the COVID-19 pandemic. Our team works with clients whether or not they are eligible for Medicaid,
- Provided \$906,000 of funding for transportation services to OATS to transport people with developmental disabilities to employment, day habilitation sites, and leisure services activities,
- Provided financial assistance of \$903,000 to NextStep for Life, Inc. to help fund multiple agency supports, employment services, and leisure services,
- Provided \$159,000 from targeted case management revenues to NextStep for Life, Inc. to fund family support payments, which reimburse eligible families for the cost of respite care,
- Provided financial, transportation, and facility assistance totaling \$672,000 to JSI.Org, the sheltered workshop in Jefferson County,
- Provided financial assistance of \$267,000 to Pony Bird, Inc. to help fund agency supports and capital projects,
- Provided financial assistance of \$59,000 to St Louis ARC to expand their Launch support program into Jefferson County,
- Provided financial assistance of \$40,000 to Sunnyhill, Inc. to provide new ISLA supports and to help fund agency supports,
- Provided camp scholarships totaling \$37,000 for attendees of summer camps such as Sunnyhill and Camp Circle Star,
- Provided financial assistance of \$75,000 to FACT to help fund parent support partners in Jefferson County,
- Provided \$15,000 of funding to Judevine to fund their social skills training service for individuals with autism,
- Provided Partnership For Hope match funding of \$103,000 to allow over \$515,000 worth of services to be provided to individuals with developmental disabilities in Jefferson County,
- Continued improving the Eastern Region Alliance billing portal to standardize and simplify provider agency billing and reporting.

## Using This Annual Report

This annual report contains two parts: Management's Discussion and Analysis, and Basic Financial Statements. The basic financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of DD Advocates and a view of the agency's finances. The first of these statements shows the assets and liabilities of the organization, and the second shows the details of revenue received and expenses incurred during the year.

One of the most important questions asked about the agency's finances is: "Is DD Advocates as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the agency and its activities in a way that helps answer this question.

These two statements report DD Advocates' net position and the changes in it. You can think of the agency's net position, the difference between assets (what the agency owns) and liabilities (what the agency owes), as one way to measure the agency's financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the agency's jurisdiction, the availability of funding, and continuing local government support to assess the overall health of DD Advocates.

### The Statement of Net Position

This statement helps to illustrate the financial status of DD Advocates as of the end of the fiscal year. The statement includes all the assets and liabilities using the accrual basis of accounting.

A large portion of DD Advocates activities are financed from property taxes collected by the Jefferson County Collector.

	Statement of Net Position (In thousands of dollars)			
	FY 2022	FY 2021	Dollar Change	Percent Change
Current Assets	\$ 7,116	\$ 6,287	\$ 829	13.2%
Fixed Assets	4,067	4,214	-147	-3.5%
Other Assets	1	1	0	0.0%
<b>Total Assets</b>	<b>\$ 11,184</b>	<b>\$ 10,502</b>	<b>\$ 682</b>	<b>6.5%</b>
Current Liabilities	\$ 848	\$ 553	\$ 295	53.3%
Long Term Liabilities	0	0	0	0%
<b>Total Liabilities</b>	<b>\$ 848</b>	<b>\$ 553</b>	<b>\$ 295</b>	<b>53.3%</b>
<b>Net Position</b>				
Invested in capital assets, net of related debt	\$ 4,067	\$ 4,214	\$ -147	-3.5%
Unrestricted	6,269	5,735	534	9.3%
<b>Total Net Position</b>	<b>\$ 10,336</b>	<b>\$ 9,949</b>	<b>\$ 387</b>	<b>3.9%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 11,184</b>	<b>\$ 10,502</b>	<b>\$ 682</b>	<b>6.5%</b>

DD Advocates net assets increased \$387,000 as a result of this year's operations resulting in ending net assets of \$10,336,000 or an increase of 3.9%. DD Advocates can use these resources for continuing funded services, capital projects, and administrative operations.

Statement of Revenues, Expenses, and Changes in Net Position  
(In thousands of dollars)

	FY 2022	FY 2021	Dollar Change	Percent Change
Revenues				
Taxes	\$ 3,420	\$ 3,330	\$ 90	2.7%
Other	2,990	3,064	-74	-2.4%
Total Revenues	<u>\$ 6,410</u>	<u>\$ 6,394</u>	<u>\$ 16</u>	<u>0.3%</u>
Expenses				
Personnel	\$ 2,281	\$ 2,216	\$ 65	2.9%
Other	3,742	3,642	100	2.7%
Total Expenses	<u>\$ 6,023</u>	<u>\$ 5,858</u>	<u>\$ 165</u>	<u>2.8%</u>
Total Revenues over (under) expenses	387	536	<u>-149</u>	<u>-27.8%</u>
Beginning Net Position	<u>9,949</u>	<u>9,413</u>		
Ending Net Position	<u>\$ 10,336</u>	<u>\$ 9,949</u>		

DD Advocates total revenues increased \$16,000, an increase of 0.3%. This increase occurred because additional tax revenue was partially offset by lower federal COVID payments. DD Advocates total expenses increased \$165,000, an increase of 2.8%. This was caused primarily from expanding our Service Coordination team by one position and from some new provider agencies being funded. Some provider agencies were still unable to deliver as much support services as they were providing pre-COVID.

### Capital Assets

At the end of the year, DD Advocates had \$4,067,000 invested in capital assets such as land, buildings, and equipment. This year there was a decrease of (\$147,000) in capital assets after additions, depreciation, and disposals. Most of the decrease related to annual depreciation.

### Economic Factors and Next Year's Budget

Inflation has increased significantly during the subsequent year, and it presents challenges to control costs wherever possible. The Service Coordination department is expected to maintain staffing levels during FY2023 with a consistent level of revenue and some increases in personnel costs. We continue to serve a growing number of individuals with developmental disabilities including those not eligible for Medicaid whom the Missouri Department of Mental Health no longer supports through Service Coordination. We continue to embrace more work from home options, flexible scheduling, and remote technology to allow our Service Coordinators to deliver a consistent level of Targeted Case Management service as the COVID-19 pandemic fades. The return of Medicaid Waiver eligible workers to the sheltered workshop will help cover the cost of transportation services, which is one of our largest expenses. Our property tax revenue for next year is expected to remain consistent. DD Advocates property tax levy is expected to be \$0.0857 per \$100 of assessed valuation for the upcoming year. Increasing interest rates during the next year are expected to improve our interest income modestly. We expect to incur no interest expense because we have paid off our only loan. We are also planning to purchase and renovate office space that is large enough to accommodate our entire staff under one roof, as we have outgrown our current offices.

### Contacting DD Advocates Director of Administration

This financial report is designed to provide Jefferson County citizens, consumers, and creditors with a general overview of DD Advocates finances and to demonstrate DD Advocates accountability for the funding it receives. If you have questions about this report or need additional financial information, please contact:

Director of Administration  
Developmental Disability Advocates  
P.O. Box 427, Herculaneum, MO 63048.  
Or an email can be sent to [info@ddadvocates.org](mailto:info@ddadvocates.org) ]



DEVELOPMENTAL DISABILITY ADVOCATES  
HERCULANEUM, MISSOURI  
STATEMENT OF NET POSITION  
JUNE 30, 2022  
(with comparative amounts for June 30, 2021)

	Primary Government Business Type Activities Services Fund	
<b>ASSETS</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Current Assets:</b>		
Cash - Operating & Money Markets	\$ 6,049,846	\$ 5,227,914
Certificates of Deposit	694,142	692,236
Accounts receivable	325,188	319,058
Prepaid expenses	46,865	47,780
Total	\$ 7,116,041	\$ 6,286,988
<b>Fixed Assets:</b>		
Land	\$ 753,500	\$ 753,500
Buildings and improvements	7,535,737	7,498,893
Equipment and furniture	76,137	58,478
Construction-in-Progress	26,900	19,031
Accumulated depreciation	(4,325,554)	(4,116,007)
Total	\$ 4,066,720	\$ 4,213,895
<b>Other Assets:</b>		
Deposits	\$ 953	\$ 953
Total	\$ 953	\$ 953
<b>Total Assets</b>	<b>\$ 11,183,714</b>	<b>\$ 10,501,836</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 675,918	\$ 346,046
Retirement Plan Payable	937	2,952
Salaries and payroll tax payable	130,772	203,716
Deferred Revenue - Grant	40,000	-
Current portion long term debt	-	-
Total	\$ 847,627	\$ 552,714
<b>Long Term Liabilities:</b>		
Note Payable - Herculaneum Property	\$ -	\$ -
Less current portion	-	-
Total	\$ -	\$ -
<b>Total Liabilities</b>	<b>\$ 847,627</b>	<b>\$ 552,714</b>
<b>Net Position</b>		
Invested in capital assets, net of related debt (see below)	\$ 4,066,720	\$ 4,213,895
Unrestricted	6,269,367	5,735,227
<b>Total Net Position</b>	<b>\$ 10,336,087</b>	<b>\$ 9,949,122</b>
<b>Calculation of Invested in Capital Assets</b>		
Net book value	\$ 4,066,720	\$ 4,213,895
Current and non current debt	-	-
<b>Total</b>	<b>\$ 4,066,720</b>	<b>\$ 4,213,895</b>

The accompanying notes are an integral part of the financial statements

DEVELOPMENTAL DISABILITY ADVOCATES  
HERCULANEUM, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022  
(with comparative amounts for June 30, 2021)

	For Year Ended June 30, 2022	For Year Ended June 30, 2021
<b>Operating Revenues</b>		
Service Coordination Revenue	\$ 1,694,930	\$ 1,687,317
TCM Subsidy from DMH	872,202	875,549
Building Rent - NextStep, JCCP, OATS, JSI	180,432	191,432
Building Rent - J & I Workshop - In Kind	212,000	212,000
Total Operating Revenues	<u>\$ 2,959,564</u>	<u>\$ 2,966,298</u>
<b>Operating Expenses</b>		
Salaries	\$ 1,796,105	\$ 1,749,110
Retirement Plan Expense	58,615	58,842
FICA Tax	129,237	125,579
Health Insurance	296,574	282,588
Workman's Compensation Insurance	9,003	10,091
Travel	21,446	7,614
Training	1,521	925
Small Equipment Purchases	21,265	5,543
Office Expense	13,580	13,387
Building Rent	34,028	34,028
Insurance	78,049	74,813
Repairs and Maintenance	48,255	38,824
Utilities Expense	20,212	16,261
Personnel Costs	4,681	6,388
Communications	49,897	48,343
Professional Fees	131,031	125,403
Depreciation Expense	209,548	229,666
Licenses and Accreditation	8,169	250
Miscellaneous Expense	15,298	16,120
Total Operating Expenses	<u>\$ 2,946,512</u>	<u>\$ 2,843,773</u>
<b>Operating Income (Loss)</b>	<u>\$ 13,052</u>	<u>\$ 122,525</u>
<b>Non Operating Revenue</b>		
County Taxes	\$ 3,420,031	\$ 3,329,927
Grant Revenue	-	17,500
Interest Earned	7,395	9,639
Donations/Miscellaneous	20,764	70,247
Gain (Loss) on Disposal of Assets	2,162	891
Total Non Operating Revenues	<u>\$ 3,450,352</u>	<u>\$ 3,428,204</u>
<b>Non Operating Expenses</b>		
Pony Bird, Inc.	266,671	155,923
NextStep for Life, Inc. Family Support Payments	158,690	124,623
NextStep for Life, Inc. Agency Supports	766,339	678,743
NextStep for Life, Inc. Leisure Services Funding	136,993	153,128
Supported Employment-Follow-Along	55,081	67,916
J.S.I.	148,400	146,800
J.S.I. - In Kind-Workshop Rent	212,000	212,000
Judevine Social Skills Training	15,193	21,504
Sunnyhill	39,992	13,847
FACT Funding	75,388	75,600
Transportation (OATS)	906,363	1,182,069
Latitude Therapy	26,350	-
JCCP Parent Training	11,740	9,901
Pathways to Independence	10,323	10,952
Camp Circle Star	15,394	15,400
Camp Scholarships	21,450	6,825
Partnership for Hope Match	103,438	85,896
STL ARC Launch	58,647	-
Miscellaneous Funding Payments	47,987	48,965
Interest Expense	-	3,946
Total Non Operating Expenses	<u>\$ 3,076,439</u>	<u>\$ 3,014,038</u>
<b>Non Operating Income (Loss)</b>	<u>\$ 373,913</u>	<u>\$ 414,166</u>
<b>Change in Net Position</b>	<u>\$ 386,965</u>	<u>\$ 536,691</u>
<b>Net Position - Beginning of Year</b>	<u>\$ 9,949,122</u>	<u>\$ 9,412,431</u>
<b>Net Position - End of Year</b>	<u>\$ 10,336,087</u>	<u>\$ 9,949,122</u>

The accompanying notes are an integral part of the financial statements.

DEVELOPMENTAL DISABILITY ADVOCATES  
HERCULANEUM, MISSOURI  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022  
(with comparative amounts for June 30, 2021)

	<u>For Year Ended June 30, 2022</u>	<u>For Year Ended June 30, 2021</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash Received For Services	\$ 2,561,002	\$ 2,516,585
Rent & Lease Income	180,432	191,432
Cash Payments to Suppliers for Goods and Services	(610,072)	(671,162)
Cash Payments to Employees for Services	(1,871,064)	(1,761,450)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 260,298</b>	<b>\$ 275,405</b>
<b><u>Cash Flows From Non Capital Financing Activities</u></b>		
Property Tax Receipts	\$ 3,420,031	\$ 3,329,927
Grants Received	-	17,500
Increase (Decrease) in Deferred Grant Revenue	40,000	(5,500)
Donations/Miscellaneous	20,764	70,247
Matching, Family Support, and Follow-Along Payments	(317,209)	(278,435)
Funding Payments	(2,547,230)	(2,519,657)
<b>Net Cash Provided (Used) By Non Capital Financing Activities</b>	<b>\$ 616,356</b>	<b>\$ 614,082</b>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Principal Paid On Long Term Debt	\$ -	\$ (161,200)
Interest Paid on Long Term Debt	-	(3,946)
Net Proceeds from Sale of Fixed Assets	2,162	891
(Increase)/Decrease in Construction-in-Process	(7,869)	(15,031)
Fixed Asset Acquisitions	(54,504)	(49,538)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>\$ (60,211)</b>	<b>\$ (228,824)</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Interest Income	\$ 7,395	\$ 9,639
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>\$ 7,395</b>	<b>\$ 9,639</b>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<b>\$ 823,838</b>	<b>\$ 670,302</b>
<b><u>Cash and Cash Equivalents at Beginning of Year</u></b>	<b>\$ 5,920,150</b>	<b>\$ 5,249,848</b>
<b><u>Cash and Cash Equivalents at End of Year</u></b>	<b>\$ 6,743,988</b>	<b>\$ 5,920,150</b>

	<u>For Year Ended June 30, 2022</u>	<u>For Year Ended June 30, 2021</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>		
Operating Income (Loss)	\$ 13,052	\$ 122,525
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	209,548	229,666
Non Cash Operating Revenue-In Kind Rent Income-JSI Workshop	(212,000)	(212,000)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,130)	(46,281)
(Increase) decrease in other assets	915	569
Increase (decrease) in accounts payable	329,872	193,266
Increase (decrease) in retirement plan payable	(2,015)	382
Increase (decrease) in wages and benefits payable	(72,944)	(12,722)
Total adjustments	<u>\$ 247,246</u>	<u>\$ 152,880</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 260,298</u>	<u>\$ 275,405</u>
<b>Non Cash Investing, Capital and Financing Activities:</b>		
In Kind Workshop Rent-JSI	\$ 212,000	\$ 212,000

Developmental Disability Advocates  
Herculaneum, Missouri  
Notes to the Financial Statements

---

Page 11.

I. **Reporting Entity and Basis of Presentation**

Developmental Disability Advocates (DD Advocates) is a governmental agency operating to provide or purchase support for persons having developmental disabilities in Jefferson County, Missouri. Its primary source of funds, approximately 53%, is local tax revenues collected from the assessed valuation of taxable property within Jefferson County. The ability of DD Advocates to continue operating at a normal level is greatly determined by the ability to continue receiving these funds. DD Advocates operations consist mainly of funding and maintaining the facilities of various organizations that offer supports to individuals with developmental disabilities, and providing service coordination. The basic financial statements of DD Advocates have been prepared in accordance with the provisions of the Governmental Accounting Standards Board (GASB), Accounting Standards Codification (GASB ASC), which is the source of authoritative, governmental accounting principles generally accepted in the United States of America (GAAP). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within GASB ASC.

II. **Summary of Significant Accounting Policies**

**Basis of Accounting:**

DD Advocates maintains all books on the accrual basis of accounting whereby revenue that can be measured is recognized as earned, and expenses are recognized as they are incurred.

**Fixed Assets and Depreciation:**

All fixed assets are recorded at cost. Maintenance and repairs on these assets are charged to expense as incurred; major renewals and betterments in excess of \$1,000 are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. All depreciation expense is computed using straight-line depreciation over the estimated useful life of the asset. Buildings are depreciated over a forty year life. Improvements, parking lots, and equipment are depreciated over lives ranging from five to twenty years. Depreciation expense for the period ended June 30, 2022 is \$209,548.

Any materials, assets, or services donated to DD Advocates are recorded at their market value at the time of donation.

**Cash:**

For the purposes of the Statement of Cash Flows, DD Advocates considers cash to be all deposits in checking accounts, money market accounts, certificates of deposit, and cash on hand.

Developmental Disability Advocates  
Herculaneum, Missouri  
Notes to the Financial Statements

---

Page 12.

DD Advocates maintains its cash accounts at local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The accounts with balances over the limit of \$250,000 are collateralized with securities owned by the different financial institutions.

Governmental Accounting Standards Board Statement No. 40 requires that deposits and investments be classified by credit risk. Classification of deposits by credit risk are defined as follows:

Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department in the entity's name.

Category 3 – Deposits which are uninsured or uncollateralized.

DD Advocate's deposits are categorized as follows: Category 1 - \$6,743,988

Interest Rate Risk:

In accordance with its investment policy, DD Advocates manages its exposure to declines in fair values by limiting investments to short-term certificates of deposit or money market bank accounts at local area financial institutions that are stated at cost plus interest earned in the financial statements.

Estimates:

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

Accounts Receivable:

Accounts receivable are presented at net realizable value. DD Advocates uses the direct write-off method for uncollected receivables under which uncollected amounts are deducted in the period that the receivable is deemed to be uncollectible.

Developmental Disability Advocates  
Herculaneum, Missouri  
Notes to the Financial Statements

---

Page 13.

Operating Income:

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to individuals or organizations for facilities and services provided to the developmentally disabled citizens of Jefferson County. Principal operating expenses are the costs of providing these services and include administrative expenses and costs of capital assets. Other revenues and expenses are classified as non-operating in the financial statements and primarily are composed of tax revenues, grants and agency funding.

Deferred Outflows and Inflows of Resources:

The consumption of net assets in one period that are applicable to a future reporting period is recorded as a deferred outflow of resources. The acquisition of assets which are applicable to a future period are referred to as deferred inflows of resources. DD Advocates has no deferred outflows or inflows of resources as of June 30, 2022.

Components of Net Position:

Equity is classified as net position and displayed in three components:

Restricted net position – Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Invested in capital assets, net of related debt – Consists of capital assets reduced by accumulated depreciation and by an outstanding debt incurred to acquire, construct, or improve those assets.

Subsequent Events:

Management has evaluated subsequent events through February 25, 2023, the date on which the financial statements were available to be issued.

Developmental Disability Advocates  
Herculaneum, Missouri  
Notes to the Financial Statements

---

**III. Retirement Plan**

On October 1, 2017 DD Advocates implemented a 457(b) defined contribution plan. Eligible employees may elect to defer and contribute a portion of their salary to the plan. Deferral and contribution amounts are limited pursuant to the limitations imposed on Internal Revenue code section 457(b) plans.

Employees are eligible to participate in the plan immediately upon employment with DD Advocates, and they are 100% vested in all employer contributions. DD Advocates makes bi-weekly matching contributions of up to 5% of the employee's elective deferral based on the employee's years of service. The employer match is 100% of the employee's elective deferral up to 1% during the first year. This matching percentage increases by 1% for each successional calendar year employed up to a maximum match of 5% after five years. DD Advocates contributions to the plan for the period ended June 30, 2022 were \$58,615. The amount of retirement plan payable at June 30, 2022 was \$937.

The plan administrator segregates DD Advocates contributions from employee contributions. Employees direct their own investment choices for both DD Advocates and employee contributions.

**IV. Changes in Fixed Assets**

The following is a summary of changes in fixed assets for the year ended June 30, 2022:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirement</u>	Balance <u>June 30, 2022</u>
Land	\$ 753,500	\$ - 0 -	\$ -0-	\$ 753,500
Buildings & Improvements	7,498,893	36,844	- 0 -	7,535,737
Equipment & Furniture	58,478	17,659	-0-	76,137
Construction-in-Progress	19,031	26,900	(19,031)	26,900
Accumulated Depreciation	<u>(4,116,007)</u>	<u>(209,547)</u>	<u>-0-</u>	<u>(4,325,554)</u>
	\$ 4,213,895	\$ (128,144)	\$ (19,031)	\$ 4,066,720



Developmental Disability Advocates  
Herculaneum, Missouri  
Notes to the Financial Statements

---

V. **Cash Balances**

The cash balance as of June 30, 2022 consists of the following amounts:

Cash in Bank & On Hand	\$ 289,762
Certificates of Deposit	694,142
Money Markets	<u>5,760,084</u>
Total Cash	<u>\$ 6,743,988</u>

VI. **Real Estate Lease Agreements**

A warehouse owned by DD Advocates is leased to JSI.ORG, a not for profit organization. JSI operates a sheltered workshop for individuals with developmental disabilities. The lease term is for one year. The agreed upon amount paid to DD Advocates by JSI is \$6,000 per year. Based on an independent third party appraiser, the fair rental value of this property has been determined to be \$218,000. For financial reporting purposes, a rent subsidy income amount and a rent subsidy expense amount are presented on the statement of activities representing the difference between the fair market value rent and cash rent received.

A building owned by DD Advocates is leased to Jefferson County Community Partnership (JCCP), a not for profit organization. The lease term is currently one year with a payment of \$1,825 per month through the year ending June 30, 2023. Lease income relating to this agreement for the year ended June 30, 2022 was \$21,900.

Two buildings owned by DD Advocates are leased to NextStep for Life, Inc., a not for profit organization. The lease terms for both leases were month-to-month. The leases are cancellable by either party with rent of \$3,890 per month in total. Lease income relating to these agreements for the year ended June 30, 2022 was \$46,680.

VII. **Compensated Absences**

Full time permanent employees are granted vacation benefits in varying amounts to specified maximums. Employees are entitled to all accrued vacation pay upon satisfactory termination of employment. The estimated liability for the accrued vacation amount at June 30, 2022 was \$99,000 and is included in "Salaries and Payroll Tax Payable" on the Statement of Net Assets.

Developmental Disability Advocates  
Herculaneum, Missouri  
Notes to the Financial Statements

---

The following shows the changes in compensated absences:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due within</u> <u>One Year</u>
Vacation Payable	\$ 98,000	\$ 1,000	\$ -0-	\$ 99,000	\$ 99,000

**VIII. Comparative June 30, 2021 Amounts**

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**IX. New Accounting Pronouncements**

For the current year ending June 30, 2022, the DDA implemented Governmental Accounting Standards (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use the lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. While these changes were incorporated into the DDA's financial statements, there was no effect due to the short-term nature of all leases in which the DDA is involved.