

DEVELOPMENTAL DISABILITY ADVOCATES

IMPERIAL, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2023

**DEVELOPMENTAL DISABILITY ADVOCATES
IMPERIAL, MISSOURI**

FINANCIAL STATEMENTS

JUNE 30, 2023

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 11-17

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



LAUREL SUNDHAUSEN, CPA
ANITA SKAGGS, CPA
VICKY A. KERBY, CPA
JANICE M. NEUBRAND, CPA
THOMAS U. VOSS, CPA
BRIAN E. BURCHAM, CPA

JOHN R. CROUCH (1947-2019)

Financial Measurement, Analysis
and Communication

To the Board of Directors
Developmental Disability Advocates
Imperial, Missouri 63052

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, 2023, 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, 2023, 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 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, 2022 financial statements, and our report dated February 25, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Crouch, Farley & Heuring, PC

Farmington, Missouri

January 22, 2024

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, 2023. 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 \$197,000 or 3.1% while total expenses increased \$572,000 or 9.5%. Revenue increased because of additional county tax revenue and more interest earned. Expenses increased primarily from higher personnel costs (including two additional Service Coordinators) and from additional funding of provider agencies. Overall provider agencies were still in the process of returning to pre-COVID levels of support services provided.

DD Advocates net assets increased \$12,000 as a result of this year's operations resulting in ending net assets of \$10,348,000, an increase of 0.1%.

During Fiscal Year 2023, 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 two in order to support more Jefferson County residents with developmental disabilities. Our team works with clients whether or not they are eligible for Medicaid,
- Provided \$1,067,000 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 \$973,000 to Pony Bird, Inc. to help fund multiple agency supports, employment services, and leisure services, (Note: Pony Bird merged with NextStep For Life at the start of this fiscal year.)
- Provided \$146,000 from targeted case management revenues to Pony Bird, Inc. to fund family support payments, which reimburse eligible families for the cost of respite care,
- Provided financial, transportation, and facility assistance totaling \$715,000 to JSI.Org, the sheltered workshop in Jefferson County,
- Provided financial assistance of \$180,000 to Pony Bird, Inc. to help fund repairs, maintenance, and capital projects,
- Provided financial assistance of \$60,000 to St Louis ARC to fund their Launch support program in Jefferson County,
- Provided financial assistance of \$62,000 to Sunnyhill, Inc. to provide ISLA supports and to help fund agency supports,
- Provided camp scholarships totaling \$33,000 for attendees of summer camps such as Sunnyhill and Camp Circle Star,
- Provided financial assistance of \$86,000 to FACT to help fund parent support partners in Jefferson County,
- Provided \$18,000 of funding to Judevine to fund their social skills training service for individuals with autism,
- Provided Partnership For Hope match funding of \$129,000 to allow over \$645,000 worth of services to be provided to individuals with developmental disabilities in Jefferson County,
- Provided \$40,000 of funding to Promise Community Homes to help maintain several ISL homes they own in Jefferson County,
- Purchased an office building in Imperial, Missouri with the goal of consolidating all of our employees at one location.

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 2023	FY 2022	Dollar Change	Percent Change
Current Assets	\$ 5,665	\$ 7,116	\$ -1,451	-20.4%
Fixed Assets	5,175	4,067	1,108	27.2%
Other Assets	1	1	0	0.0%
Total Assets	<u>\$ 10,841</u>	<u>\$ 11,184</u>	<u>\$ -343</u>	<u>-3.1%</u>
Current Liabilities	\$ 493	\$ 848	\$ -355	-41.9%
Long Term Liabilities	0	0	0	0%
Total Liabilities	<u>\$ 493</u>	<u>\$ 848</u>	<u>\$ -355</u>	<u>-41.9%</u>
Net Position				
Invested in capital assets, net of related debt	\$ 5,175	\$ 4,067	\$ 1,108	27.2%
Unrestricted	5,173	6,269	-1,096	-17.5%
Total Net Position	<u>\$ 10,348</u>	<u>\$ 10,336</u>	<u>\$ 12</u>	<u>0.1%</u>
Total Liabilities and Net Position	<u>\$ 10,841</u>	<u>\$ 11,184</u>	<u>\$ -343</u>	<u>-3.1%</u>

DD Advocates net assets increased \$12,000 as a result of this year's operations resulting in ending net assets of \$10,348,000 or an increase of 0.1%. 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 2023	FY 2022	Dollar Change	Percent Change
Revenues				
Taxes	\$ 3,577	\$ 3,420	\$ 157	4.6%
Other	3,030	2,990	40	1.3%
Total Revenues	<u>\$ 6,607</u>	<u>\$ 6,410</u>	<u>\$ 197</u>	<u>3.1%</u>
Expenses				
Personnel	\$ 2,473	\$ 2,281	\$ 192	8.4%
Other	4,122	3,742	380	10.2%
Total Expenses	<u>\$ 6,595</u>	<u>\$ 6,023</u>	<u>\$ 572</u>	<u>9.5%</u>
Total Revenues over (under) expenses	12	387	<u><u>-375</u></u>	<u><u>-96.9%</u></u>
Beginning Net Position	<u>10,336</u>	<u>9,949</u>		
Ending Net Position	<u>\$ 10,348</u>	<u>\$ 10,336</u>		

DD Advocates total revenues increased \$197,000, an increase of 3.1%. This increase occurred because of additional county tax revenue and additional interest earned. DD Advocates total expenses increased \$572,000, an increase of 9.5%. This was caused from additional personnel costs which included expanding our Service Coordination team by two and from increased funding of provider agencies. Provider agencies were still in the process of returning to pre-COVID levels of support services provided.

Capital Assets

At the end of the year, DD Advocates had \$5,175,000 invested in capital assets such as land, buildings, and equipment. This year there was a significant net increase of \$1,108,000 in capital assets after additions, depreciation, and disposals. Most of the increase related to the purchase of an office building in Imperial, Missouri which will allow us to accommodate all of our employees in one location.

Economic Factors and Next Year's Budget

Inflation increased significantly during the year, and it remains a challenge to control costs and still remain competitive with the market for employees. Strategic raises will increase personnel costs but should reduce turnover. The Service Coordination department is expected to maintain staffing levels during FY2024 with modestly improved revenue as newer staff reach full productivity. 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 in the wake of the COVID-19 pandemic. Our property tax revenue for next year is expected to remain consistent. DD Advocates property tax levy is expected to be unchanged at \$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 significantly. We expect to incur no interest expense, because we were successful in purchasing the new office building without taking out a loan. Renovation of that building and consolidation of our staff into the new office space is a priority for the new year. We also expect to sell our previous office building which we had outgrown.

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
901 Jeffco Executive Drive, Imperial, MO 63052.
Or an email can be sent to info@ddadvocates.org

DEVELOPMENTAL DISABILITY ADVOCATES
IMPERIAL, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2023
(with comparative amounts for June 30, 2022)

	Primary Government Business Type Activities Services Fund	
ASSETS	June 30, 2023	June 30, 2022
Current Assets:		
Cash - Operating & Money Markets	\$ 4,026,130	\$ 6,049,846
Certificates of Deposit	1,248,599	694,142
Accounts receivable	312,709	325,188
Prepaid expenses	77,843	46,865
Total	\$ 5,665,281	\$ 7,116,041
Fixed Assets:		
Land	\$ 753,500	\$ 753,500
Buildings and improvements	7,633,015	7,535,737
Equipment and furniture	111,374	76,137
Construction-in-Progress	1,214,331	26,900
Accumulated depreciation	(4,537,352)	(4,325,554)
Total	\$ 5,174,868	\$ 4,066,720
Other Assets:		
Deposits	\$ 1,078	\$ 953
Total	\$ 1,078	\$ 953
Total Assets	\$ 10,841,227	\$ 11,183,714
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities:		
Accounts payable	\$ 318,772	\$ 675,918
Retirement Plan Payable	1,343	937
Salaries and payroll tax payable	141,440	130,772
Deferred Revenue - Grant	32,000	40,000
Current portion long term debt	-	-
Total	\$ 493,555	\$ 847,627
Long Term Liabilities:		
Note Payable	\$ -	\$ -
Less current portion	-	-
Total	\$ -	\$ -
Total Liabilities	\$ 493,555	\$ 847,627
Net Position		
Invested in capital assets, net of related debt (see below)	\$ 5,174,868	\$ 4,066,720
Unrestricted	5,172,804	6,269,367
Total Net Position	\$ 10,347,672	\$ 10,336,087
Calculation of Invested in Capital Assets		
Net book value	\$ 5,174,868	\$ 4,066,720
Current and non current debt	-	-
Total	\$ 5,174,868	\$ 4,066,720

The accompanying notes are an integral part of the financial statements

DEVELOPMENTAL DISABILITY ADVOCATES
IMPERIAL, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(with comparative amounts for June 30, 2022)

	For Year Ended June 30, 2023	For Year Ended June 30, 2022
Operating Revenues		
Service Coordination Revenue	\$ 1,682,640	\$ 1,694,930
TCM Subsidy from DMH	862,898	872,202
Building Rent - NextStep, JCCP, OATS, JSI	165,852	180,432
Building Rent - J.S.I. Workshop - In Kind	212,000	212,000
Total Operating Revenues	<u>\$ 2,923,390</u>	<u>\$ 2,959,564</u>
Operating Expenses		
Salaries	\$ 1,921,783	\$ 1,796,105
Retirement Plan Expense	61,498	58,615
FICA Tax	141,634	129,237
Health Insurance	347,654	296,574
Workman's Compensation Insurance	7,534	9,003
Travel	36,274	21,446
Training	7,913	1,521
Small Equipment Purchases	48,376	21,265
Office Expense	16,575	13,580
Building Rent	34,134	34,026
Insurance	91,893	78,049
Repairs and Maintenance	69,575	48,255
Utilities Expense	41,358	20,212
Personnel Costs	8,323	4,681
Communications	66,337	49,897
Professional Fees	175,239	131,031
Depreciation Expense	211,850	209,548
Licenses and Accreditation	880	8,169
Miscellaneous Expense	16,617	15,298
Total Operating Expenses	<u>\$ 3,305,447</u>	<u>\$ 2,946,512</u>
Operating Income (Loss)	<u>\$ (382,057)</u>	<u>\$ 13,052</u>
Non Operating Revenue		
County Taxes	\$ 3,577,050	\$ 3,420,031
Grant Revenue	40,000	-
Interest Earned	60,952	7,395
Donations/Miscellaneous	5,495	20,764
Gain (Loss) on Disposal of Assets	-	2,162
Total Non Operating Revenues	<u>\$ 3,683,497</u>	<u>\$ 3,450,352</u>
Non Operating Expenses		
Pony Bird, Inc. Capital Projects	179,947	266,671
Pony Bird, Inc. Family Support Payments	146,456	158,690
Pony Bird, Inc. Agency Supports	852,546	766,339
Pony Bird, Inc. Leisure Services Funding	120,532	136,993
Supported Employment-Follow-Along	64,575	55,081
J.S.I.	146,400	148,400
J.S.I. - In Kind-Workshop Rent	212,000	212,000
Judevine Social Skills Training	18,264	15,193
Sunnyhill ISLA and Capital Projects	62,277	39,992
FACT Funding	85,892	75,388
Transportation (OATS)	1,067,124	906,363
Latitude Therapy	3,854	26,350
JCCP Parent Training	14,413	11,740
Promise Community Homes Funding	39,634	-
Pathways to Independence	7,242	10,323
Camp Circle Star	5,775	15,394
Camp Scholarships	27,075	21,450
Partnership for Hope Match	129,398	103,438
STL ARC Launch	60,093	58,647
Miscellaneous Funding Payments	46,358	47,987
Interest Expense	-	-
Total Non Operating Expenses	<u>\$ 3,289,855</u>	<u>\$ 3,076,439</u>
Non Operating Income (Loss)	<u>\$ 393,642</u>	<u>\$ 373,913</u>
Change in Net Position	<u>\$ 11,585</u>	<u>\$ 386,965</u>
Net Position - Beginning of Year	<u>\$ 10,336,087</u>	<u>\$ 9,949,122</u>
Net Position - End of Year	<u>\$ 10,347,672</u>	<u>\$ 10,336,087</u>

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

DEVELOPMENTAL DISABILITY ADVOCATES
IMPERIAL, MISSOURI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(with comparative amounts for June 30, 2022)

	<u>For Year Ended June 30, 2023</u>	<u>For Year Ended June 30, 2022</u>
<u>Cash Flows From Operating Activities</u>		
Cash Received For Services	\$ 2,558,017	\$ 2,561,002
Rent & Lease Income	165,852	180,432
Cash Payments to Suppliers for Goods and Services	(1,560,063)	(610,072)
Cash Payments to Employees for Services	(1,910,709)	(1,871,064)
Net Cash Provided (Used) By Operating Activities	<u>\$ (746,903)</u>	<u>\$ 260,298</u>
<u>Cash Flows From Non Capital Financing Activities</u>		
Property Tax Receipts	\$ 3,577,050	\$ 3,420,031
Grants Received	40,000	-
Increase (Decrease) in Deferred Grant Revenue	(8,000)	40,000
Donations/Miscellaneous	5,495	20,764
Matching, Family Support, and Follow-Along Payments	(340,429)	(317,209)
Funding Payments	(2,737,426)	(2,547,230)
Net Cash Provided (Used) By Non Capital Financing Activities	<u>\$ 536,690</u>	<u>\$ 616,356</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Principal Paid On Long Term Debt	\$ -	\$ -
Interest Paid on Long Term Debt	-	-
Net Proceeds from Sale of Fixed Assets	-	2,162
(Increase)/Decrease in Construction-in-Process	(1,187,431)	(7,869)
Fixed Asset Acquisitions	(132,567)	(54,504)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (1,319,998)</u>	<u>\$ (60,211)</u>
<u>Cash Flows From Investing Activities</u>		
Interest Income	\$ 60,952	\$ 7,395
Net Cash Provided (Used) By Investing Activities	<u>\$ 60,952</u>	<u>\$ 7,395</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ (1,469,259)</u>	<u>\$ 823,838</u>
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>\$ 6,743,988</u>	<u>\$ 5,920,150</u>
<u>Cash and Cash Equivalents at End of Year</u>	<u>\$ 5,274,729</u>	<u>\$ 6,743,988</u>

	<u>For Year Ended June 30, 2023</u>	<u>For Year Ended June 30, 2022</u>
Reconciliation of Operating Income (Loss) to Net Cash		
<u>Provided (Used) by Operating Activities</u>		
Operating Income (Loss)	\$ (382,057)	\$ 13,052
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	211,850	209,548
Non Cash Operating Revenue-In Kind Rent Income-JSI Workshop	(212,000)	(212,000)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	12,479	(6,130)
(Increase) decrease in other assets	(31,103)	915
Increase (decrease) in accounts payable	(357,146)	329,872
Increase (decrease) in retirement plan payable	406	(2,015)
Increase (decrease) in wages and benefits payable	10,668	(72,944)
Total adjustments	<u>\$ (364,846)</u>	<u>\$ 247,246</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (746,903)</u>	<u>\$ 260,298</u>
Non Cash Investing, Capital and Financing Activities:		
In Kind Workshop Rent-JSI	\$ 212,000	\$ 212,000

Developmental Disability Advocates
Imperial, 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 54%, 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, 2023 is \$211,850.

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
Imperial, 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 - \$5,274,729

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
Imperial, 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, 2023.

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 January 22, 2024, the date on which the financial statements were available to be issued.

Developmental Disability Advocates
Imperial, 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, 2023 were \$61,498. The amount of retirement plan payable at June 30, 2023 was \$1,343.

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, 2023:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>June 30, 2023</u>
Land	\$ 753,500	\$ - 0 -	\$ -0-	\$ 753,500
Buildings & Improvements	7,535,737	97,278	- 0 -	7,633,015
Equipment & Furniture	76,137	35,237	-0-	111,374
Construction-in-Progress	26,900	1,187,431	-0-	1,214,331
Accumulated Depreciation	<u>(4,325,502)</u>	<u>(211,850)</u>	<u>-0-</u>	<u>(4,537,352)</u>
	\$ 4,066,772	\$1,108,096	\$ -0-	\$ 5,174,868

Developmental Disability Advocates
Imperial, Missouri
Notes to the Financial Statements

V. Cash Balances

The cash balance as of June 30, 2023 consists of the following amounts:

Cash in Bank & On Hand	\$ 327,365
Certificates of Deposit	1,248,599
Money Markets	<u>3,698,765</u>
Total Cash	<u>\$ 5,274,729</u>

VI. Real Estate Lease Agreements

A warehouse owned by DD Advocates is leased to Jeffco Subcontracting, Inc. (JSI), 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, 2023 was \$21,900. DD Advocates uses the short-term lease option to account for this lease.

A building owned by DD Advocates was leased to Pony Bird, Inc., a not for profit organization. The lease term was month-to-month. The lease was cancellable by either party with rent of \$2,750 per month in total. Lease income relating to the agreement for the year ended June 30, 2023 was \$33,000. This lease ended as of June 30, 2023.

A building owned by DD Advocates was leased to OATS, Inc. The lease term was month-to-month. The lease was cancellable by either party with rent of \$1,221 per month in total. Lease income relating to the agreement for the year ended June 30, 2023 was \$14,652. DD Advocates uses the short-term lease option to account for this lease.

DD Advocates leased administrative office space during the fiscal year. The lease term was month-to-month. The lease was cancellable by either party with rent of \$2,835.50 per month in total. Lease expense relating to the agreement for the year ended June 30, 2023 was \$34,026.

Developmental Disability Advocates
Imperial, Missouri
Notes to the Financial Statements

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, 2023 was \$98,000 and is included in "Salaries and Payroll Tax Payable" on the Statement of Net Assets.

The following shows the changes in compensated absences:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>One Year</u>
Vacation Payable	\$ 99,000	\$ -0-	\$ 1,000	\$ 98,000	\$ 98,000

VIII. Comparative June 30, 2022 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, 2022, from which the summarized information was derived.

IX. Promise Community Homes Funding

DD Advocates funds Promise Community Homes, Inc. (PCH), formerly Rainbow Village Properties, a St. Louis area non-profit organization that purchases housing for individuals with disabilities to reside. DD Advocates holds approximately one-third security interest in the real estate that is purchased with each funding arrangement in Jefferson County, Missouri. It is the intention of both parties to allow PCH full benefit and use, along with all related obligations, in connection with the real estate ownership. If the real estate is ever sold, or not used for its intended purpose, DD Advocates will be repaid its funding amount plus any appreciation in value by PCH. This is treated as an expense instead of an asset because DD Advocates has no intentions of ever recouping this funding payment. However, if the real estate is ever sold or repurposed, the proceeds repaid to DD Advocates will be treated as income at that point in time.

Developmental Disability Advocates
Imperial, Missouri
Notes to the Financial Statements

Page 17.

X. New Accounting Pronouncements

For the 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.