



Financial Statements and Report of Independent
Certified Public Accountants

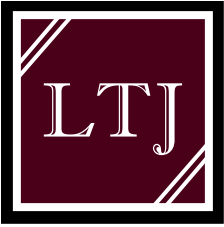
Foothills Gateway, Inc.

June 30, 2011



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Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Foothills Gateway, Inc.

We have audited the accompanying statement of financial position of Foothills Gateway, Inc. (the Center) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's 2010 financial statements, and in our report dated September 30, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foothills Gateway, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
September 19, 2011

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Financial Statements

Foothills Gateway, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2011
(With summarized financial information for June 30, 2010)

ASSETS	<u>2011</u>	<u>2010</u>
Current assets		
Cash and cash equivalents	\$ 2,819,745	\$ 1,987,722
Certificates of deposit	64,317	63,618
Investments	586,525	631,074
Accounts receivable		
Fees and grants from governmental agencies	2,425,383	2,325,911
Vocational contracts	37,106	34,855
Other	69,710	75,765
Prepaid expenses and other	54,126	49,366
Total current assets	<u>6,056,912</u>	<u>5,168,311</u>
Investments	1,798,529	1,888,489
Land, building and equipment, net	3,030,048	3,088,226
	<u>\$ 10,885,489</u>	<u>\$ 10,145,026</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,403,327	\$ 1,327,694
Deferred revenue	49,157	42,139
Total current liabilities	<u>1,452,484</u>	<u>1,369,833</u>
Net assets		
Unrestricted		
Designated memorial funds	112,347	159,750
Designated for capital repair and replacements	100,000	100,000
Net investment in land, building and equipment	3,030,048	3,088,226
Undesignated	6,031,233	5,253,083
Total unrestricted	<u>9,273,628</u>	<u>8,601,059</u>
Temporarily restricted	159,377	174,134
Total net assets	<u>9,433,005</u>	<u>8,775,193</u>
	<u>\$ 10,885,489</u>	<u>\$ 10,145,026</u>

The accompanying notes are an integral part of this statement.

Foothills Gateway, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2011

(With summarized financial information for the year ended June 30, 2010)

	Unrestricted	Temporarily restricted	Total	
			2011	2010
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund				
Comprehensive	\$ 50,115	\$ -	\$ 50,115	\$ 51,420
Adult supported living	674,116	-	674,116	681,801
Children and families	785,948	-	785,948	912,470
Medicaid				
Comprehensive	12,225,178	-	12,225,178	11,573,894
Adult supported living	1,965,738	-	1,965,738	2,144,558
Children's extensive support	243,039	-	243,039	260,960
Part C	172,633	-	172,633	224,143
ARRA	95,530	-	95,530	169,194
Larimer County	3,050,348	-	3,050,348	3,031,259
Grants and other				
U.S. Department of Housing and Urban Development	28,058	-	28,058	17,308
Other	30,240	-	30,240	23,188
Total fees and grants from governmental agencies	19,320,943	-	19,320,943	19,090,195
Public support				
Contributions	269,097	113,868	382,965	204,577
United Way	10,236	-	10,236	8,970
Residential room and board	110,336	-	110,336	120,242
In-kind donations	20,434	-	20,434	33,820
Vocational revenue	372,461	-	372,461	329,261
Other revenue	595,351	-	595,351	276,496
Net assets released from restrictions				
Satisfaction of program restrictions	128,625	(128,625)	-	-
Total support and revenue	20,827,483	(14,757)	20,812,726	20,063,561

(Continued)

The accompanying notes are an integral part of this statement.

Foothills Gateway, Inc.
STATEMENT OF ACTIVITIES (CONTINUED)
Year ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	Unrestricted	Temporarily restricted	Total	
			2011	2010
Expenses				
Program services				
Medicaid comprehensive	\$ 11,092,413	\$ -	\$ 11,092,413	\$ 10,187,653
State adult supported living	652,628	-	652,628	711,825
Medicaid adult supported living	2,224,694	-	2,224,694	2,386,960
Children's extensive support	256,802	-	256,802	275,872
Early intervention	876,249	-	876,249	900,390
Family support	258,606	-	258,606	383,080
Case management	2,049,916	-	2,049,916	2,232,861
Other program services	320,915	-	320,915	229,214
Vocational program	386,675	-	386,675	324,452
Total program services	18,118,898	-	18,118,898	17,632,307
Supporting services				
Management and general	2,036,016	-	2,036,016	1,674,811
Total expenses	20,154,914	-	20,154,914	19,307,118
CHANGE IN NET ASSETS	672,569	(14,757)	657,812	756,443
Net assets, beginning of year	8,601,059	174,134	8,775,193	8,018,750
Net assets, end of year	\$ 9,273,628	\$ 159,377	\$ 9,433,005	\$ 8,775,193

The accompanying notes are an integral part of this statement.

Foothills Gateway, Inc.
STATEMENT OF CASH FLOWS
Year ended June 30, 2011

(With summarized financial information for the year ended June 30, 2010)

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 657,812	\$ 756,443
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	495,451	427,287
Interest income re-invested in certificates of deposit	(699)	(1,445)
Realized/unrealized gain on investments	(87,113)	(22,512)
Gain on sale of fixed assets	(15,965)	(15,101)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(95,668)	265,028
(Increase) decrease in prepaid expenses and other	(4,760)	54,362
Increase in accounts payable and accrued expenses	75,633	53,572
Increase in deferred revenue	7,018	4,965
Net cash provided by operating activities	1,031,709	1,522,599
Cash flows from investing activities		
Purchase of land, building and equipment	(437,273)	(376,278)
Proceeds from sale of fixed asset	15,965	15,101
Proceeds from sale of certificates of deposit	-	182,814
Purchase of investments	(445,701)	(1,020,841)
Proceeds from sale of investments	667,323	529,948
Net cash used in investing activities	(199,686)	(669,256)
NET INCREASE IN CASH AND CASH EQUIVALENTS	832,023	853,343
Cash and cash equivalents, beginning of year	1,987,722	1,134,379
Cash and cash equivalents, end of year	\$ 2,819,745	\$ 1,987,722

The accompanying notes are an integral part of this statement.

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. *Summary of Business Activities*

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

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

Children's Extensive Support is a deeming waiver (only the child's income is considered in determining eligibility) intended to provide needed services and supports to eligible children under the age of 18 years in order for the children to remain in or return to the family home. Waiver services are targeted to children having extensive support needs, which require constant line-of-sight supervision due to significantly challenging

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Description of Services Provided (Continued)*

Program Services or Supports (Continued)

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 Individualized Plan, and the evaluation of results identified in the Individualized Plan.

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.

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – 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.

3. *Basis of Accounting*

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

4. *Use of Estimates*

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

5. *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 19, 2011, 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 all cash on hand and cash on deposit, subject to immediate withdrawal and certificates of deposit with an original maturity of three months or less, to be cash equivalents.

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.

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. *Accounts Receivable*

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

8. *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 and at estimated fair value, at date of receipt, for donated property. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10–50
Program and administrative equipment	3–10

10. *Temporarily Restricted Revenue*

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

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. *In-Kind Donations*

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

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, 2011.

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 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. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government agency debt securities and corporate-debt securities.

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. *Fair Value Measurements (Continued)*

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*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE B – INVESTMENTS

Investments are classified between current and noncurrent based on their maturity dates. Investments at June 30, 2011 are comprised of the following:

Equity income securities	\$ 432,419
U.S. Government agency securities	474,496
Corporate bonds	856,832
Municipal bonds	<u>621,307</u>
	\$ <u>2,385,054</u>
Current investments	\$ 586,525
Noncurrent investments	<u>1,798,529</u>
Total investments	\$ <u>2,385,054</u>

The following table presents the Center's fair value hierarchy for those assets measured at fair value as of June 30, 2011:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Equity income securities	\$ 432,419	\$ 432,419	\$ -	\$ -
U.S. Government agency securities	474,496	-	474,496	-
Corporate bonds	856,832	-	856,832	-
Municipal bonds	<u>621,307</u>	<u>-</u>	<u>621,307</u>	<u>-</u>
	\$ <u>2,385,054</u>	\$ <u>432,419</u>	\$ <u>1,952,635</u>	\$ <u>-</u>

Investment return for the year ended June 30, 2011, consists of the following:

Investment income	\$ 97,256
Unrealized gain on investments	87,347
Realized loss on investments	<u>(234)</u>
	\$ <u>184,369</u>

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE C – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30, 2011:

Buildings and improvements	\$ 6,068,757
Program and administrative equipment	<u>1,977,378</u>
	8,046,135
Less accumulated depreciation	<u>5,177,787</u>
	2,868,348
Land	<u>161,700</u>
	\$ <u>3,030,048</u>

Depreciation expense was \$495,451 for the year ended June 30, 2011.

NOTE D – DEFERRED REVENUE

Deferred revenue of \$49,157 at June 30, 2011 consists of unearned revenue from the U.S. Department of Housing and Urban Development. The revenue is recognized when services are performed.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

The following are included in temporarily restricted net assets at June 30, 2011:

Adult care services (respite house)	\$ 13,770
Adult needs	50,871
Children and family	31,107
Community participation	4,603
FSS council	34,675
Other	<u>24,351</u>
	\$ <u>159,377</u>

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 \$276,605 for the year ended June 30, 2011.

Foothills Gateway, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE G – LEASES

The Center leases office space, transportation and workshop equipment as well as residential facilities in the operation of its programs. The leases expire through fiscal year 2017.

Future minimum rental payments for these leases at June 30, 2011 are as follows:

Year ending June 30,	
2012	\$ 16,088
2013	12,587
2014	12,238
2015	6,414
2016	3,059
Thereafter	<u>296</u>
	<u>\$ 50,682</u>

The total rent expense for operating leases for the year ended June 30, 2011 was \$46,656.

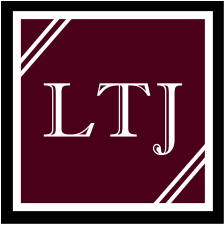
NOTE H – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado is \$1,804,496 and the Center has a payable to the State of Colorado in the amount of \$75,656 which is recorded in accounts payable and accrued expenses at June 30, 2011. 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 to developmentally disabled consumers of the Center at below market rates. The Trust did not receive any funds on behalf of the Center for the year ended June 30, 2011. During the year ended June 30, 2011, the Trust contributed \$18,282 to the Center of which \$15,150 was designated for the support of the adult and children special needs in the Adult Supported Living Services, Medicaid Comprehensive and Family Support programs and the other \$3,132 was not designated.

Supplementary Information



Logan, Thomas & Johnson, LLC
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION

Board of Directors
Foothills Gateway, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Foothills Gateway, Inc. (the Center) as of and for the year ended June 30, 2011, which are presented in the preceding section of this report. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical data shown on pages 24 through 27 have been summarized from the Center's records and were not subjected to the audit procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion on such information. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado
September 19, 2011

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Foothills Gateway, Inc.
SUMMARY OF REVENUE AND EXPENSES BY PROGRAM
Year ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	Program Services				
	Non specified	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Fees and grants from governmental agencies					
Fees for services					
State of Colorado					
State General Fund					
Comprehensive	\$ -	\$ -	\$ -	\$ -	\$ -
Adult supported living	-	-	516,596	-	-
Children and families	-	-	-	-	-
Medicaid					
Comprehensive	-	10,677,918	-	-	-
Adult supported living	-	-	-	1,965,738	-
Children's extensive support	-	-	-	-	243,039
Part C	-	-	-	-	-
ARRA	-	-	-	-	-
Larimer County	2,590,690	232,199	47,603	14,933	-
Grants and other					
U.S. Department of Housing and Urban Development	-	-	-	-	-
Other	-	30,240	-	-	-
Total fees and grants from governmental agencies	<u>2,590,690</u>	<u>10,940,357</u>	<u>564,199</u>	<u>1,980,671</u>	<u>243,039</u>
Public support					
Contributions					
United Way	10,236	-	-	-	-
Residential room and board	-	110,336	-	-	-
In-kind donations	-	3,080	-	-	-
Vocational revenue	-	-	-	-	-
Other revenue	216,843	1,938	19	89	-
Total support and revenue	<u>\$ 2,817,769</u>	<u>\$ 11,105,869</u>	<u>\$ 564,218</u>	<u>\$ 1,980,760</u>	<u>\$ 243,039</u>
Expenses					
Salaries					
Direct care	\$ -	\$ 3,336,484	\$ 209,312	\$ 496,584	\$ -
Other	-	175,547	23,353	123,542	9,511
Payroll taxes	-	435,145	27,768	75,156	773
Employee benefits	-	736,059	42,167	93,186	1,725
Total personal services	-	4,683,235	302,600	788,468	12,009
Medical professional services					
Physicians	-	975	1,512	-	-
Other	-	295,845	16,697	45,152	18,473

Program Services

Early interven- tion	Family support	Case manage- ment	Other program services	Vocational program	Management and general	Total	
						2011	2010
\$ -	\$ -	\$ 50,115	\$ -	\$ -	\$ -	\$ 50,115	\$ 51,420
-	-	66,677	-	-	90,843	674,116	681,801
432,785	134,161	119,022	-	-	99,980	785,948	912,470
-	-	1,414,852	-	-	132,408	12,225,178	11,573,894
-	-	-	-	-	-	1,965,738	2,144,558
-	-	-	-	-	-	243,039	260,960
112,590	-	40,175	-	-	19,868	172,633	224,143
77,130	-	4,788	-	-	13,612	95,530	169,194
18,628	91,795	23,500	-	-	31,000	3,050,348	3,031,259
-	-	-	28,058	-	-	28,058	17,308
-	-	-	-	-	-	30,240	23,188
641,133	225,956	1,719,129	28,058	-	387,711	19,320,943	19,090,195
609	8,920	53,135	21,119	10,850	238,174	382,965	204,577
-	-	-	-	-	-	10,236	8,970
-	-	-	-	-	-	110,336	120,242
-	-	-	-	-	17,354	20,434	33,820
-	-	-	-	372,461	-	372,461	329,261
70,220	-	18,520	15,511	-	272,211	595,351	276,496
<u>\$ 711,962</u>	<u>\$ 234,876</u>	<u>\$ 1,790,784</u>	<u>\$ 64,688</u>	<u>\$ 383,311</u>	<u>\$ 915,450</u>	<u>\$ 20,812,726</u>	<u>\$ 20,063,561</u>
\$ 16,951	\$ -	\$ -	\$ 188,130	\$ -	\$ -	\$ 4,247,461	\$ 4,091,336
119,820	16,809	1,380,630	22,715	280,012	1,280,936	3,432,875	3,083,481
12,287	1,432	118,487	25,011	33,541	107,524	837,124	705,362
25,762	3,641	278,556	25,506	-	186,024	1,392,626	1,310,364
174,820	21,882	1,777,673	261,362	313,553	1,574,484	9,910,086	9,190,543
-	-	-	-	-	-	2,487	12,407
670,726	-	6,375	-	-	-	1,053,268	1,067,646

(Continued)

Foothills Gateway, Inc.
SUMMARY OF REVENUE AND EXPENSES BY PROGRAM (CONTINUED)
Year ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	Program Services				
	Non specified	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Other professional services	\$ -	\$ 1,027,541	\$ 91,374	\$ 613,346	\$ 83,581
Staff development	-	12,239	752	3,041	119
Staff travel	-	3,420	1,096	2,385	26
Vehicles					
Fuel and oil	-	89,168	7,019	11,953	1
Maintenance	-	43,706	3,449	5,886	4
Occupancy					
Rent	-	31,729	11	81	-
Maintenance	-	128,298	5,397	11,722	84
Utilities	-	98,572	6,139	11,824	101
Equipment					
Leases	-	2,741	191	639	27
Maintenance	-	26,429	1,509	3,830	74
Supplies					
Medical and client care supplies	-	38,540	1,239	21,001	3,967
Pharmacy	-	1,182	-	-	-
Production materials	-	79	-	-	-
Other	-	42,807	3,025	7,379	246
Telephone	-	26,011	1,686	3,899	49
Dues and subscriptions	-	8,139	1,860	3,395	259
Food	-	21,684	-	-	-
Insurance	-	89,877	6,450	12,000	61
Other	-	100,282	8,338	58,689	7,822
In-kind donations	-	3,080	-	-	-
Total direct program expenses	-	6,775,579	460,344	1,604,690	126,903
Purchased services	-	3,978,481	168,918	579,461	129,691
Expenses before depreciation and amortization	-	10,754,060	629,262	2,184,151	256,594
Depreciation and amortization	-	338,353	23,366	40,543	208
Total expenses	\$ -	\$ 11,092,413	\$ 652,628	\$ 2,224,694	\$ 256,802

Program Services

Early interven- tion	Family support	Case manage- ment	Other program services	Vocational program	Management and general	Total	
						2011	2010
\$ 45	\$ 3	\$ 3,852	\$ 501	\$ -	\$ 80,370	\$ 1,900,613	\$ 1,947,532
681	131	5,383	766	-	23,403	46,515	55,763
1,102	24	27,229	2,096	-	8,869	46,247	41,863
42	8	3,228	1,431	4,645	3,100	120,595	92,353
15	3	1,480	706	2,306	1,265	58,820	61,741
-	-	-	280	-	-	32,101	31,719
808	155	15,939	10,663	-	10,746	183,812	213,180
967	186	18,520	5,209	-	12,847	154,365	153,839
347	66	5,482	352	1,958	2,752	14,555	14,777
841	160	19,955	3,396	48	12,242	68,484	100,779
6	-	-	591	-	-	65,344	62,666
-	-	-	-	-	-	1,182	968
-	-	-	1	54,576	-	54,656	61,741
2,393	451	35,579	2,336	-	30,185	124,401	121,702
539	103	11,067	3,434	-	7,673	54,461	54,978
5,740	1	370	805	-	111,163	131,732	121,275
-	-	-	-	-	-	21,684	36,487
703	129	13,108	2,042	2,224	15,585	142,179	133,608
3,332	234,909	50,233	21,356	-	88,274	573,235	586,236
-	-	-	-	-	17,354	20,434	33,820
863,107	258,211	1,995,473	317,327	379,310	2,000,312	14,781,256	14,197,623
11,088	-	10,568	-	-	-	4,878,207	4,682,208
874,195	258,211	2,006,041	317,327	379,310	2,000,312	19,659,463	18,879,831
2,054	395	43,875	3,588	7,365	35,704	495,451	427,287
<u>\$ 876,249</u>	<u>\$ 258,606</u>	<u>\$ 2,049,916</u>	<u>\$ 320,915</u>	<u>\$ 386,675</u>	<u>\$ 2,036,016</u>	<u>\$ 20,154,914</u>	<u>\$ 19,307,118</u>

(Continued)

Foothills Gateway, Inc.
SUMMARY OF REVENUE AND EXPENSES BY PROGRAM (CONTINUED)
Year ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	Program Services				
	Non specified	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Total expenses	\$ -	\$ 11,092,413	\$ 652,628	\$ 2,224,694	\$ 256,802
Less unallowable expenses	-	56,260	-	19,234	-
Total allowable expenses	-	11,036,153	652,628	2,205,460	256,802
Net allocated management and general (note A)	-	686,011	40,362	137,587	15,882
Adjusted total expenses	\$ -	\$ 11,722,164	\$ 692,990	\$ 2,343,047	\$ 272,684

Statistical Data (Unaudited)

1. Total days in residential used - State, Medicaid, private pay, etc.		41,549			
2. Total days in residential used - State and Medicaid only		41,549			
3. Unduplicated number of individuals		271	71	185	15
Cost per unit of service					
Adjusted total expense/item 2	\$	282			
Adjusted total expense/item 3			\$ 9,760	\$ 12,665	\$ 18,179

Note A:

Net management and general costs are allocated to program services based on the individual program's expenses as a percentage to total program expenses.

Program Services

Early interven- tion	Family support	Case manage- ment	Other program services	Vocational program	Management and general	Total	
						2011	2010
\$ 876,249	\$ 258,606	\$ 2,049,916	\$ 320,915	\$ 386,675	\$ 2,036,016	\$ 20,154,914	\$ 19,307,118
2,525	9,355	23,953	-	-	-	111,327	259,516
873,724	249,251	2,025,963	320,915	386,675	2,036,016	20,043,587	19,047,602
54,192	15,994	126,777	19,847	23,914	(1,120,566)	-	-
<u>\$ 927,916</u>	<u>\$ 265,245</u>	<u>\$ 2,152,740</u>	<u>\$ 340,762</u>	<u>\$ 410,589</u>	<u>\$ 915,450</u>	<u>\$ 20,043,587</u>	<u>\$ 19,047,602</u>

415 208 1,296

\$ 2,236 \$ 1,275 \$ 1,661

Foothills Gateway, Inc.
SCHEDULE OF CASE MANAGEMENT SERVICES
Year ended June 30, 2011

	<u>Targeted case manage- ment</u>	<u>Other case manage- ment</u>	<u>Total</u>
Fees and grants from governmental agencies			
Fees for services			
State of Colorado			
State General Fund			
Comprehensive	\$ -	\$ 50,115	\$ 50,115
Adult supported living	-	66,677	66,677
Children and families	-	119,022	119,022
Medicaid			
Comprehensive	1,414,852	-	1,414,852
Part C	-	40,175	40,175
ARRA	-	4,788	4,788
Larimer County		23,500	23,500
Total fees and grants from governmental agencies	<u>1,414,852</u>	<u>304,277</u>	<u>1,719,129</u>
Public support			
Contributions	-	53,135	53,135
Other revenue	-	18,520	18,520
Total support and revenue	<u>\$ 1,414,852</u>	<u>\$ 375,932</u>	<u>\$ 1,790,784</u>
Expenses			
Salaries			
Direct care	\$ -	\$ -	\$ -
Other	644,333	736,297	1,380,630
Payroll taxes	55,297	63,190	118,487
Employee benefits	130,001	148,555	278,556
Total personal services	<u>829,631</u>	<u>948,042</u>	<u>1,777,673</u>
Medical professional services			
Physicians	-	-	-
Other	2,975	3,400	6,375
Other professional services	1,798	2,054	3,852
Staff development	2,512	2,871	5,383
Staff travel	12,708	14,521	27,229
Vehicles			
Fuel and oil	1,507	1,721	3,228
Maintenance	691	789	1,480
Leases	-	-	-

(Continued)

Foothills Gateway, Inc.
SCHEDULE OF CASE MANAGEMENT SERVICES (CONTINUED)
Year ended June 30, 2011

	Targeted case manage- ment	Other case manage- ment	Total
Occupancy			
Rent	\$ -	\$ -	\$ -
Maintenance	7,439	8,500	15,939
Utilities	8,643	9,877	18,520
Equipment			
Leases	2,558	2,924	5,482
Maintenance	9,313	10,642	19,955
Supplies			
Medical and client care supplies	-	-	-
Pharmacy	-	-	-
Production materials	-	-	-
Other	16,605	18,974	35,579
Telephone	5,165	5,902	11,067
Dues and subscriptions	173	197	370
Food	-	-	-
Insurance	6,117	6,991	13,108
Interest	-	-	-
Other	23,444	26,789	50,233
In-kind donations	-	-	-
Total direct program expenses	<u>931,279</u>	<u>1,064,194</u>	<u>1,995,473</u>
Purchased services	<u>4,932</u>	<u>5,636</u>	<u>10,568</u>
Expenses before depreciation and amortization	936,211	1,069,830	2,006,041
Depreciation and amortization	<u>-</u>	<u>43,875</u>	<u>43,875</u>
Total expenses	<u><u>\$ 936,211</u></u>	<u><u>\$ 1,113,705</u></u>	<u><u>\$ 2,049,916</u></u>

Statistical Data (Unaudited)

Unduplicated number of individuals	589	707
Full-time equivalents	21.72	24.82