

**Rocky Mountain Human Services  
and Subsidiary**

**Consolidated Financial Statements  
and Supplemental Information**

**June 30, 2025 and 2024**

**(With Independent Auditor's Report Thereon)**



## **Independent Auditor's Report**

### **Board of Directors Rocky Mountain Human Services and Subsidiary**

#### **Opinion**

We have audited the accompanying combined financial statements of Rocky Mountain Human Services and Subsidiary (RMHS) which comprise the combined statement of financial position as of June 30, 2025 and 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RMHS as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 RMHS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 combined financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about RMHS' ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the combined 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 opinion. 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 combined financial statements.

**Board of Directors**  
**Rocky Mountain Human Services and Subsidiary**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RMHS' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about RMHS' 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.

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Kundinger, Corder & Montoya, P.C.*

November 17, 2025

**Rocky Mountain Human Services and Subsidiary**  
**Consolidated Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 24,945,208	23,900,889
Certificates of deposit (note 3)	6,824,000	5,017,668
Investments (note 4)	2,545,941	—
Receivables		
Service receivables, less allowance for uncollectable accounts of \$628,561 in 2025 and \$738,389 in 2024	5,780,227	3,554,598
Denver Mill Levy receivables	7,545,073	3,882,452
State grant receivables	5,212,521	6,000,337
Federal grant receivables	1,255,376	690,352
Other receivables	14,475	3,741
Net accounts receivable	19,807,672	14,131,480
Prepaid expenses and other assets	327,896	(47,348)
Property and equipment, net (notes 5 and 6)	4,534,295	5,292,145
Total assets	\$ 58,985,012	48,294,834
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 3,644,088	2,050,358
Accrued liabilities	4,696,045	3,758,828
Deferred revenue (note 7)	6,320,925	5,942,403
Bond and note payable, net (note 6)	4,148,685	4,797,643
Total liabilities	18,809,743	16,549,232
Net assets		
Without donor restrictions	40,175,269	31,745,602
Total net assets	40,175,269	31,745,602
Commitments (notes 7 through 9)		
Total liabilities and net assets	\$ 58,985,012	48,294,834

See the accompanying notes to the consolidated financial statements.

**Rocky Mountain Human Services and Subsidiary**  
**Consolidated Statements of Activities**  
**June 30, 2025 and 2024**

	2025	2024
<b>Operating revenue</b>		
Case management	\$ 34,722,422	25,591,385
Client directed funds	19,964,581	18,442,801
Child and family services	17,848,311	18,312,474
State supported living services	2,698,457	2,024,820
Transition programs	21,093,514	18,311,250
Other programs	2,310,705	777,489
Total operating revenue	<u>98,637,990</u>	<u>83,460,219</u>
<b>Expenses</b>		
Program services		
Case management	27,144,460	22,210,492
Client directed funds	18,838,160	17,286,081
Child and family services	16,333,674	15,364,820
State supported living services	2,598,909	1,926,203
Transition programs	19,386,167	16,702,956
Other programs	1,358,646	991,334
Total program services	<u>85,660,016</u>	<u>74,481,886</u>
Supporting services		
Management and general	6,118,175	5,428,668
Total supporting services	<u>6,118,175</u>	<u>5,428,668</u>
Total operating expenses	<u>91,778,191</u>	<u>79,910,554</u>
Total operating net income	<u>6,859,799</u>	<u>3,549,665</u>
<b>Non-operating revenue and expenses</b>		
Contributions and grants	11,680	8,283
Other revenue	238,901	41,766
Investment return	1,319,287	973,051
Fund raising expenses	—	(5,098)
Total non-operating net income	<u>1,569,868</u>	<u>1,018,002</u>
<b>Change in net assets</b>	8,429,667	4,567,667
<b>Net assets at beginning of year</b>	<u>31,745,602</u>	<u>27,177,935</u>
<b>Net assets at end of year</b>	<u>\$ 40,175,269</u>	<u>31,745,602</u>

See the accompanying notes to the consolidated financial statements.

**Rocky Mountain Human Services and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Case manage- ment	Client directed funds	Child and family services	State sup- ported living services	Transition programs	Other programs	Total program services	Manage- ment and general	Total expenses
Salaries	\$ 17,011,230	1,718,750	7,827,297	37,584	7,270,564	25,411	33,890,836	3,329,228	37,220,064
Payroll taxes	1,613,698	162,182	723,309	3,007	685,184	2,330	3,189,710	294,997	3,484,707
Benefits	2,918,367	310,786	1,343,781	5,642	1,368,956	3,757	5,951,289	581,426	6,532,715
Client expenses									
Services and activities	—	12,726,938	3,359,591	468,458	83,305	196,499	16,834,791	3,292	16,838,083
Professional services	82,824	2,624,183	1,838,065	1,250	1,096,362	(20,102)	5,622,582	—	5,622,582
Habilitation services	—	—	—	1,090,506	410,982	7,694	1,509,182	—	1,509,182
Personal care	80	—	153,774	704,368	255,488	258,481	1,372,191	—	1,372,191
Transportation	—	—	12,179	205,265	219,441	689,209	1,126,094	—	1,126,094
Housing	—	1,020,628	2,667	—	6,545,119	14,765	7,583,179	9,126	7,592,305
Other expenses	—	—	2,900	—	32,910	83,411	119,221	—	119,221
Professional fees	2,758,524	42,475	194,407	17,444	163,809	45,460	3,222,119	612,462	3,834,581
Office supplies	1,904,101	158,811	479,413	10,985	605,822	38,994	3,198,126	499,297	3,697,423
Occupancy	102,818	10,582	34,273	867	174,598	6,772	329,910	74,849	404,759
Travel	280,187	7,383	106,550	111	139,059	12	533,302	2,129	535,431
Conferences	34,759	3,024	50,152	1,976	91,626	(68)	181,469	214,395	395,864
Interest	69,360	7,476	23,595	(1)	30,050	(15)	130,465	27,459	157,924
Depreciation and amortization	180,189	19,306	106,485	39,343	132,043	3,555	480,921	167,022	647,943
Insurance	62,699	7,164	16,021	5,850	25,447	1,971	119,152	82,796	201,948
Other expenses	125,624	18,472	59,215	6,254	55,402	510	265,477	219,697	485,174
Total expenses	\$ <u>27,144,460</u>	<u>18,838,160</u>	<u>16,333,674</u>	<u>2,598,909</u>	<u>19,386,167</u>	<u>1,358,646</u>	<u>85,660,016</u>	<u>6,118,175</u>	<u>91,778,191</u>

See the accompanying notes to the consolidated financial statements.

**Rocky Mountain Human Services and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2024**

	Case manage- ment	Client directed funds	Child and family services	State sup- ported living services	Transition programs	Other programs	Total program services	Manage- ment and general	Fund raising	Total expenses
Salaries	\$ 14,634,382	1,463,954	7,568,519	34,431	6,375,063	36,731	30,113,080	3,091,607	—	33,204,687
Payroll taxes	1,344,595	136,706	692,966	2,762	587,096	3,246	2,767,371	300,719	—	3,068,090
Benefits	2,619,228	252,914	1,292,041	5,228	1,234,104	5,177	5,408,692	560,865	—	5,969,557
Client expenses										
Services and activities	—	10,930,894	3,178,796	436,138	168,057	146,105	14,859,990	750	—	14,860,740
Professional services	67,551	3,192,733	1,572,837	797	1,137,025	38,363	6,009,306	40	—	6,009,346
Habilitation services	—	—	—	861,032	430,460	6,969	1,298,461	—	—	1,298,461
Personal care	—	185	128,202	393,094	352,767	139,039	1,013,287	—	—	1,013,287
Transportation	32	22	10,528	110,079	171,441	545,606	837,708	—	—	837,708
Housing	—	915,081	10,401	587	4,951,953	13,282	5,891,304	2,568	—	5,893,872
Other expenses	—	—	5,492	—	19,943	—	25,435	—	—	25,435
Professional fees	1,460,145	49,309	170,999	12,355	63,062	6,149	1,762,019	369,306	—	2,131,325
Office supplies	1,372,717	163,214	377,442	19,446	513,596	34,036	2,480,451	379,812	—	2,860,263
Occupancy	119,754	11,588	54,090	1,153	209,070	10,207	405,862	98,074	—	503,936
Travel	117,865	5,709	113,161	484	143,400	171	380,790	12,894	—	393,684
Conferences	73,896	8,362	30,463	2,757	91,389	618	207,485	235,018	—	442,503
Interest	76,330	37,589	6,727	—	33,280	—	153,926	27,957	—	181,883
Depreciation and amortization	161,706	61,063	80,818	25,242	127,297	3,353	459,479	168,190	—	627,669
Insurance	54,969	9,983	17,653	5,915	27,275	1,801	117,596	79,448	—	197,044
Bad debt	—	—	—	5,479	—	—	5,479	—	—	5,479
Other expenses	107,322	46,775	53,685	9,224	66,678	481	284,165	101,420	5,098	390,683
Total expenses	\$ 22,210,492	17,286,081	15,364,820	1,926,203	16,702,956	991,334	74,481,886	5,428,668	5,098	79,915,652

See the accompanying notes to the consolidated financial statements.

**Rocky Mountain Human Services and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 8,429,667	4,567,667
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization of property and equipment	757,850	611,825
Amortization of debt issuance costs	15,844	15,844
Bad debt expense	—	5,479
Change in operating assets and liabilities		
Accounts receivable	(5,676,192)	1,725,401
Prepaid expenses and other assets	(375,244)	(149,931)
Accounts payable and accrued liabilities	2,530,947	714,875
Deferred revenue	378,522	1,752,069
Net cash provided by operating activities	<u>6,061,394</u>	<u>9,243,229</u>
<b>Cash flows from investing activities</b>		
Purchases of certificates of deposit	(1,806,332)	(5,017,668)
Purchases of investments	(2,545,941)	—
Purchases of property and equipment	—	(198,209)
Net cash used in investing activities	<u>(4,352,273)</u>	<u>(5,215,877)</u>
<b>Cash flows from financing activities</b>		
Principal payments on bond and notes payable	(664,802)	(642,002)
Net cash used in financing activities	<u>(664,802)</u>	<u>(642,002)</u>
<b>Increase in cash and cash equivalents</b>	1,044,319	3,385,350
<b>Cash and cash equivalents at beginning of year</b>	<u>23,900,889</u>	<u>20,515,539</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 24,945,208</u>	<u>23,900,889</u>
<b>Supplemental cash flow information</b>		
Interest paid	<u>\$ 159,114</u>	<u>181,883</u>

See the accompanying notes to the consolidated financial statements.



# Rocky Mountain Human Services and Subsidiary

## Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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### (1) Summary of Significant Accounting Policies

#### (a) Organization

Rocky Mountain Human Services (the Organization) embraces the power of community to support individuals and families in creating their future. The Organization is a not-for-profit corporation designated by the State of Colorado as a Community Centered Board to coordinate programs to provide services to individuals with developmental disabilities in the City and County of Denver (the City). The Organization also provides services and programs in addition to those specific to its designation as a Community Centered Board. On January 1, 2019, the Organization formed Rocky Mountain Human Services Foundation (Foundation) as a wholly owned not-for-profit subsidiary.

The Organization and Foundation are supported primarily through governmental and client service revenue, grants, and contributions. The Organization and Foundation's services and programs can be categorized under the following pillars:

*Case Management:* Case management services are provided for clients that are eligible for Home and Community Based Service waivers (HCBS) in the State of Colorado, and Home Care Allowance (HCA). These services include intake activities and eligibility determination, the facilitation of enrollment into home and community-based services, and locating, coordinating, and monitoring services and supports for people with disabilities and ongoing health conditions. Case managers monitor the effective and efficient provision of services across multiple funding sources and may also assist clients with obtaining services outside of Medicaid waiver funding to include medical, social, education, and other services for individuals with disabilities (I/DD).

*Client Directed Mill Levy Funds:* This Denver Mill Levy funded program provides services and resources not available from other funding sources to individuals with I/DD and delays. Additionally, the program provides funding to other agencies offering services to individuals with I/DD in Denver County. Services and resources provided including behavioral/mental health; basic needs/environmental supports; education and increasing independence; medical/dental; social/recreational; training and support.

*Child and Family Services:* RMHS provides services to children and adolescents with developmental delays or disabilities, including autism, under three programs. The Early Intervention (EI) program provides case management and direct intervention services to eligible infants and toddlers, and their families, in the areas of cognition, speech and communication, sensory and motor development, social and emotional development, and self-help skills. In addition to providing direct intervention services for infants and toddlers in EI, the Children's Clinical program provides comprehensive assessment, consultation, and intervention services to children and adolescents age 3 and older with suspected autism spectrum disorder or related concerns. The Family Support Services Program (FSSP) provides support for families who have children with developmental disabilities or delays with costs that are beyond those normally experienced by other families and focuses on preventing out-of-home placements. The Denver Early Steps Program (DES) provides case management and direct services for children under the age of 3 in the city and county of a Denver with a 25-32% delay in one of the five areas of development, who are no longer supported by the state Early Intervention program due to an eligibility criteria rule change, which requires a 33% delay in one area; the DES program also provides developmental screenings and monitoring and other developmental services that are not available through the EI program (e.g., group education and intervention).

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(a) Organization, Continued**

*Child and Family Services, Continued:* Beginning in Fiscal Year 23 RMHS contracted with the State Office of Early Childhood to complete eligibility evaluations for the EI Program; this Early Intervention Evaluation (EIE) program accepts referrals from the state intake team and then connects eligible children with the EIE program. DES also include the Transition Home Project, which provides families being discharged from the NICU access to an infant specialist, as well as resources and support to be evaluated for the Early Intervention program, and autism diagnostic or adaptive testing for children over 3 and outside of the Early Intervention program.

START Systemic, Therapeutic, Assessment and Treatment program providing services to residents of the City and County of Denver. This is a community-based tertiary care crisis prevention and intervention program for people with intellectual and developmental disabilities (I/DD) with mental /behavioral health (MH) needs and their systems of care and natural supports.

*State Supported Living Services:* For clients not eligible for services under the Home and Community Service Based Waivers for Developmentally Disabled, Supported Living Services, and Children's Extensive Services, the State SLS program provides select services to eligible clients. Depending on individual needs, clients may also be provided caregiver respite, personal care, behavioral services, mentorship, transportation, hippotherapy, movement therapy, massage therapy, day habilitation, basic and enhanced homemaker services, supported employment, and community connections.

*Transition Programs:* RMHS provides intensive clinical care coordination and wraparound supports for individuals transitioning from mental health institutions, psychiatric hospitals, or substance abuse facilities to a community setting. RMHS also provides stable housing services to Veterans who are homeless or at risk of becoming homeless, while addressing root causes of homelessness through case management. RMHS also provides intensive case management to unhoused individuals suspected or known to have an I/DD, connecting them with the services and supports they need to stabilize their living situations.

*Other Programs:* Transportation services are available to adult clients who can participate in independent local travel.

**(b) Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Rocky Mountain Human Services and Rocky Mountain Human Services Foundation (collectively RMHS). All significant intercompany balances and transactions have been eliminated in consolidation.

**(c) Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(d) Financial Statement Presentation**

RMHS is required to present information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of RMHS. These net assets may be used at the discretion of RMHS' management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RMHS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2025 and 2024, RMHS did not have any net assets with donor restrictions.

**(e) Measure of Operations**

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to RMHS' ongoing program activities, including governmental grants and service fee income. Non-operating activities are limited to contributions and grants for general operations from non-governmental sources, billing revenue, other revenue, fund raising expenses, and activities considered to be of a more unusual or nonrecurring nature.

**(f) Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, RMHS considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

**(g) Investments**

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the consolidated statements of financial position. Fair value is more fully discussed below. Management is responsible for the fair value measurement of investments reported in the consolidated financial statements and believes that the reported values are reasonable. Investment return consists of RMHS' distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the consolidated statements of activities.

**(h) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles (GAAP) establish a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(h) Fair Value Measurements**

Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not an indication of risk or liquidity.

Investments in fixed income securities with readily determinable fair values are reported at fair value based on quoted prices in active markets.

**(i) Concentrations of Credit Risk**

Financial instruments that potentially subject RMHS to concentrations of credit risk consist of cash and cash equivalents and receivables. RMHS places its cash and cash equivalents with creditworthy, high quality, financial institutions. At times, a portion of these cash balances may not be insured by the Federal Deposit Insurance Corporation or related entity. Credit risk with respect to trade receivables is generally diversified due to the large number of entities and creditworthiness of the organizations that comprise RMHS' customer base.

**(j) Property and Equipment**

Property and equipment are recorded at cost. RMHS capitalizes all expenditures for property and equipment in excess of \$10,000. Depreciation is computed using the straight-line method over estimated useful lives of the assets ranging from two to forty years. Leasehold improvements are amortized ratably over the lesser of the lease term or their respective estimated useful life.

**(k) Debt Issuance Costs**

RMHS incurred debt issuance costs totaling \$303,268 on a bond issue and two term loans which are being amortized over the life of the respective bond and loans. The balance at June 30, 2025 and 2024 was \$89,784 and \$105,628, respectively, and amortization expense was \$15,844 in both 2025 and 2024.

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(I) Revenue Recognition**

Contributions and grants

Contributions are recognized when cash or unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Should RMHS substantially meet all the conditions in the same period that the contribution was recognized, and barring any further donor-imposed restrictions, RMHS has elected to recognize the revenue in net assets without donor restrictions.

Federal, state, and local government grants included in operating revenue are treated as contributions that are conditioned upon specific performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2025, conditional contributions totaling \$91,082,723 relating to these grants have not been recognized in the accompanying consolidated financial statements.

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purposes restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. All contributions and grants receivable are expected to be collected within one year.

Medicaid and private insurance revenue

Medicaid and private insurance charges are billed by encounter, usually on an hourly or unitized basis, and recognized as revenue in the month in which the services are rendered. For services outsourced to third party providers, RMHS recognizes revenue in the month the services are billed. At year-end, management and the revenue cycle team make a concerted effort to receive any outstanding billings from the third-party providers related to the fiscal year so that those services can be accrued. Billing rules may allow third parties additional time to bill, so in addition to the year-end accrual based on actual invoice received after the year-end, RMHS may also accrue an estimated amount for services incurred but not billed. No funds are received in advance.

Denver Mill Levy revenue

Denver Mill Levy revenue is revenue from a reimbursement-based grant that is conditioned upon specific spending and service requirements set forth by the City. Revenue is recognized following the contribution and grants revenue recognition policies discussed above.

State revenue

State revenue consists of both grants and fee for service contracts. Grants revenue is recognized following the contributions and grants revenue recognition policies discussed above.

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(l) Revenue Recognition, Continued**

State revenue, continued

Contract revenue is billed by encounter, usually on an hourly or unitized basis, and recognized as revenue in the month the services are rendered. For services outsourced to third party providers, RMHS recognizes revenue in the month the services are billed. At year-end, management and the revenue cycle team make a concerted effort to receive any outstanding billings from the third-party providers related to the fiscal year so that those services can be accrued. Billing rules may allow third parties additional time to bill, so in addition to the year-end accrual based on actual invoice received after the year-end, RMHS may also accrue an estimated amount for services incurred but not billed. No funds are received in advance.

Other program revenue

Services provided to clients through the Organized Health Care Delivery System (OHCDs) are recognized in the month billed.

RMHS uses the allowance method to determine uncollectable contract amounts. In determining the collectability of service receivables, management considers past collection experience and performs an analysis of subsequent collections compared to age of receivables. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectable.

**(m) Functional Allocation of Expenses**

The costs of providing various programs and other supporting activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. RMHS incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. RMHS also conducts a number of activities, which benefit both its program objective as well as supporting services (i.e., fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

**(n) Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. See note 7 also.

**(o) Income Taxes**

The Organization and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualify for the charitable contribution deduction. However, income from activities not directly related to their respective tax-exempt purpose is subject to taxation as unrelated business income. These entities incurred no unrelated business income tax during 2025 and 2024.

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(1) Summary of Significant Accounting Policies, Continued**

**(o) Income Taxes, Continued**

Management is required to evaluate tax positions taken by the entities and to recognize a tax liability if an entity has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. Each entity believes that it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the financial statements. Each entity is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Tax returns for the previous three years are subject to examination by the IRS, generally for three years after initial filing.

**(p) Subsequent Events**

RMHS has evaluated subsequent events through November 19, 2025, the date the consolidated financial statements were available to be issued.

**(2) Liquidity and Availability of Financial Assets**

The following reflects RMHS' financial assets available for general expenditure as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 24,945,208	23,900,889
Certificates of deposit	6,824,000	5,017,668
Investments	2,545,941	—
Accounts receivable	<u>19,807,672</u>	<u>14,131,480</u>
Total financial assets available for general expenditure within one year	\$ <u>54,122,821</u>	<u>43,050,037</u>

As part of RMHS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. RMHS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In the event of an unanticipated liquidity need, RMHS could also draw upon \$2,500,000 of available line of credit (see note 6).

**(3) Certificates of Deposit**

At June 30, 2025 and 2024, RMHS has invested in certificates of deposit totaling \$6,824,000 and \$5,017,668, respectively, earning interest at rates ranging from 4.000% to 4.800% and mature through May 21, 2026.

**(4) Investments**

Investments at June 30, 2025 and 2024, consist of corporate fixed income bonds totaling \$2,545,941, and \$0, respectively, and are considered to be Level 1 investments.

**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

**(5) Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,231,000	1,231,000
Buildings and improvements	3,907,565	3,864,049
Furniture, fixtures, and equipment	4,417,185	5,019,133
Vehicles	<u>25,250</u>	<u>25,250</u>
	9,581,000	10,139,432
Less accumulated depreciation	<u>(5,046,705)</u>	<u>(4,847,287)</u>
	<u>\$ 4,534,295</u>	<u>5,292,145</u>

**(6) Bond and Note Payable**

On December 1, 2012, the Organization entered into an agreement for a \$11,100,000 Bond Issue (the Bond) secured by the deed of trust on the administrative building and carries a fixed interest rate of 3.27%. On January 1, 2019, the Organization transferred the outstanding Bond obligation to the Foundation as part of the purchase and sale agreement related to the building and land. On March 19, 2019, a portion of the Bond was converted to a loan (see Foundation term loan below). After the partial conversion to a loan, principal and interest of \$53,535 are due monthly through February 1, 2031. The Bond has certain financial covenants which were met at June 30, 2025.

On March 19, 2019, RMHS entered into a twelve-year, \$1,704,367 term loan agreement (Foundation term loan) due to the conversion of a portion of the bond payable to a note payable. This agreement is secured by the deed of trust for the administrative building and carries a fixed interest rate of 4.34%. Principal and interest totaling \$15,286 are due monthly through February 1, 2031. This term loan has certain financial covenants which were met at June 30, 2025.

RMHS has a line of credit with a financial institution for \$2,500,000 that expires September 17, 2026. The line of credit has a variable interest rate of 0.25% over the Index Rate (which was 9.25%) and is secured by personal property. There was no balance outstanding as of June 30, 2025.

Bond and note payable outstanding consist of the following at June 30, 2025:

Bond obligation	\$ 3,322,987
Foundation term loan	<u>915,482</u>
Total bond and note payable	4,238,469
Less unamortized debt issuance costs	<u>(89,784)</u>
Bond and note payable, net	<u>\$ 4,148,685</u>

Aggregate future principal payments on the bond and note are as follows for the years ended June 30:

2026	\$ 688,426
2027	712,902
2028	738,262
2029	764,539
2030	791,768
Thereafter	<u>542,572</u>
Total bond and note payable	4,238,469
Less unamortized debt issuance costs	<u>(89,784)</u>
Total bond and note payable, net	<u>\$ 4,148,685</u>



**Rocky Mountain Human Services and Subsidiary**  
**Notes to Consolidated Financial Statements, Continued**

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**(7) Deferred Revenue**

During fiscal 2025 and 2024, RMHS received Care and Case Management (CCM) Stabilization Funding based on its contract with HCPF. At June 30, 2025 and 2024, \$4,229,798 and \$5,347,038, respectively, is recorded as deferred revenue.

**(8) Operating Leases**

The Organization leases office space, equipment, and vehicles used in operations under non-cancelable operating lease agreements. The leases expire at various dates through February 2031. Future minimum lease payments under these non-cancellable operating leases are as follows as of June 30:

2026	\$ 940,342
2027	883,693
2028	865,300
2029	865,300
2030	865,300
Thereafter	<u>576,867</u>
	<u>\$ 4,996,802</u>

Total office, equipment, and vehicle rent expense for the years ended June 30, 2025 and 2024, was \$904,986 and \$998,732, respectively.

Total rent paid by the Organization to the Foundation during 2025 and 2024 was \$865,300 and \$865,300, respectively. The rent amount charged by the Foundation to the Organization was made at fair market value as of the date of the lease agreement, January 1, 2019. Rent paid by the Organization pursuant to the lease agreement is used, in part, by the Foundation to make debt service payments.

**(9) Retirement Plan**

RMHS maintains a tax-sheltered annuity plan (the Plan) which covers substantially all employees. Eligible employees may begin to participate in the Plan with elective deferral contributions on the date of hire. An employee becomes eligible for employer matching contributions after six months of service. Under the Plan, RMHS matches 4% of eligible compensation. For the years ended June 30, 2025 and 2024, RMHS contributed \$1,141,948 and \$1,077,387 respectively, to the Plan.

**(10) Sublease**

Effective October 24, 2023, RMHS entered into a sublease agreement with the City of Denver to occupy space at 9900 E. Iliff Avenue, Denver, Colorado. The term of the lease is six years. Square footage leased is 2,220. On November 1, 2024, the lease was amended to include an additional 1,285 square feet. The lease rate is \$23.53 per square foot, and the rate will increase by 3% on each anniversary of the lease commencement date. Tenant improvements are \$5.65 per square foot per year for the first five years of the term.

The leased premises are to be used and occupied by the City for the purposes of administering eligibility programs including food, medical and cash assistance services, resource navigation with outreach case coordinators, and child support services to vulnerable communities within the City.

**Rocky Mountain Human Services and Subsidiary**  
**Supplemental Consolidating Schedule of Financial Position**  
**June 30, 2025**

	<u>Organization</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 24,378,784	566,424	–	24,945,208
Certificates of deposit	6,824,000	–	–	6,824,000
Investments	2,545,941	–	–	2,545,941
Receivables				
Service receivables, less allowance for uncollectable accounts	5,780,227	–	–	5,780,227
Denver Mill Levy receivables	7,545,073	–	–	7,545,073
State grant receivables	5,212,521	–	–	5,212,521
Federal grant receivables	1,255,376	–	–	1,255,376
Other receivables	14,475	–	–	14,475
Intercompany receivables	147,122	2,888	(150,010)	–
Net accounts receivable	19,954,794	2,888	(150,010)	19,807,672
Prepaid expenses and other assets	327,896	–	–	327,896
Security deposit	144,217	–	(144,217)	–
Property and equipment, net	1,392,078	3,142,217	–	4,534,295
Total assets	\$ <u>55,567,710</u>	<u>3,711,529</u>	<u>(294,227)</u>	<u>58,985,012</u>
<b>Liabilities and Net Assets</b>				
Accounts payable	\$ 3,644,088	–	–	3,644,088
Intercompany payables	2,888	147,122	(150,010)	–
Accrued liabilities	4,671,779	24,266	–	4,696,045
Security deposit	–	144,217	(144,217)	–
Deferred revenue	6,320,925	–	–	6,320,925
Bond and note payable, net	–	4,148,685	–	4,148,685
Total liabilities	14,639,680	4,464,290	(294,227)	18,809,743
Net assets (deficit)				
Without donor restrictions	40,928,030	(752,761)	–	40,175,269
Total net assets (deficit)	40,928,030	(752,761)	–	40,175,269
Total liabilities and net assets	\$ <u>55,567,710</u>	<u>3,711,529</u>	<u>(294,227)</u>	<u>58,985,012</u>

See the accompanying independent auditor's report.

**Rocky Mountain Human Services and Subsidiary**  
**Supplemental Consolidating Schedule of Financial Position**  
**June 30, 2024**

	Organization	Foundation	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 23,381,707	519,182	—	23,900,889
Certificates of deposit	5,017,668	—	—	5,017,668
Receivables				
Service receivables, less allowance for uncollectable accounts	3,554,598	—	—	3,554,598
Denver Mill Levy receivables	3,882,452	—	—	3,882,452
State grant receivables	6,000,337	—	—	6,000,337
Federal grant receivables	690,352	—	—	690,352
Other receivables	3,741	—	—	3,741
Intercompany receivables	119,520	2,888	(122,408)	—
Net accounts receivable	14,251,000	2,888	(122,408)	14,131,480
Prepaid expenses and other assets	(47,348)	—	—	(47,348)
Security deposit	144,217	—	(144,217)	—
Property and equipment, net	1,894,763	3,397,382	—	5,292,145
Total assets	<u>\$ 44,642,007</u>	<u>3,919,452</u>	<u>(266,625)</u>	<u>48,294,834</u>
<b>Liabilities and Net Assets</b>				
Accounts payable	\$ 2,050,358	—	—	2,050,358
Intercompany payables	2,888	119,520	(122,408)	—
Accrued liabilities	3,733,125	25,703	—	3,758,828
Security deposit	—	144,217	(144,217)	—
Deferred revenue	5,942,403	—	—	5,942,403
Bond and note payable, net	—	4,797,643	—	4,797,643
Total liabilities	<u>11,728,774</u>	<u>5,087,083</u>	<u>(266,625)</u>	<u>16,549,232</u>
Net assets (deficit)				
Without donor restrictions	<u>32,913,233</u>	<u>(1,167,631)</u>	<u>—</u>	<u>31,745,602</u>
Total net assets (deficit)	<u>32,913,233</u>	<u>(1,167,631)</u>	<u>—</u>	<u>31,745,602</u>
Total liabilities and net assets	<u>\$ 44,642,007</u>	<u>3,919,452</u>	<u>(266,625)</u>	<u>48,294,834</u>

See the accompanying independent auditor's report.

**Rocky Mountain Human Services and Subsidiary**  
**Supplemental Consolidating Schedule of Activities**  
**Year Ended June 30, 2025**

	Organization	Foundation	Eliminations	Total
<b>Operating revenue</b>				
Case management	\$ 34,722,422	—	—	34,722,422
Client directed funds	19,964,581	—	—	19,964,581
Child and family services	17,848,311	—	—	17,848,311
State supported living services	2,698,457	—	—	2,698,457
Transition programs	21,093,514	—	—	21,093,514
Other programs	2,310,705	—	—	2,310,705
Total operating revenue	98,637,990	—	—	98,637,990
<b>Expenses</b>				
Program services				
Case management	27,325,620	188,175	(369,335)	27,144,460
Client directed funds	18,857,723	20,282	(39,845)	18,838,160
Child and family services	16,395,018	64,012	(125,356)	16,333,674
State supported living services	2,598,909	—	—	2,598,909
Transition programs	19,464,659	81,523	(160,015)	19,386,167
Other programs	1,379,933	—	(21,287)	1,358,646
Total program services	86,021,862	353,992	(715,838)	85,660,016
Supporting services				
Management and general	6,153,467	114,170	(149,462)	6,118,175
Total supporting services	6,153,467	114,170	(149,462)	6,118,175
Total operating expenses	92,175,329	468,162	(865,300)	91,778,191
Total operating net income	6,462,661	(468,162)	865,300	6,859,799
<b>Non-operating revenue and expenses</b>				
Contributions and grants	3,243	8,437	—	11,680
Other revenue	229,606	9,295	—	238,901
Rental income	—	865,300	(865,300)	—
Investment return	1,319,287	—	—	1,319,287
Total non-operating net income	1,552,136	883,032	(865,300)	1,569,868
<b>Change in net assets</b>	8,014,797	414,870	—	8,429,667
<b>Net assets (deficit) at beginning of year</b>	32,913,233	(1,167,631)	—	31,745,602
<b>Net assets (deficit) at end of year</b>	\$ 40,928,030	(752,761)	—	40,175,269

See the accompanying independent auditor's report.

**Rocky Mountain Human Services and Subsidiary**  
**Supplemental Consolidating Schedule of Activities**  
**Year Ended June 30, 2024**

	Organization	Foundation	Eliminations	Total
<b>Operating revenue</b>				
Case management	\$ 25,591,385	—	—	25,591,385
Client directed funds	18,442,801	—	—	18,442,801
Child and family services	18,312,474	—	—	18,312,474
State supported living services	2,024,820	—	—	2,024,820
Transition programs	18,311,250	—	—	18,311,250
Other programs	777,489	—	—	777,489
Total operating revenue	83,460,219	—	—	83,460,219
<b>Expenses</b>				
Program services				
Case management	22,375,295	190,064	(354,867)	22,210,492
Client directed funds	17,223,763	93,597	(31,279)	17,286,081
Child and family services	15,522,642	16,751	(174,573)	15,364,820
State supported living services	1,926,203	—	—	1,926,203
Transition programs	16,774,360	82,870	(154,274)	16,702,956
Other programs	1,011,818	—	(20,484)	991,334
Total program services	74,834,081	383,282	(735,477)	74,481,886
Supporting services				
Management and general	5,455,875	102,616	(129,823)	5,428,668
Total supporting services	5,455,875	102,616	(129,823)	5,428,668
Total operating expenses	80,289,956	485,898	(865,300)	79,910,554
Total operating net income	3,170,263	(485,898)	865,300	3,549,665
<b>Non-operating revenue and expenses</b>				
Contributions and grants	(355)	8,638	—	8,283
Billing revenue	—	—	—	—
Other revenue	33,114	8,652	—	41,766
Rental income	—	865,300	(865,300)	—
Interest Income	973,051	—	—	973,051
Fund raising expenses	(5,098)	—	—	(5,098)
Total non-operating net income	1,000,712	882,590	(865,300)	1,018,002
<b>Change in net assets</b>	4,170,975	396,692	—	4,567,667
<b>Net assets (deficit) at beginning of year</b>	28,742,258	(1,564,323)	—	27,177,935
<b>Net assets (deficit) at end of year</b>	\$ 32,913,233	(1,167,631)	—	31,745,602

See the accompanying independent auditor's report.

**Rocky Mountain Human Services and Subsidiary**  
**Supplemental Consolidating Schedules of Operating Revenue by Funder**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Federal grant revenue</b>		
Case management	\$ 3,405,012	5,353,186
Child and family services	—	1,699,304
Transition programs	<u>11,069,821</u>	<u>9,734,904</u>
Total federal grant revenue	<u>14,474,833</u>	<u>16,787,394</u>
<b>Medicaid contract revenue</b>		
Case management	26,567,159	12,672,599
Child and family services	984,873	931,795
Other programs	<u>2,306,483</u>	<u>775,540</u>
Total Medicaid contract revenue	<u>29,858,515</u>	<u>14,379,934</u>
<b>Denver Mill Levy grant revenue</b>		
Case management	1,169,631	1,983,274
Client directed funds	19,964,581	18,442,801
Child and family services	2,375,694	2,715,150
Life skills and support	<u>—</u>	<u>—</u>
Total Denver Mill Levy grant revenue	<u>23,509,906</u>	<u>23,141,225</u>
<b>State grant and contract revenue</b>		
Case management	3,565,615	5,541,683
Child and family services	12,485,980	11,167,047
State supported living services	2,698,457	2,024,820
Transition programs	<u>9,798,950</u>	<u>8,508,943</u>
Total state grant and contract revenue	<u>28,549,002</u>	<u>27,242,493</u>
<b>Private insurance contract revenue</b>		
Child and family services	<u>84,480</u>	<u>138,352</u>
Total private insurance contract revenue	<u>84,480</u>	<u>138,352</u>
<b>Other program contract revenue</b>		
Case management	15,005	40,643
Child and family services	1,917,284	1,660,826
Transition programs	224,743	67,403
Other programs	<u>4,222</u>	<u>1,949</u>
Total other program contract revenue	<u>2,161,254</u>	<u>1,770,821</u>
Total program revenue	<u>\$ 98,637,990</u>	<u>83,460,219</u>

See the accompanying independent auditor's report.