DEVELOPMENTAL OPPORTUNITIES, INC.
dba
STARPOINT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2014 and 2013

DEVELOPMENTAL OPPORTUNITIES, INC.
dba
STARPOINT

June 30, 2014 and 2013

TABLE OF CONTENTS

FINANCIAL SECTION

FREDRICKZINK & Associates
A professional corporation. | CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Developmental Opportunities, Inc., dba Starpoint
Canon City, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Developmental Opportunities, Inc., dba Starpoint (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Developmental Opportunities, Inc., dba Starpoint as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

954 East Second Ave. Suite 201, Durango, CO 81301 • 970-247-0506 fax: 970-247-0587 | durangocpas.com

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014, on our consideration of Developmental Opportunities, Inc., dba Starpoint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Developmental Opportunities, Inc., dba Starpoint's internal control over financial reporting and compliance.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
October 1, 2014

DEVELOPMENTAL OPPORTUNITIES, INC.

dba

STARPOINT

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

ASSETS

	2014	2013
Current assets		
Cash and cash equivalents (Note 10)	$ 1,869,360	$ 2,784,837
Accounts receivable		
Fees and grants due from governmental agencies (Note 3)	989,328	889,162
Other accounts receivable	80,130	29,977
Prepaid expenses and other	101,597	89,736
Total current assets	3,040,415	3,793,712
Property and equipment, net (Notes 4 and 6)	4,357,180	4,264,731
Total assets	**$ 7,397,595**	$ 8,058,443

LIABILITIES AND NET ASSETS

	2014	2013
Current liabilities		
Accounts payable and accrued expenses (Notes 7 and 8)	$ 468,844	$ 584,996
Deferred revenue (Note 5)	13,176	-
Current portion of note payable (Note 6)	-	648,412
Total liabilities	482,020	1,233,408
Net assets, unrestricted		
Unrestricted		
Undesignated	2,558,395	3,208,716
Net investment in property and equipment	4,357,180	3,616,319
Total net assets, unrestricted	6,915,575	6,825,035
Total liabilities and net assets	**$ 7,397,595**	$ 8,058,443

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

DEVELOPMENTAL OPPORTUNITIES, INC.
dba
STARPOINT

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2014 and 2013

	2014	2013
Support and revenue		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund		
Adult supported living services	$ 226,522	$ 204,738
Children and families	297,070	226,212
Total fees from State General Fund	523,592	430,950
Medicaid		
Comprehensive services	8,511,596	7,944,241
Adult supported living services	667,740	642,859
Children and families	100,747	80,193
Total fees from Medicaid	9,280,083	8,667,293
Grants and other government sources		
School districts	626,866	1,097,327
Part C - Early intervention	41,419	69,762
Colorado Department of Public Health and Environment	46,287	48,123
U.S. Department of Health and Human Services		
Early Head Start	757,179	795,066
Children and families	13,902	-
Fremont County Department of Human Services	126,274	55,121
Total grants and other government sources	1,611,927	2,065,399
Total fees and grants from governmental agencies	11,415,602	11,163,642
Public support - cash contributions	269,317	310,534
Public support - in-kind contributions	-	29,314
Residential room and board	774,944	742,288
Fee for service	182,450	156,073
Other revenue	180,346	104,932
Gain on sale of property and equipment	3,632	31,827
Total support and revenue	12,826,291	12,538,610

STATEMENTS OF ACTIVITIES - Continued
For the Years Ended June 30, 2014 and 2013

	2014	2013
Expenses		
Program services		
Medicaid comprehensive services	$ 8,027,858	$ 7,304,470
State adult supported living services	130,065	145,525
Medicaid adult supported living services	732,682	699,019
Early intervention	317,886	202,429
Family support services program	49,595	40,504
Case management	301,874	305,084
Early Head Start	746,584	785,315
Children and family services	1,284,588	1,717,578
Total program services	11,591,132	11,199,924
Supporting services		
Management and general	1,066,750	983,966
Development and fundraising	77,869	77,245
Total supporting services	1,144,619	1,061,211
Total expenses	12,735,751	12,261,135
Change in unrestricted net assets	**90,540**	**277,475**
Net assets, beginning of year	6,825,035	6,547,560
Net assets, end of year	**$ 6,915,575**	**$ 6,825,035**

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

DEVELOPMENTAL OPPORTUNITIES, INC.

dba

STARPOINT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2014 and 2013

Increase (Decrease) in Cash and Cash Equivalents	2014	2013
Cash flows from operating activities:		
Cash received from governmental agencies and others	$ 12,580,111	$ 12,487,595
Cash paid to suppliers and employees	(12,506,516)	(12,078,222)
Interest received	4,076	6,352
Interest paid	(8,019)	(23,486)
Net cash provided by operating activities	69,652	392,239
Cash flows from investing activities:		
Purchase of property and equipment	(347,842)	(410,812)
Proceeds from sale of property and equipment	11,125	139,202
Net cash used by investing activities	(336,717)	(271,610)
Cash flows from financing activities:		
Payments made on note payable	(648,412)	(566,868)
Net cash used by financing activities	(648,412)	(566,868)
Net decrease in cash and cash equivalents	**(915,477)**	(446,239)
Cash and cash equivalents, beginning of year	2,784,837	3,231,076
Cash and cash equivalents, end of year	$ 1,869,360	$ 2,784,837

Non-cash investing and financing activities:

During 2014, the Center included a vehicle with a book value of $21,365 as compensation to a retiring employee.

During 2013, donated equipment with a fair value of $29,314 was capitalized as a depreciable asset.

Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 90,540	$ 277,475
Adjustments to reconcile:		
Non-cash compensation	21,365	-
Donated equipment	-	(29,314)
Depreciation	226,535	226,923
Gain on sale of property and equipment	(3,632)	(31,827)
Decrease (increase) in:		
Accounts receivable	(150,319)	27,334
Prepaid expenses and other	(11,861)	(44,596)
Increase (decrease) in:		
Accounts payable and accrued expenses	(116,152)	(22,900)
Deferred revenue	13,176	(10,856)
Total adjustments	(20,888)	114,764
Net cash provided by operating activities	$ 69,652	$ 392,239

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Developmental Opportunities, Inc., dba Starpoint (the Center) was incorporated under the laws of the State of Colorado in 1972 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 Fremont, Chaffee and Custer counties. In 2001, the Center expanded its operations to include Jefferson County, and in 2002 it expanded again, this time to Denver County. The Center is currently operating under the trade name of Starpoint. In September 2003, the Developmental Opportunities Foundation (the Foundation) was incorporated for the purpose of supporting and benefiting the Center. The Center's board of directors has the power to appoint a majority of the directors of the Foundation and, accordingly, the Center is required to consolidate the financial activity of the Foundation in the Center's financial statements. The Center's revenue comes primarily from the State of Colorado.

Program Services

Comprehensive Services (Medicaid funded) provide a full day (24 hours) of services and/or supports for adults which are designed to ensure the health, safety and welfare of the individual, and to assist in the acquisition, retention and/or improvement in skills necessary to support individuals to live and participate successfully in their community. These services are individually planned and coordinated through the person's Individual Plan. Additionally, services are provided to give individuals opportunities to experience and actively participate in valued roles in the community. These services may include a combination of life-long or extended duration supervision, training, and/or support such as Day Habilitation Services and Supported Employment.

Adult Supported Living Services (State and Medicaid funded) augment already available supports for those adults who either can live independently with limited support or who, if they need extensive support, are getting that support from other sources, such as family. Services provided may include a combination of life-long or extended duration supervision, training, and/or support such as Day Habilitation Services and Supported Employment. The Center has no responsibility for the living arrangement in the community.

Early Intervention is a program for children from birth through age two offering 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 developmental, and self help skills, parent-child or family interactions; and early identification, screening and assessment services.

Family Support Services Program 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 that is unwanted by the person or the family.

Case Management includes the determination of eligibility for services and supports, service and support coordination, and the monitoring of all services and supports delivered pursuant to an Individual Plan, and the evaluation of results identified in the Individual Plan.

Early Head Start is an income eligible program designed to meet the individual needs of families by helping parents to give their children the best possible start. The comprehensive programs combine home visits with Center activities. Services offered include playgroups, development checkups, fun learning activities, family clubs, home visits, access to the Toymobile van, family meals, and help getting access to other community services. Children served are between the ages of 0-3 years.

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES - Continued

Program Services - Continued

Children and Family Services include collaborative community-based programs that are designed to help identify problems of children through five years of age and their families and provide assistance at as early an age as possible, serve children through five years of age and their families and provide assistance at as early an age as possible and serve children ages three to five in an organized regular development training program conducted outside the individual residence. Preschool programs provide developmental and training experiences through gross motor, sensory training, perceptual motor, communication skills, health maintenance, leisure, practical multimedia concepts, and other habilitating and remedial services to enhance the person's skill and functioning level.

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 indispensible to the Center's corporate existence.

Development and Fundraising includes activities designed to raise additional dollars for the Center that supplement other funding or are for special projects such as capital fund drives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation
The financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The Center reports information regarding its financial position and activities according to three general classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Donor restricted revenue for which restrictions are satisfied in the same fiscal year, are reported as unrestricted revenue, rather than temporarily restricted. Donor restricted contributions for which restrictions are not currently met, are reflected as an increase to temporarily restricted net assets.

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates. Estimates affect financial statement amounts and the disclosure of contingent assets and liabilities at the date of the financial statements. Due to their inherent nature, estimates may differ from future actual results.

Cash and cash equivalents
For purposes of the statement of cash flows, the Center defines cash or cash equivalents as all cash on hand and cash on deposit subject to immediate withdrawal. The Center maintains its cash balances in financial institutions located in Colorado. Balances may, at times, exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts receivable

The majority of the Center's accounts receivable are due from the State of Colorado through Medicaid funding. Other receivables are primarily due from consumers for room and board. Accounts are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Center believes all receivables are collectible and that no allowance for doubtful accounts is necessary. However, if necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Such a determination is based on management's assessment of the current status of individual accounts considering a number of factors, including the length of time accounts receivables are past due and the Center's previous collection history. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge against the allowance or directly to bad debt expense.

Fair value of financial instruments

Generally accepted accounting principles (GAAP) require disclosure of an estimate of fair value of certain financial instruments. The Center's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Property and equipment

Property and equipment are stated at cost at date of acquisition or estimated fair value at date of donation. The Center capitalizes property and equipment acquisitions of $5,000 or more that have a useful life of more than one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Lives are estimated at ten to forty years for buildings and improvements, and three to five years for equipment.

Revenue recognition

Revenues are recognized when services are performed. Deferred revenue represents payments received by the Center not earned in the current year, but for which the Center has met certain control points. Under contract provisions, the Center is allowed to defer a portion of unearned awards to the following year.

In-kind donations

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

Income taxes

The Center is exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Center has adopted accounting requirements that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns, including the position that the Center continues to qualify to be treated as a tax-exempt organization for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income taxes - continued
Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying statement of financial position along with any interest and penalties that would result from that assessment. When the Center has unrelated business income, the federal Exempt Organization Business Income Tax Return (Form 990T) would be subject to examination by the Internal Revenue Service for three years after filing. Should any penalties and interest be incurred, they would be recognized as management and general expenses.

Subsequent events
Management has evaluated subsequent events through October 1, 2014, the date which the financial statements were available to be issued. No events were identified that required additional disclosure.

NOTE 3 - FEES AND GRANTS DUE FROM GOVERNMENTAL AGENCIES

Accounts receivable due from governmental agencies at June 30, 2014 and 2013 were as follows:

	2014	2013
State of Colorado		
General Fund	$ 41,581	$ 22,296
Medicaid	846,239	743,854
Part C	27,564	38,857
U.S. Department of Health and Human Services	60,316	68,697
School districts	5,908	11,063
Other	7,720	4,395
Due from governmental agencies	$ 989,328	$ 889,162

NOTE 4 - PROPERTY AND EQUIPMENT

The cost of property and equipment and related accumulated depreciation at June 30, 2014 and 2013 follows:

	2014	2013
Land	$ 735,206	$ 690,206
Buildings and improvements	5,243,590	4,903,670
Program and administrative equipment	124,643	100,089
Transportation equipment	1,047,853	992,798
	7,151,292	6,686,763
Accumulated depreciation	(2,794,112)	(2,720,253)
	4,357,180	3,966,510
Assets not in service	-	298,221
Net property and equipment	$ 4,357,180	$ 4,264,731

Assets not in service consist of a preschool facility purchased late in fiscal year 2013. The preschool was licensed and placed into service on August 12, 2013.

NOTE 5 - DEFERRED REVENUE

Deferred revenue of $13,176 at June 30, 2014, consisted of State adult supported living services funds for enrollment during the year ending June 30, 2015. As of June 30, 2013, the Center had no deferred revenue.

NOTE 6 - NOTE PAYABLE

The Center had a note payable to JP Morgan Chase Bank which matured and was paid in full during the year ended June 30, 2014. The note was payable in monthly installments of $8,488 including interest at 2.45%, with a balloon payment of unpaid principal due in April 2014. At June 30, 2013, the remaining balance of $648,412 was classified as a currently liability. The note had been collateralized by real property with a carrying value of $754,330 at June 30, 2013. Interest expense on the note payable was $8,019 and $23,489 for the years ended June 30, 2014 and 2013, respectively.

NOTE 7 - EMPLOYEE BENEFITS

Self-funded Insurance Plan
The Center established a self-funded health insurance plan in October 1984. Insurance claims are processed by a third party administrator. Employee insurance claims submitted to the Center by the third-party administrator are paid as submitted, along with administrative costs. The Center is liable for individual claims up to $50,000 per person. The Center carries specific stop loss insurance for additional coverage.

The expense recognized under this Plan was $1,348,384 and $1,359,907 for the years ended June 30, 2014 and 2013, respectively. The Center had a reserve of $61,000 and $123,000 recorded as of June 30, 2014 and 2013, respectively, representing estimated claims incurred but not reported as of each respective year end. The reserve is included in accounts payable and accrued expenses on the statements of financial position.

Retirement Plan
The Center also sponsors a pension plan for its employees as provided under section 403(b) of the Internal Revenue Code. Employee contributions to the plan are voluntary and allow the employee to defer income tax on that portion of wages earned. The Center, as employer, does not contribute directly to the plan.

NOTE 8 - RELATED PARTY TRANSACTIONS

The State of Colorado is considered a related party by virtue of significant management influence exercised by the State through contract provisions. The Center received a substantial portion of its revenue from the State of Colorado as identified in the statement of activities. The amount due to the Center from the State of Colorado is described in Note 3. The Center reported a balance due back to the State of Colorado of $101,329 as of June 30, 2013 for unresolved billing questions, which was recorded in accounts payable and accrued expenses. During the year ended June 30, 2014 management determined that the likelihood of payment being required by the state was remote and recovered the balance, reporting it as other income on the statement of activities.

In November 2013, the Center included a vehicle in the retirement package of an employee. The book value of the vehicle was $21,365 which is included in management and general expenses as wages.

NOTE 8 - RELATED PARTY TRANSACTIONS - Continued

On April 17, 2013, the Center purchased a handicap accessible home from the Center's chief executive officer and his spouse for $95,000, at or slightly below the estimated fair market value. The home was placed in service for use in the Medicaid comprehensive services program on June 3, 2013.

.

NOTE 9 - CONTINGENCIES

Under the terms of federal grants, certain costs may be questioned as not being appropriate expenditures, which could lead to reimbursement to the grantor agencies. Although the outcome of any such audit cannot be predicted, it is management's opinion that these audits will not result in liabilities to such an extent that they would materially affect the Center's financial position.

NOTE 10 - CONCENTRATION OF DEPOSIT RISK

The Center maintains cash on deposit with various financial institutions which are members of the Federal Deposit Insurance Corporation (FDIC). The FDIC insures deposits up to $250,000 for each depositor at each institution. Based on bank account balances at June 30, 2014, the Center had cash balances in excess of the insured limit of $1,147,960 at Canon City National Bank and $190,490 at Sunflower Bank. The Center has not experienced any losses in the past and believes that through careful selection of financial institutions it is not exposed to significant risk on cash and cash equivalents.

SUPPLEMENTARY INFORMATION

FREDRICKZINK & Associates
A professional corporation. | CPAs

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Developmental Opportunities, Inc. dba Starpoint
Canon City, Colorado

We have audited the financial statements of Developmental Opportunities, Inc. dba Starpoint (a nonprofit organization) as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon dated October 1, 2014, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of case management services for the year ended June 30, 2014 is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The statistical data shown on page 14, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it. The 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
October 1, 2014

954 East Second Ave. Suite 201, Durango, CO 81301 • 970-247-0506 fax: 970-247-0587 | durangocpas.com
Members: American Institute of Certified Public Accountants and Colorado Society of Certified Public Accountants

DEVELOPMENTAL OPPORTUNITIES, INC.

dba

STARPOINT

SCHEDULE OF CASE MANAGEMENT SERVICES

For the year ended June 30, 2014

	Targeted case management	Other case management	Total
Fees and grants from governmental agencies			
Fees for Services			
State of Colorado			
State General Fund			
Adult supported living services	$ -	$ 23,539	$ 23,539
Children and families	-	15,833	15,833
Total fees from State General Fund	-	39,372	39,372
Medicaid			
Comprehensive services	304,107	-	304,107
Home Community Based Services	59,091	-	59,091
Part C	-	5,750	5,750
Total fees from Medicaid	363,198	5,750	368,948
Grants and other government sources			
Other revenue	8,033	9,480	17,513
Total other government sources	8,033	9,480	17,513
Total support and revenue	$ 371,231	$ 54,602	$ 425,833

	Targeted case management	Other case management	Total
Statistical Data (Unaudited)			
Unduplicated number of individuals	175	192	367
Full-time equivalents	5.49	2.20	7.69

SCHEDULE OF CASE MANAGEMENT SERVICES - Continued

For the year ended June 30, 2014

	Targeted case management	Other case management	Total
Expenses			
Salaries			
Direct care	$ 199,982	$ 19,376	$ 219,358
Other	-	-	-
Payroll taxes	14,849	1,405	16,254
Employee benefits	36,739	727	37,466
Total personal services	251,570	21,508	273,078
Medical professional services			
Physicians	-	-	-
Other	-	-	-
Other professional services	1,174	-	1,174
Staff development	950	-	950
Staff travel	6,397	-	6,397
Vehicles			
Fuel and oil	-	-	-
Maintenance	-	-	-
Leases	-	-	-
Occupancy			
Rent	-	-	-
Maintenance	2,529	-	2,529
Utilities	3,308	-	3,308
Equipment			
Leases	-	-	-
Maintenance	-	-	-
Supplies			
Medical and client care supplies	-	-	-
Pharmacy	-	-	-
Production materials	-	-	-
Other	5,292	-	5,292
Telephone	4,345	66	4,411
Dues and subscriptions	-	-	-
Food	-	-	-
Insurance	926	25	951
Interest	9	-	9
Other	914	-	914
In-kind donations	-	-	-
Total direct program expenses	277,414	21,599	299,013
Depreciation and amortization	2,861	-	2,861
Total expenses	$ 280,275	$ 21,599	$ 301,874

SINGLE AUDIT SECTION

FREDRICKZINK & Associates
A professional corporation. | CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

To the Board of Directors
Developmental Opportunities, Inc., dba Starpoint
Canon City, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Developmental Opportunities, Inc., dba Starpoint (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2014.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Starpoint's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Starpoint's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Starpoint's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

954 East Second Ave. Suite 201, Durango, CO 81301 p 970-247-0506 fax: 970-247-0587 | durangocpas.com

Members: American Institute of Certified Public Accountants and Colorado Society of Certified Public Accountants

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
October 1, 2014

FREDRICKZINK & Associates
A professional corporation. | CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Developmental Opportunities, Inc., dba Starpoint
Canon City, Colorado

Report on Compliance for Each Major Federal Program

We have audited Developmental Opportunities, Inc., dba Starpoint's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Starpoint's major federal programs for the year ended June 30, 2014. Starpoint's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Starpoint's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Starpoint's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Starpoint's compliance.

Opinion on Each Major Federal Program

In our opinion, Starpoint complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Starpoint is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Starpoint's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the

954 East Second Ave. Suite 201, Durango, CO 81301 970-247-0506 fax: 970-247-0587 | durangocpas.com

circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Starpoint's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
October 1, 2014

DEVELOPMENTAL OPPORTUNITIES, INC.
dba
STARPOINT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

FEDERAL GRANTOR Pass Through Grantor Program Title	CFDA Number	Control / Grant Number	Federal Expenditures
UNITED STATES DEPARTMENT OF EDUCATION			
Pass-through Programs from:			
Colorado Department of Human Services			
Special Education-Grants for Infants and Families	84.181		$ 69,733
TOTAL U.S. DEPARTMENT OF EDUCATION			69,733
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Head Start Cluster:			
Head Start	93.600		757,180
Pass-through Programs from:			
Colorado Department of Public Health and Environment			
Community Based Child Abuse Prevention	93.590		15,000
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			772,180
UNITED STATES DEPARTMENT OF AGRICULTURE			
Pass-through Programs from:			
Colorado Department of Public Health and Environment			
Child and Adult Care Food Program	10.558		63,267
TOTAL U.S. DEPARTMENT OF AGRICULTURE			63,267
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 905,180

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Developmental Opportunities, Inc. dba Starpoint under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of Developmental Opportunities, Inc. dba Starpoint, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Developmental Opportunities, Inc. dba Starpoint.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
(2) Pass-through entity identifying numbers are presented where available.

DEVELOPMENTAL OPPORTUNITIES, INC.
dba
STARPOINT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified	_____ Yes	X No
• Significant deficiency(ies) identified	_____ Yes	X None reported
• Noncompliance material to financial statements noted?	_____ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified	_____ Yes	X No
• Significant deficiency(ies) identified	_____ Yes	X None reported
• Noncompliance material to financial statements noted?	_____ Yes	X No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start Cluster

Dollar threshold used to distinguish Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee?	X Yes	_____ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Prior Year Audit Findings

None