DEVELOPMENTAL OPPORTUNITIES, INC.
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FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2017 and 2016

DEVELOPMENTAL OPPORTUNITIES, INC.
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June 30, 2017 and 2016

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

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, 2017 and 2016, and the related statements of activities and of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the year ended June 30, 2017 and our unmodified opinion on the year ended June 30, 2016.

Basis for Qualified Opinion

We were unable to confirm the balance of overpayments received from the State of Colorado, reported at $830,912 as of June 30, 2017, because of the difficulties the State has had with the new billing system implemented in 2017. The value reported in the June 30, 2017 financial statements has been determined by management based on internal tracking and reporting. The amount has not been independently confirmed by the State of Colorado. Due to the State being unable to confirm the balance overpaid as of June 30, 2017, we were unable to obtain sufficient appropriate audit evidence about completeness, rights and obligations, accuracy and valuation and disclosure by other auditing procedures.

Qualified Opinion on 2017 and Unmodified Opinion on 2016

In our opinion, except for the possible effects on the June 30, 2017 financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Developmental Opportunities, Inc., dba Starpoint as of June 30, 2017 and 2016, 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.

Report on Supplementary Information

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 April 26, 2018, 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
April 26, 2018

FINANCIAL STATEMENTS

DEVELOPMENTAL OPPORTUNITIES, INC.

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STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

ASSETS

	2017	2016
Current assets		
Cash and cash equivalents (Note 10)	$ 1,310,936	$ 1,739,082
Cash set-aside (Note 11)	830,912	-
Accounts receivable		
Fees and grants due from governmental agencies (Note 3)	2,125,535	1,336,807
Other accounts receivable	15,430	59,345
Prepaid expenses and other	116,741	129,581
Total current assets	4,399,554	3,264,815
Property and equipment, net (Notes 4 and 6)	4,659,157	4,857,074
Total assets	**$ 9,058,711**	$ 8,121,889

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities		
Accounts payable and accrued expenses (Notes 7 and 8)	$ 601,064	$ 607,292
Deferred revenue (Note 5)	71,624	-
Overpayments due to the State (Note 11)	830,912	-
Total liabilities	1,503,600	607,292
Net assets		
Unrestricted net assets		
Undesignated	3,726,866	2,657,523
Net investment in property and equipment (Note 4)	3,828,245	4,857,074
Total unrestricted net assets	7,555,111	7,514,597
Total net assets	7,555,111	7,514,597
Total liabilities and net assets	**$ 9,058,711**	$ 8,121,889

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

DEVELOPMENTAL OPPORTUNITIES, INC.
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STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted net assets activity		
Support and revenue		
Fees and grants from governmental agencies		
Fees for services		
State of Colorado		
State General Fund		
Adult supported living services	$ 156,403	$ 130,246
Children and families	324,651	298,993
Total fees from State General Fund	481,054	429,239
Medicaid		
Comprehensive services	8,936,120	9,189,640
Adult supported living services	715,682	758,867
Children and families	105,463	111,473
Total fees from Medicaid	9,757,265	10,059,980
Grants and other government sources		
School districts	441,181	522,563
Part C - Early intervention	24,017	20,229
Colorado Department of Public Health and Environment	75,508	84,220
U.S. Department of Health and Human Services		
Early Head Start	725,191	761,850
Children and families	1,200	18,200
Fremont County Department of Human Services	306,299	285,205
Total grants and other government sources	1,573,396	1,692,267
Total fees and grants from governmental agencies	11,811,715	12,181,486
Public support - contributions	103,382	166,167
Residential room and board	811,351	808,025
Fee for service	163,216	249,145
Other revenue	175,468	92,976
Gain on sale of property and equipment	10,896	-
Total support and revenue before reclassifications	13,076,028	13,497,799
Net assets released from restriction	151,291	52,000
Total support and revenue	13,227,319	13,549,799

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STATEMENTS OF ACTIVITIES - Continued
For the Years Ended June 30, 2017 and 2016

	2017	2016
Expenses		
Program services		
Medicaid comprehensive services	$ 8,463,937	$ 8,274,223
State adult supported living services	146,699	142,465
Medicaid adult supported living services	847,290	832,309
Early intervention	361,462	298,093
Family support services program	74,132	106,844
Case management	362,128	358,094
Early Head Start	732,434	762,283
Children and family services	1,308,110	1,370,222
Total program services	12,296,192	12,144,533
Supporting services		
Management and general	808,444	915,209
Development and fundraising	82,169	82,417
Total supporting services	890,613	997,626
Total expenses	13,186,805	13,142,159
Change in unrestricted net assets	**40,514**	407,640
Temporarily restricted net assets activity		
Public support - contribution	151,291	-
Released from restriction in satisfaction of program restrictions	(151,291)	(52,000)
Change in temporarily restricted net assets	**-**	(52,000)
Change in total net assets	**40,514**	355,640
Net assets, beginning of year	7,514,597	7,158,957
Net assets, end of year	**$ 7,555,111**	$ 7,514,597

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

DEVELOPMENTAL OPPORTUNITIES, INC.

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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

Increase (Decrease) in Cash and Cash Equivalents (Excluding Cash set-aside)	2017	2016
Cash flows from operating activities:		
Cash received from governmental agencies and others	$ 12,538,359	$ 13,334,539
Cash paid to suppliers and employees	(12,913,848)	(12,894,936)
Interest received	4,875	4,447
Net cash provided (used) by operating activities	(370,614)	444,050
Cash flows from investing activities:		
Purchase of property and equipment	(85,374)	(373,378)
Proceeds from sale of property and equipment	27,842	-
Net cash used by investing activities	(57,532)	(373,378)
Net increase (decrease) in cash and cash equivalents	**(428,146)**	70,672
Cash and cash equivalents, beginning of year	1,739,082	1,668,410
Cash and cash equivalents, end of year	$ 1,310,936	$ 1,739,082
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 40,514	$ 355,640
Adjustments to reconcile:		
Depreciation	266,345	257,470
Gain on sale of property and equipment	(10,896)	-
Decrease (increase) in:		
Accounts receivable	(744,813)	(197,738)
Prepaid expenses and other	12,840	(10,786)
Increase (decrease) in:		
Accounts payable and accrued expenses	(6,228)	52,539
Deferred revenue	71,624	(13,075)
Total adjustments	(411,128)	88,410
Net cash provided (used) by operating activities	$ (370,614)	$ 444,050

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, 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 indispensable 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, but excludes cash specifically set aside as described in Note 11. 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.

Contributions of cash and other assets are recognized as restricted support if they are received with donor stipulations that limit the use of donated 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 April 26, 2018, the date which the financial statements were available to be issued. Except as described in Note 6, 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, 2017 and 2016 were as follows:

	2017	2016
State of Colorado		
General Fund	$ 130,501	$ 40,421
Medicaid	1,822,218	1,055,109
Part C	-	51,958
U.S. Department of Health and Human Services	58,764	119,638
School districts	23,245	41,432
Other	90,807	28,249
Due from governmental agencies	$ 2,125,535	$ 1,336,807

NOTE 4 - PROPERTY AND EQUIPMENT

The cost of property and equipment and related accumulated depreciation at June 30, 2017 and 2016 follows:

	2017	2016
Land	$ 872,042	$ 872,042
Buildings and improvements	5,852,127	5,840,291
Program and administrative equipment	205,679	186,867
Transportation equipment	1,177,344	1,175,158
Total property and equipment	8,107,192	8,074,358
Accumulated depreciation	(3,448,035)	(3,217,284)
Net property and equipment	$ 4,659,157	$ 4,857,074

NOTE 5 - DEFERRED REVENUE

Deferred revenue of $71,624 at June 30, 2017 represents amounts received but not yet earned by performance of services. The balance consisted of $52,927 of State adult supported living services funds and onboarding funds of $18,697. There was no deferred revenue at June 30, 2016.

NOTE 6 - LINE OF CREDIT

The Center has an $875,000 revolving line of credit arrangement with Legacy Bank which expired in February 2018 and is in the process of being renewed. The line is secured by a deed of trust on two properties with a carrying value of $968,477. The interest rate applied to outstanding borrowings was fixed at 5.25%. There were no borrowings on the line of credit during the year ended June 30, 2017 and 2016.

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 $1,600,573 and $1,713,044 for the years ended June 30, 2017 and 2016, respectively. The Center had a reserve of $130,000 and $120,000 recorded as of June 30, 2017 and 2016, 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 for expenses and reimbursements of $16,484, which are recorded in accounts payable and accrued expenses and $13,198 at June 30, 2017 and 2016, respectively. See Note 11 for a separately stated amount estimated to be due to the State at June 30, 2017.

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, 2017, the Center had cash balances in excess of the insured limit of $192,364 at Bank of the San Juan's and $808,360 at Legacy 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.

NOTE 11 - OVERPAYMENTS RECEIVED FROM THE STATE

During the year ended June 30, 2017, the State of Colorado changed its billing system. As a result of the changes, the Center received cash payments in excess of amounts billed of $830,912. As of June 30, 2017 the State has not requested reimbursement for the overpayments, however, the Center has elected to set aside the cash and recognize a related liability on the statement of financial position. As of the date the financial statements were released, the State has been unable to confirm the amount isolated by the Center as June 30, 2017 overpayments.

SUPPLEMENTARY INFORMATION

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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, 2017 and 2016, and have issued our report thereon dated April 26, 2018, which contained a modified opinion on the financial statements for the year ended June 30, 2017 and an unqualified opinion for the year ended June 30, 2016. 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, 2017 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 information, except for that portion marked "unaudited" and upon 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.

The statistical data shown on page 14 and marked as "unaudited", is the responsibility of management, and is presented for purposes of additional analysis and is not a required part of the financial statements. That non-accounting 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.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
April 26, 2018

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

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SCHEDULE OF CASE MANAGEMENT SERVICES
For the year ended June 30, 2017

	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	$ -	$ 17,209	$ 17,209
Children and families	-	94,919	94,919
Total fees from State General Fund	-	112,128	112,128
Medicaid			
Comprehensive services	387,752	-	387,752
Children's extensive support	7,411	-	7,411
Early Intervention	-	48,769	48,769
Other	82,011	7,616	89,627
Part C	-	24,017	24,017
Other	529	-	529
Total fees from Medicaid	477,703	80,402	558,105
Total support and revenue	$ 477,703	$ 192,530	$ 670,233

	Targeted case management	Other case management	Total
Statistical Data (Unaudited)			
Unduplicated number of individuals	174	67	241
Full-time equivalents	6.16	0.60	6.76

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SCHEDULE OF CASE MANAGEMENT SERVICES - Continued
For the year ended June 30, 2017

	Targeted case management	Other case management	Total
Expenses			
Salaries			
Direct care	$ 232,042	$ 20,951	$ 252,993
Other	-	-	-
Payroll taxes	19,675	1,453	21,128
Employee benefits	49,723	3,318	53,041
Total personal services	301,441	25,721	327,162
Medical professional services			
Physicians	-	-	-
Other	-	-	-
Other professional services	1,950	-	1,950
Staff development	1,178	-	1,178
Staff travel	7,071	55	7,126
Occupancy			
Rent	-	-	-
Maintenance	2,570	-	2,570
Utilities	3,846	-	3,846
Supplies			
Medical and client care supplies	-	-	-
Pharmacy	-	-	-
Production materials	-	-	-
Other	8,286	-	8,286
Telephone	5,067	-	5,067
Dues and subscriptions	161	-	161
Food	-	-	-
Insurance	1,176	14	1,190
Interest	-	-	-
Other	687	-	687
In-kind donations	-	-	-
Total direct program expenses	333,433	25,790	359,223
Depreciation and amortization	2,905	-	2,905
Total expenses	$ 336,338	$ 25,790	$ 362,128

SINGLE AUDIT SECTION

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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, 2017, 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 April 26, 2018.

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 Starpoint'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.*

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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 Starpoint's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Starpoint's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
April 26, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the 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 Compliance Supplement that could have a direct and material effect on each of Starpoint's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulation, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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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 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 Uniform Guidance, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FredrickZink & Associates, PC

FredrickZink & Associates, PC
April 26, 2018

DEVELOPMENTAL OPPORTUNITIES, INC.

dba

STARPOINT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

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		$ 63,471
TOTAL U.S. DEPARTMENT OF EDUCATION			63,471
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Head Start Cluster:			
Head Start	93.600		723,344
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			723,344
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Pass-through Programs from:			
Colorado Department of Public Health and Environment			
Child and Adult Care Food Program	10.558		75,508
TOTAL U.S. DEPARTMENT OF AGRICULTURE			75,508
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Pass-through Programs from:			
Colorado Department of Public Health and Environment			
Infant/Child Car Seat Program	20.600		4,950
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			4,950
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 867,273

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards.* 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 Title 2 U.S. Code of Federal Regulations (CFR) 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, 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, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

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 federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ 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: $750,000

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