DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY - EITAS

FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY – EITAS

Opinion

We have audited the financial statements of Developmental Disability Services of Jackson County – EITAS (the "Organization"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in fund balance, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively known as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its fund balance and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
March 26, 2024

DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY – EITAS

BALANCE SHEETS

December 31, 2023 and 2022

		2023		2022
ASSETS				
CURRENT ASSETS				
Cash, cash equivalents, and restricted cash	$	10,507,653	$	10,018,359
Investments		2,974,974		1,462,539
Taxes receivable, net		6,495,452		6,054,298
Receivables from Medicaid, net of allowance		860,809		813,853
Grants and other receivables		132,506		288,064
Notes receivable		3,455		17,544
Prepaid expenses and other assets		460,655		623,448
TOTAL CURRENT ASSETS		21,435,504		19,278,105
RIGHT OF USE ASSET, net of amortization		3,661		15,839
NOTES RECEIVABLE, less current portion above		-		4,351
PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation		9,782,091		10,323,381
TOTAL ASSETS	$	31,221,256	$	29,621,676
LIABILITIES & FUND BALANCE				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$	1,362,950	$	1,722,116
Current portion of long-term debt		136,823		132,821
Other liabilities		4,167		17,419
TOTAL CURRENT LIABILITIES		1,503,940		1,872,356
LONG-TERM DEBT, less current portion above		956,674		1,093,487
TOTAL LIABILITIES		2,460,614		2,965,843
FUND BALANCE WITHOUT DONOR RESTRICTIONS				
Undesignated		26,879,182		24,405,833
Board designated - operating reserve		1,850,000		1,850,000
Board designated - provider reserve		-		350,000
TOTAL FUND BALANCE WITHOUT DONOR RESTRICTIONS		28,729,182		26,605,833
FUND BALANCE WITH DONOR RESTRICTIONS		31,460		50,000
TOTAL FUND BALANCE		28,760,642		26,655,833
TOTAL LIABILITIES AND FUND BALANCE	$	31,221,256	$	29,621,676

See Notes to Financial Statements

DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY – EITAS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

Years Ended December 31, 2023 and 2022

FUND BALANCE WITHOUT DONOR RESTRICTIONS	2023	2022
SUPPORT AND REVENUES		
Jackson County taxes	$ 13,272,943	$ 12,433,908
State of Missouri Medicaid	7,279,587	7,090,820
MO Department of Mental Health - Shared Units	477,181	477,181
Other revenue	187,260	317,007
Gain on disposal of assets	2,298,571	12,456
MO Elderly and Handicapped Transportation Assistance	70,064	578,758
Interest and investment income	534,324	109,066
Fund balance releases from restriction	18,540	-
TOTAL SUPPORT AND REVENUES	24,138,470	21,019,196
EXPENSES		
Program		
Case management	7,851,748	7,059,823
Transportation	4,678,686	4,157,350
Grants and other programs	7,159,147	4,811,116
Total program	19,689,581	16,028,289
Management and general	2,325,540	2,146,145
TOTAL EXPENSES	22,015,121	18,174,434
CHANGES IN FUND BALANCE WITHOUT DONOR RESTRICTIONS	2,123,349	2,844,762
FUND BALANCE WITH DONOR RESTRICTIONS		
Restricted contributions	-	50,000
Fund balance releases from restriction	(18,540)	-
CHANGES IN FUND BALANCE WITH DONOR RESTRICTIONS	(18,540)	50,000
CHANGES IN FUND BALANCE	2,104,809	2,894,762
FUND BALANCE, BEGINNING OF YEAR	26,655,833	23,761,071
FUND BALANCE, END OF YEAR	$ 28,760,642	$ 26,655,833

See Notes to Financial Statements

DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY – EITAS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program					
	Case Management	Transportation	Grants and Other Programs	Total Program	Management and General	Total
Salaries and wages	$ 5,036,262	$ 2,230,078	$ 158,423	$ 7,424,763	$ 1,132,431	$ 8,557,194
Payroll taxes and benefits	1,906,942	864,423	45,235	2,816,600	382,764	3,199,364
Other personnel costs	17,866	119,784	410	138,060	14,857	152,917
Grants to agencies	-	-	6,134,287	6,134,287	-	6,134,287
Depreciation and amortization of right of use asset	188,686	441,688	367,778	998,152	65,090	1,063,242
Vehicle operating costs	-	478,179	-	478,179	-	478,179
Property maintenance and utilities	185,904	122,690	127,002	435,596	45,178	480,774
Service contracts	160,571	4,719	1,160	166,450	320,017	486,467
Insurance	27,701	223,789	87,657	339,147	88,526	427,673
Medicaid match	-	-	127,734	127,734	-	127,734
Telephone and internet	70,655	53,542	1,751	125,948	10,236	136,184
Meetings, travel, and auto	115,005	7,131	803	122,939	27,974	150,913
Office supplies	37,935	18,589	3,337	59,861	18,292	78,153
Bad debt expense	30,799	4,113	-	34,912	-	34,912
Purchased transportation	-	22,274	-	22,274	-	22,274
Grants to individuals	-	-	63,616	63,616	-	63,616
Shop overhead	-	57,653	-	57,653	-	57,653
Interest	29,453	62	62	29,577	6,427	36,004
Education	250	-	38,728	38,978	-	38,978
Professional fees	4,925	637	276	5,838	87,340	93,178
Training	21,953	29,160	807	51,920	4,626	56,546
Public relations	285	-	-	285	60,565	60,850
Dues	229	-	-	229	20,499	20,728
Other	16,327	175	81	16,583	40,718	57,301
TOTAL FUNCTIONAL EXPENSES	$ 7,851,748	$ 4,678,686	$ 7,159,147	$ 19,689,581	$ 2,325,540	$ 22,015,121

See Notes to Financial Statements

DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY – EITAS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program					
	Case Management	Transportation	Grants and Other Programs	Total Program	Management and General	Total
Salaries and wages	$ 4,468,614	$ 1,983,195	$ 140,627	$ 6,592,436	$ 1,082,206	$ 7,674,642
Payroll taxes and benefits	1,719,854	798,020	44,819	2,562,693	354,691	2,917,384
Other personnel costs	17,806	129,307	356	147,469	11,041	158,510
Grants to agencies	-	-	3,722,735	3,722,735	-	3,722,735
Depreciation and amortization of right of use asset	200,245	208,612	405,760	814,617	59,084	873,701
Vehicle operating costs	-	600,040	-	600,040	-	600,040
Property maintenance and utilities	172,111	99,234	103,134	374,479	44,970	419,449
Service contracts	146,635	6,359	1,218	154,212	290,511	444,723
Insurance	25,925	176,016	93,514	295,455	72,475	367,930
Medicaid match	-	-	134,560	134,560	-	134,560
Telephone and internet	66,741	52,885	1,672	121,298	9,065	130,363
Meetings, travel, and auto	82,791	2,886	232	85,909	6,972	92,881
Office supplies	35,492	22,691	3,287	61,470	10,134	71,604
Bad debt expense	50,441	(1,872)	-	48,569	-	48,569
Purchased transportation	-	23,053	-	23,053	-	23,053
Grants to individuals	-	-	75,949	75,949	-	75,949
Shop overhead	-	46,084	-	46,084	-	46,084
Interest	33,456	130	130	33,716	7,209	40,925
Education	-	-	79,604	79,604	-	79,604
Professional fees	6,587	-	2,144	8,731	112,747	121,478
Training	24,279	10,211	1,228	35,718	11,178	46,896
Public relations	801	-	-	801	15,993	16,794
Dues	219	-	-	219	14,987	15,206
Other	7,826	499	147	8,472	42,882	51,354
TOTAL FUNCTIONAL EXPENSES	$ 7,059,823	$ 4,157,350	$ 4,811,116	$ 16,028,289	$ 2,146,145	$ 18,174,434

See Notes to Financial Statements

DEVELOPMENTAL DISABILITY SERVICES OF JACKSON COUNTY – EITAS

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in fund balance	$ 2,104,809	$ 2,894,762
Adjustments to reconcile changes in fund balance to net cash flows from operating activities:		
Depreciation	1,051,064	859,669
Amortization of right of use asset	12,178	14,032
Gain on disposal of assets	(2,298,571)	(12,456)
Net realized and unrealized (gain) loss on investments	(45,476)	14,973
Noncash donation of building and related assets	1,400,000	-
Unamortized discount - notes receivable	(567)	(1,231)
Changes in operating assets and liabilities:		
Taxes receivable	(441,154)	(1,460,000)
Receivables from Medicaid	(46,956)	66,555
Grants and other receivable	155,558	(76,350)
Prepaid expenses and other assets	162,793	(437,745)
Accounts payable and accrued expenses	(359,166)	600,178
Deferred revenue	-	(1,923)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,694,512	2,460,464
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of investments	(2,953,730)	(1,477,512)
Proceeds from sale and maturity of investments	1,486,771	-
Payments received on notes receivable	19,007	16,081
Proceeds from sale of property and equipment	1,567,845	104,275
Investment in property and equipment	(1,179,048)	(1,589,706)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,059,155)	(2,946,862)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payments on financing lease liabilities	(13,252)	(14,391)
Payments on long-term obligations	(132,811)	(128,839)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(146,063)	(143,230)
NET CHANGE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	489,294	(629,628)
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,018,359	10,647,987
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	$ 10,507,653	$ 10,018,359
CASH AND CASH EQUIVALENTS	$ 10,476,193	$ 9,968,359
RESTRICTED CASH AND CASH EQUIVALENTS	31,460	50,000
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, END OF YEAR	$ 10,507,653	$ 10,018,359

See Notes to Financial Statements

(1) Summary of significant accounting policies

Nature of operations - Developmental Disability Services of Jackson County – EITAS (the "Organization") was created in 1976 by state statute, sections 205.968 – 205.972 RSMo. The Organization supports residents of Jackson County who have developmental disabilities. Among other things, the Organization supports the provision of residential housing services, sheltered workshop and community employment opportunities, and day habilitation programs for these residents. The Organization also operates and manages a bus service system to provide transportation services to individuals with developmental disabilities in Jackson County.

Mill Levy - The Organization is funded through a mill levy equal to 7.16 and 8.36 cents per $100 assessed valuation of real and personal property in Jackson County for the years ended December 31, 2023 and 2022, respectively. In addition, the Organization receives other funding, primarily from the State of Missouri, in exchange for performing certain targeted case management services. Revenue is recognized as services are performed and reimbursement is requested.

Basis of accounting - The Organization prepares its financial statements on the accrual basis of accounting.

Cash, cash equivalents, and restricted cash - Cash consists of available cash balances on deposit at financial institutions. The Organization considers cash equivalents to be short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. At times, the Organization maintains deposits in financial institutions in excess of federally insured limits. At December 31, 2023 and 2022, the Organization's balance in excess of FDIC coverage totaled $9,952,510 and $9,831,915, respectively. The excess balance was entirely in one institution, and that institution pledged securities to the Organization in amounts sufficient to fully collateralize the balances.

Taxes receivable - Taxes receivable represent an estimate of tax revenue due from Jackson County that had not been received as of December 31. There was no allowance for credit losses related to taxes receivable at December 31, 2023 and 2022.

Receivables - Receivables from Medicaid and grants and other receivables reflect amounts owed by state and local governmental agencies and are stated at the amounts billed to the agencies, which in turn are based on amounts defined in contracts between the Organization and the agencies. Receivables reflecting grants awarded to the Organization are stated at the amounts set forth in the grant documentation.

The Organization provides for an allowance for credit losses, which is based on a review of outstanding receivables, historical collection information and existing economic conditions. Receivables are typically paid by the contracting agency in their normal course of business. Delinquent receivables are written off based on individual credit evaluation and specific circumstances. The allowance for credit losses amounted to $39,400 and $51,300 at December 31, 2023 and 2022, respectively.

Property and equipment - Property and equipment acquired by the Organization are capitalized at cost and depreciated on the straight-line basis over the following estimated useful lives:

Assets	Useful Lives
Buildings	40 years
Residential property	5 - 20 years
Renovations	20 years
Furniture and equipment	5 years
Vehicles	5 years
Radio equipment	5 years
Office equipment	5 years
Transportation equipment	5 years

(1) Summary of significant accounting policies (continued)

Payable to agencies - Unconditional grants to participating agencies and other approved organizations are recorded within accrued expenses when approved by the board of directors and the grantee is notified. Conditional grants are recorded when the grantee has substantially met the conditions of the grant. Generally, all payables to agencies and other organizations are payable within one year.

During the years ended December 31, 2023 and 2022, the Organization had accrued grants payable to agencies of $0 and $417,000, respectively, for grants approved by the board of directors. These grants represent vehicles purchased on behalf of the agencies, for which the payment was recorded in prepaid expenses as of December 31, 2023 and 2022.

Fund balance - To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, fund balances are delineated into groups according to their nature and purpose and/or time restriction.

Fund balance without donor restrictions - These funds are not subject to donor-imposed restrictions. Fund balance without donor restrictions may be delegated for specific purposes by action of the Organization's Board of Directors. At December 31, 2023 and 2022, the fund balance without donor restrictions was $28,729,182 and $26,605,833 respectively.

Board designated fund balance - The Organization has designated a portion of the accumulated fund balance as of December 31, 2023 and 2022 for an operating reserve in the amount of $1,850,000. The Organization has also designated a portion of the accumulated fund balance as reserve for grants to providers seeing growth in the number of individuals served, which totaled $0 and $350,000 as of December 31, 2023 and 2022, respectively.

Fund balance with donor restrictions - These funds are subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. Items that affect this category of fund balance are restricted contributions and grants, which totaled $31,460 and $50,000, respectively, as of December 31, 2023 and 2022. These amounts are reclassified to fund balance without donor restrictions when such restrictions are met or have expired.

Revenues recognition - The Organization's revenues are delineated into three groups according to their nature.

Tax revenue - Tax revenue is calculated based on the Organization's assessed tax rate and assessed valuation, adjusted for estimated tax collection rates. Jackson County Missouri collects the tax revenue from taxpayers and remits it to the Organization based on the approved assessed taxable rate.

Contributions revenue - Contributions and grants, including unconditional promises to give, are recognized in accordance with Accounting Standards Codification ("ASC"), following the guidance described in Accounting Standards Update ("ASU") 2018-08 Topic 958, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this guidance revenue is considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor are reported as restricted contributions and increase fund balance with donor restrictions.

Contributions other than cash, including unconditional promises to give and donated materials with clearly measurable bases, are recorded at their estimated fair value at the date of receipt. Revenue from fees and grants from government agencies are recognized as they are earned through expenditure in accordance with the agreement.

(1) Summary of significant accounting policies (continued)

Earned revenue - Earned revenue is recognized in accordance with Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). Revenue recognition is based on the five-step model: (i) identify the contract with the customer; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue when each performance obligation is satisfied. If it is determined that a contract with enforceable right and obligation does not exist, revenues are deferred until all criteria for an enforceable contract are met.

The Organization has the following significant earned revenue streams:

State programs - Medicaid and the Missouri Department of Mental Health programs are funded through reimbursements from the State of Missouri for providing transportation and support coordinator services to individuals with disabilities. Revenue is recognized as the provided services are billed to the State Departments under the contract.

Training revenue - Training revenues are recorded as revenue at the date the underlying function is held. Revenue recognition of deposits relating to functions to be held in future periods is deferred until the function is held.

In accordance with Topic 606, the Organization disaggregates revenue from contracts with customers into major revenue streams for the purpose of recognizing revenue. Revenue generated from Medicaid and training are recognized at the point in time when the performance obligation has been satisfied.

The timing of revenue recognition, billings and cash collections results in contract assets, receivables, and deferred revenue. Contract assets would exist when the entity has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The Organization's revenue is based on delivered goods and services and is generally limited to amounts that are not contingent on future events, therefore, not resulting in a contract asset being recorded. The Organization records receivables when the right to consideration becomes unconditional. These receivables are presented separately in the statements of financial position. Contract liabilities include unearned revenue when the Organization receives advanced payments before revenue is recognized. These contract liabilities are presented separately as deferred revenue in the statements of financial position. As of December 31, 2023 and 2022, the Organization had $0 of contract liabilities.

Use of estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses that can be identified with a specific program, general and administrative functions, or fundraising efforts are allocated directly to those functional categories. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the programs or support source. Salaries and wages and related personnel costs are allocated based upon estimated time and effort. Property and depreciation expenses are partially allocated using square footage and are also directly allocated. The Grants and Other Programs column on the statements of functional expenses displays the aggregate of the costs of the Organization's other programs to support Jackson County residents who have developmental disabilities. These include training caregivers and the provision of residential housing services, sheltered workshop and community employment opportunities, and day habilitation programs. Bad debt expense is classified as a program expense on the statements of functional expenses as the expense is associated with revenue-generating activities that are program related.

(2) Investments

FASB ASC 820, *Fair Value Measurements and Disclosures* provides the framework for measuring fair value. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Organization endeavors to utilize the best available information in measuring fair value.

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments are carried at fair value based on quoted prices in active markets at December 31, 2023 and 2022, respectively, and consisted entirely of Level 2 fixed income securities. Investment holdings is comprised of the following:

	December 31, 2023	
	Cost	Fair Value
Fixed income securities	$ 2,953,730	$ 2,974,974

	December 31, 2022	
	Cost	Fair Value
Fixed income securities	$ 1,477,512	$ 1,462,539

Investment return is comprised of the following at December 31:

	December 31,	
	2023	2022
Realized gain	$ 22,488	$ -
Unrealized gain (loss)	22,988	(14,973)
Interest and dividend income	60,029	16,824
Investment income	105,505	1,851
Interest income - sweep account	428,252	105,984
Other interest income	567	1,231
Total interest and investment income	$ 534,324	$ 109,066

(3) Receivables from Medicaid

Receivables from Medicaid consisted of the following at December 31:

	2023	2022
State of Missouri	$ 900,209	$ 865,153
Less allowance for expected credit losses	(39,400)	(51,300)
Total receivables from Medicaid	$ 860,809	$ 813,853

(4) Property and equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Land and land improvements	$ 1,952,119	$ 2,051,104
Buildings	11,687,086	13,760,983
Residential property	1,502,618	1,502,618
Renovations	6,207,385	7,557,681
Furniture and equipment	1,431,192	1,237,589
Vehicles	2,074,273	1,438,919
Radio equipment	-	19,116
Office equipment	104,200	95,766
Transportation equipment	452,653	406,811
Total cost	25,411,526	28,070,587
Less accumulated depreciation	(15,629,435)	(17,747,206)
Property and equipment, net of accumulated depreciation	$ 9,782,091	$ 10,323,381

During the year ended December 31, 2023, the Organization disposed of certain vehicles, equipment, furniture and fixtures, buildings, and related land. Total proceeds from these disposals amounted to $1,567,848, which resulted in a gain on disposal of $1,298,761. Additionally, one building, and related assets, were donated to a participating agency during the year ended December 31, 2023, which resulted in a non-cash donation of $1,400,000 and a gain on the disposal of $999,810.

Depreciation expense was $1,063,242 and $873,701 for the years ended December 31, 2023 and 2022, respectively.

(5) Concentrations

Approximately 16% and 17% of the Organization’s payables were due to one entity as of December 31, 2023 and 2022, respectively.

Approximately 30% and 34% of the Organization’s support and revenue came from the State of Missouri Medicaid during the years ended December 31, 2023 and 2022, respectively.

Approximately 55% and 59% of the Organization’s support and revenue came from Jackson County taxes during the years ended December 31, 2023 and 2022, respectively.

(6) Long-term debt

Long-term debt consisted of the following at December 31:

		2023		2022
Note payable to a bank, collateralized by a building owned by the Organization. The note is payable in monthly installments of $14,323, including interest at 3% through June 2027, at which time a balloon payment, estimated at $608,047 is due in full.	$	1,093,497	$	1,226,308
Less current portion		(136,823)		(132,821)
Noncurrent portion	$	956,674	$	1,093,487

Maturities for the long-term debt are as follows:

Years Ending December 31,		
2024	$	136,823
2025		141,134
2026		145,487
2027		670,053
Total long-term debt	$	1,093,497

(7) Leases

Leases are accounted for in accordance with ASC Topic 842, *Leases* ("ASC 842"). The Organization has three long-term finance leases for copy machines, which expire in 2024.

Financing leases consisted of the following at December 31:

		2023		2022
Capitalized lease obligations	$	4,167	$	17,419
Less current portion		(4,167)		(14,183)
Noncurrent portion	$	-	$	3,236

The following is an analysis of the leased assets at December 31:

		2023		2022
Office equipment	$	67,929	$	67,929
Less accumulated depreciation		(64,268)		(52,090)
	$	3,661	$	15,839

(7) Leases (continued)

Future minimum lease payments under these leases together with the present value of the net minimum lease payments are as follows:

	2023	2022
Years Ending December 31,		
2023	$ 4,167	$ 14,817
2024	-	3,286
Total minimum lease payments	4,167	18,103
Less amount representing interest	-	(684)
Present value of net minimum lease payments	$ 4,167	$ 17,419

In addition, the adoption of the leasing standard ASC 842 requires the disclosure of other information pertaining to the financing cash flows from financing leases, the weighted-average remaining lease term for the financing leases, and the weighted average discount rate for the financing leases.

These items are disclosed below for the years ended December 31:

Other information	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid for financing leases	$ 13,265	$ 15,990
Weighted-average remaining lease term		
Financing leases (years)	0.33	1.26
Weighted-average discount rate		
Financing leases (percentage)	5.81%	6.18%

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use ("ROU") assets and lease liabilities for its space and certain equipment. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. The Organization did not have any ROU assets related to operating leases as of December 31, 2023 and 2022.

(7) Leases (continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate of interest from the sales agreement. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases for an initial term of 12 months or less on the statement of activities. Lease expense on such leases is recognized on a straight-line basis over the lease term.

(8) Defined-contribution pension plan

The Organization provides a defined-contribution pension plan that covers all full-time employees who have two years of continuous service. The contributions, computed at 10% of qualified compensation for the years ended December 31, 2023 and 2022, were $644,618 and $607,271, respectively.

(9) Cash flow disclosures

The following is a summary of supplemental cash flow information:

	Years Ended December 31, 2023	2022
Supplemental information:		
Cash paid for interest	$ 36,104	$ 41,033

(10) Liquidity disclosure

The Organization has various sources of liquidity at its disposal. For purposes of analyzing resources available over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Additionally, the Organization monitors its budget and anticipates sufficient revenue to cover general expenditures over the next 12 months. Refer to the statements of cash flows which identify the sources and uses of the Organization's cash. As of December 31, 2023 and 2022, the following financial assets could be made available within one year of the balance sheet date to meet general obligations:

	Years Ended December 31, 2023	2022
Cash and cash equivalents	$ 10,507,653	$ 10,018,359
Investments	2,974,974	1,462,539
Taxes receivable, net	6,495,452	6,054,298
Receivables from Medicaid, net of allowance	860,809	813,853
Grants and other receivables	132,506	288,064
Notes receivable	3,455	17,544
	20,974,849	18,654,657
Less: Cash subject to donor imposed restrictions	31,460	50,000
Financial assets available for general expenditures	$ 20,943,389	$ 18,604,657

(11) Commitments and contingencies

The Organization is periodically involved in litigation arising in the normal course of business. It is not possible to state the ultimate liability, if any, in this matter. In the opinion of management, such litigation will have no material effect on the financial position or results of operations of the Organization.

(12) Subsequent events

The Organization has evaluated subsequent events through March 26, 2024, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation besides the following matter. Subsequent to December 31, 2023, the Organization entered into agreements to sell three buildings to the Center for the Developmentally Disabled ("CDD"). These sales will each be financed with a 5-year note receivable from CDD. These notes receivable are forgivable over the 5-year term as long as CDD uses these spaces to assist those with developmental disabilities in Jackson County.

INDEPENDENT AUDITORS' 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 DISABILITY SERVICES OF JACKSON COUNTY - EITAS

We have audited, 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, the financial statements of Developmental Disability Services of Jackson County – EITAS (the "Organization") which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and change in fund balance and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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*.

We noted certain other matters that we reported to management of the Organization in a separate letter dated March 26, 2024.

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.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
March 26, 2024

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