



Agreed-Upon Procedures  
June 30, 2018

# Developmental Pathways, Inc. And Affiliates

Developmental Pathways, Inc. and Affiliates

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors	Barbara Drake	Nancy Sharpe
Developmental Pathways, Inc.	Deputy County Manager Douglas County, Colorado	Arapahoe County Commissioner Arapahoe County, Colorado

We have performed the procedures enumerated below, which were agreed to by: management of Developmental Pathways, Inc. and Affiliates "Developmental Pathways", Douglas County, Colorado; and Arapahoe County, Colorado (hereinafter "you"), solely to assist you in reviewing the management and general, program, and board-designated expenses within the consolidated financial statements of Developmental Pathways for the year ended June 30, 2018. Developmental Pathways' management is responsible for the fair presentation of the consolidated financial statements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

### Our procedures were as follows:

1. From Developmental Pathways obtain the general ledger detail of "Management and General" expenses (as named on the audited financial statements) for Developmental Pathways for the year ended June 30, 2018 and compare the total from the general ledger to the amount reported in the audited financial statements. From this population, randomly select 25 transactions and:
  - a) Compare the charge to the underlying invoice or other supporting documentation
  - b) Report to the County the description of the charge based upon supporting documentation so County can determine if the charge:
    - i. Was for a valid business purpose
    - ii. Was for services provided to County residents.

### Results:

We obtained the general ledger detail of "Management and General" expenses and agreed the total of the detail to the audited consolidated financial statements without exception. The detail provided was not specific to expenses paid by Douglas or Arapahoe Counties Mill Levy funding, as account coding for expenses in the general ledger detail was not specific to funding sources.

We randomly selected 25 transactions from the general ledger detail and obtained the underlying documentation for each transaction. The description of the charge and the underlying documentation reviewed is shown in Appendix A.

2. From Developmental Pathways, obtain the general ledger detail for the following program expenses paid for by County Mill Levy Funds during the year ended June 30, 2018:
  - o Early Intervention
  - o Family Support
  - o Community Outreach
  - o Outsourced Services
  - o Case Management
  - o Developmental Disabilities

Compare the totals from the general ledger detail to the amounts reported in the audited financial statements. From this population, randomly select 25 transactions and:

- a) Compare the charge to the underlying invoice or other supporting documentation
- b) Report to the County the description of the charge based upon the supporting documentation, so County can determine if the charge:
  - i. Was for a valid business purpose
  - ii. Was for services provided to County residents.

**Results:**

We obtained the general ledger detail of program expenses for Early Intervention, Family Support, Community Outreach, Outsourced Services, and Case Management and agreed the total of the detail to the audited consolidated financial statements without exception. Developmental Disabilities program became a program of Continuum of Colorado effective July 1, 2017, and therefore is not tested herein as part of program expenditures of Developmental Pathways. The detail provided was not specific to expenses paid by Douglas and Arapahoe Counties Mill Levy funding, as account coding for expenses in the general ledger detail was not specific to funding sources.

We randomly selected 25 transactions from the general ledger detail and obtained the underlying documentation for each transaction. The description of the charge and the underlying documentation reviewed is shown in Appendix B.

3. From Developmental Pathways, obtain the general ledger detail for the following Board-Designated Fund program expenses paid for by County Mill Levy Funds during the year ended June 30, 2018:
  - o Capacity Building
  - o Respite
  - o Transportation
  - o Wellness
  - o 3+ Initiative
  - o Youth Housing

Compare the totals from the general ledger to the amounts reported in the audited financial statements. From this population, randomly select 25 transactions and:

- a) Compare the charge to the underlying invoice or other supporting documentation
- b) Report to the County the description of the charge based upon the supporting documentation, so County can determine if the charge:
  - iii. Was for a valid business purpose
  - iv. Was for services provided to County residents.

**Results:**

We obtained the general ledger detail of the board-designated expenses from Developmental Pathways. We could not compare the total of the detail to the consolidated audited financial statements as releases of the board-designated expenses are not presented separately in the consolidated audited financial statements of Developmental Pathways. In addition, the detail provided was not specific to expenses paid by County Mill Levy funding, as account coding for expenses in the general ledger detail was not specific to funding sources.

We randomly selected 25 transactions from the general ledger detail and obtained the underlying documentation for each transaction. The description of the charge and the underlying documentation reviewed is shown in Appendix C.

- 4. From Developmental Pathways, obtain the calculation of the percentage of administrative expenses to total revenue for the year ended June 30, 2018, and:
  - a) Trace the amounts used in the calculation to the general ledger detail
  - b) Recalculate the percentage of administrative expenses to total revenue so County can determine if its requirement for the percentage of administrative expenses to total revenue based on the intergovernmental agreement between Developmental Pathways and County was met

**Results:**

The percentage of administrative expenses to total revenue was calculated based on the consolidated audited financial statements of Developmental Pathways, Inc. and Affiliates for the year ended June 30, 2018 using the “Management and General” line as administrative expenses and “Total revenue, support and gains” as total revenue. The administrative expenses were reduced by depreciation and amortization expense, which is considered a “non-spending” cost. The ratio is recalculated as follows:

Administrative expenses	\$ 5,607,901
Less: Depreciation and amortization expense	<u>(835,699)</u>
Net administrative expenses	<u>\$ 4,772,202</u>
Total revenue	\$ 40,845,163
Administrative expenses as a percentage of total revenue	<u><u>11.68%</u></u>

5. Obtain from the Presidents (or designated authority) of the affiliated entities/organizations listed in *Note 1 – Organization*, of Developmental Pathways, Inc. and Affiliates’ Consolidated Financial Statements for the year ended June 30, 2018 (listed below), confirmation that they did not compensate (or the amount they did compensate) Developmental Pathways executives for executive functions related to the affiliated entities/ organizations:
  - o Developmental Pathways Housing Corporation I (DPHCI)
  - o Developmental Pathways Housing Corporation II (DPHCII)
  - o Developmental Pathways Housing Corporation III (DPHCIII)
  - o SUN Foundation (SUN)
  - o Youth Housing Corporation
  
- a) Report to the County any changes in the payment for executive services from those listed below to assist the County in understanding the calculation of administrative expenses as addressed in the intergovernmental agreement and referenced in #4 above.
  - o Developmental Pathways Housing Corporation I (DPHCI)
  - o Developmental Pathways Housing Corporation II (DPHCII)
  - o Developmental Pathways Housing Corporation III (DPHCIII)
  - o SUN Foundation (SUN)
  - o Youth Housing Corporation

**Results:**

We obtained written confirmation from the Chief Executive Officer of the organizations listed in *Note 1 – Organization*, of Developmental Pathways, Inc. and Affiliates’ consolidated audited financial statements for the year ended June 30, 2018. The table below summarizes the responses.

Organization	Compensation to Developmental Pathways executives for executive functions	Changes in the payment for executive services
Developmental Pathways Housing Corp I (DPHCI)	None	None
Developmental Pathways Housing Corp II (DPHCII)	None	None
Developmental Pathways Housing Corp III (DPHCIII)	None	None
SUN Foundation (SUN)	None	None
Youth Housing Corporation	None	None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Developmental Pathways, Inc. and Affiliates, Douglas County, Colorado, and Arapahoe County, Colorado, and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Denver, Colorado  
February 11, 2019

Developmental Pathways, Inc. and Affiliates  
Appendix A – Management and General Expenditures Testing  
June 30, 2018

#	Payee	Amount	Date	Transaction Description	Description of Supporting Documentation Reviewed
1	COIT - Cleaning & Restoration Services	11,897.00	1/10/2018	HVAC cleaning for Inverness location	Invoice #1026256 dated 1/2/2018, total \$11,897
2	Alliance	117.12	7/19/2017	Apr-June 2017 Meal Bill Back	Invoice #7825 dated 6/29/17, total of \$117.12
3	Zoom Video Communication	7,984.00	3/14/2018	16 Zoom rooms annual subscription from 3/1/18 to 2/28/19, \$499 unit price	Invoice #INV02644472 dated 3/1/18, total of \$13,481
4	Snow Management Services	370.70	3/7/2018	Snow removal services	Invoice #138723 dated 2/27/18, total of \$370.7
5	National Business Furniture, LLC	1,024.00	10/18/2017	Office furniture - mobile serving credenza	Invoice #ZJ978826-HIG dated 10/6/17, total of \$1,024
6	N/A - journal entry	4,800.00	3/8/2018	Redistribution of three months of North Metro Community Services' membership fees in CCDD, based on the entity's decision to no longer be a member.	Invoice #9953692 and batch # 030-022018, approved 3/8/18
7	Nonprofit Management Services of Colorado	1,870.37	4/4/2018	April 2018 management fees	Invoice #00000000000624 dated 3/21/18, total of \$228,431.29
8	Nonprofit Management Services of Colorado	1,106.19	9/7/2017	September 2017 management fees	Invoice #00000000000494 dated 9/1/17, total of \$270,201.21
9	Miller & Steiert, P.C.	976.30	2/28/2018	Legal services	Invoice #72110 dated 1/31/18, total of \$976.30
10	Nonprofit Management Services of Colorado	935.19	5/2/2018	May 2018 management fees	Invoice #00000000000643 dated 4/19/18, total of \$228,431.29
11	Visa Credit Card	163.40	4/5/2018	CEO meal reimbursement during trip to Washington, D.C.	Visa credit card statement from 2/18/18 - 3/17/18
12	Xcel Energy	4,935.89	11/15/2017	October 2017 energy bill	Invoice #567507761 dated 10/30/17, total of \$4,935.89
13	Eide Bailly LLP	1,800.00	7/6/2017	Audit engagement fee for the start of audit planning fieldwork	Invoice #EI00542173 dated 6/23/17, total of \$3,600

Developmental Pathways, Inc. and Affiliates  
Appendix A – Management and General Expenditures Testing (continued)  
June 30, 2018

#	Payee	Amount	Date	Transaction Description	Description of Supporting Documentation Reviewed
14	Corporate Payment Systems	27.73	8/8/2017	Employee expense reimbursement for office supplies	Visa credit card statement from 6/18/17 - 7/17/17
15	Paychex of New York LLC	1209.86	9/6/2017	Payroll processing fees	Invoice #461202, dated 08/22/17, total of \$1,209.86
16	Ricoh USA, Inc	245.00	5/23/2018	Brochures, flyers, packets	Invoice #AB918030005 dated 3/8/18, total of \$245
17	National Business Furniture, LLC	2152.00	2/21/2018	Office furniture - 4 Lounge Chairs with Table	Invoice #ZJ994208-OFM dated 2/7/18, total of \$2,152.00
18	DP Housing Corp III	294.00	11/1/2017	Nov 2017 Management Fees	Invoice #000017224 dated 10/23/17, total of \$882
19	Nonprofit Management Services of Colorado	280.56	4/4/2018	April 2018 management fees	Invoice #00000000000624 dated 3/21/18, total of \$228,431.29
20	Taylor Communications, Inc.	476.38	8/16/2017	Office material and supplies	Invoice #60111017861 dated 8/2/17, total of \$476.38
21	Century Link	9.04	11/15/2017	Century Link monthly billing cycle, broken out by department	Invoice #1424228621 dated 10/31/17, total of \$130.26
22	Denver Desks, Inc	7464.50	5/23/2018	Office materials	Invoice #5008 dated 5/15/18, total of \$7,464.50
23	Ricoh USA, Inc	125.00	6/6/2018	Ricoh equipment lease payment	Invoice #100594618 dated 5/23/18, total of \$125.00
24	Visa Credit Card	3.50	9/25/2017	CEO meal expense reimbursement	Visa credit card statement from 7/18/17 to 8/17/17
25	Staples Business Advantage	24.95	10/25/2017	Office materials and supplies	Invoice #8046702697 dated 9/30/17, total of \$4,162.19



Developmental Pathways, Inc. and Affiliates  
Appendix B – Program Expenditures Testing  
June 30, 2018

#	Payee	Amount	Date	Transaction Description	Description of Supporting Documentation Reviewed
1	Shield Health Care	23.49	5/10/2018	Hygea adult washcloth	Invoice #1726704100 dated 4/3/18, total of \$23.49
2	Mary Balagna	423.36	4/25/2018	Homemaker services	Invoice #HAR0001 dated March, 2018, total of \$704.48
3	Client	50.00	1/11/2018	Family Support Services Program (FSSP) payment - January 2018	FSSP approved payments January 2018 schedule
4	N/A - journal entry	1,432.60	3/7/2018	EI Trust professional services accrual - Social and Emotional Services	February 2018 service record, certified on 3/7/18, total of \$1,432.6
5	Andrea Jean Saveglio LLC	197.60	9/13/2017	August 2018 Audiology services - total of 8 hours	August 2018 service record, certified on 9/13/18, total of \$197.60
6	Client	50.00	7/12/2017	FSSP Payment - July 2017	FSSP approved payments July 2017 schedule
7	Client	20.00	11/9/2017	FSSP Payment- November 2017	FSSP approved payments November 2017 schedule
8	Visa Credit Card	118.14	3/7/2018	Therapist-designed sensory children's toys	Credit card statement from period 1/18/18 - 2/17/18
9	Client	100.00	12/13/2017	FSSP Payment - December 2017	FSSP approved payments December 2017 schedule
10	Contracted Service - Brooke Craven OTRL	114.40	12/13/2017	November 2017 DI Teaming - total of 8 hours	November 2017 service record, certified on 12/13/17
11	Client	25.00	9/13/2017	FSSP Payment - September 2017	FSSP approved payments September 2017 schedule
12	IRS	2,752.48	2/22/2018	Employer taxes for pay period 1/27-2/9/18	Payroll register for check date 2/23/18, pay period 1/27-2/9/18
13	Client	50.00	10/12/2017	FSSP Payment - October 2017	FSSP approved payments October 2017 schedule
14	Client	25.00	2/8/2018	FSSP Payment - February 2018	FSSP approved payments February 2018 schedule
15	Kindrid Developmental Services	221.00	11/15/2017	Developmental Intervention service - total of 10 hours	October 2017 service record, certified on 11/15/17

Developmental Pathways, Inc. and Affiliates  
Appendix B – Program Expenditures Testing (continued)  
June 30, 2018

#	Payee	Amount	Date	Transaction Description	Description of Supporting Documentation Reviewed
16	Client	20.00	4/11/2018	FSSP Payment - April 2018	FSSP approved payments April 2018 schedule
17	N/A - journal entry	100.00	7/31/2018	The entry was recorded due to the fact that FSSP expenditures for the year exceeded the contract amount. Excess spending was reclassified from FSSP to Developmental Pathways Unmet needs.	Journal entry batch #045-062018, budget-to-actual report, approved on 7/31/18.
18	Client	25.00	1/11/2018	FSSP Payment - January 2018	FSSP approved payments January 2018 schedule
19	Shield Health Care	53.95	11/30/2017	Hygea adult washcloth	Invoice #1679912500 dated 11/10/17, total of \$53.95
20	Client	100.00	11/9/2017	FSSP Payment - November 2017	FSSP approved payments November 2017 schedule
21	Denver Behavior Consultants	3,315.00	8/16/2017	Developmental Intervention services - total of 202 hours	July 2017 service record, certified 8/16/17
22	Client	100.00	3/7/2018	FSSP Payment - March 2017	FSSP approved payments March 2017 schedule
23	Before and After Cleaning LLC	435.40	9/13/2017	Monthly cleaning services for 70 units - August 2017	Invoice #10H dated 9/5/17, total of \$435.40
24	Denver Desks, Inc.	10,800.00	6/27/2018	50 mobile pedestals with cushion	Invoice #5041 dated 6/6/18, total of \$10,800
25	Visa Credit Card	13.19	11/7/2017	Assistive technology device	Visa credit card statement from period 9/18/17 - 10/17/17

Developmental Pathways, Inc. and Affiliates  
Appendix C – Board-Designated Expenditures Testing  
June 30, 2018

#	Payee	Amount	Date	Transaction Description	Description of Supporting Documentation Reviewed
1	Employee	467.67	4/17/2018	Salary expense - employee assigned to oversee the programs for the board-designated initiatives	Payroll register for the period of 3/10/18 - 3/23/18, check dated 4/6/18
2	Various (Fringe Payment)	8.69	11/13/2017	Fringe allocation	Payroll register for the period of 10/7/17 - 10/20/17, check dated 11/3/17
3	Colorado Nonprofit Development Center	1,200.00	3/21/2018	Training and consulting for preschools	Invoice COLO249, dated 3/12/18, total of \$1,200
4	Littleton Public Schools, Education Services Center	1,500.00	10/31/2017	Dyslexia simulator for parent workshops, support for 2018 CURO award/recognition, fees for a guest speaker.	Community Outreach Allocation Request dated 10/20/17, total of \$1,500
5	Various(Tax and Fringe Benefit)	82.67	12/4/2017	Employer paid medical expense	Payroll register for period of 11/4/17 - 11/17/17, check dated 12/1/17
6	Various (Fringe Payment)	12.35	11/16/2017	Fringe allocation	Payroll register for period 10/21/17 - 11/3/17, check dated 11/17/17
7	Employee	15.00	8/2/2017	Bilingual expense	Payroll register for period 7/1/17 - 7/14/17, check dated 7/28/17
8	N/A - reversal of management fee	2,244.44	3/7/2018	Management fee adjustment	Schedule of Management fee adjustment with executive contract approved on 3/7/18
9	Various (Fringe Payment)	11.88	1/17/2018	Fringe allocation	Payroll register for period 12/16/17 - 12/29/17, check dated 1/12/18
10	Employee	467.67	11/13/2017	Salary expense - employee assigned to oversee the programs for the board-designated initiatives	Payroll register for period of 10/7/17 - 10/20/17, check dated 11/3/17
11	Learning Journeys, LLC	245.00	4/25/2018	Presentation on early childhood inclusion and preparation time	Invoice #245, date 4/10/18, total of \$245.00
12	Employee	15.00	9/25/2017	Bilingual expense	Payroll register for period 8/26/17 - 9/8/17, check dated 9/22/17
13	Employee	467.67	3/28/2018	Salary expense - employee assigned to oversee the programs for the board-designated initiatives	Payroll register for period 2/24/18 - 3/9/18, check dated 3/23/18

Developmental Pathways, Inc. and Affiliates  
Appendix C – Board-Designated Expenditures Testing (continued)  
June 30, 2018

#	Payee	Amount	Date	Transaction Description	Description of Supporting Documentation Reviewed
14	Various (Fringe Payments)	8.69	8/2/2017	Fringe allocation	Payroll register for period 6/17/17 - 6/30/17, check dated 7/14/17
15	Nonprofit Management Services of Colorado	280.56	3/1/2018	Management fee for March 2018	Invoice #00000000000607, dated 2/21/18, total of 270,201.21
16	Various (Employer Payments)	82.67	12/4/2017	Employer paid medical expense	Payroll register for period 11/4/17 - 11/17/17, check dated 12/1/17
17	Employee	15.00	10/12/2017	Bilingual expense	Payroll register for period 9/9/17 - 9/22/17, check dated 10/6/17
18	ADI Acoustics, Inc.	12,967.10	9/20/2017	Installation of sound masking system to improve working conditions	Invoice #17087, date 9/8/17, total of \$12,967.10
19	Employee	6,548.35	2/26/2018	Salary expense - employee assigned to oversee the programs for the board-designated initiatives	Payroll register for period 1/27/18 - 2/9/18, check dated 2/26/18
20	Tax Authority	35.39	3/28/2018	Employer tax expense	Payroll register for period 2/24/18 - 3/9/18, check dated 3/23/18
21	N/A - reversal of management fee	410.41	3/7/2018	Management fee adjustment	Schedule of Management fee adjustment with executive contract approved on 3/7/18
22	Kari S. Hall, Inc. DBA Sensory Pathways 4 Kids	300.00	3/14/2018	Early childhood center sensory consulting	Invoice #101, date 2/28/18, total of \$300.00
23	Various (Fringe Payments)	12.54	4/25/2018	Fringe allocation	Payroll register for period 3/24/18 - 4/6/18, check dated 4/20/18
24	Nonprofit Management Services of Colorado	187.04	3/1/2018	Management fee for March 2018	Invoice #00000000000607, dated 2/21/18, total of 270,201.21
25	Employee	15.00	7/2/2018	Bilingual expense	Payroll register for period 6/16/18 - 6/29/18, check dated 6/29/18