

Financial Statements and
Independent Auditor's Report

**Eastern Colorado Services for the Developmentally
Disabled, Inc. Tax Deferred Annuity Plan**

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Plan Administrator

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan (the Plan), which comprise the statements of net assets available for benefits as of June 30, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended June 30, 2020, 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note G, which was certified by The Variable Annuity Life Insurance Company and Massachusetts Mutual Life Insurance Company, the custodians of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained certifications from the custodians as of June 30, 2020 and 2019 and for the year ended June 30, 2020, that the information provided to the Plan administrator by the custodians is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of Schedule H – Line 4i – Schedule of Assets (Held at End of Year), as of June 30, 2020 is required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Logan, Thomas + Johnson, LLC

Broomfield, Colorado

April 12, 2021

Financial Statements

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
 June 30,

	2020	2019
ASSETS		
Investments		
Annuity contracts - at fair value	\$ 1,800,257	\$ 1,607,641
Investment contract - at contract value	874,905	874,955
Total investments	2,675,162	2,482,596
Receivables		
Notes receivable from participants	5,727	5,481
Total assets	2,680,889	2,488,077
Net assets available for benefits	\$ 2,680,889	\$ 2,488,077

The accompanying notes are an integral part of these statements.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 Year ended June 30, 2020

Additions to net assets attributed to:	
Investment income	
Interest	\$ 27,139
Net appreciation in fair value of investments	<u>65,152</u>
Total investment gain	92,291
Interest income on notes receivable from participants	246
Contributions	
Participants	138,428
Employer	<u>166,679</u>
	<u>305,107</u>
Total additions	397,644
Deductions from net assets attributed to:	
Benefits paid to participants	201,027
Administrative expenses	<u>3,805</u>
Total deductions	<u>204,832</u>
Net increase in net assets	192,812
Net assets available for benefits:	
Beginning of year	<u>2,488,077</u>
End of year	<u><u>\$ 2,680,889</u></u>

The accompanying notes are an integral part of this statement.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE A – DESCRIPTION OF PLAN

The following description of the Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. *General*

The Plan was established effective October 1, 1991 by Eastern Colorado Services for the Developmentally Disabled, Inc. dba Eastern Colorado Services (the Company or Employer). It is a defined contribution plan covering all employees of the Company, or any affiliated company that adopts the Plan. Employees who work more than twenty hours per week can make elective deferrals. Employees are eligible for employer contributions who are age eighteen or older, have completed 1,000 hours of service in a twelve month period, and do not receive services from Eastern Colorado Services. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Prior to January 1, 2010, all annuity contracts were held at The Variable Annuity Life Insurance Company (VALIC). Starting January 1, 2010, all contributions were invested in annuity contracts with Hartford Life Insurance Company. Each participant had the option to move their funds held at VALIC.

Effective January 1, 2013, Massachusetts Mutual Life Insurance Company (Mass Mutual) acquired The Hartford's Retirement Plan Group (RPG) business. MassMutual assumed, through a reinsurance agreement, the obligations of Hartford Life Insurance Company that were part of the RPG business including the group variable annuity contract held by the Plan.

2. *Annuity Contracts*

Plan assets are invested in annuity contracts with VALIC and Mass Mutual. The contracts offer a combination of fixed and variable investment options in which a participant may invest.

3. *Contributions*

Each year, participants at a minimum must contribute \$200 and may contribute up to 100% of pre-tax annual compensation, as defined in the Plan, subject to Internal Revenue Code limitations. Participants may also contribute amounts representing distributions from other defined contribution plans.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE A – DESCRIPTION OF PLAN (CONTINUED)

3. *Contributions (Continued)*

Participants direct the investment of their contributions into various investment options under an annuity contract offered by the Plan. The Plan provides for employer discretionary contributions at a rate equal to a uniform percentage of compensation. The Company at its sole discretion may vary the rate and percentage. The employer contributions are invested as directed by the participant. For 2020 and 2019, the Company's contribution rate was 5% of the employee's base compensation.

4. *Participant Accounts*

All of a participant's salary reduction and employer contributions are credited to his or her account, as directed by the participant. The value of each of the separate funds is determined by VALIC and Mass Mutual daily. VALIC and Mass Mutual then value and increase or decrease each participant's account to reflect his or her proportionate interest in each of the funds, as adjusted for fund activity, since the preceding valuation date.

5. *Vesting*

Participants are immediately 100% vested in both their contributions and employer discretionary contributions.

6. *Notes Receivable from Participants*

Participants may obtain loans that are secured by the participants' accounts. Effective February 3, 2011, no new loans are permitted. Interest rates on outstanding loans at June 30, 2020 was 3.0%.

7. *Eligibility for Payment of Benefits*

Upon termination of service, death, or reaching normal retirement age, the participant may receive benefits as allowed by the Plan equal to the value of the account. Normal retirement age is sixty-five; however, participants continue to share in the benefits of the Plan if employment continues past normal retirement age. The lump-sum amount may be paid directly to the participant or rolled over into a qualified IRA or another qualified plan. Effective July 1, 2018, the plan was restated to allow involuntary cash-out threshold of \$5,000.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting.

2. *Use of Estimates*

The preparation of the Plan's financial statements in conformity 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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

3. *Subsequent Events*

The Plan has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through April 12, 2021, the date on which the financial statements were issued. The Plan did not identify any events or transactions that would have a material impact on the financial statements.

4. *Investment Valuation and Income Recognition*

The Plan's investments, except for the fully benefit-responsive contract, are stated at estimated fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Fully benefit-responsive contracts held by a defined contribution plan are required to be reported at contract value. The General Account, held at Mass Mutual, is considered fully benefit-responsive.

5. *Payment of Benefits*

Benefits are recorded when paid.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. *Notes Receivable from Participants*

Notes receivable from participants represent participant loans that are recorded at their unpaid principal plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. No allowance for credit losses has been recorded as of June 30, 2020 and 2019. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, and thus a distribution, the participant loan balance is reduced and a benefit payment is recorded.

7. *Administrative Expenses*

Administrative expenses can be paid by the Plan, by the Company, or by the participant. For the year ended June 30, 2020, the Plan incurred \$3,805 for administrative expenses.

NOTE C – FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

A fair value hierarchy is established to prioritize the inputs used to measure fair value. This hierarchy requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities.

The Plan used the following methods and significant assumptions to estimate fair value of the Plan's annuity contracts held with VALIC.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

Annuity Contract Variable Account Options are valued by a purchase unit of interest owned by participants. The units of interest are revalued daily to reflect that day's performance of the underlying mutual fund minus any applicable fees and charges.

Annuity Contract Fixed Account Options are valued by the following calculation on a given business day:

- All purchase payments made to the Fixed Account Options, plus
- Amounts transferred from Variable Account Options to the Fixed Account Options, plus
- All interest earned, minus
- Amounts transferred or withdrawn from Fixed Account Options (including applicable fees and charges).

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include transferring funds to another funding entity. There is a charge at the time of surrender or withdrawal equal to 5% of (i) the amount withdrawn, or (ii) the amount of any purchase payments received during the most recent 60 months prior to the surrender or withdrawal, whichever is less.

The Plan used the following methods and significant assumptions to estimate fair value of the Plan's annuity contracts held with Mass Mutual.

The value of an Annuity Unit for each Sub-Account in the Separate Account was set at an initial fixed value on the date the Sub-Account was initially established and for each day thereafter is determined by multiplying the value of the Annuity Unit for that Sub-Account on the preceding day by the product of (a) 0.999892 and (b) the net investment factor for that Sub-Account of the Separate Account for the day for which the annuity value is being calculated.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the investments measured at fair value on a recurring basis at June 30, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Annuity Contracts:				
Variable	\$ 1,755,621	\$ -	\$ 1,755,621	\$ -
Fixed	<u>44,636</u>	<u>-</u>	<u>2,525</u>	<u>42,111</u>
Total investments	<u>\$ 1,800,257</u>	<u>\$ -</u>	<u>\$ 1,758,146</u>	<u>\$ 42,111</u>

The following table presents the investments measured at fair value on a recurring basis at June 30, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Annuity Contracts:				
Variable	\$ 1,558,664	\$ -	\$ 1,558,664	\$ -
Fixed	<u>48,977</u>	<u>-</u>	<u>2,572</u>	<u>46,405</u>
Total investments	<u>\$ 1,607,641</u>	<u>\$ -</u>	<u>\$ 1,561,236</u>	<u>\$ 46,405</u>

The following table presents a summary of changes in the fair value of the Plan's Level 3 investments for the years ended June 30,:

	<u>Fixed Value – 2020</u>	<u>Fixed Value – 2019</u>
Beginning balance	\$ 46,405	\$ 44,532
Interest credited	1,566	1,650
Purchases	-	904
Sales	<u>(5,860)</u>	<u>(681)</u>
Ending balance	<u>\$ 42,111</u>	<u>\$ 46,405</u>

NOTE D – INVESTMENT CONTRACT

The General Account, held at Mass Mutual, is considered fully benefit-responsive. The General Account value is determined by crediting interest to amounts allocated to the General Account under the Contract. The General Account is credited with interest at a rate guaranteed for the entire year which will never be less than 3%. The declared interest rate for a calendar year is determined at the end of the preceding calendar year. The Contract can be terminated by the Company or by the contract owner. The contract value would not be paid in the case of termination, but would be based on a calculation that would result in net surrender value which would be paid. The Company has no plans to terminate the contract.

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE E – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. If the Plan is terminated for any reason, the Plan administrator is to distribute immediately each participant's interest to the participant or beneficiary.

NOTE F – INCOME TAX STATUS

Effective July 1, 2018 the Plan adopted a pre-approved plan document which has obtained a determination letter from the Internal Revenue Service. The Plan has not received its own determination letter. The Plan Administrator believes that the Plan is currently designed and being operated in compliance with applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Plan administrator believes it is no longer subject to income tax examinations for the years prior to 2017.

NOTE G – INFORMATION PROVIDED BY THE CUSTODIAN (UNAUDITED)

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, VALIC and Mass Mutual, the custodians of the Plan, have certified that the following unaudited data included in the accompanying financial statements and supplemental schedules is complete and accurate:

Statements of net assets available for benefits

- All investment information

Statement of changes in net assets available for benefits

- Dividends and interest and net appreciation in fair value of investments

Supplemental schedule

- All information except participant loans contained on the schedule of assets (held at end of year)

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE H – RELATED PARTY TRANSACTIONS

Certain Plan investments represent units or options for which the custodians are advisors or sub-advisors, therefore, these investments and investment transactions qualify as party-in-interest transactions. Fees charged to the Plan for investment or management services by VALIC and Mass Mutual were \$3,805 in 2020.

NOTE I – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Supplementary Information

Eastern Colorado Services for the Developmentally Disabled, Inc. Tax Deferred Annuity Plan
SCHEDULE H-LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR)
June 30, 2020

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment	(e) Current Value
	The Variable Annuity Life Insurance Company		
*	Fixed Account Plus	Annuity Contract	\$ 38,475
*	Money Market I Fund	Annuity Contract	2,525
*	Short Term Fixed Account	Annuity Contract	3,636
	Hartford Life Insurance Company		
*	General Account	Annuity Contract	874,905
	American Funds The Growth Fund of America	Annuity Contract	137,683
	American Funds EuroPacific Growth	Annuity Contract	19,786
	American Funds Fundamental Investors	Annuity Contract	5,963
	American Funds Washington Mutual	Annuity Contract	5,016
	American Funds Income Fund	Annuity Contract	8,892
	American Funds Capital Income Builder	Annuity Contract	14,519
	Oppenheimer Gold & Special Minerals	Annuity Contract	4,263
	MFS Research International	Annuity Contract	1,618
	Prudential Jennison Mid Cap Growth	Annuity Contract	2,615
	Goldman Sachs Small Cap Value	Annuity Contract	5,071
	BlackRock Equity Dividend	Annuity Contract	143,718
	Wells Fargo Advantage Emerging Markets Equity	Annuity Contract	19,159
	BlackRock Global Allocation	Annuity Contract	631,721
	American Funds Cap World Growth & Income	Annuity Contract	23,574
	BlackRock Mid Cap Value Opportunities	Annuity Contract	89,706
	Columbia Seligman Global Technology	Annuity Contract	64,840
	Oppenheimer Global Strategic Income	Annuity Contract	66,070
	Thornburg Value	Annuity Contract	5,468
	Victory Special Value	Annuity Contract	27,336
	Alger Capital Appreciation Institutional	Annuity Contract	138,218
	Templeton Global Bond	Annuity Contract	18,879
	Ivy Small Cap Growth	Annuity Contract	12,488
	Victory Sycamore Small Company Opportunity	Annuity Contract	28,653
	Eaton Vance Worldwide Health Sciences	Annuity Contract	17,706
	MM S&P Mid Cap Index	Annuity Contract	3,570
*	The Hartford Dividend & Growth	Annuity Contract	44,943
	AllianzGI NFJ Dividend Value	Annuity Contract	9,914
	Invesco Real Estate	Annuity Contract	25,567
	JP Morgan Core Bond	Annuity Contract	548
	American Funds New Perspective	Annuity Contract	1,831
	Blackrock Lifepath Retirement	Annuity Contract	3,951
	Blackrock Lifepath 2030	Annuity Contract	22,617
	Blackrock Lifepath 2040	Annuity Contract	56,924
	Blackrock Lifepath 2050	Annuity Contract	92,794
*	Participant Loans	Loans (Interest at 3%; maturing in 2020)	5,727
			\$ 2,680,889

* Denotes party-in-interest.