
Jeffco Action Center, Inc.

Financial Report
June 30, 2019

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Independent Auditor's Report

To the Board of Directors
Jeffco Action Center, Inc.

We have audited the accompanying financial statements of Jeffco Action Center, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jeffco Action Center, Inc. as of June 30, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

November 6, 2019

Statement of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 775,505	\$ 76,692
Cash held for Jeffco Prosperity Partners	-	187,471
Unconditional promises to give - Net of allowance of \$56,847 (2019) and \$47,372 (2018)	736,635	993,669
Accounts receivable	1,835	37,489
Prepaid expenses and other assets	28,991	17,110
Investment portfolio	482,609	415,842
Beneficial interest in assets held by Community First Foundation	170,916	163,614
Property and equipment - Net	5,226,163	5,421,649
	\$ 7,422,654	\$ 7,313,536
Liabilities and Net Assets		
Liabilities		
Line of credit	\$ -	\$ 184,736
Accounts payable and accrued expenses	146,883	174,418
Capital lease obligation	-	28,632
Note payable	1,920,913	1,968,033
	2,067,796	2,355,819
Net Assets		
Without donor restrictions:		
Undesignated	284,567	(486,999)
Undesignated investment in property and equipment - Net of related debt	3,305,250	3,424,984
Board designated		
Endowment	478,609	411,842
Facilities reserve	20,000	20,000
Technology reserve	9,550	9,550
	4,097,976	3,379,377
With donor restrictions	1,256,882	1,578,340
	5,354,858	4,957,717
	\$ 7,422,654	\$ 7,313,536

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains						
In-kind donations	\$ 10,575,776	\$ -	\$ 10,575,776	\$ 8,657,000	\$ -	\$ 8,657,000
Contributions	1,869,977	814,746	2,684,723	1,414,786	1,315,675	2,730,461
Government grants and contracts	595,764	46,000	641,764	87,449	40,250	127,699
Special event revenue, net of direct costs of \$14,346 (2019) and \$20,326 (2018)	127,867	-	127,867	106,229	-	106,229
Rental revenue	140,127	-	140,127	116,800	-	116,800
Net investment return	59,581	-	59,581	36,525	-	36,525
Distribution from and change in value of beneficial interest in assets held by Community First Foundation	-	7,302	7,302	-	8,423	8,423
Other revenue	60,772	-	60,772	69,639	-	69,639
Net assets released from restrictions	1,189,506	(1,189,506)	-	1,803,154	(1,803,154)	-
Total support, revenue, and gains	14,619,370	(321,458)	14,297,912	12,291,582	(438,806)	11,852,776
Expenses						
Program services expenses:						
Participant services	5,006,431	-	5,006,431	4,731,433	-	4,731,433
Food programs	7,215,984	-	7,215,984	5,364,220	-	5,364,220
Shelter programs	-	-	-	840,456	-	840,456
Jeffco Prosperity Partners	134,361	-	134,361	442,204	-	442,204
Total program services expenses	12,356,776	-	12,356,776	11,378,313	-	11,378,313
Supporting services expenses:						
Management and general	849,068	-	849,068	627,271	-	627,271
Fundraising and development	694,927	-	694,927	780,039	-	780,039
Total supporting services expenses	1,543,995	-	1,543,995	1,407,310	-	1,407,310
Total expenses	13,900,771	-	13,900,771	12,785,623	-	12,785,623
Change in Net Assets	718,599	(321,458)	397,141	(494,041)	(438,806)	(932,847)
Net Assets - Beginning of year	3,379,377	1,578,340	4,957,717	3,873,418	2,017,146	5,890,564
Net Assets - End of year	\$ 4,097,976	\$ 1,256,882	\$ 5,354,858	\$ 3,379,377	\$ 1,578,340	\$ 4,957,717

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services				Support Services				Total	
	Participant Services	Food Programs	Shelter Programs	Jeffco Prosperity Partners	Total Program Services	Management and General	Fundraising and Development	Direct Benefits to Donors		Total Supporting Services
Grants and other assistance	\$ 4,098,352	\$ 6,872,848	\$ -	\$ 10,340	\$ 10,981,540	\$ 10,803	\$ 354	\$ -	\$ 11,157	\$ 10,992,697
Salaries and wages	439,035	195,711	-	50,441	685,187	449,146	308,164	-	757,310	1,442,497
Employee benefits	77,576	30,039	-	9,857	117,472	44,317	51,698	-	96,015	213,487
Payroll taxes	32,836	14,515	-	4,953	52,304	32,195	23,016	-	55,211	107,515
Professional services	145,808	336	-	34,056	180,200	31,049	4,144	-	35,193	215,393
Occupancy	56,958	22,128	-	6,010	85,096	79,974	53,688	9,225	142,887	227,983
Office expenses	4,755	7,219	-	6,884	18,858	3,427	15,790	2,131	21,348	40,206
Repairs and maintenance	16,214	25,798	-	-	42,012	21,354	10,771	-	32,125	74,137
Insurance	15,401	5,343	-	-	20,744	22,031	10,438	-	32,469	53,213
Interest	29,354	14,001	-	-	43,355	46,929	19,585	-	66,514	109,869
Depreciation	69,732	21,504	-	-	91,236	73,058	46,471	-	119,529	210,765
Other	20,410	6,542	-	11,820	38,772	41,128	150,808	2,990	194,926	233,698
Total expenses by function	5,006,431	7,215,984	-	134,361	12,356,776	855,411	694,927	14,346	1,564,684	13,921,460
Cost of direct benefits to donors	-	-	-	-	-	-	-	(14,346)	(14,346)	(14,346)
Investment management fees	-	-	-	-	-	(6,343)	-	-	(6,343)	(6,343)
Total expenses included in the expense section on the statement of activities and changes in net assets	\$ 5,006,431	\$ 7,215,984	\$ -	\$ 134,361	\$ 12,356,776	\$ 849,068	\$ 694,927	\$ -	\$ 1,543,995	\$ 13,900,771

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services				Support Services					Total
	Participant Services	Food Programs	Shelter Programs	Jeffco Prosperity Partners	Total Program Services	Management and General	Fundraising and Development	Direct Benefits to Donors	Total Supporting Services	
Grants and other assistance	\$ 3,684,648	\$ 4,987,467	\$ 358,605	\$ 29,020	\$ 9,059,740	\$ 15,279	\$ 1,050	\$ -	\$ 16,329	\$ 9,076,069
Salaries and wages	597,084	198,292	278,131	105,269	1,178,776	343,316	348,885	-	692,201	1,870,977
Employee benefits	71,541	35,996	44,780	17,370	169,687	29,487	51,120	-	80,607	250,294
Payroll taxes	65,724	22,325	22,243	7,798	118,090	30,510	30,848	-	61,358	179,448
Professional services	153,704	3,681	4,545	254,628	416,558	38,711	22,205	-	60,916	477,474
Occupancy	31,764	24,884	30,346	3,532	90,526	42,862	48,150	16,359	107,371	197,897
Office expenses	2,451	3,437	4,090	3,536	13,514	6,782	16,882	2,373	26,037	39,551
Repairs and maintenance	13,434	26,176	8,707	-	48,317	18,076	10,133	-	28,209	76,526
Insurance	12,552	5,223	12,303	-	30,078	14,606	9,580	-	24,186	54,264
Interest	28,865	19,282	17,246	-	65,393	14,474	33,654	-	48,128	113,521
Depreciation	54,371	29,948	51,574	-	135,893	41,802	42,669	-	84,471	220,364
Other	15,295	7,509	7,886	21,051	51,741	38,053	164,863	1,594	204,510	256,251
Total expenses by function	4,731,433	5,364,220	840,456	442,204	11,378,313	633,958	780,039	20,326	1,434,323	12,812,636
Cost of direct benefits to donors	-	-	-	-	-	-	-	(20,326)	(20,326)	(20,326)
Investment management fees	-	-	-	-	-	(6,687)	-	-	(6,687)	(6,687)
Total expenses included in the expense section on the statement of activities and changes in net assets	\$ 4,731,433	\$ 5,364,220	\$ 840,456	\$ 442,204	\$ 11,378,313	\$ 627,271	\$ 780,039	\$ -	\$ 1,407,310	\$ 12,785,623

Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 397,141	\$ (932,847)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation expense	210,765	220,364
Amortization of deferred financing cost and capitalized interest	2,412	5,233
Bad debt expense for promises to give	91,299	83,949
Change in beneficial interest in assets held by Community First Foundation	(7,302)	(8,423)
Net realized and unrealized gains on investments	(50,170)	(33,283)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	35,654	14,674
Promises to give	165,735	169,383
Prepaid expenses and other assets	(11,881)	17,236
Accounts payable and accrued expenses	(27,535)	7,194
Net cash and cash equivalents provided by (used in) operating activities	806,118	(456,520)
Cash Flows from Investing Activities		
Net purchases of endowment investments	(16,597)	(3,884)
Distributions from beneficial interest	-	7,714
Purchase of property and equipment	(15,279)	(4,797)
Net cash and cash equivalents used in investing activities	(31,876)	(967)
Cash Flows from Financing Activities		
Principal payments on notes payable and capital leases	(78,164)	(65,057)
Borrowings on line of credit	224,614	256,600
Payments on line of credit	(409,350)	(71,864)
Net cash and cash equivalents (used in) provided by financing activities	(262,900)	119,679
Net Increase (Decrease) in Cash and Cash Equivalents	511,342	(337,808)
Cash and Cash Equivalents - Beginning of year	264,163	601,971
Cash and Cash Equivalents - End of year	\$ 775,505	\$ 264,163
Statement of Financial Position Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 775,505	\$ 76,692
Cash held for Jeffco Prosperity Partners	-	187,471
Total cash and cash equivalents	\$ 775,505	\$ 264,163

June 30, 2019 and 2018

Note 1 - Nature of Business

The Jeffco Action Center, Inc. (the "Organization"), a nonprofit corporation, was incorporated in the state of Colorado on October 1, 1968 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization provides an immediate response to basic human needs and promotes pathways to self-sufficiency for Jefferson County residents and the homeless. The Organization fulfills its mission by focusing its efforts in the following program areas:

- Participant Assistance - Provides case management and support, including financial assistance, health assistance, a clothing bank, and other programs to meet immediate basic needs of individuals seeking help
- Food Programs - Provide five-day food supply to participants, alleviating food insecurity concerns
- Shelter Programs - Provide shelter for the homeless in Jefferson County, allowing residents to work to advance their employment and/or education status while in the program. Upon successful completion of the program, residents transition to the After Care Program that provides case management, biweekly support groups, and a peer mentor for six months. This program was suspended in June 2018.
- Jeffco Prosperity Partners - Coordinates services from participating agencies and other community service providers to ensure that existing services are aligned and that families do not slip between the cracks during major life transitions. As of December 31, 2018, the Organization is no longer providing services for this program.

The primary funding sources of the Organization include private contributions of cash and in-kind goods and services from individuals, churches, businesses, and foundations. The Organization also receives revenue from special events and grants from governmental sources.

Note 2 - Significant Accounting Policies

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Organization, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated as follows: net assets of \$1,410,726 previously reported as temporarily restricted net assets and net assets of \$167,614 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions. Under the new standard, the Organization has elected to omit the disclosures about liquidity and availability of resources for periods prior to the period of adoption.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization has not yet determined which application method it will use.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Organization's year ending June 30, 2020 and will be applied on a modified prospective basis. The Organization does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board primarily for endowments, facility improvements, and technology improvements. These designations are based on board actions, which can be altered or revoked at a future time by the board.

Note 2 - Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents unless held for reinvestment as part of the investment portfolio or otherwise encumbered. At June 30, 2019 and 2018, and throughout the years, the Organization had cash in excess of federally insured limits.

Accounts Receivable

Accounts receivable consist of amounts due under grants and contracts for allowable expenditures incurred but not yet reimbursed as of June 30, 2019 and 2018. Management's best estimate is that all balances will be collected. Accordingly, the Organization has not established an allowance for doubtful accounts.

Promises to Give

Promises to give consist of contributions relating to general operations and the capital campaign that ended in 2015. Promises to give that are expected to be collected within one year are recorded at their net realizable value and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts was computed using a rate comparable to the interest rate earned on short-term investments. Amortization of the discount is included in contribution revenue in the statement of activities and changes in net assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Property and Equipment

The Organization records property and equipment additions over \$2,500 at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years, or, in the case of capitalized leased assets, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2019 or 2018.

Investment Portfolio

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in net investment return on the statement of activities and changes in net assets.

Note 2 - Significant Accounting Policies (Continued)

Beneficial Interest in Assets Held by Community First Foundation

During 2004, the Organization established a permanent endowment fund (the "Fund") under Community First Foundation's (CFF) Non-Profit Preservation Endowment Challenge Grand program, naming the Organization as beneficiary. Variance power was granted to CFF, which allows CFF to modify any condition or restriction on its distributions for any specified charitable purpose to any specified organization if, in the sole judgment of CFF's board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by CFF for the Organization's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized on the statement of activities and changes in net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. Contributions are recognized at fair value when cash, securities or other assets, unconditional promises to give, or notifications of a beneficial interest are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Grant revenue received for grants is considered a nonexchange transaction and is recognized as the conditions of the grants have been met.

Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received (see Note 12).

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with grants receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, foundations, and individuals supportive of the mission. Investments are made by diversified investment managers whose performance is monitored by the finance committee of the board of directors. Although fair value of investments is subject to fluctuation on a year-to-year basis, the finance committee believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 6, 2019, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$ 775,505
Receivables - Net of allowances	736,635
Investments	<u>653,525</u>
Financial assets - At year end	2,165,665
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions beyond one year	539,264
Promises to give exceeding one year	542,702
Beneficial interest in assets held by Community First Foundation - Homeless shelter	170,916
Endowment - General use	4,000
Board designations:	
Endowment	478,609
Facilities reserve	20,000
Technology reserve	<u>9,550</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 400,624</u></u>

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 150 days of normal operating expenses, which are, on average, approximately \$1,250,000 at June 30, 2019. The Organization considers most unrestricted expenditures to be normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. The board of directors of the Organization could undesignate net assets in the amount of \$508,159 if necessary. Additionally, the Organization can draw up to \$250,000 on the line of credit if necessary.

The Organization also realizes there could be unanticipated liquidity needs.

Notes to Financial Statements

June 30, 2019 and 2018

Note 4 - Promises to Give

Unconditional promises to give consist of the following:

	2019	2018
Gross promises to give before unamortized discount	\$ 811,018	\$ 1,067,645
Less unamortized discount on promises to give	(17,536)	(26,604)
Less allowance for uncollectible promises to give	(56,847)	(47,372)
Net promises to give	<u>\$ 736,635</u>	<u>\$ 993,669</u>
Amounts due in:		
Less than one year	\$ 268,316	\$ 552,214
One to five years	531,323	484,549
More than five years	11,379	30,882
Total	<u>\$ 811,018</u>	<u>\$ 1,067,645</u>

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2019 and 2018 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by CFF	\$ -	\$ -	\$ 170,916	\$ 170,916
Investment portfolio - Corporate stocks	461,874	-	-	461,874
Total	<u>\$ 461,874</u>	<u>\$ -</u>	<u>\$ 170,916</u>	<u>\$ 632,790</u>

Included in investments is cash of \$20,735 as of June 30, 2019, which is not subject to fair value reporting.

Notes to Financial Statements

June 30, 2019 and 2018

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by CFF	\$ -	\$ -	\$ 163,614	\$ 163,614
Investment portfolio - Corporate stocks	337,081	-	-	337,081
Total	\$ 337,081	\$ -	\$ 163,614	\$ 500,695

Included in investments is cash of \$78,761 as of June 30, 2018, which is not subject to fair value reporting.

There were no changes in the Organization's valuation techniques during the year.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2019	2018
Beginning balance	\$ 163,614	\$ 162,905
Investment earnings reinvested	3,979	3,591
Realized (loss) gain	(1,248)	24,567
Unrealized gains (losses)	6,213	(18,072)
Distributions	-	(7,714)
Investment management service fees	(1,642)	(1,663)
Ending balance	\$ 170,916	\$ 163,614

Net investment return consists of the following:

	2019	2018
Dividends and interest	\$ 15,754	\$ 8,266
Net realized and unrealized gain	50,170	33,283
Investment management service fees	(6,343)	(5,024)
Total net investment return	\$ 59,581	\$ 36,525

Note 6 - Property and Equipment

The Organization's property and equipment are composed of the following:

	2019	2018
Land and land improvements	\$ 494,082	\$ 494,082
Buildings and improvements	6,574,494	6,566,217
Furniture and equipment	413,103	406,103
Vehicles	126,883	126,883
Total cost	7,608,562	7,593,285
Less accumulated depreciation	2,382,399	2,171,636
Net property and equipment	\$ 5,226,163	\$ 5,421,649

Notes to Financial Statements

June 30, 2019 and 2018

Note 7 - Line of Credit

The Organization had a \$250,000 line of credit with a bank, due on February 14, 2019. The line of credit was renewed in February 2019, due on February 14, 2020. Interest accrues at the greater of *The Wall Street Journal* prime rate plus 1.00 or 5.50 percent (6.50 and 5.25 percent at June 30, 2019 and 2018, respectively). The outstanding balances as of June 30, 2019 and 2018 were \$0 and \$184,736 respectively. The line of credit is secured by a deed of trust on three buildings.

Note 8 - Note Payable

In 2015, the Organization entered into a note payable with a lender totaling \$2,100,000. Payments under this note are due in monthly installments of \$12,368 through August 15, 2025, at which time any unpaid remaining principal and interest will be due. The note bears interest at 5 percent. The note is secured by a deed of trust on three buildings. The note contains a restrictive covenant that requires the Organization to maintain a minimum debt service coverage ratio. At June 30, 2019, the Organization was in compliance with the covenant.

Future maturities of the note payable are as follows:

Years Ending	Amount
2020	\$ 51,836
2021	54,791
2022	57,634
2023	60,625
2024	63,538
Thereafter	1,632,489
Total	<u>\$ 1,920,913</u>

Note 9 - Capital Lease Obligations

The Organization acquired a vehicle under the provisions of a long-term lease with a third party. For financial reporting purposes, minimum lease payments relating to the asset have been capitalized. Depreciation of the leased property is included in depreciation expense. The capital lease was paid in full during the year ended June 30, 2019.

The asset under capital lease has cost and accumulated depreciation as follows at June 30:

	2019	2018
Cost	\$ -	\$ 89,298
Less accumulated depreciation and amortization	-	(78,711)
Net obligation	<u>\$ -</u>	<u>\$ 10,587</u>

Note 10 - Endowments

The Organization's endowment (the "Endowment") consists of a single fund established by a donor to provide annual funding for general operations. The endowment also includes certain net assets without donor restrictions designated for endowment by the board of directors. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 10 - Endowments (Continued)

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Invested Endowment Net Asset Composition by
Type of Fund as of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 478,609	\$ -	\$ 478,609
Donor-restricted endowment	-	4,000	4,000
Total funds	<u>\$ 478,609</u>	<u>\$ 4,000</u>	<u>\$ 482,609</u>

Changes in Invested Endowment Net Assets for the
Fiscal Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 411,842	\$ 4,000	\$ 415,842
Investment return:			
Investment income - Net	3,068	-	3,068
Net realized and unrealized gain	50,170	-	50,170
Total investment return	53,238	-	53,238
Addition to board-designated endowment funds	210,995	-	210,995
Appropriation and distribution of endowment assets for expenditure	(197,466)	-	(197,466)
Endowment net assets - End of year	<u>\$ 478,609</u>	<u>\$ 4,000</u>	<u>\$ 482,609</u>

Notes to Financial Statements

June 30, 2019 and 2018

Note 10 - Endowments (Continued)

	Invested Endowment Net Asset Composition by Type of Fund as of June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 411,842	\$ -	\$ 411,842
Donor-restricted endowment	-	4,000	4,000
Total funds	\$ 411,842	\$ 4,000	\$ 415,842

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 374,675	\$ 4,000	\$ 378,675
Investment return:			
Investment income - Net	3,242	-	3,242
Net realized and unrealized gain	33,283	-	33,283
Total investment return	36,525	-	36,525
Addition to board-designated endowment funds	15,387	-	15,387
Appropriation and distribution of endowment assets for expenditure	(14,745)	-	(14,745)
Endowment net assets - End of year	\$ 411,842	\$ 4,000	\$ 415,842

Funds with Deficiencies

As of June 30, 2019 and 2018, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return that is, net of spending, greater than the rate of inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Investment and Spending Policies

The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. The Board approves distributions from the endowment funds. Expenditures from the donor-restricted endowment funds are controlled by the board in concert with the donors' intent with no more than 5 percent of the trailing six-quarter average of the Endowment's investment portfolio.

Notes to Financial Statements

June 30, 2019 and 2018

Note 11 - Net Assets

Net assets were released from restrictions as follows during the year ended June 30:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restriction:		
Energy outreach Colorado	\$ 269,125	\$ 273,119
Participant programs	177,880	246,924
Jeffco Prosperity Partners	134,363	475,121
Other	125,848	168,566
Betty Proctor fund	13,998	37,144
Shelter aftercare	-	34,406
J-Help	-	10,028
Homeless shelter	-	7,714
Expiration of time restriction	<u>468,292</u>	<u>550,132</u>
Total net assets released from restrictions	<u>\$ 1,189,506</u>	<u>\$ 1,803,154</u>

Net assets with donor restrictions represent the net proceeds of donations, which have been restricted by the donors to be used only for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Time restriction	\$ 730,519	\$ 984,261
Restricted by donor for:		
Jeffco Prosperity Partners	-	134,163
Participant programs	178,447	120,108
Other	92,779	111,884
Betty Proctor fund	80,221	59,934
Energy outreach Colorado	-	376
Beneficial interest in assets held by Community First Foundation -		
Homeless shelter	170,916	163,614
Endowment - General use	<u>4,000</u>	<u>4,000</u>
Total	<u>\$ 1,256,882</u>	<u>\$ 1,578,340</u>

Notes to Financial Statements

June 30, 2019 and 2018

Note 12 - Donated Professional Services and Materials

The Organization records in-kind revenue relating to contributed materials and services.

Materials

The Organization records the estimated fair value of goods that are received and distributed to clients during the year as in-kind contributions revenue and donated goods expense. The amounts of donated materials reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property, equipment, and improvements.

Tangible goods donated to the Organization during the year ended June 30, 2019 are as follows:

	Participant Services	Food Programs	Management and General	Total
Food	\$ -	\$ 6,811,103	\$ -	\$ 6,811,103
Clothing	2,357,209	-	-	2,357,209
Toys	391,336	-	-	391,336
School supplies	238,819	-	-	238,819
Household goods	308,353	-	-	308,353
Other	5,889	168,304	9,911	184,104
Personal items	133,220	-	-	133,220
Baby care items	4,372	-	-	4,372
Total	\$ 3,439,198	\$ 6,979,407	\$ 9,911	\$ 10,428,516

Tangible goods donated to the Organization during the year ended June 30, 2018 are as follows:

	Participant Services	Food Programs	Shelter Programs	Management and General	Fundraising and Development	Total
Food	\$ -	\$ 4,927,211	\$ 341,431	\$ -	\$ -	\$ 5,268,642
Clothing	2,265,724	-	-	-	-	2,265,724
Toys	473,041	-	-	-	-	473,041
School supplies	207,678	-	-	-	-	207,678
Household goods	200,296	-	-	-	-	200,296
Other	6,640	33,888	-	15,279	1,050	56,857
Personal items	35,606	-	-	-	-	35,606
Baby care items	3,144	-	-	-	-	3,144
Total	\$ 3,192,129	\$ 4,961,099	\$ 341,431	\$ 15,279	\$ 1,050	\$ 8,510,988

Notes to Financial Statements

June 30, 2019 and 2018

Note 12 - Donated Professional Services and Materials (Continued)

Services

Services are recognized at fair value if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization recognized in-kind contribution revenue for certain services received at the estimated fair value of those services. Most services were valued using 2018 volunteer rates published by the Independent Sector per the appropriate occupation code published by the Bureau of Labor Statistics. The Organization also received donations of direct intangible aid to its clients. These donations are reported at fair value on the date of donation as in-kind contribution revenue offset by like amounts included in in-kind expenses.

Donated services and intangible items include the following for the year ended June 30, 2019:

	Participant Services	Food Programs	Management and General	Fundraising and Development	Total
Participant counseling	\$ 145,276	\$ -	\$ 639	\$ -	\$ 145,915
Professional development	532	206	253	354	1,345
Total	\$ 145,808	\$ 206	\$ 892	\$ 354	\$ 147,260

Donated services and intangible items include the following for the year ended June 30, 2018:

	Participant Services	Food Programs	Shelter Programs	Management and General	Fundraising and Development	Total
Participant counseling	\$ 145,662	\$ -	\$ -	\$ -	\$ -	\$ 145,662
Professional development	109	48	62	52	79	350
Total	\$ 145,771	\$ 48	\$ 62	\$ 52	\$ 79	\$ 146,012

The Organization received additional contributed skilled and unskilled services that did not meet the requirements for recognition in the financial statements. The value of these services is estimated upon the hours volunteered multiplied by an hourly rate derived from information published by the Bureau of Labor statistics. Those skilled services include the following:

	2019	2018
Client services intake desk	\$ 487,300	\$ 434,596
Administrative services	93,675	117,315
Telephone receptionist	64,796	68,022
Shelter assistance	-	27,887
Funds development	48,092	12,825
Other	88,154	36,136
Total	\$ 782,017	\$ 696,781

In addition to the skilled volunteer contributed services above, the Organization also received additional unskilled volunteer contributed services valued at approximately \$1,486,000 and \$1,604,000 for the years ended June 30, 2019 and 2018, respectively, which are not recorded in the accompanying financial statements.

Note 13 - Rental Income

The Organization had lease agreements for space with tenants in a building owned by the Organization that had lease terms from one to five years. The monthly base rents vary from \$606 to \$1,947. Total revenue for the years ended June 30, 2019 and 2018 totaled \$140,127 and \$116,800, respectively.

Note 13 - Rental Income (Continued)

In October 2019, the Organization entered into an agreement for the sale of the building and is expected to close on the sale in November 2019.

Note 14 - Collaborative Arrangements

The Organization participated in collaborative arrangements with Jeffco Prosperity Partners (JPP), Estes Street Community Clinic (the "Clinic"), and J-Help, which ended in December 2018, July 2017, and December 2017, respectively.

JPP began in March 2014 and is an arrangement with Jeffco Schools Foundation and Jefferson County Department of Human Services. The purpose of the program is to coordinate services from participating agencies and other community service providers to ensure that existing services are aligned and families do not slip between the cracks during major life transitions. The Organization acts as the fiscal agent for JPP and is responsible for administration of and accounting for funds contributed and expended for JPP. Under the arrangement, the Organization receives 8.5 percent of any contributions restricted to JPP to be used to cover administrative expenses as fiscal agent of JPP. Any contributions received for JPP are recognized in accordance with the revenue recognition policy. Any disbursement of funds restricted for JPP is recorded as a program expense of JPP on the statement of functional expenses or as a capitalized asset for the portion of the asset that is covered.

The following is a summary of revenue, expenses, and related net assets of JPP for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Contributions	\$ 198	\$ 344,036
Expenses:		
Participant services	(10,340)	(29,020)
Salaries and wages	(50,441)	(105,269)
Employee benefits	(9,857)	(17,370)
Payroll taxes	(4,953)	(7,798)
Professional services	(34,056)	(254,628)
Occupancy	(6,010)	(3,532)
Office expenses	(6,884)	(3,536)
Other	(11,820)	(21,051)
Total expenses	<u>(134,361)</u>	<u>(442,204)</u>
Change in net assets	(134,163)	(98,168)
Net assets - Beginning of year	<u>134,163</u>	<u>232,331</u>
Net assets - End of year	<u>\$ -</u>	<u>\$ 134,163</u>

Note 14 - Collaborative Arrangements (Continued)

The Clinic had an arrangement with Metro Community Providers Network (MCPN), a medical services provider, under which the Organization provided a four-exam-room clinic located in its administrative building. The Organization provided the physical space and refers clients to MCPN's case management services. MCPN reimbursed the Organization a nominal amount to help cover costs of the space being used, which the Organization recorded as other revenue in the statement of activities and changes in net assets. The arrangement ended in July 2017.

J-Help was an arrangement with Volunteers of America (VOA) to extend VOA's Meals on Wheels program to clients under the age, of 60. These were clients who were not eligible for the Meals on Wheels program because of their age, but had the same physical need for the services. Contributions received for J-Help were recognized in accordance with the revenue recognition policy. Expenses incurred directly for the J-Help program were recorded in participant services in the statement of functional expenses. The arrangement ended in December 2017.

Note 15 - Employee Benefits

The Organization sponsors a 401(k) employee salary reduction savings plan (the "Plan") for all employees over age 21 once they have completed 30 days of employment. Employees may contribute up to the maximum allowable by the Internal Revenue Code. The Organization does not contribute to the Plan.