Jeffco Action Center, Inc.

Financial Report

June 30, 2020

Contents

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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, 2020 and 2019 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, 2020 and 2019 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 3 to the financial statements, during 2020, the Organization adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

To the Board of Directors
Jeffco Action Center, Inc.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease known as COVID-19 a pandemic. The impact of the pandemic on the Organization is described in Note 2 to the financial statements.

Our opinion is not modified with respect to these matters.

Plante & Moran, PLLC

January 12, 2021

Statement of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 2,263,734	$ 775,505
Unconditional promises to give - Net of allowance of $70,000 (2020) and $56,847 (2019) (Note 5)	461,242	736,635
Accounts receivable	181,892	1,835
Prepaid expenses and other assets	64,593	28,991
Investment portfolio (Note 6)	634,211	482,609
Beneficial interest in assets held by Community First Foundation (Note 6)	198,533	170,916
Property and equipment - Net (Note 7)	4,306,276	5,226,163
Total assets	**$ 8,110,481**	**$ 7,422,654**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 259,431	$ 146,883
Paycheck Protection Program loan (Note 2)	352,200	-
Note payable (Note 9)	826,414	1,920,913
Total liabilities	1,438,045	2,067,796
Net Assets		
Without donor restrictions:		
Undesignated	1,120,996	284,567
Undesignated investment in property and equipment - Net of related debt	3,479,862	3,305,250
Board designated:		
Endowment (Note 10)	630,211	478,609
Facilities reserve	20,000	20,000
Technology reserve	9,550	9,550
Total board designated	659,761	508,159
Total net assets without donor restrictions	5,260,619	4,097,976
With donor restrictions (Note 11)	1,411,817	1,256,882
Total net assets	6,672,436	5,354,858
Total liabilities and net assets	**$ 8,110,481**	**$ 7,422,654**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains						
In-kind donations	$ 8,512,729	$ -	$ 8,512,729	$ 10,575,776	$ -	$ 10,575,776
Contributions	2,419,782	1,381,030	3,800,812	1,869,977	814,746	2,684,723
Government grants and contracts	382,888	88,500	471,388	595,764	46,000	641,764
Special event revenue - Net of direct costs of $6,979 (2020) and $14,346 (2019)	64,032	-	64,032	127,867	-	127,867
Rental revenue	55,376	-	55,376	140,127	-	140,127
Net investment return	38,270	-	38,270	59,581	-	59,581
Distribution from and change in value of beneficial interest in assets held by Community First Foundation	-	(2,383)	(2,383)	-	7,302	7,302
Gain on sale of property	334,463	-	334,463	-	-	-
Other revenue	73,075	-	73,075	60,772	-	60,772
Net assets released from restrictions	1,312,212	(1,312,212)	-	1,189,506	(1,189,506)	-
Total support, revenue, and gains	13,192,827	154,935	13,347,762	14,619,370	(321,458)	14,297,912
Expenses						
Program services expenses:						
Participant services	4,334,942	-	4,334,942	5,006,431	-	5,006,431
Food programs	6,191,274	-	6,191,274	7,215,984	-	7,215,984
Jeffco Prosperity Partners	-	-	-	134,361	-	134,361
Total program services expenses	10,526,216	-	10,526,216	12,356,776	-	12,356,776
Supporting services expenses:						
Management and general	847,833	-	847,833	849,068	-	849,068
Fundraising and development	656,135	-	656,135	694,927	-	694,927
Total supporting services expenses	1,503,968	-	1,503,968	1,543,995	-	1,543,995
Total expenses	12,030,184	-	12,030,184	13,900,771	-	13,900,771
Change in Net Assets	1,162,643	154,935	1,317,578	718,599	(321,458)	397,141
Net Assets - Beginning of year	4,097,976	1,256,882	5,354,858	3,379,377	1,578,340	4,957,717
Net Assets - End of year	**$ 5,260,619**	**$ 1,411,817**	**$ 6,672,436**	**$ 4,097,976**	**$ 1,256,882**	**$ 5,354,858**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Supporting Services				
	Participant Services	Food Programs	Total Program Services	Management and General	Fundraising and Development	Direct Benefits to Donors	Total Supporting Services	Total
Grants and other assistance	$ 3,475,448	$ 5,789,589	$ 9,265,037	$ 15,986	$ 6,667	$ -	$ 22,653	$ 9,287,690
Salaries and wages	468,798	214,810	683,608	419,500	332,001	-	751,501	1,435,109
Employee benefits	73,414	35,162	108,576	49,814	41,686	-	91,500	200,076
Payroll taxes	32,932	15,971	48,903	32,934	24,670	-	57,604	106,507
Professional services	102,368	1,522	103,890	87,525	13,794	-	101,319	205,209
Occupancy	48,250	25,175	73,425	85,182	43,661	5,550	134,393	207,818
Office expenses	12,673	18,894	31,567	10,707	23,764	357	34,828	66,395
Repairs and maintenance	16,711	32,562	49,273	17,815	9,471	-	27,286	76,559
Insurance	10,502	4,898	15,400	12,768	6,119	-	18,887	34,287
Interest	20,916	9,829	30,745	25,587	12,109	-	37,696	68,441
Depreciation	58,164	35,043	93,207	60,242	33,094	-	93,336	186,543
Other	14,766	7,819	22,585	38,825	109,099	1,072	148,996	171,581
Total expenses by function	4,334,942	6,191,274	10,526,216	856,885	656,135	6,979	1,519,999	12,046,215
Cost of direct benefits to donors	-	-	-	-	-	(6,979)	(6,979)	(6,979)
Investment management fees	-	-	-	(9,052)	-	-	(9,052)	(9,052)
Total expenses included in the expense section on the statement of activities and changes in net assets	**$ 4,334,942**	**$ 6,191,274**	**$ 10,526,216**	**$ 847,833**	**$ 656,135**	**$ -**	**$ 1,503,968**	**$ 12,030,184**

Jeffco Action Center, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services				Supporting Services				
	Participant Services	Food Programs	Jeffco Prosperity Partners	Total Program Services	Management and General	Fundraising and Development	Direct Benefits to Donors	Total Supporting Services	Total
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**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 1,317,578	$ 397,141
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation expense	186,543	210,765
Amortization of deferred financing cost and capitalized interest	2,412	2,412
Bad debt expense for promises to give	54,389	91,299
Change in beneficial interest in assets held by Community First Foundation	(5,474)	(7,302)
Contributions restricted for endowment	(30,000)	-
Net realized and unrealized gains on investments	(20,531)	(50,170)
Gain on disposal of property	(334,463)	-
Change in discount on unconditional promises to give	(5,784)	-
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(180,057)	35,654
Promises to give	226,788	165,735
Prepaid expenses and other assets	(35,602)	(11,881)
Accounts payable and accrued expenses	112,548	(27,535)
Net cash and cash equivalents provided by operating activities	1,288,347	806,118
Cash Flows from Investing Activities		
Net purchases of endowment investments	(161,071)	(16,597)
Purchase of property and equipment	(99,743)	(15,279)
Proceeds from disposition of property and equipment	1,167,550	-
Distributions from beneficial interests	7,857	-
Net cash and cash equivalents provided by (used in) investing activities	914,593	(31,876)
Cash Flows from Financing Activities		
Principal payments on notes payable	(1,096,911)	(78,164)
Borrowings on line of credit	-	224,614
Payments on line of credit	-	(409,350)
Paycheck Protection Program loan proceeds	352,200	-
Proceeds from contributions restricted for endowment	30,000	-
Net cash and cash equivalents used in financing activities	(714,711)	(262,900)
Net Increase in Cash and Cash Equivalents	1,488,229	511,342
Cash and Cash Equivalents - Beginning of year	775,505	264,163
Cash and Cash Equivalents - End of year	**$ 2,263,734**	**$ 775,505**
Statement of Financial Position Classification of Cash and Cash Equivalents	**$ 2,263,734**	**$ 775,505**

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, which 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 - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. The impact was no less impactful for the Organization. As of June 30, 2020, the Organization's operations were impacted in several key ways. The Organization took immediate steps to reduce operations to the most essential and emergency services for its participants in order to lessen the health risks to its staff, volunteers, and participants. This meant narrowing the focus in the last months of the fiscal year to food distribution, rent and utility assistance, and other services that could be delivered safely outside or online. While the community at large adjusted to the risks associated with COVID-19, revenue-generating events at the Organization were canceled or reworked and led to changes in those budget projections. In-kind donation activity of food/clothing and household items decreased considerably. At the same time, the need for food and the number of participants coming to the Organization increased rapidly, leading to food-related purchases that were unprecedented for the Organization. To ensure uninterrupted services, temporary staff were hired to strengthen its core front-line operations. Finally, these challenges were greatly offset by the communities' responsiveness and generosity during this time, which was felt in increased financial donations. This helped to end the Organization's fiscal year strong, despite the increased challenges and needs it faced. The Organization has not experienced any significant impact to its investments, contributions, or operations as a result of the pandemic, and no impairments were recorded as of the statement of financial position date.

Note 2 - COVID-19 Pandemic (Continued)

The Organization received a Paycheck Protection Program (PPP) loan in the amount of $352,200. Under the terms of this program, the loan can be forgivable if the loan is spent on qualifying expenses and staffing level requirements are met. The Organization has elected to account for these funds as debt in accordance with ASC 470 until it is repaid or legal notice of forgiveness is received. The Organization has the option to use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the Small Business Administration (SBA) will be recorded as debt and will be paid over a period of two years at a 1 percent interest rate, with payments beginning six months after the conclusion of the covered period. As of June 30, 2020, the Organization has not received forgiveness of the loan, and the balance of the loan is included as a liability within the statement of financial position.

Note 3 - Significant Accounting Policies

Adoption of New Accounting Pronouncement

As of July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) No. 2018-08, *Not-for-Profit Entities (Topic 958): 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 Organization adopted the new standard on a modified prospective basis, and it did not impact the recognition of contributions and grants received in the year of adoption.

Upcoming Accounting Pronouncements

In May 2014, the 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, 2021. 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 September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive knows as gifts in kind (GIKs). The standard provides new presentation and disclosure requirements about contributed nonfinancial assets for nonprofits, including additional disclosure rules for recognized contributed services. The new guidance will be effective for the Organization's year ending June 30, 2022 and will be applied using the retrospective method. The amendments will not change the recognition and measurement requirements for those assets.

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.

Note 3 - Significant Accounting Policies (Continued)

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.

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, 2020 and 2019, 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, 2020 and 2019. 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 (2.00 and 1.00 percent at June 30, 2020 and 2019, respectively). 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.

Note 3 - Significant Accounting Policies (Continued)

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, 2020 or 2019.

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.

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) Nonprofit Preservation Endowment Challenge Grant 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 program and supporting services benefited. Salary and benefits are allocated based on time studies for each employee. Other expenses are allocated based on the overall salary allocation plus direct expenses, which are categorized directly when incurred.

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).

Note 3 - Significant Accounting Policies (Continued)

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.

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 January 12, 2021, which is the date the financial statements were available to be issued.

Note 4 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2020 and 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.

	2020	2019
Cash and cash equivalents	$ 2,263,734	$ 775,505
Receivables - Net of allowances	643,134	736,635
Investments	832,744	653,525
Financial assets - At year end	3,739,612	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	835,688	539,264
Promises to give exceeding one year	373,596	542,702
Beneficial interest in assets held by Community First Foundation	198,533	170,916
Endowment - General use	4,000	4,000
Board designations:		
Endowment	630,211	478,609
Facilities reserve	20,000	20,000
Technology reserve	9,550	9,550
Financial assets available to meet cash needs for general expenditures within one year	$ 1,668,034	$ 400,624

Note 4 - Liquidity and Availability of Resources (Continued)

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 $1,400,000 at June 30, 2020. 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 $659,761 if necessary. Additionally, the Organization can draw up to $250,000 on the line of credit if necessary as described in Note 8.

The Organization also realizes there could be unanticipated liquidity needs.

Note 5 - Promises to Give

Unconditional promises to give consist of the following:

	2020	2019
Gross promises to give before unamortized discount	$ 554,562	$ 811,018
Less unamortized discount on promises to give	(23,320)	(17,536)
Less allowance for uncollectible promises to give	(70,000)	(56,847)
Net promises to give	$ 461,242	$ 736,635
Amounts due in:		
Less than one year	$ 180,966	$ 268,316
One to five years	360,087	531,323
More than five years	13,509	11,379
Total	$ 554,562	$ 811,018

Note 6 - 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, 2020 and 2019 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. The fair value of the beneficial interest held by Community First Foundation is based on information determined and reported by CFF. The fair value of investments held at CFF may include Level 1, 2, and 3 assets; however, the Organization's pro rata share of the pooled investments is not quoted in active markets and, therefore, is classified under Level 3 in the fair value hierarchy

Note 6 - Fair Value Measurements (Continued)

In instances where 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, 2020			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by CFF	$ -	$ -	$ 198,533	$ 198,533
Investment portfolio - Corporate stocks	601,456	-	-	601,456
Total	$ 601,456	$ -	$ 198,533	$ 799,989

Included in investments is cash of $32,755 as of June 30, 2020, which is not subject to fair value reporting.

	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	$ 461,874	$ -	$ 170,916	$ 632,790

Included in investments is cash of $20,735 as of June 30, 2019, 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):

	2020	2019
Beginning balance	$ 170,916	$ 163,614
Purchases and investment earnings reinvested:		
Contributions	30,000	-
Investment earnings	4,043	3,979
Realized loss	(5,275)	(1,248)
Unrealized gains	8,525	6,213
Distributions	(7,857)	-
Investment management service fees	(1,819)	(1,642)
Ending balance	$ 198,533	$ 170,916

Net investment return consists of the following:

	2020	2019
Dividends and interest	$ 26,791	$ 15,754
Net realized and unrealized gain	20,531	50,170
Investment management service fees	(9,052)	(6,343)
Total net investment return	$ 38,270	$ 59,581

Note 7 - Property and Equipment

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

	2020	2019
Land and land improvements	$ 305,082	$ 494,082
Buildings and improvements	5,798,873	6,574,494
Furniture and equipment	417,494	413,103
Vehicles	87,686	126,883
Total cost	6,609,135	7,608,562
Less accumulated depreciation	2,302,859	2,382,399
Net property and equipment	$ 4,306,276	$ 5,226,163

Note 8 - Line of Credit

The Organization had a $250,000 line of credit with a bank, due on February 14, 2020. The line of credit was renewed in February 2020 and matures on September 14, 2021. Interest accrues at the greater of *The Wall Street Journal* prime rate plus 1.00 or 5.50 percent (5.75 and 6.50 percent at June 30, 2020 and 2019, respectively). There were no outstanding balances on the line of credit as of June 30, 2020 and 2019. The line of credit is secured by a deed of trust on two buildings.

Note 9 - 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 $5,462 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 two buildings. The note contains a restrictive covenant that requires the Organization to maintain a minimum debt service coverage ratio. At June 30, 2020, the Organization was in compliance with the covenant.

Future maturities of the note payable are as follows:

Years Ending	Amount
2021	$ 24,198
2022	25,454
2023	26,774
2024	28,061
2025	29,620
Thereafter	692,307
Total	$ 826,414

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 Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of the initial gift donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. 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, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 630,211	$ -	$ 630,211
Donor-restricted endowment	-	4,000	4,000
Total funds	$ 630,211	$ 4,000	$ 634,211

Note 10 - Endowments (Continued)

	Changes in Invested Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 478,609	$ 4,000	$ 482,609
Investment return:			
Investment income - Net	4,080	-	4,080
Net realized and unrealized gain	17,281	-	17,281
Total investment return	21,361	-	21,361
Addition to board-designated endowment funds	150,216	-	150,216
Appropriation and distribution of endowment assets for expenditure	(19,975)	-	(19,975)
Endowment net assets - End of year	$ 630,211	$ 4,000	$ 634,211

	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	$ 478,609	$ 4,000	$ 482,609

	Changes in 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	$ 478,609	$ 4,000	$ 482,609

Funds with Deficiencies

As of June 30, 2020 and 2019, there were no funds with deficiencies.

Note 10 - Endowments (Continued)

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 and 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.

Note 11 - Net Assets

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

	2020	2019
Satisfaction of purpose restriction:		
Energy Outreach Colorado	$ 297,601	$ 269,125
Participant programs	369,538	177,880
Jeffco Prosperity Partners	-	134,363
Other	162,096	125,848
Betty Proctor fund	22,308	13,998
Homeless shelter	1,676	-
Expiration of time restriction	458,993	468,292
Total net assets released from restrictions	$ 1,312,212	$ 1,189,506

Note 11 - Net Assets (Continued)

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:

	2020	2019
Time restriction	$ 456,526	$ 730,519
Restricted by donor for:		
Participant programs	473,539	178,447
Other	128,069	92,779
Betty Proctor fund	80,001	80,221
Energy Outreach Colorado	71,149	-
Beneficial interest in assets held by Community First Foundation - General use	29,513	-
Beneficial interest in assets held by Community First Foundation - Homeless shelter	169,020	170,916
Endowment - General use	4,000	4,000
Total	$ 1,411,817	$ 1,256,882

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, 2020 are as follows:

	Participant Services	Food Programs	Management and General	Fundraising and Development	Total
Food	$ -	$ 5,650,023	$ -	$ -	$ 5,650,023
Clothing	1,716,883	-	-	-	1,716,883
Toys	349,539	-	-	-	349,539
School supplies	213,466	-	-	-	213,466
Household goods	228,645	-	-	-	228,645
Other	94,503	26,060	4,471	6,667	131,701
Personal items	113,017	-	-	-	113,017
Baby care items	4,997	-	-	-	4,997
Total	$ 2,721,050	$ 5,676,083	$ 4,471	$ 6,667	$ 8,408,271

Note 12 - Donated Professional Services and Materials (Continued)

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

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 2019 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, 2020:

	Participant Services	Food Programs	Management and General	Fundraising and Development	Total
Participant counseling	$ 100,868	$ -	$ -	$ -	$ 100,868
Professional development	1,334	639	858	759	3,590
Total	$ 102,202	$ 639	$ 858	$ 759	$ 104,458

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

Note 12 - Donated Professional Services and Materials (Continued)

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:

	2020	2019
Client services intake desk	$ 353,532	$ 487,300
Administrative services	66,198	93,675
Telephone receptionist	44,452	64,796
Funds development	49,526	48,092
Other	54,581	88,154
Total	$ 568,289	$ 782,017

In addition to the skilled volunteer contributed services above, the Organization also received additional unskilled volunteer contributed services valued at approximately $1,503,000 and $1,486,000 for the years ended June 30, 2020 and 2019, 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 $747 to $2,471. Total revenue for the years ended June 30, 2020 and 2019 totaled $55,376 and $140,127, respectively. The Organization sold the building in December 2019.

Note 14 - Collaborative Arrangements

The Organization participated in a collaborative arrangement with Jeffco Prosperity Partners (JPP), which ended in December 2018.

JPP began in March 2014 and was an arrangement with Jeffco Schools Foundation and Jefferson County Department of Human Services. The purpose of the program was to coordinate services from participating agencies and other community service providers to ensure that existing services were aligned and families did not slip between the cracks during major life transitions. The Organization acted as the fiscal agent for JPP and was responsible for administration of and accounting for funds contributed and expended for JPP. Under the arrangement, the Organization received 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 were recognized in accordance with the revenue recognition policy. Any disbursement of funds restricted for JPP was 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.

Note 14 - Collaborative Arrangements (Continued)

The following is a summary of revenue, expenses, and related net assets of JPP for the year ended June 30, 2019:

Contributions	$ 198
Expenses:	
Participant services	(10,340)
Salaries and wages	(50,441)
Employee benefits	(9,857)
Payroll taxes	(4,953)
Professional services	(34,056)
Occupancy	(6,010)
Office expenses	(6,884)
Other	(11,820)
Total expenses	(134,361)
Change in net assets	(134,163)
Net assets - Beginning of year	134,163
Net assets - End of year	$ -

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.