Jeffco Action Center, Inc.

Financial Report
June 30, 2021

Contents

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Independent Auditor's Report

To the Board of Directors
Jeffco Action Center, Inc.

Report on the Financial Statements

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, 2021 and 2020 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021 and 2020 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 Matter

As described in Note 6 to the financial statements, the financial statements include investments and beneficial interest in assets held by a community foundation valued at $4,661,815 (48 percent of net assets) at June 30, 2021, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information reported by the community foundation. Our opinion is not modified with respect to this matter.

To the Board of Directors
Jeffco Action Center, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022 on our consideration of Jeffco Action Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jeffco Action Center, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 24, 2022

Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 882,663	$ 2,263,734
Investments held at Community First Foundation	4,430,108	-
Unconditional promises to give - Net of allowances - Net of allowance of $46,200 (2021) and $70,000 (2020) (Note 5)	356,355	461,242
Accounts receivable	887,708	181,892
Prepaid expenses and other assets	79,161	64,593
Investment portfolio (Note 6)	6,215	634,211
Beneficial interest in assets held by Community First Foundation (Note 6)	231,707	198,533
Property and equipment - Net (Note 7)	4,251,301	4,306,276
Total assets	**$ 11,125,218**	**$ 8,110,481**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 240,840	$ 259,431
Paycheck Protection Program loan (Note 2)	352,200	352,200
Notes payable (Note 9)	807,837	826,414
Total liabilities	1,400,877	1,438,045
Net Assets		
Without donor restrictions:		
Undesignated	613,597	1,120,996
Undesignated investment in property and equipment - Net of related debt	3,443,464	3,479,862
Board designated:		
Endowment (Note 10)	4,425,183	630,211
Facilities reserve	20,000	20,000
Technology reserve	9,550	9,550
Total board designated	4,454,733	659,761
Total net assets without donor restrictions	8,511,794	5,260,619
Net assets with donor restrictions (Note 11)	1,212,547	1,411,817
Total net assets	9,724,341	6,672,436
Total liabilities and net assets	**$ 11,125,218**	**$ 8,110,481**

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains						
In-kind donations	$ 10,771,247	$ -	$ 10,771,247	$ 8,512,729	$ -	$ 8,512,729
Contributions	5,073,097	639,255	5,712,352	2,419,782	1,381,030	3,800,812
Government grants and contracts	1,847,337	556,159	2,403,496	382,888	88,500	471,388
Special event revenue - Net of direct costs of $0 (2021) and $6,979 (2020)	1,732	-	1,732	64,032	-	64,032
Rental revenue	-	-	-	55,376	-	55,376
Net investment return	378,567	-	378,567	38,270	-	38,270
Change in value of beneficial interest in assets held by Community First Foundation	-	22,243	22,243	-	(2,383)	(2,383)
Gain on sale of property	-	-	-	334,463	-	334,463
Other revenue	135,982	-	135,982	73,075	-	73,075
Net assets released from restrictions	1,416,927	(1,416,927)	-	1,312,212	(1,312,212)	-
Total support, revenue, and gains	19,624,889	(199,270)	19,425,619	13,192,827	154,935	13,347,762
Expenses						
Program services:						
Participant services	4,960,680	-	4,960,680	4,334,942	-	4,334,942
Food programs	10,068,889	-	10,068,889	6,191,274	-	6,191,274
Total program services	15,029,569	-	15,029,569	10,526,216	-	10,526,216
Supporting services:						
Management and general	802,222	-	802,222	847,833	-	847,833
Fundraising and development	541,923	-	541,923	656,135	-	656,135
Total supporting services	1,344,145	-	1,344,145	1,503,968	-	1,503,968
Total expenses	16,373,714	-	16,373,714	12,030,184	-	12,030,184
Change in Net Assets	3,251,175	(199,270)	3,051,905	1,162,643	154,935	1,317,578
Net Assets - Beginning of year	5,260,619	1,411,817	6,672,436	4,097,976	1,256,882	5,354,858
Net Assets - End of year	**$ 8,511,794**	**$ 1,212,547**	**$ 9,724,341**	**$ 5,260,619**	**$ 1,411,817**	**$ 6,672,436**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Supporting Services			
	Participant Services	Food Programs	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Grants and other assistance	$ 4,128,058	$ 9,498,119	$ 13,626,177	$ 16,991	$ 10,421	$ 27,412	$ 13,653,589
Salaries and wages	490,195	286,827	777,022	453,762	310,021	763,783	1,540,805
Employee benefits	83,337	54,943	138,280	50,674	44,692	95,366	233,646
Payroll taxes	37,072	21,545	58,617	34,173	23,018	57,191	115,808
Professional services	24,020	3,468	27,488	67,211	17,232	84,443	111,931
Occupancy	67,572	47,496	115,068	38,292	22,540	60,832	175,900
Office expenses	8,938	20,018	28,956	7,775	14,346	22,121	51,077
Repairs and maintenance	19,435	43,526	62,961	11,519	8,782	20,301	83,262
Insurance	19,609	11,466	31,075	16,814	9,552	26,366	57,441
Interest	17,525	11,752	29,277	8,358	9,033	17,391	46,668
Depreciation	55,333	62,910	118,243	52,308	29,731	82,039	200,282
Other	9,586	6,819	16,405	63,739	42,555	106,294	122,699
Total expenses by function	4,960,680	10,068,889	15,029,569	821,616	541,923	1,363,539	16,393,108
Investment management fees	-	-	-	(19,394)	-	(19,394)	(19,394)
Total expenses included in the expense section on the statement of activities and changes in net assets	**$ 4,960,680**	**$ 10,068,889**	**$ 15,029,569**	**$ 802,222**	**$ 541,923**	**$ 1,344,145**	**$ 16,373,714**

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**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 3,051,905	$ 1,317,578
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation expense	200,282	186,543
Amortization of deferred financing cost and capitalized interest	201	2,412
Bad debt (recoveries) expense for promises to give	(13,057)	54,389
Change in beneficial interest in assets held by Community First Foundation	(22,243)	(5,474)
Contributions restricted for endowment	-	(30,000)
Net realized and unrealized gains on investments	(359,593)	(20,531)
Gain on disposal of property	-	(334,463)
Change in discount on unconditional promises to give	7,991	(5,784)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(705,816)	(180,057)
Promises to give	109,953	226,788
Prepaid expenses and other assets	(14,568)	(35,602)
Accounts payable and accrued expenses	(18,591)	112,548
Net cash and cash equivalents provided by operating activities	2,236,464	1,288,347
Cash Flows from Investing Activities		
Purchases of investments	(4,090,845)	(180,215)
Purchase of property and equipment	(145,307)	(99,743)
Proceeds from disposition of property and equipment	-	1,167,550
Distributions from beneficial interests	9,400	7,857
Proceeds from sales and maturities of investments	627,995	19,144
Net cash and cash equivalents (used in) provided by investing activities	(3,598,757)	914,593
Cash Flows from Financing Activities		
Principal payments on notes payable	(18,778)	(1,096,911)
Paycheck Protection Program loan proceeds	-	352,200
Proceeds from contributions restricted for endowment	-	30,000
Net cash and cash equivalents used in financing activities	(18,778)	(714,711)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,381,071)	1,488,229
Cash and Cash Equivalents - Beginning of year	2,263,734	775,505
Cash and Cash Equivalents - End of year	**$ 882,663**	**$ 2,263,734**

See notes to financial statements.

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:

- Basic needs - Provide food and clothing to those in need of assistance and resource navigation.
- Homelessness prevention - Provide financial assistance for rent, utilities, and other bills. Connect individuals and families to appropriate resources to stretch their own financial resources, as well as help them to increase their resources through unutilized benefits or employment.
- Poverty alleviation - Provide cash management for individuals and families to help them create short- and long-term action plans around striving for their full potential in areas that are lagging, generally surrounding income, employment, education, health care benefits and access, mental health concerns, and social supports. This programming was on hold during the COVID-19 pandemic.

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. For the years ended June 30, 2021 and 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 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. While in-kind donation activity of food/clothing and household items decreased considerably in 2020, the in-kind donation activity was consistent with pre-pandemic levels in 2021. 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 in both 2021 and 2020. This helped to end the Organization's fiscal years 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)

During the year ended June 30, 2020, 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 if 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, 2021, 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. Subsequent to June 30, 2021, the Organization received notification of forgiveness of the entire loan balance from the SBA.

Note 3 - Significant Accounting Policies

Adoption of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and all related amendments (Accounting Standards Codification (ASC) 606), which serve to supersede most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised 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 and requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted ASC 606 effective July 1, 2020 using the modified retrospective method. There was no effect on the opening balance of net assets as a result of adopting the standard. The Organization does not have significant revenue from contracts with customers for the years ended June 30, 2021 and 2020.

Effective July 1, 2020, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes the requirements to disclose (1) the valuation processes for Level 3 fair value measurements and (2) the changes in unrealized gains and losses for the period for recurring Level 3 fair value measurements, and it modifies the disclosure requirements for a rollforward for Level 3 fair value measurements to instead require only the disclosure of transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, among other changes not currently relevant to the Organization.

Upcoming Accounting Pronouncement

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*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. 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.

Note 3 - Significant Accounting Policies (Continued)

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, where 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, 2021 and 2020, 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, 2021 and 2020. 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 percent at June 30, 2021 and 2020). 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.

Note 3 - Significant Accounting Policies (Continued)

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, 2021 or 2020.

Investments

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.

Investments held by Community First Foundation are stated at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in 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

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. In general, conditions include expenditure of allowable expenses for the specified grant purpose. There were no material conditional contributions outstanding at June 30, 2021 or 2020.

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).

Note 3 - Significant Accounting Policies (Continued)

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).

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 24, 2022, 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, 2021 and 2020, 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:

	2021	2020
Cash and cash equivalents	$ 882,663	$ 2,263,734
Receivables - Net of allowances	1,244,063	643,134
Investments	4,436,323	634,211
Financial assets - At year end	6,563,049	3,541,079
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	742,419	835,688
Promises to give exceeding one year	234,421	373,596
Endowment - General use	4,000	4,000
Board designations:		
Endowment	4,425,183	630,211
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	$ 1,127,476	$ 1,668,034

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, 2021. 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 $4,454,733 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:

	2021	2020
Gross promises to give before unamortized discount	$ 417,884	$ 554,562
Less unamortized discount on promises to give	(15,329)	(23,320)
Less allowance for uncollectible promises to give	(46,200)	(70,000)
Net promises to give	$ 356,355	$ 461,242
Amounts due in:		
Less than one year	$ 183,463	$ 180,966
One to five years	226,045	360,087
More than five years	8,376	13,509
Total	$ 417,884	$ 554,562

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, 2021 and 2020 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 investments and the beneficial interest in assets 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

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, 2021			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by CFF	$ -	$ -	$ 231,707	$ 231,707
Investments held by CFF	-	-	4,430,108	4,430,108
Total	$ -	$ -	$ 4,661,815	$ 4,661,815

Included in investments is cash of $6,215 as of June 30, 2021, which is not subject to fair value reporting.

	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.

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

Note 6 - Fair Value Measurements (Continued)

Net investment return consists of the following:

	2021	2020
Dividends and interest	$ 24,654	$ 26,791
Net realized and unrealized gain	355,593	20,531
Investment management service fees	(1,680)	(9,052)
Total net investment return	$ 378,567	$ 38,270

Note 7 - Property and Equipment

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

	2021	2020
Land	$ 305,082	$ 305,082
Buildings and improvements	5,882,958	5,798,873
Furniture and equipment	417,494	417,494
Transportation equipment	148,906	87,686
Total cost	6,754,440	6,609,135
Less accumulated depreciation	2,503,139	2,302,859
Net property and equipment	$ 4,251,301	$ 4,306,276

Note 8 - Line of Credit

The Organization had a $250,000 line of credit with a bank, due on September 14, 2021. The line of credit was renewed in September 2021 and matures on September 14, 2024. Interest accrues at the greater of *The Wall Street Journal* prime rate plus 1.00 or 4.25 (4.25 and 5.75 percent) at June 30, 2021 and 2020, respectively. There were no outstanding balances on the line of credit as of June 30, 2021 and 2020. 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, 2021 and 2020, the Organization was in compliance with the covenant.

Future maturities of the note payable are as follows:

Years Ending	Amount
2022	$ 25,172
2023	26,479
2024	27,749
2025	29,292
2026	699,145
Total	$ 807,837

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.

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, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,425,183	$ -	$ 4,425,183
Donor-restricted endowment	-	4,000	4,000
Total funds	$ 4,425,183	$ 4,000	$ 4,429,183

Note 10 - Endowments (Continued)

	Changes in Invested Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 630,211	$ 4,000	$ 634,211
Investment return:			
Investment income - Net	36,561	-	36,561
Net realized and unrealized gain	321,841	-	321,841
Total investment return	358,402	-	358,402
Addition to board-designated endowment funds	3,454,180	-	3,454,180
Appropriation and distribution of endowment assets for expenditure	(17,610)	-	(17,610)
Endowment net assets - End of year	$ 4,425,183	$ 4,000	$ 4,429,183

	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

	Changes in 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

Funds with Deficiencies

As of June 30, 2021 and 2020, 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.

The board-designated endowment is held at Community First Foundation and is subject to the investment policies and spending policies as defined in the fund agreement. These policies are designed for the protection and growth of the fund over a significant period of time and so that the investments may be held in a diversified portfolio designed to dampen the effects of market volatility over the long term.

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.

The board-designated endowment held at Community First Foundation also relies on a total return strategy in order to protect and grow the Endowment over the long term.

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.

The spending policy of the board-designated endowment held at Community First Foundation is defined in the fund agreement as 3.5 percent per year of the average of the net fair market value of the assets held in the fund on the last business day of each of the three calendar years preceding the year of distribution. The Organization may request a larger or full distribution of funds.

Note 11 - Net Assets

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

	2021	2020
Satisfaction of purpose restriction:		
Energy Outreach Colorado	$ 258,649	$ 297,601
Participant programs	386,472	369,538
Other	490,392	162,096
Betty Proctor fund	12,059	22,308
Homeless shelter	1,784	1,676
Expiration of time restriction	267,571	458,993
Total net assets released from restrictions	$ 1,416,927	$ 1,312,212

Note 11 - Net Assets (Continued)

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

	2021	2020
Time restriction	$ 353,255	$ 456,526
Restricted by donor for:		
Participant programs	452,920	473,539
Other	96,488	128,069
Betty Proctor fund	74,177	80,001
Energy Outreach Colorado	-	71,149
Beneficial interest in assets held by Community First Foundation - General use	36,166	29,513
Beneficial interest in assets held by Community First Foundation - Homeless shelter	195,541	169,020
Endowment - General use	4,000	4,000
Total	$ 1,212,547	$ 1,411,817

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 estimated fair value is determined using average metro-area retail prices for food, personal care, baby, and other new items and average thrift store values for used clothing and other household goods. 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, 2021 are as follows:

	Participant Services	Food Programs	Management and General	Fundraising and Development	Total
Food	$ -	$ 9,137,497	$ -	$ -	$ 9,137,497
Clothing	741,836	-	-	-	741,836
Toys	272,704	-	-	-	272,704
School supplies	184,288	-	-	-	184,288
Household goods	52,252	-	-	-	52,252
Other	45,599	128,100	16,991	10,421	201,111
Personal items	92,599	-	-	-	92,599
Baby care items	40,825	-	-	-	40,825
Pet items	24,313	-	-	-	24,313
Total	$ 1,454,416	$ 9,265,597	$ 16,991	$ 10,421	$ 10,747,425

Note 12 - Donated Professional Services and Materials (Continued)

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

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 2021 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, 2021:

	Participant Services	Food Programs	Management and General	Fundraising and Development	Total
Participant counseling	$ 20,253	$ -	$ -	$ -	$ 20,253
Professional development	702	409	2,126	332	3,569
Total	$ 20,955	$ 409	$ 2,126	$ 332	$ 23,822

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

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:

	2021	2020
Client services intake desk	$ -	$ 353,532
Administrative services	10,560	66,198
Telephone receptionist	16,549	44,452
Funds development	11,573	49,526
Other	71,238	54,581
Total	$ 109,920	$ 568,289

In addition to the skilled volunteer contributed services above, the Organization also received additional unskilled volunteer contributed services valued at approximately $788,000 and $1,503,000 for the years ended June 30, 2021 and 2020, 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 varied from $747 to $2,471. Revenue for the year ended June 30, 2020 totaled $55,376. The Organization sold the building in December 2019. There was no rental income for the year ended June 30, 2021.

Note 14 - 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.