

**TRI-LAKES CARES**  
**FINANCIAL STATEMENTS**  
**September 30, 2020 and 2019**



# **TRI-LAKES CARES**

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**Erickson, Brown & Kloster, P.C.**  
*Certified Public Accountants*

4565 Hilton Parkway, Suite 101  
Colorado Springs, Colorado 80907  
(719) 531-0445  
1-888-733-3345  
Fax (719) 531-0448  
E-mail: ebk@ebkcpa.com

## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Directors of  
***Tri-Lakes Cares***

We have audited the accompanying financial statements of ***Tri-Lakes Cares*** (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, 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.

### **Auditors' 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 audit 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 **Tri-Lakes Cares** as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Erickson, Brown & Kloster, P.C.*

Colorado Springs, Colorado  
December 23, 2020

**TRI-LAKES CARES**  
**Statements of Financial Position**  
**September 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 637,331	\$ 211,833
Grants and contributions receivable	86,455	79,457
Investments	23,200	22,262
Gift cards	12,753	5,636
Inventories	59,641	58,047
Prepaid expenses and other	27,300	17,256
<b>Total current assets</b>	846,680	394,491
Property and equipment, net	400,043	401,785
Investments - oil royalty interest	1,000	1,000
	<b>\$ 1,247,723</b>	<b>\$ 797,276</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 9,028	\$ 15,599
Accrued expenses	49,585	29,326
Refundable advance - grants	4,671	-
Current portion of Paycheck Protection Plan loan	8,213	-
<b>Total current liabilities</b>	71,497	44,925
Paycheck Protection Plan loan, net of current portion	75,404	-
	146,901	44,925
<b>Net assets:</b>		
Without donor restrictions	871,007	617,854
With donor restrictions	229,815	134,497
	1,100,822	752,351
	<b>\$ 1,247,723</b>	<b>\$ 797,276</b>

See accompanying notes

**TRI-LAKES CARES**  
**Statements of Activities**  
**Years Ended September 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues:</b>						
Donated goods and services	\$ 664,415	\$ -	\$ 664,415	\$ 717,055	\$ -	\$ 717,055
Contributions	580,563	143,842	724,405	398,759	71,246	470,005
Grants	247,735	315,937	563,672	188,740	146,156	334,896
Investment income	2,210	-	2,210	1,824	-	1,824
Other income	606	-	606	329	-	329
Net assets released from restrictions	364,461	(364,461)	-	181,612	(181,612)	-
	<u>1,859,990</u>	<u>95,318</u>	<u>1,955,308</u>	<u>1,488,319</u>	<u>35,790</u>	<u>1,524,109</u>
<b>Expenses:</b>						
Program services:						
Family Stabilization	541,724	-	541,724	478,481	-	478,481
Pantry	571,598	-	571,598	540,772	-	540,772
Housing and Utilities	218,855	-	218,855	143,100	-	143,100
	<u>1,332,177</u>	<u>-</u>	<u>1,332,177</u>	<u>1,162,353</u>	<u>-</u>	<u>1,162,353</u>
General and administrative	89,954	-	89,954	96,874	-	96,874
Fundraising and development	184,706	-	184,706	175,021	-	175,021
	<u>1,606,837</u>	<u>-</u>	<u>1,606,837</u>	<u>1,434,248</u>	<u>-</u>	<u>1,434,248</u>
<b>Change in net assets</b>	253,153	95,318	348,471	54,071	35,790	89,861
<b>Net assets, beginning of year</b>	617,854	134,497	752,351	563,783	98,707	662,490
<b>Net assets, end of year</b>	<u>\$ 871,007</u>	<u>\$ 229,815</u>	<u>\$ 1,100,822</u>	<u>\$ 617,854</u>	<u>\$ 134,497</u>	<u>\$ 752,351</u>

See accompanying notes

**TRI-LAKES CARES**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2020**

	Program Services				Supporting Services		
	Family Stabilization	Pantry	Housing and Utilities	Total	General and Administrative	Fundraising and Development	Total
<b>Direct expenses:</b>							
Donated goods distributed	\$ 80,296	\$ 417,285	\$ 25,272	\$ 522,853	\$ 75	\$ 102	\$ 523,030
Housing assistance	-	-	108,195	108,195	-	-	108,195
Groceries and food assistance	23	64,066	-	64,089	-	-	64,089
Medical assistance	20,637	-	-	20,637	-	-	20,637
Transportation	18,454	-	-	18,454	-	-	18,454
General assistance	14,320	-	-	14,320	-	-	14,320
Gifts	11,288	-	-	11,288	-	-	11,288
Utilities	-	-	9,644	9,644	-	-	9,644
Home repair assistance	2,302	-	-	2,302	-	-	2,302
School supplies	793	-	-	793	-	-	793
Education assistance	193	-	-	193	-	-	193
<b>Total direct expenses</b>	<b>148,306</b>	<b>481,351</b>	<b>143,111</b>	<b>772,768</b>	<b>75</b>	<b>102</b>	<b>772,945</b>
<b>Indirect expenses:</b>							
Salaries	176,128	62,794	60,646	299,568	62,919	124,518	487,005
Payroll taxes	19,655	5,351	6,332	31,338	6,262	12,760	50,360
Occupancy	33,497	8,412	1,111	43,020	1,084	1,458	45,562
Donated goods used in operations	16,033	5,231	1,278	22,542	1,918	16,405	40,865
Information technology	19,243	2,977	1,985	24,205	2,828	9,207	36,240
Fees for services	2,512	612	2,540	5,664	11,833	3,462	20,959
Office supplies	11,462	873	-	12,335	451	5,844	18,630
Advertising and promotion	5,517	505	103	6,125	178	5,386	11,689
Depreciation	8,959	-	-	8,959	258	354	9,571
Insurance	6,798	181	200	7,179	386	652	8,217
Meetings	1,654	441	482	2,577	439	651	3,667
Travel	1,110	366	217	1,693	191	317	2,201
<b>Total indirect expenses</b>	<b>302,568</b>	<b>87,743</b>	<b>74,894</b>	<b>465,205</b>	<b>88,747</b>	<b>181,014</b>	<b>734,966</b>
Donated services	90,850	2,504	850	94,204	1,132	3,590	98,926
<b>Total expenses</b>	<b>\$ 541,724</b>	<b>\$ 571,598</b>	<b>\$ 218,855</b>	<b>\$ 1,332,177</b>	<b>\$ 89,954</b>	<b>\$ 184,706</b>	<b>\$ 1,606,837</b>
<b>Expense percentages</b>	<b>34%</b>	<b>35%</b>	<b>14%</b>	<b>83%</b>	<b>6%</b>	<b>11%</b>	<b>100%</b>

See accompanying notes

**TRI-LAKES CARES**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2019**

	Program Services				Supporting Services		
	Family Stabilization	Pantry	Housing and Utilities	Total	General and Administrative	Fundraising and Development	Total
<b>Direct expenses:</b>							
Donated goods distributed	\$ 100,178	\$ 428,282	\$ 13,471	\$ 541,931	\$ 93	\$ 1,269	\$ 543,293
Housing assistance	-	-	40,080	40,080	-	-	40,080
Groceries and food assistance	1,517	37,800	-	39,317	-	-	39,317
Medical assistance	26,281	-	-	26,281	-	-	26,281
Gifts	12,855	-	-	12,855	-	-	12,855
Transportation	7,767	-	-	7,767	-	-	7,767
Education assistance	5,940	-	-	5,940	-	-	5,940
General assistance	4,488	-	-	4,488	-	-	4,488
Utilities	-	-	3,975	3,975	-	-	3,975
Gas vouchers	1,183	-	-	1,183	-	-	1,183
Child care assistance	1,052	-	-	1,052	-	-	1,052
Home repair assistance	799	-	-	799	-	-	799
School supplies	403	-	-	403	-	-	403
<b>Total direct expenses</b>	<b>162,463</b>	<b>466,082</b>	<b>57,526</b>	<b>686,071</b>	<b>93</b>	<b>1,269</b>	<b>687,433</b>
<b>Indirect expenses:</b>							
Salaries	107,634	53,170	69,620	230,424	70,272	104,232	404,928
Payroll taxes	11,577	5,114	7,247	23,938	7,267	11,021	42,226
Occupancy	30,507	6,706	272	37,485	1,223	1,043	39,751
Donated goods used in operations	7,266	6,219	38	13,523	1,284	14,282	29,089
Information technology	12,693	1,278	1,102	15,073	1,642	4,569	21,284
Fees for services	2,784	366	521	3,671	10,763	6,218	20,652
Advertising and promotion	4,202	232	120	4,554	189	11,294	16,037
Office supplies	6,074	47	50	6,171	281	8,738	15,190
Depreciation	10,061	-	-	10,061	365	312	10,738
Insurance	5,496	137	194	5,827	394	368	6,589
Meetings	1,704	89	240	2,033	304	764	3,101
Travel	1,224	523	628	2,375	97	572	3,044
<b>Total indirect expenses</b>	<b>201,222</b>	<b>73,881</b>	<b>80,032</b>	<b>355,135</b>	<b>94,081</b>	<b>163,413</b>	<b>612,629</b>
Donated services	114,796	809	5,542	121,147	2,700	10,339	134,186
<b>Total expenses</b>	<b>\$ 478,481</b>	<b>\$ 540,772</b>	<b>\$ 143,100</b>	<b>\$ 1,162,353</b>	<b>\$ 96,874</b>	<b>\$ 175,021</b>	<b>\$ 1,434,248</b>
<b>Expense percentages</b>	<b>33%</b>	<b>38%</b>	<b>10%</b>	<b>81%</b>	<b>7%</b>	<b>12%</b>	<b>100%</b>

See accompanying notes



**TRI-LAKES CARES**  
**Statements of Cash Flows**  
**Years Ended September 30, 2020 and 2019**

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 348,471	\$ 89,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,571	10,738
Unrealized (gain) loss on investments	(724)	57
Loss on disposition of property and equipment	3,729	1,970
Increase in assets:		
Grants and contributions receivable	(6,998)	(14,599)
Gift cards	(7,117)	(3,116)
Inventories	(1,594)	(10,486)
Prepaid expenses and other	(10,044)	(6,464)
Increase (decrease) in liabilities:		
Accounts payable	(6,571)	(1,355)
Accrued expenses	20,259	9,526
Refundable advance - grants	4,671	-
<b>Net cash provided by operating activities</b>	<b>353,653</b>	<b>76,132</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(214)	(22,319)
Purchases of property and equipment	(11,558)	(4,221)
<b>Net cash used in investing activities</b>	<b>(11,772)</b>	<b>(26,540)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan	83,617	-
<b>Net cash provided by financing activities</b>	<b>83,617</b>	<b>-</b>
<b>Net increase in cash</b>	<b>425,498</b>	<b>49,592</b>
<b>Cash, beginning of year</b>	<b>211,833</b>	<b>162,241</b>
<b>Cash, end of year</b>	<b>\$ 637,331</b>	<b>\$ 211,833</b>

See accompanying notes

# **TRI-LAKES CARES**

## **Notes to Financial Statements**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Nature of activities***

**Tri-Lakes Cares** (the Organization) is a nonprofit organization that was incorporated in Colorado on January 24, 1984. The Organization is a community based, volunteer supported, resource center whose purpose is to improve people's lives through emergency assistance, self-sufficiency, and relief programs. In addition, the Organization hosts several other community partners, enabling their clients to obtain medical assistance, access food, apply for government programs, as well as meeting several other basic needs all in one location.

The Organization is dependent on contributions and grants primarily from El Paso county Colorado community and grantor agencies to maintain its operations at current levels.

#### ***Basis of accounting***

The accounts of the Organization are maintained, and the financial statements are prepared, on the accrual basis of accounting.

#### ***Basis of presentation***

Under U.S. generally accepted accounting principles (GAAP), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets *without donor restrictions* and net assets *with donor restrictions*. The two classes of net assets are defined as follows:

*Net assets without donor restrictions* – net assets that are not subject to, or are no longer subject to, donor-imposed stipulations.

*Net assets with donor restrictions* – net assets whose use is limited by donor-imposed time and/or purpose restrictions.

#### ***Use of estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### ***Cash and cash equivalents***

For purposes of the statements of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less, not held for long-term purposes, to be cash equivalents.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### ***Grants and contributions receivable***

Grants and contributions receivable are reported at the amount the Organization expects to collect on balances outstanding at year end. The Organization provides for probable uncollectible amounts through a charge against contributions or grant revenue and a credit to an allowance based on its assessment of the current status of individual receivables. At September 30, 2020 and 2019, the Organization considers grants and contributions receivable to be fully collectible. Accordingly, no allowance for uncollectible grants and contributions is required.

### ***Investments***

The Organization has an investment in a mutual fund which has a readily determinable fair value based on quoted market prices as of the last trading date of the year. Investments in mutual funds are reported at fair value. Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

The Organization also has an investment in oil royalty interest which was donated to the Organization in 2010. This investment does not have a readily determinable fair value and the Organization considers this investment to be an *other investment* under GAAP guidance. As such, the Organization has elected to measure it at cost, which, in this case, approximates the fair value at the date of donation.

Investment income, which includes interest, dividends, royalties, and net unrealized gains and losses, is reported as an increase in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Unrealized gains and losses represent the change in the fair value of the individual investment for the year, or since the acquisition date, if acquired during the year.

### ***Inventories***

Inventories of donated food items are valued at an estimated wholesale value of \$1.62 and \$1.68 per pound as of September 30, 2020 and 2019, respectively. The estimated value per pound used by management is equivalent to that used by a leading national food bank. Inventories of items donated for a silent auction fundraising event are valued at their fair value as provided by each donor at the time of donation.

### ***Property and equipment***

Property and equipment is stated at cost, or if donated, at the estimated fair value at the date of donation. The Organization's policy is to capitalize acquisitions of property and equipment costing in excess of \$2,000 and having a useful life exceeding one year. Depreciation is provided using the straight-line method over the following estimated useful lives:

Building	50 Years
Furniture and equipment	3-7 Years

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***Paycheck Protection Program loan***

In April 2020, the Organization obtained a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Upon meeting specific requirements outlined by the Small Business Administration (SBA), a recipient of the Paycheck Protection Program (PPP) loan can receive forgiveness of some or all of the proceeds. The payments of principal and interest on any part of the PPP loan which is not forgiven are deferred in accordance with the Paycheck Protection Program Flexibility Act, enacted in June 2020. The length of the deferral period depends on when and if the Organization applies for the loan forgiveness. Management believes that the Organization has used the loan proceeds for eligible expenses, including payroll, benefits, rent, and utilities, and has maintained its payroll at a level to meet the conditions for forgiveness of the loan as currently outlined by the SBA. At September 30, 2020, the Organization accounts for the PPP funds as a loan on its 2020 statement of financial position. Subsequent to year end, the Organization applied for and received forgiveness of the full amount of the funds received under the PPP loan.

### ***Support and revenue recognition***

Contributions and grants (other than cost-reimbursable grants) are recorded as revenue when unconditional promises to give have been made or grant awards have been received and are shown as increases in net assets, with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donated assets are recorded at their fair value on the date of donation.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions.

Unconditional promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. All unconditional grants and contributions receivable recorded at September 30, 2020 and 2019 are expected to be received within one year.

Conditional promises to give are not included as support and revenue until the conditions are substantially met. The Organization reports donor-restricted support and revenue that was initially a conditional contribution or grant and for which the donor-imposed conditions and restrictions are met in the same reporting period as net assets without donor restrictions.

At September 30, 2020 and 2019, the Organization's conditional promises to give consist of \$181,430 and \$108,260, respectively, related to grants which have been awarded to the Organization but for which certain performance requirements have not been met and/or allowable qualifying expenses have not been incurred.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***Support and revenue recognition (continued)***

As of September 30, 2020 and 2019, advanced payments for conditional grants which have been received but for which the conditions of the grants have not been met as of year end, totaled \$4,671 and \$0, respectively, and are included in Refundable Advance – Grants on the accompanying statements of financial position.

### ***Expense allocations***

The costs of providing programs and supporting services have been summarized on a functional basis in the statements of activities. Most expenses can be directly attributed to program or supporting functions. When certain categories of expense are attributed to more than one functional category, management allocates those expenses based on reasonable criteria. The most significant expenses which are allocated among the programs and supporting services benefited include salaries, occupancy, donated goods used in operations, information technology, and donated services.

Salaries are allocated based on the time spent by employees on providing certain activities. Occupancy, donated goods used in operations, and donated services are allocated based on the square footage of the Organization's building as used by the supporting service. Information technology is allocated based on percentages derived from calculating allocations for salaries.

### ***Income tax status***

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable Colorado law as a charitable organization. In addition, it has been classified as an organization that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions. For the years ended September 30, 2020 and 2019, the Organization had no unrelated business taxable income. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

### ***Recently adopted accounting standards***

For the year ended September 30, 2020, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization elected to retrospectively apply this ASU. The adoption of the ASU resulted no cumulative-effect adjustment to the beginning net asset balances.

## **2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization is substantially supported by donor-restricted cash contributions and grants as well as in-kind contributions. However, most of these grants and contributions are believed to be available for general expenditures within one year of the statement of financial position date because the restrictions on the net assets can be met by conducting the normal activities of the Organization's programs within one year. Accordingly, the related resources have been included in the quantitative information below which details the financial assets available to meet general expenditures within one year.

## 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Organization's financial assets available within one year for general expenditures consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 637,331	\$ 211,833
Grants and contributions receivable	86,455	79,457
Investments	23,200	22,262
Gift cards	<u>12,753</u>	<u>5,636</u>
	759,739	319,188
Less financial assets not available within one year for general expenditures:		
Funds designated by the Board for emergencies	<u>100,000</u>	<u>100,000</u>
Total financial assets available within one year for general expenditures	<u>\$ 659,739</u>	<u>\$ 219,188</u>

Due to the COVID-19 pandemic in 2020 and its impact on the local community, the demand for the Organization's program services has increased. The Organization has been working to meet this increased demand by securing additional support and revenue through COVID-19 related relief grants as well as benefiting from an increase in charitable giving in general. The table above reflects this increase in available financial assets which will be available within one year for general expenditures as of September 30, 2020. The increased demand for services is expected to continue at a minimum for the duration of the pandemic. The Organization's ability to secure this additional support and revenue in the future cannot be determined at this time.

Although the Organization does not intend to do so, the funds reserved for emergencies could also be made available as they are set aside by the Board of Directors and such designations could be removed should the Organization need access to those funds within one year for general expenditures.

## 3. INVENTORIES

Inventories consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Food	\$ 34,067	\$ 21,606
Donated items for silent auction	21,269	29,629
School supplies	-	5,031
Other	<u>4,305</u>	<u>1,781</u>
	<u>\$ 59,641</u>	<u>\$ 58,047</u>

#### 4. INVESTMENTS

Investments consist of the following at September 30:

	2020	2019
Money market account	\$ 25	\$ 25
Mutual fund at fair value	23,175	22,237
Oil royalty interest at cost	1,000	1,000
	<u>\$ 24,200</u>	<u>\$ 23,262</u>

The following schedule summarizes investment income for interest bearing cash accounts and investments for the years ended September 30:

	2020	2019
Interest	\$ 771	\$ 271
Dividends	284	330
Royalties	431	1,280
Unrealized gain (loss)	724	(57)
	<u>\$ 2,210</u>	<u>\$ 1,824</u>

#### 5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2      Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## 5. FAIR VALUE MEASUREMENTS (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at September 30, 2020 and 2019.

Following is a description of the valuation methodologies used for assets measured on a recurring basis at fair value.

*Mutual fund:* Valued at the daily closing price as reported by the fund. The mutual fund held by the Organization is an open-end mutual fund which is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The mutual fund held by the Organization is deemed to be actively traded.

At September 30, 2020 and 2019, the investment in the mutual fund totals \$23,175 and \$22,237, respectively, and is considered to be a level 1 asset within the fair value hierarchy.

## 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2020	2019
Land	\$ 85,268	\$ 85,268
Building	413,336	413,336
Furniture and equipment	18,371	20,686
	516,975	519,290
Less accumulated depreciation	116,932	117,505
	<u>\$ 400,043</u>	<u>\$ 401,785</u>

## 7. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization obtained a PPP loan from First National Bank of Las Animas in the amount of \$83,617 (see also Note 1). The PPP loan is payable in 18 monthly installments of \$4,702 and bears interest at a fixed rate of 1% per annum. If the Organization does not apply for forgiveness of the loan, monthly installments would begin no later than August 2021.

The following is a schedule of future maturities of the PPP loan as of September 30, 2020 if none of the PPP loan is forgiven:

2021	\$ 8,213
2022	55,924
2023	19,480
	<u>\$ 83,617</u>



## 8. NET ASSETS

The financial statements report amounts of net assets as without donor restrictions or with donor restrictions based on the absence or existence and the type of donor-imposed restrictions. Amounts designated by the Board of Directors for specific programs or activities are treated as net assets without donor restrictions. At September 30, 2020 and 2019, net assets without donor restrictions, but designated by the Board of Directors for emergencies, totaled \$100,000. The balance can be transferred to the undesignated portion of net assets without donor restrictions at the Board's discretion.

Net assets with donor restrictions consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Family Stabilization program	\$ 93,487	\$ 53,335
Pantry program	92,362	45,880
Housing and Utilities program	-	13,375
Disaster relief (COVID-19)	27,936	-
Time restrictions (grants and contributions receivable)	<u>16,030</u>	<u>21,907</u>
	<u><u>\$ 229,815</u></u>	<u><u>\$ 134,497</u></u>

Net assets received with donor restrictions were released from those restrictions by satisfying the following restrictions during the years ended September 30:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Family Stabilization program	\$ 109,489	\$ 111,349
Pantry program	56,288	28,638
Housing and Utilities program	33,227	5,817
Disaster relief (COVID-19)	125,024	-
Time restrictions (grants and contributions receivable)	<u>40,433</u>	<u>35,808</u>
	<u><u>\$ 364,461</u></u>	<u><u>\$ 181,612</u></u>

## 9. DONATED GOODS AND SERVICES

During the years ended September 30, 2020 and 2019, the Organization received and distributed goods and services for client programs and for operational support as follows:

	<u>2020</u>	<u>2019</u>
Received for client programs:		
Food and sundries	\$ 432,223	\$ 440,513
Medical services and supplies	68,332	86,371
Holiday gifts for seniors and children	14,410	19,991
School supplies	11,796	12,951
Services	11,129	15,267
Supplies	69,955	78,402
	<u>607,845</u>	<u>653,495</u>
Received for operational support:		
Goods and services	<u>56,570</u>	<u>63,560</u>
	<u>\$ 664,415</u>	<u>\$ 717,055</u>
Distributed for client programs:		
Food and sundries	\$ 416,569	\$ 432,079
Medical services and supplies	68,591	85,945
Holiday gifts for seniors and children	13,626	19,991
School supplies	16,044	8,576
Services	11,132	15,267
Supplies	71,969	76,009
	<u>597,931</u>	<u>637,867</u>
Distributed for operational support:		
Goods and services	<u>64,890</u>	<u>68,701</u>
	<u>\$ 662,821</u>	<u>\$ 706,568</u>

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation.

The Organization also receives donated services not reflected in the financial statements as they do not meet the criteria for recognition under GAAP. For the years ended September 30, 2020 and 2019, the Organization received approximately 13,500 and 12,100 volunteer hours with an estimated value of approximately \$367,00 and \$339,000, respectively.

## 10. CASH FLOW STATEMENT DISCLOSURES

### *Supplemental disclosures of cash flow information*

During the years ended September 30, 2020 and 2019, the Organization did not pay any interest or unrelated business income tax.

## **11. CONCENTRATIONS**

Cash balances held in accounts at one financial institution exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

## **12. SUBSEQUENT EVENTS**

As disclosed in Note 1, subsequent to year end, the Organization applied for and obtained forgiveness of the full amount of the PPP loan received in April 2020.

Management has evaluated subsequent events through the date of the attached independent auditors' report, the date which the financial statements were available to be issued. Management believes that there have been no significant subsequent events, except as described in the previous paragraph.