

TRI-LAKES CARES
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2022 AND 2021



ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tri-Lakes Cares

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *Tri-Lakes Cares* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about *Tri-Lakes Cares'* ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT – Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 *Tri-Lakes Cares'* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about *Tri-Lakes Cares'* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
December 15, 2022

TRI-LAKES CARES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 177,007	\$ 222,753
Investments - Short-Term	133,959	1,021,587
Grants and Contributions Receivable	111,427	121,433
Gift Cards	12,239	4,279
Inventories	38,989	31,490
Prepaid Expenses and Other	31,837	39,286
Total Current Assets	505,458	1,440,828
Investments - Long-Term	1,100,000	100,000
Property and Equipment, Net	435,535	392,053
Total Assets	\$ 2,040,993	\$ 1,932,881
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 50,144	\$ 12,979
Accrued Expenses	71,855	61,823
Refundable Advance - Grants	-	1,731
Total Current Liabilities	121,999	76,533
Net Assets		
Without Donor Restrictions - Board Designated	1,100,000	100,000
Without Donor Restrictions - Undesignated	661,448	1,583,287
	1,761,448	1,683,287
With Donor Restrictions	157,546	173,061
Total Net Assets	1,918,994	1,856,348
Total Liabilities and Net Assets	\$ 2,040,993	\$ 1,932,881

See Accompanying Notes

TRI-LAKES CARES
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Special Event						
Special Event Revenue	\$ 49,367	\$ -	\$ 49,367	\$ -	\$ -	\$ -
Special Event - In-Kind Revenue	8,616	-	8,616	-	-	-
Less: Cost of Direct Benefits to Donors	(8,100)	-	(8,100)	-	-	-
	<u>49,883</u>	<u>-</u>	<u>49,883</u>	<u>-</u>	<u>-</u>	<u>-</u>
Donated Goods and Services	672,009	-	672,009	725,693	-	725,693
Contributions	637,208	176,565	813,773	706,883	134,722	841,605
Grants	656,571	204,932	861,503	388,132	207,067	595,199
Noncash Contributions of Investments	5,020	-	5,020	40,427	-	40,427
Noncash Contribution Due to Forgiveness of the Paycheck Protection Program Loan	-	-	-	83,617	-	83,617
Investment (Loss) Income	(212,325)	-	(212,325)	434,666	-	434,666
Other Income	-	-	-	603	-	603
Net Assets Released From Restrictions	<u>397,012</u>	<u>(397,012)</u>	<u>-</u>	<u>398,543</u>	<u>(398,543)</u>	<u>-</u>
Total Support and Revenues	<u>2,205,378</u>	<u>(15,515)</u>	<u>2,189,863</u>	<u>2,778,564</u>	<u>(56,754)</u>	<u>2,721,810</u>
Expenses						
Program Services						
Family Stabilization	710,927	-	710,927	630,321	-	630,321
Pantry	728,088	-	728,088	746,060	-	746,060
Housing and Utilities	265,884	-	265,884	249,507	-	249,507
	<u>1,704,899</u>	<u>-</u>	<u>1,704,899</u>	<u>1,625,888</u>	<u>-</u>	<u>1,625,888</u>
General and Administrative	156,199	-	156,199	111,286	-	111,286
Fundraising and Development	266,119	-	266,119	229,110	-	229,110
	<u>2,127,217</u>	<u>-</u>	<u>2,127,217</u>	<u>1,966,284</u>	<u>-</u>	<u>1,966,284</u>
Total Expenses	<u>2,127,217</u>	<u>-</u>	<u>2,127,217</u>	<u>1,966,284</u>	<u>-</u>	<u>1,966,284</u>
Change in Net Assets	78,161	(15,515)	62,646	812,280	(56,754)	755,526
Net Assets, Beginning of Year	<u>1,683,287</u>	<u>173,061</u>	<u>1,856,348</u>	<u>871,007</u>	<u>229,815</u>	<u>1,100,822</u>
Net Assets, End of Year	<u>\$ 1,761,448</u>	<u>\$ 157,546</u>	<u>\$ 1,918,994</u>	<u>\$ 1,683,287</u>	<u>\$ 173,061</u>	<u>\$ 1,856,348</u>

See Accompanying Notes

TRI-LAKES CARES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Family Stabilization</u>	<u>Pantry</u>	<u>Housing and Utilities</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Direct Expenses							
Donated Goods Distributed	\$ 95,700	\$ 422,713	\$ 7,649	\$ 526,062	\$ -	\$ -	\$ 526,062
Housing Assistance	-	-	117,670	117,670	-	-	117,670
Groceries and Food Assistance	8,854	160,484	-	169,338	-	-	169,338
Medical Assistance	24,146	-	-	24,146	-	-	24,146
Transportation	41,793	-	-	41,793	-	-	41,793
General Assistance	35,815	6,343	-	42,158	-	-	42,158
Gifts	18,967	-	-	18,967	-	-	18,967
Utilities	-	-	17,384	17,384	-	-	17,384
School Supplies	887	-	-	887	-	-	887
Education Assistance	5,000	-	-	5,000	-	-	5,000
Total Direct Expenses	231,162	589,540	142,703	963,405	-	-	963,405
Indirect Expenses							
Salaries	200,948	107,601	101,919	410,468	120,056	174,793	705,317
Payroll Taxes	22,153	9,448	10,942	42,543	12,967	18,680	74,190
Occupancy	60,707	7,985	1,232	69,924	4,746	5,221	79,891
Donated Goods Used in Operations	37,412	7,083	3,677	48,172	6,245	15,774	70,191
Information Technology	17,215	214	120	17,549	1,412	6,116	25,077
Professional Fees	15,080	563	402	16,045	1,313	1,496	18,854
Employee Benefits	8,543	3,867	3,598	16,008	4,810	7,457	28,275
Advertising and Promotion	8,261	466	398	9,125	845	14,671	24,641
Office Expenses	10,874	641	290	11,805	1,734	18,724	32,263
Depreciation	10,732	-	-	10,732	590	472	11,794
Insurance	9,148	105	97	9,350	785	903	11,038
Meetings	11,733	463	355	12,551	617	1,577	14,745
Travel	874	112	151	1,137	79	235	1,451
Total Indirect Expenses	413,680	138,548	123,181	675,409	156,199	266,119	1,097,727
Donated Services	66,085	-	-	66,085	-	-	66,085
Total Expenses	\$ 710,927	\$ 728,088	\$ 265,884	\$ 1,704,899	\$ 156,199	\$ 266,119	\$ 2,127,217
Expense Percentages	33%	34%	13%	80%	7%	13%	100%

See Accompanying Notes

TRI-LAKES CARES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Family Stabilization</u>	<u>Pantry</u>	<u>Housing and Utilities</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Direct Expenses							
Donated Goods Distributed	\$ 119,044	\$ 511,252	\$ 6,881	\$ 637,177	\$ 272	\$ 1,088	\$ 638,537
Housing Assistance	-	-	149,787	149,787	-	-	149,787
Groceries and Food Assistance	23,125	118,960	-	142,085	-	-	142,085
Transportation	42,007	-	-	42,007	-	-	42,007
Medical Assistance	-	23,924	-	23,924	-	-	23,924
General Assistance	9,584	1,187	1,350	12,121	-	-	12,121
Gifts	11,585	-	-	11,585	-	-	11,585
Utilities	-	-	11,264	11,264	-	-	11,264
School Supplies	7,608	-	-	7,608	-	-	7,608
Education Assistance	371	-	-	371	-	-	371
Total Direct Expenses	213,324	655,323	169,282	1,037,929	272	1,088	1,039,289
Indirect Expenses							
Salaries	191,142	68,607	61,922	321,671	76,601	161,497	559,769
Payroll Taxes	21,074	5,608	6,951	33,633	8,015	17,046	58,694
Donated Goods Used in Operations	25,937	3,828	4,193	33,958	3,635	17,785	55,378
Occupancy	35,697	7,745	176	43,618	1,733	1,656	47,007
Management	22,218	1,187	3,753	27,158	3,567	5,947	36,672
Information Technology	16,493	1,508	1,769	19,770	2,874	9,491	32,135
Office Expenses	9,779	967	40	10,786	2,073	7,910	20,769
Meetings	8,731	421	710	9,862	753	1,571	12,186
Depreciation	10,100	-	-	10,100	500	473	11,073
Insurance	8,796	110	134	9,040	731	1,180	10,951
Advertising and Promotion	5,873	667	479	7,019	527	3,361	10,907
Accounting	-	-	-	-	9,950	-	9,950
Travel	415	89	3	507	55	105	667
Total Indirect Expenses	356,255	90,737	80,130	527,122	111,014	228,022	866,158
Donated Services	60,742	-	95	60,837	-	-	60,837
Total Expenses	\$ 630,321	\$ 746,060	\$ 249,507	\$ 1,625,888	\$ 111,286	\$ 229,110	\$ 1,966,284
Expense Percentages	32%	38%	13%	83%	5%	12%	100%

See Accompanying Notes

TRI-LAKES CARES
STATEMENTS OF CASH FLOW
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 62,646	\$ 755,526
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	11,794	11,073
Noncash Contributions of Investments	(5,020)	(40,427)
Realized and Unrealized Losses (Gains) on Investments	250,722	(431,133)
Loss on Disposition of Property and Equipment	-	392
Noncash Contribution Due to Forgiveness of the Paycheck Protection Program Loan	-	(83,617)
Decrease (Increase) in Assets		
Grants and Contributions Receivable	10,006	(34,978)
Gift Cards	(7,960)	8,474
Inventories	(7,499)	28,151
Prepaid Expenses and Other	7,449	(11,986)
Increase (Decrease) in Liabilities		
Accounts Payable	37,165	3,951
Accrued Expenses	10,032	12,238
Refundable Advance - Grants	(1,731)	(2,940)
Net Cash Provided by Operating Activities	367,604	214,724
Cash Flows from Investing Activities		
Purchases of Investments	(771,738)	(1,835,019)
Proceeds from Sale of Investments	413,664	735,992
Purchases of Property and Equipment	(55,276)	(3,475)
Proceeds from Sale of Investments - Oil Royalty Interest	-	473,200
Net Cash Used in Investing Activities	(413,350)	(629,302)
Net Decrease in Cash	(45,746)	(414,578)
Cash, Beginning of Year	222,753	637,331
Cash, End of Year	\$ 177,007	\$ 222,753

See Accompanying Notes

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

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 the 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.

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, 2022 and 2021, the Organization considers grants and contributions receivable to be fully collectible within one year. No allowance for uncollectible grants and contributions is required.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments – The Organization’s investments 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 4 for discussion of fair value measurements.

During the year ended September 30, 2021, the Organization sold an investment in oil royalty interest which was donated to the Organization in 2010. The Organization had previously elected to measure this investment at cost, which approximated the fair value at the date of donation, as this investment did not have a readily determinable fair value.

Investment income, which includes interest, dividends, royalties, and net realized and unrealized gains and losses, less investment fees, 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 \$1.79 and \$1.74 per pound as of September 30, 2022 and 2021, 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

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.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Support and Revenue Recognition – Continued – 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, 2022 and 2021 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, 2022 and 2021, the Organization's conditional promises to give consist of \$139,537 and \$467,339, 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.

As of September 30, 2022 and 2021, 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 \$0 and \$1,731, 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, payroll taxes, donated goods used in operations, and occupancy.

Salaries and payroll taxes are allocated based on the time spent by employees on providing certain activities. Donated goods used in operations and occupancy are allocated based on the square footage of the Organization's building as used by the supporting service.

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, 2022 and 2021, the Organization had no unrelated business taxable income. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Guidance Implementation – For the year ended September 30, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new accounting guidance clarified the presentation and disclosure requirements for contributed nonfinancial assets. The adoption of this standard did not have a significant impact on the financial statements of the Organization.

NOTE 1 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization receives substantial support from 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.

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

	2022	2021
Financial Assets		
Cash	\$ 177,007	\$ 222,753
Grants and Contributions Receivable	111,427	121,433
Investments	1,233,959	1,121,587
Gift Cards	12,239	4,279
	1,534,632	1,470,052
Less: Financial Assets Not Available Within One Year for General Expenditures		
Funds Designated by the Board for Emergencies or Long-Term Purposes	1,100,000	100,000
Total Financial Assets Available Within One Year for General Expenditures	\$ 434,632	\$ 1,370,052

During the year ended September 30, 2022, the Board of Directors of the Organization adopted a formal investment policy which, among other matters, resulted in the Board of Directors designating \$1,000,000 of the Organization’s investments for long-term use (see Note 7). Although the Organization does not intend to do so, any funds reserved for emergencies or long-term use could 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.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – INVENTORIES

Inventories consist of the following at September 30:

	2022	2021
Food	\$ 27,422	\$ 28,593
Donated Items for Silent Auction	10,034	1,087
Other	1,533	1,810
Total Inventories	\$ 38,989	\$ 31,490

NOTE 3 – INVESTMENTS

Investments consist of the following at September 30:

	2022	2021
Cash	\$ 19,308	\$ 404,894
Mutual Funds	896,125	566,553
Corporate Stocks	145,856	73,501
Exchange Traded and Closed-End Funds (ETFs and CEFs)	172,670	76,639
Total Investments	\$ 1,233,959	\$ 1,121,587

Reconciliation of total investments to the statements of financial position at September 30:

	2022	2021
Investments - Short-Term	\$ 133,959	\$ 1,021,587
Investments - Long-Term	1,100,000	100,000
Total Investments	\$ 1,233,959	\$ 1,121,587

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

	2022	2021
Interest	\$ 334	\$ 865
Dividends	49,386	1,580
Royalties	-	1,088
Investment Fees	(11,323)	-
Net Realized and Unrealized (Losses) Gains	(250,722)	431,133
Investment (Loss) Income	\$ (212,325)	\$ 434,666

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – 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.

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, 2022 and 2021.

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

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

Corporate Stocks, ETFs (Exchange Traded Funds), and CEFs (Closed-End Funds): Valued at the closing price reported on the active market on which the individual securities are traded.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS – Continued

The following table sets forth the level, within the fair value hierarchy, of the Organization’s assets measured on a recurring basis at fair value as of:

September 30, 2022	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 896,125	\$ 896,125
Corporate Stocks	145,856	145,856
Exchange Traded and Closed-End Funds (ETFs and CEFs)	<u>172,670</u>	<u>172,670</u>
Total Assets Measured at Fair Value	<u>\$ 1,214,651</u>	<u>\$ 1,214,651</u>

September 30, 2021	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 566,553	\$ 566,553
Corporate Stocks	73,501	73,501
Exchange Traded and Closed-End Funds (ETFs and CEFs)	<u>76,639</u>	<u>76,639</u>
Total Assets Measured at Fair Value	<u>\$ 716,693</u>	<u>\$ 716,693</u>

Reconciliation of total assets measured at fair value to total investments at September 30:

	<u>2022</u>	<u>2021</u>
Total Assets Measured at Fair Value	\$ 1,214,651	\$ 716,693
Add:		
Cash Included in Investments	<u>19,308</u>	<u>404,894</u>
Total Investments	<u>\$ 1,233,959</u>	<u>\$ 1,121,587</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 85,268	\$ 85,268
Building	463,558	413,336
Furniture and Equipment	<u>23,961</u>	<u>18,907</u>
	572,787	517,511
Less: Accumulated Depreciation	<u>137,252</u>	<u>125,458</u>
Property and Equipment, Net	<u>\$ 435,535</u>	<u>\$ 392,053</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$11,794 and \$11,073, respectively.

**TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization obtained a \$83,617 loan under the Paycheck Protection Program (PPP), part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), an economic stimulus bill passed by the U.S. government on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States. Repayment of the loan under this program is forgiven to any recipient of the PPP loan when the funds are used during a specified period for eligible expenses, such as maintaining payroll and benefits at certain levels and for payments of rent and utilities.

During the year ended September 30, 2021, the Organization obtained forgiveness of repayment of the PPP loan. The noncash contribution due to forgiveness of the PPP loan is included in support and revenues on the 2021 statement of activities.

NOTE 7 – 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, 2022 and 2021, net assets without donor restrictions, but designated by the Board of Directors for emergencies, totaled \$100,000. Additionally, during the year ended September 30, 2022, the Board of Directors designated \$1,000,000 of net assets without donor restrictions for long-term financial needs of the Organization. The board designated net assets can be undesignated at the Board’s discretion at any time.

The following is a summary of activity in net assets with donor restrictions during the year ended September 30, 2022:

Description	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Family Stabilization Program	\$ 73,881	\$ 132,007	\$ 143,019	\$ 62,869
Pantry Program	53,715	82,632	97,467	38,880
Housing and Utilities Program	510	14,521	3,490	11,541
Disaster Relief (COVID-19)	-	306	306	-
Time Restricted	44,955	152,031	152,730	44,256
	<u>\$ 173,061</u>	<u>\$ 381,497</u>	<u>\$ 397,012</u>	<u>\$ 157,546</u>

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NET ASSETS – Continued

The following is a summary of activity in net assets with donor restrictions during the year ended September 30, 2021:

Description	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Family Stabilization Program	\$ 93,487	\$ 123,131	\$ 142,737	\$ 73,881
Pantry Program	92,362	87,217	125,864	53,715
Housing and Utilities Program	-	10,510	10,000	510
Disaster Relief (COVID-19)	27,936	43,536	71,472	-
Time Restricted	16,030	77,395	48,470	44,955
	<u>\$ 229,815</u>	<u>\$ 341,789</u>	<u>\$ 398,543</u>	<u>\$ 173,061</u>

NOTE 8 – DONATED GOODS AND SERVICES

During the years ended September 30, 2022 and 2021, the Organization received goods and services for client programs and for operational support as follows:

	2022	2021
Received for Client Programs		
Food and Sundries	\$ 420,744	\$ 504,281
Medical Services and Supplies	57,887	60,344
Holiday Gifts for Seniors and Children	8,330	12,715
School Supplies	9,968	8,498
Other Services	12,184	7,743
Other Supplies	86,430	97,917
	<u>595,543</u>	<u>691,498</u>
Received for Operational Support		
Goods and Services	76,466	34,195
	<u>\$ 672,009</u>	<u>\$ 725,693</u>

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – DONATED GOODS AND SERVICES – Continued

During the years ended September 30, 2022 and 2021, the Organization distributed goods and services for client programs and for operational support as follows:

	2022	2021
Distributed for Client Programs		
Food and Sundries	\$ 413,034	\$ 504,171
Medical Services and Supplies	58,165	59,590
Holiday Gifts for Seniors and Children	8,330	12,715
School Supplies	9,968	9,261
Other Services	12,184	7,708
Other Supplies	90,464	105,927
	592,145	699,372
Distributed for Operational Support		
Goods and Services	70,193	55,380
	\$ 662,338	\$ 754,752

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, 2022 and 2021, the Organization received approximately 15,626 and 14,620 volunteer hours with an estimated value of approximately \$468,000 and \$417,000, respectively.

NOTE 9 – SIMPLIFIED EMPLOYEE PENSION INDIVIDUAL RETIREMENT ARRANGEMENT (SEP IRA)

During the year ended September 30, 2022, the Organization adopted a SEP IRA retirement plan that covers all employees and allows for employee compensation reduction contributions and employer matching contribution up to 3% of an employee’s compensation. The Organization’s total contribution into the SEP IRA was \$13,905 for the year ended September 30, 2022.

NOTE 10 – CASH FLOW STATEMENT DISCLOSURES

Supplemental Disclosures of Non-Cash Investing and Financing Activities

During the years ended September 30, 2022 and 2021, the Organization received non-cash contributions of investments valued at \$5,020 and \$40,427, respectively.

NOTE 11 – CONCENTRATIONS

At times, cash balances held in one financial institution may exceed federally insured limits. The Organization has not experienced any losses in its cash accounts and management believes the Organization is not exposed to any significant credit risk on cash.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – CONCENTRATIONS – Continued

During the year ended September 30, 2022, the Organization recorded one government grant which accounted for approximately 17% of its total revenues and support.

The Organization has significant investments which subject the Organization to concentrations of credit risk. Investments are made by investment managers engaged by the Organization and the investments are monitored by the Organization. The market value of investments is subject to fluctuations; however, management believes the Organization's investment policies are prudent for the long-term welfare of the Organization.

NOTE 12 – SUBSEQUENT EVENTS

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.