

TRI-LAKES CARES
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2023 AND 2022



ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023 and 2022, 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, 2023 and 2022, 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 18, 2023

TRI-LAKES CARES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 159,346	\$ 177,007
Investments - Short-Term Use	75,938	133,959
Grants and Contributions Receivable	43,072	111,427
Gift Cards	4,115	12,239
Inventories	74,373	38,989
Prepaid Expenses and Other	74,024	31,837
Total Current Assets	430,868	505,458
Investments - Long-Term Use	1,530,356	1,100,000
Property and Equipment, Net	421,809	435,535
Total Assets	\$ 2,383,033	\$ 2,040,993
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 51,575	\$ 50,144
Accrued Expenses	89,478	71,855
Refundable Advance - Grants	90,252	-
Total Current Liabilities	231,305	121,999
Net Assets		
Without Donor Restrictions - Board Designated	1,530,000	1,100,000
Without Donor Restrictions - Undesignated	527,103	661,448
	2,057,103	1,761,448
With Donor Restrictions	94,625	157,546
Total Net Assets	2,151,728	1,918,994
Total Liabilities and Net Assets	\$ 2,383,033	\$ 2,040,993

See Accompanying Notes

TRI-LAKES CARES
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Special Event						
Special Event Revenue	\$ 62,834	\$ -	\$ 62,834	\$ 49,367	\$ -	\$ 49,367
Special Event - In-Kind Revenue	9,789	-	9,789	8,616	-	8,616
Less: Cost of Direct Benefits to Donors	(9,000)	-	(9,000)	(8,100)	-	(8,100)
	<u>63,623</u>	<u>-</u>	<u>63,623</u>	<u>49,883</u>	<u>-</u>	<u>49,883</u>
Donated Goods and Services	882,593	-	882,593	672,009	-	672,009
Contributions	650,803	195,843	846,646	637,208	176,565	813,773
Grants	513,497	161,111	674,608	656,571	204,932	861,503
Noncash Contributions of Investments	-	-	-	5,020	-	5,020
Investment Income (Loss)	137,782	-	137,782	(212,325)	-	(212,325)
Other Income	30	-	30	-	-	-
Net Assets Released From Restrictions	419,875	(419,875)	-	397,012	(397,012)	-
Total Support and Revenues	<u>2,668,203</u>	<u>(62,921)</u>	<u>2,605,282</u>	<u>2,205,378</u>	<u>(15,515)</u>	<u>2,189,863</u>
Expenses						
Program Services						
Family Stabilization	808,463	-	808,463	710,927	-	710,927
Pantry	782,417	-	782,417	728,088	-	728,088
Housing and Utilities	307,717	-	307,717	265,884	-	265,884
	<u>1,898,597</u>	<u>-</u>	<u>1,898,597</u>	<u>1,704,899</u>	<u>-</u>	<u>1,704,899</u>
General and Administrative	139,614	-	139,614	156,199	-	156,199
Fundraising and Development	334,337	-	334,337	266,119	-	266,119
Total Expenses	<u>2,372,548</u>	<u>-</u>	<u>2,372,548</u>	<u>2,127,217</u>	<u>-</u>	<u>2,127,217</u>
Change in Net Assets	295,655	(62,921)	232,734	78,161	(15,515)	62,646
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 2,057,103</u>	<u>\$ 94,625</u>	<u>\$ 2,151,728</u>	<u>\$ 1,761,448</u>	<u>\$ 157,546</u>	<u>\$ 1,918,994</u>

See Accompanying Notes

TRI-LAKES CARES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services				Supporting Services		
	Family Stabilization	Pantry	Housing and Utilities	Total	General and Administrative	Fundraising and Development	Total
Direct Expenses							
Donated Goods Distributed	\$ 135,314	\$ 505,227	\$ 9,845	\$ 650,386	\$ -	\$ 375	\$ 650,761
Groceries and Food Assistance	2,766	160,076	-	162,842	-	-	162,842
Housing Assistance	-	-	140,128	140,128	-	-	140,128
General Assistance	32,388	7,880	-	40,268	-	40	40,308
Transportation	30,970	-	-	30,970	-	-	30,970
Medical Assistance	26,728	-	-	26,728	-	-	26,728
Gifts	16,414	-	-	16,414	-	-	16,414
Utilities	-	-	10,354	10,354	-	-	10,354
Education Assistance	8,548	-	-	8,548	-	-	8,548
Home Repair Assistance	-	-	5,802	5,802	-	-	5,802
School Supplies	3,881	-	-	3,881	-	-	3,881
Total Direct Expenses	257,009	673,183	166,129	1,096,321	-	415	1,096,736
Indirect Expenses							
Salaries	231,116	84,186	114,758	430,060	108,023	192,740	730,823
Donated Goods Used in Operations	85,479	2,436	3,599	91,514	7,616	61,046	160,176
Payroll Taxes	24,872	8,943	12,290	46,105	11,549	20,679	78,333
Occupancy	48,469	1,480	497	50,446	822	3,088	54,356
Information Technology	30,220	4,754	1,288	36,262	2,353	9,022	47,637
Employee Benefits	11,875	4,102	4,332	20,309	3,877	8,581	32,767
Professional Fees	20,147	49	52	20,248	710	7,582	28,540
Advertising and Promotion	10,148	823	778	11,749	740	16,049	28,538
Meetings	18,066	1,260	1,319	20,645	1,313	4,564	26,522
Office Expenses	12,078	707	20	12,805	1,008	8,267	22,080
Depreciation	12,491	-	-	12,491	686	549	13,726
Insurance	10,756	309	327	11,392	808	1,058	13,258
Travel	865	185	150	1,200	109	697	2,006
Total Indirect Expenses	516,582	109,234	139,410	765,226	139,614	333,922	1,238,762
Donated Services	34,872	-	2,178	37,050	-	-	37,050
Total Expenses	\$ 808,463	\$ 782,417	\$ 307,717	\$ 1,898,597	\$ 139,614	\$ 334,337	\$ 2,372,548
Expense Percentages	34%	33%	13%	80%	6%	14%	100%

See Accompanying Notes

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

	Program Services				Supporting Services		
	Family Stabilization	Pantry	Housing and Utilities	Total	General and Administrative	Fundraising and Development	Total
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
Occupancy	60,707	7,985	1,232	69,924	4,746	5,221	79,891
Payroll Taxes	22,153	9,448	10,942	42,543	12,967	18,680	74,190
Donated Goods Used in Operations	37,412	7,083	3,677	48,172	6,245	15,774	70,191
Office Expenses	10,874	641	290	11,805	1,734	18,724	32,263
Employee Benefits	8,543	3,867	3,598	16,008	4,810	7,457	28,275
Information Technology	17,215	214	120	17,549	1,412	6,116	25,077
Advertising and Promotion	8,261	466	398	9,125	845	14,671	24,641
Professional Fees	15,080	563	402	16,045	1,313	1,496	18,854
Meetings	11,733	463	355	12,551	617	1,577	14,745
Depreciation	10,732	-	-	10,732	590	472	11,794
Insurance	9,148	105	97	9,350	785	903	11,038
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
STATEMENTS OF CASH FLOW
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 232,734	\$ 62,646
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	13,726	11,794
Noncash Contributions of Investments	-	(5,020)
Realized and Unrealized (Gains) Losses on Investments	(108,890)	250,722
Decrease (Increase) in Assets		
Grants and Contributions Receivable	68,355	10,006
Gift Cards	8,124	(7,960)
Inventories	(35,384)	(7,499)
Prepaid Expenses and Other	(42,187)	7,449
Increase (Decrease) in Liabilities		
Accounts Payable	1,431	37,165
Accrued Expenses	17,623	10,032
Refundable Advance - Grants	90,252	(1,731)
Net Cash Provided by Operating Activities	245,784	367,604
Cash Flows from Investing Activities		
Purchases of Investments	(802,534)	(771,738)
Proceeds from Sale of Investments	539,089	413,664
Purchases of Property and Equipment	-	(55,276)
Net Cash Used in Investing Activities	(263,445)	(413,350)
Net Decrease in Cash	(17,661)	(45,746)
Cash, Beginning of Year	177,007	222,753
Cash, End of Year	\$ 159,346	\$ 177,007

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, and meet 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, 2023 and 2022, the Organization considers grants and contributions receivable to be fully collectible within one year. No allowance for uncollectible grants and contributions is required.

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.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments – Continued – 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 \$1.92 and \$1.79 per pound as of September 30, 2023 and 2022, 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.

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, 2023 and 2022 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.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Support and Revenue Recognition – Continued – At September 30, 2023 and 2022, the Organization’s conditional promises to give consist of \$114,038 and \$139,537, 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, 2023 and 2022, conditional grants which have been received but for which the conditions of the grants have not been met as of year-end, totaled \$90,252 and \$0, respectively.

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, 2023 and 2022, the Organization had no unrelated business taxable income. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

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.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

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

	2023	2022
Financial Assets		
Cash	\$ 159,346	\$ 177,007
Grants and Contributions Receivable	43,072	111,427
Investments	1,606,294	1,233,959
Gift Cards	4,115	12,239
	1,812,827	1,534,632
Financial Assets Not Available Within One Year for General Expenditures:		
Funds Designated by the Board for Long-Term Financial Needs and Emergencies	1,530,000	1,100,000
Total Financial Assets Available Within One Year for General Expenditures	\$ 282,827	\$ 434,632

In accordance with the Organization’s investment policy the Board of Directors designates certain investments for emergencies or long-term use (see Note 6), \$1,530,000 and \$1,100,000 at September 30, 2023 and 2022, respectively. 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.

NOTE 2 – INVENTORIES

Inventories consist of the following at September 30:

	2023	2022
Food	\$ 53,862	\$ 27,422
Donated Items for Silent Auction	18,769	10,034
Other	1,742	1,533
Total Inventories	\$ 74,373	\$ 38,989

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

Investments consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 22,249	\$ 19,308
Mutual Funds	1,073,691	896,125
Corporate Stocks	202,896	145,856
Exchange Traded and Closed-End Funds (ETFs and CEFs)	231,520	172,670
Certificate of Deposit	75,938	-
Total Investments	<u>\$ 1,606,294</u>	<u>\$ 1,233,959</u>

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

	<u>2023</u>	<u>2022</u>
Investments - Short-Term Use	\$ 75,938	\$ 133,959
Investments - Long-Term Use	1,530,356	1,100,000
Total Investments	<u>\$ 1,606,294</u>	<u>\$ 1,233,959</u>

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

	<u>2023</u>	<u>2022</u>
Interest	\$ 1,359	\$ 334
Dividends	41,119	49,386
Investment Fees	(13,586)	(11,323)
Net Realized and Unrealized Gains (Losses)	108,890	(250,722)
Investment Income (Loss)	<u>\$ 137,782</u>	<u>\$ (212,325)</u>

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.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS – Continued

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, 2023 and 2022.

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.

Certificate of Deposit: Valued at the principal amount plus accrued interest, which approximates fair value. Early withdrawal penalties could apply.

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, 2023	Fair Value	Level 1	Level 2
Mutual Funds	\$ 1,073,691	\$ 1,073,691	\$ -
Corporate Stocks	202,896	202,896	-
Exchange Traded and Closed-End Funds (ETFs and CEFs)	231,520	231,520	-
Certificate of Deposit	75,938	-	75,938
Total Assets Measured at Fair Value	<u>\$ 1,584,045</u>	<u>\$ 1,508,107</u>	<u>\$ 75,938</u>

September 30, 2022	Fair Value	Level 1	Level 2
Mutual Funds	\$ 896,125	\$ 896,125	\$ -
Corporate Stocks	145,856	145,856	-
Exchange Traded and Closed-End Funds (ETFs and CEFs)	172,670	172,670	-
Total Assets Measured at Fair Value	<u>\$ 1,214,651</u>	<u>\$ 1,214,651</u>	<u>\$ -</u>

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

	2023	2022
Total Assets Measured at Fair Value	\$ 1,584,045	\$ 1,214,651
Add: Cash and Cash Equivalents Included in Investments	22,249	19,308
Total Investments	<u>\$ 1,606,294</u>	<u>\$ 1,233,959</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	2023	2022
Land	\$ 85,268	\$ 85,268
Building	463,558	463,558
Furniture and Equipment	23,961	23,961
	<u>572,787</u>	<u>572,787</u>
Less: Accumulated Depreciation	150,978	137,252
Total Property and Equipment, Net	<u>\$ 421,809</u>	<u>\$ 435,535</u>

Depreciation expense for the years ended September 30, 2023 and 2022 was \$13,726 and \$11,794, respectively.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – 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, 2023 and 2022, net assets without donor restrictions, but designated by the Board of Directors for long-term financial needs of the Organization and emergencies, totaled \$1,530,000 and \$1,100,000, respectively. The Board intends for the designated funds to be used for a new facility, program expansion, unexpected operating costs, and for endowment creation. 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, 2023:

Description	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Family Stabilization Program	\$ 62,869	\$ 112,709	\$ 128,935	\$ 46,643
Pantry Program	38,880	83,656	106,859	15,677
Housing and Utilities Program	11,541	775	12,316	-
Time Restricted	44,256	159,814	171,765	32,305
	<u>\$ 157,546</u>	<u>\$ 356,954</u>	<u>\$ 419,875</u>	<u>\$ 94,625</u>

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 – DONATED GOODS AND SERVICES

During the years ended September 30, 2023 and 2022, the Organization received goods and services for client programs and for operational support as follows:

	<u>2023</u>	<u>2022</u>
Received for Client Programs		
Food and Sundries	\$ 532,604	\$ 420,744
Medical Services and Supplies	67,531	57,887
Holiday Gifts for Seniors and Children	10,493	8,330
School Supplies	20,678	9,968
Other Services	46,894	12,184
Other Supplies	40,661	86,430
	<u>718,861</u>	<u>595,543</u>
Received for Operational Support		
Goods and Services	164,521	76,466
	<u>\$ 883,382</u>	<u>\$ 672,009</u>

During the years ended September 30, 2023 and 2022, the Organization distributed goods and services for client programs and for operational support as follows:

	<u>2023</u>	<u>2022</u>
Distributed for Client Programs		
Food and Sundries	\$ 501,894	\$ 413,034
Medical Services and Supplies	67,322	58,165
Holiday Gifts for Seniors and Children	10,493	8,330
School Supplies	20,678	9,968
Other Services	46,894	12,184
Other Supplies	40,530	90,464
	<u>687,811</u>	<u>592,145</u>
Distributed for Operational Support		
Goods and Services	160,176	70,193
	<u>\$ 847,987</u>	<u>\$ 662,338</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, 2023 and 2022, the Organization received approximately 10,216 and 15,626 volunteer hours with an estimated value of approximately \$322,000 and \$468,000, respectively.

TRI-LAKES CARES
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – 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 \$20,799 and \$13,905 for the years ended September 30, 2023 and 2022, respectively.

NOTE 9 – CASH FLOW STATEMENT DISCLOSURES

Supplemental Disclosures of Non-Cash Investing and Financing Activities

During the year ended September 30, 2022, the Organization received non-cash contributions of investments valued at \$5,020.

NOTE 10 – 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.

During the year ended September 30, 2023, the Organization recorded one government grant which accounted for approximately 11% 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 11 – 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.