Florence Crittenton Services of Colorado

Financial Report

June 30, 2020

Contents

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Independent Auditor's Report

To the Board of Directors
Florence Crittenton Services of Colorado

We have audited the accompanying financial statements of Florence Crittenton Services of Colorado (the "Organization"), which comprise the statement of financial position as of June 30, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florence Crittenton Services of Colorado as of June 30, 2020 and 2019 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the COVID-19 pandemic has impacted business operations. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

December 7, 2020

Statement of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 1,164,324	$ 51,301
Restricted cash	487,333	461,321
Accounts receivable	120,100	136,127
Investments	2,884,860	2,661,029
Beneficial interest in perpetual trusts	135,759	141,002
Endowment investments	522,535	520,584
Property and equipment - Net	3,868,244	4,003,855
Total assets	**$ 9,183,155**	**$ 7,975,219**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 90,699	$ 165,782
Conditional contribution - Paycheck Protection Program loan	472,300	-
Deferred revenue	6,750	12,105
Accrued payroll expenses	163,608	104,499
Total liabilities	733,357	282,386
Net Assets		
Without donor restrictions:		
Undesignated	2,271,814	1,583,219
Invested in property and equipment	3,868,244	4,003,855
Board designated:		
Board designated - Operating and capital	500,000	500,000
Board designated - Wombacher fund for ECEC	500,000	500,000
Total board designated	1,000,000	1,000,000
Total net assets without donor restrictions	7,140,058	6,587,074
With donor restrictions	1,309,740	1,105,759
Total net assets	8,449,798	7,692,833
Total liabilities and net assets	**$ 9,183,155**	**$ 7,975,219**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Government grants	$ 38,111	$ -	$ 38,111	$ 50,752	$ -	$ 50,752
Individuals	359,068	354,507	713,575	307,435	305,397	612,832
Foundations and institutions	394,923	831,285	1,226,208	406,903	971,615	1,378,518
Mile High United Way	20,056	180,000	200,056	16,893	200,000	216,893
Other specified giving	-	20,166	20,166	-	27,779	27,779
Government contracts	1,031,726	-	1,031,726	858,881	-	858,881
Denver Public Schools contract	2,088,503	-	2,088,503	1,616,719	-	1,616,719
Program service fees	846,441	-	846,441	514,814	-	514,814
Miscellaneous income	1,000	-	1,000	30,534	-	30,534
Special event revenue - Net of direct costs of $29,676 (2020) and $114,526 (2019)	89,446	-	89,446	105,638	-	105,638
Net assets released from restrictions	1,176,734	(1,176,734)	-	1,232,515	(1,232,515)	-
Total revenue and support	6,046,008	209,224	6,255,232	5,141,084	272,276	5,413,360
Expenses						
Program services	4,818,813	-	4,818,813	4,197,535	-	4,197,535
Support services:						
Administration and general	297,946	-	297,946	364,069	-	364,069
Fundraising	405,952	-	405,952	359,864	-	359,864
Total support services	703,898	-	703,898	723,933	-	723,933
Total expenses	5,522,711	-	5,522,711	4,921,468	-	4,921,468
Change in Net Assets - Before net investment income and change in value of perpetual trusts	523,297	209,224	732,521	219,616	272,276	491,892
Nonoperating Income (Loss)						
Net investment income	29,687	-	29,687	144,730	-	144,730
Change in value of perpetual trusts	-	(5,243)	(5,243)	-	(3,821)	(3,821)
Increase in Net Assets	552,984	203,981	756,965	364,346	268,455	632,801
Net Assets - Beginning of year	6,587,074	1,105,759	7,692,833	6,222,728	837,304	7,060,032
Net Assets - End of year	**$ 7,140,058**	**$ 1,309,740**	**$ 8,449,798**	**$ 6,587,074**	**$ 1,105,759**	**$ 7,692,833**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Support Services		
	Florence Crittenton School	Early Childhood Education Center	Student and Family Support Program	Total Program Services	Administration and General	Fundraising	Total
Salaries	$ 1,517,629	$ 922,600	$ 580,543	$ 3,020,772	$ 236,590	$ 276,504	$ 3,533,866
Payroll taxes	138,800	67,950	42,483	249,233	17,086	20,268	286,587
Employee benefits	297,700	235,404	49,455	582,559	16,259	29,813	628,631
Total salaries and related expenses	1,954,129	1,225,954	672,481	3,852,564	269,935	326,585	4,449,084
Occupancy	-	232,031	57,128	289,159	9,470	12,752	311,381
Client support	134,374	40,445	245,957	420,776	-	-	420,776
Organizational costs	-	10,886	6,746	17,632	10,307	1,858	29,797
Consultants	-	-	45,100	45,100	500	4,150	49,750
Office costs	-	4,447	6,267	10,714	1,944	27,360	40,018
Staff development	-	11,275	9,494	20,769	2,214	3,207	26,190
Marketing/public relations	-	-	7,023	7,023	425	25,313	32,761
Depreciation	-	118,165	36,911	155,076	3,151	4,727	162,954
Special event expenses (netted with revenue)	-	-	-	-	-	29,676	29,676
Subtotal	134,374	417,249	414,626	966,249	28,011	109,043	1,103,303
Total functional expenses	**$ 2,088,503**	**$ 1,643,203**	**$ 1,087,107**	**$ 4,818,813**	**$ 297,946**	**$ 435,628**	**$ 5,552,387**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services				Support Services		
	Florence Crittenton School	Early Childhood Education Center	Student and Family Support Program	Total Program Services	Administration and General	Fundraising	Total
Salaries	$ 1,130,765	$ 837,215	$ 511,131	$ 2,479,111	$ 243,887	$ 245,844	$ 2,968,842
Payroll taxes	103,000	65,181	37,814	205,995	18,381	18,643	243,019
Employee benefits	214,900	168,212	65,574	448,686	13,320	22,172	484,178
Total salaries and related expenses	1,448,665	1,070,608	614,519	3,133,792	275,588	286,659	3,696,039
Occupancy	-	266,004	53,823	319,827	6,115	10,087	336,029
Client support	168,054	58,730	259,343	486,127	-	-	486,127
Organizational costs	-	11,778	6,974	18,752	51,165	2,319	72,236
Interest expense	-	-	-	-	9,193	-	9,193
Consultants	-	308	18,917	19,225	9,730	5,500	34,455
Office costs	-	10,657	4,892	15,549	3,011	21,643	40,203
Staff development	-	21,671	12,601	34,272	5,565	3,177	43,014
Marketing/public relations	-	-	7,412	7,412	393	25,515	33,320
Depreciation	-	124,089	38,490	162,579	3,309	4,964	170,852
Special event expenses (netted with revenue)	-	-	-	-	-	114,526	114,526
Subtotal	168,054	493,237	402,452	1,063,743	88,481	187,731	1,339,955
Total functional expenses	**$ 1,616,719**	**$ 1,563,845**	**$ 1,016,971**	**$ 4,197,535**	**$ 364,069**	**$ 474,390**	**$ 5,035,994**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	$ 756,965	$ 632,801
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	162,954	170,852
Net realized and unrealized gains on investment	(16,614)	(127,492)
Change in value of beneficial interest in perpetual trusts	5,243	3,821
Contributions restricted for endowment	(1,417)	(29,450)
Changes in operating assets and liabilities:		
Accounts receivable	16,027	5,998
Pledges receivable	-	10,000
Prepaid expenses and other assets	-	13,522
Accounts payable and accrued liabilities	(75,083)	7,017
Accrued payroll expenses	59,109	(63,833)
Deferred revenue	(5,355)	(12,595)
Conditional contribution - Paycheck Protection Program loan	472,300	-
Net cash provided by operating activities	1,374,129	610,641
Cash Flows from Investing Activities		
Purchases of investments	(209,168)	(351,683)
Purchases of property and equipment	(27,343)	(137,399)
Net cash used in investing activities	(236,511)	(489,082)
Cash Flows from Financing Activities		
Repayment of note payable	-	(227,030)
Contributions restricted for endowment	1,417	29,450
Net cash provided by (used in) financing activities	1,417	(197,580)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	1,139,035	(76,021)
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	512,622	588,643
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 1,651,657**	**$ 512,622**
Statement of Financial Position Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 1,164,324	$ 51,301
Restricted cash	487,333	461,321
Total cash, cash equivalents, and restricted cash	**$ 1,651,657**	**$ 512,622**
Supplemental Cash Flow Information		
Interest paid	$ -	$ 10,073
Services and education materials received from Denver Public Schools	2,088,503	1,616,719

See notes to financial statements.

Note 1 - Nature of Business

Florence Crittenton Services of Colorado (the "Organization") is a Denver-based nonprofit organization with over 125 years of experience providing quality programs to mothers and children. The Organization's mission is to educate, prepare, and empower teen mothers and their children, using a holistic and proven 2-generation approach. The Organization partners with Denver Public Schools (DPS), each providing services on adjoining properties to the same teen mothers and children.

The Florence Crittenton Campus includes the on-site Florence Crittenton High School run by DPS. The Organization independently owns, finances, and operates the on-site Center for Family Opportunities, which houses the Student and Family Support Program (SFSP). SFSP offers a comprehensive array of expertise and support services to teen mothers and their children. The Organization also independently owns, finances, and manages the on-site Early Childhood Education Center (ECEC), which serves children from six weeks old to pre-K in 10 classrooms. Together, the Organization and the on-site DPS high school double the graduate rate of seniors as compared to the national average for teen mothers.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise encumbered.

Restricted Cash

The Organization has established restricted cash accounts to segregate cash related to certain donor-restricted activities. For the years ended June 30, 2020 and 2019, the Organization's restricted cash balances were $487,333 and $461,321, respectively.

Note 2 - Significant Accounting Policies (Continued)

Fiscal Agent

The Organization was appointed the fiscal agent for The Colorado Teen Parent Collaborative (the "TPC") in 2016. The TPC, founded in 2015, is a unified community of organizations driven by the strength of teen parents to raise public awareness, share resources, and advocate for public policy that benefits teen parents and their children. As an active member of the TPC, the Organization is able to provide resources to facilitate the fiscal agency, administering grants received and paying expenses incurred by the TPC. These funds are held as restricted cash, with the corresponding liability included in accounts payable. The balance was $22,667 and $53,337 at June 30, 2020 and 2019, respectively.

Accounts Receivable

Accounts receivable represent amounts due resulting from services provided under contracts. The allowance for doubtful accounts is based upon past experience and an analysis of current accounts receivable collectibility. Accounts deemed uncollectible are charged to the allowance in the year they are determined uncollectible. As of June 30, 2020 and 2019, management has determined that accounts receivable are fully collectible, and an allowance for doubtful accounts is not considered necessary.

Investments

The Organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with realized and unrealized gains and losses included in the statement of activities and changes in net assets.

Trust Agreements

Certain donors have entered into perpetual trust agreements whereby the Organization receives benefits that are shared with other beneficiaries. Amortization of discounts and revaluations of expected future payments based on changes in life expectancy are recorded in the statement of activities and changes in net assets as change in value of perpetual trusts.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of money market accounts and investment securities. The Organization places its money market accounts with creditworthy, high-quality financial institutions. A significant portion of the funds is not insured by the FDIC. The Organization has investments in equity and debt securities and is, therefore, subject to credit risk. Investments are made by investment managers engaged by the Organization, and the investments are monitored by the board of directors and management of the Organization. Though the market values of investments are subject to fluctuation on a year-to-year basis, the board of directors believes that the investment policy is prudent for the long-term welfare of the Organization.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years. The Organization capitalizes all fixed asset purchases over $5,000 with an estimated useful life of three years or more.

Long-lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Organization looks primarily to the undiscounted future cash flows in its assessment of whether long-lived assets have been impaired. Through June 30, 2020, no impairment has been deemed necessary.

Note 2 - Significant Accounting Policies (Continued)

Deferred Revenue

Registration fees and other receipts relating to future years are deferred and recognized as revenue in the applicable future period when the related services are provided and expenses are incurred.

In-kind Services

Many individuals and companies volunteer their time and perform a variety of tasks that benefit the Organization. No amounts have been reflected in the financial statements for these in-kind services since the volunteers' time does not meet the criteria for recognition. The Organization received services and education materials from Denver Public Schools of $2,088,503 and $1,616,719 for the years ended June 30, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statement of activities and changes in net assets. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Costs have been allocated between the various program and support services on several bases and estimates. Certain salaries and related benefits have been allocated based on time and effort. Certain occupancy and depreciation costs have been allocated based on the square footage utilized by each program. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of addition and deductions during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Principle

As of July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Organization elected to apply the ASU using a modified prospective approach. The adoption did not have a material impact on the financial statements, and the Organization's revenue recognition practices were substantially unchanged as a result of applying ASU No. 2018-08.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization plans to apply the standard using the modified retrospective method.

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

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 7, 2020, which is the date the financial statements were available to be issued.

Note 3 - Change to Economic Environment

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As a result of the pandemic, the State of Colorado enacted stay-at-home orders in March 2020. This required the Organization to move all schooling and program activities to a virtual environment. All employees of the Organization also began working remotely. In April 2020, the Organization applied for and received $472,300 of funds under the Paycheck Protection Program of the CARES Act (see Note 10). While the Organization ultimately has not experienced any decreases in funding from DPS or other contributors as a result of the pandemic for this fiscal year, funding has been uncertain since the onset of the pandemic. Because of the ongoing pandemic, the Organization’s future revenue, expenses, cash flows, and financial position could be negatively impacted.

DPS delayed the start of the school year until September and began the year in a remote learning environment for students. The ECEC opened the 2020-2021 school year in September, with attendance lower than normal as a result of the school operating in a remote environment. Organization employees have continued either working remotely or working a modified in-person schedule. Should the pandemic cause future additional stay at home orders, the Organization would move all school and program activities back to a virtual environment.

The global economy has experienced an increase in volatility in investments as a result of the pandemic. Management reviewed the fair value of the investment portfolio for indications of significant declines subsequent to year end and determined that no impairments should be recorded. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Note 4 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	2020	2019
Cash and cash equivalents	$ 1,164,324	$ 51,301
Restricted cash	487,333	461,321
Accounts receivable	120,100	136,127
Investments	2,884,860	2,661,029
Beneficial interest in perpetual trust	135,759	141,002
Endowment investments	522,535	520,584
Financial assets - At year end	5,314,911	3,971,364
Less those unavailable for general expenditures within one year due to:		
Donor restrictions	300,000	300,000
Endowment investments	522,535	520,584
Beneficial interest in perpetual trust	135,759	141,002
Board designations:		
Operating and capital	500,000	500,000
Wombacher fund for ECEC	500,000	500,000
Financial assets available to meet cash needs for general expenditures within one year	$ 3,356,617	$ 2,009,778

Note 4 - Liquidity and Availability of Resources (Continued)

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 120 days of normal operating expenses, which are, on average, approximately $925,000 and $1,040,000 at June 30, 2020 and 2019, respectively. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from the board-designated funds, amounts could be made available if necessary.

Note 5 - Investments

Investments are stated at fair value and are composed of the following:

	2020	2019
Equity holdings	$ 1,260,265	$ 1,362,468
Treasury bills	732,802	894,740
Money market funds	540,297	138,815
Exchange-traded funds	323,063	265,006
Other	28,433	-
Total	$ 2,884,860	$ 2,661,029

Note 6 - Beneficial Interest in Perpetual Trusts

The Organization receives net income from certain perpetual trusts but will never receive the assets of these trusts. Distributions from these trusts are restricted for the Florence Crittenton ECEC. The beneficial interest in these perpetual trusts, recorded as net assets with donor restrictions, was $135,759 and $141,002 at June 30, 2020 and 2019, respectively.

Note 7 - Endowment Funds

The Parent Pathways, Inc. Florence Crittenton Legacy Fund

During 2006, the Organization transferred funds from an investment account to The Denver Foundation (the "Foundation") to be administered by the Foundation. The endowment fund is named The Parent Pathways, Inc. Florence Crittenton Legacy Fund. Income from the fund must be used to support the operation of the Florence Crittenton ECEC. The Organization is entitled to receive 5 percent of the endowment fund in equal quarterly distributions based on the value of the fund as of December 31 of the preceding calendar year. No distributions were taken from the Legacy Fund in the years ended June 30, 2020 and 2019. The value of the fund was $42,185 and $42,891 at June 30, 2020 and 2019, respectively.

The Helen McLoraine Parent Pathways, Inc. Endowment Fund

During 2006, the Organization was named the beneficiary of The Helen McLoraine Parent Pathways, Inc. Endowment Fund, with a $1,000,000 endowment held and administered by the Foundation. This endowment fund was contributed directly to the Foundation and is not shown as an asset of the Organization. The endowment was created initially to fund the program improvements and operations of the ECEC but may be used to fund other aspects of the Organization's activities. The Organization is entitled to 5 percent of the endowment, as valued on December 31 of the preceding calendar year. Distributions are paid equally on a quarterly basis. For the years ended June 30, 2020 and 2019, the Organization received $37,313 and $61,619, respectively, in endowment distributions that are included in foundation and institution support.

Note 7 - Endowment Funds (Continued)

The Dorotha Hogue Endowment Fund

During 2017, the Organization started an endowment campaign with the intent to raise funds for a permanent endowment to be held by the Rose Community Foundation. The endowment was named The Dorotha Hogue Endowment Fund. Income from the fund must be used to support the operations of Florence Crittenton. The Organization is entitled to receive 5 percent of the fund balance at December 31 annually. For the years ended June 30, 2020 and 2019, no distributions were taken. The value of the fund was $480,350 and $477,693 at June 30, 2020 and 2019, respectively.

Note 8 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization’s assets measured at fair value on a recurring basis at June 30, 2020 and 2019 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds, exchange-traded funds, and equity holdings: Valued at the closing price reported on the active market on which the individual securities are traded

Treasury bills: Valued based on prices currently available on comparable securities

Endowment fund held at The Denver Foundation: Recorded at the amount provided by The Denver Foundation, which is based upon the fair value of the marketable securities underlying the fund

Endowment fund held at Rose Community Foundation: Recorded at the amount provided by The Rose Community Foundation, which is based upon the fair value of the marketable securities underlying the fund

Beneficial interest in perpetual trusts: Recorded at the amounts provided by investment statements, which are based upon the fair value of the marketable securities underlying the trusts

There were no changes to the valuation methodologies during the year ended June 30, 2020.

Note 8 - Fair Value Measurements (Continued)

The following table sets forth by level within the fair value hierarchy the Organization's investment assets measured on a recurring basis at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Equity holdings	$ 1,260,265	$ -	$ -	$ 1,260,265
Exchange-traded funds	323,063	-	-	323,063
Treasury bills	-	732,802	-	732,802
Money market funds	540,297	-	-	540,297
Other	28,433	-	-	28,433
Endowment fund held at The Denver Foundation	-	-	42,185	42,185
Endowment fund held at Rose Community Foundation	-	-	480,350	480,350
Beneficial interest in perpetual trust	-	-	135,759	135,759
Total	$ 2,152,058	$ 732,802	$ 658,294	$ 3,543,154

The following table sets forth by level within the fair value hierarchy the Organization's investment assets measured on a recurring basis at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equity holdings	$ 1,362,468	$ -	$ -	$ 1,362,468
Exchange-traded funds	265,006	-	-	265,006
Treasury bills	-	894,740	-	894,740
Money market funds	138,815	-	-	138,815
Endowment fund held at The Denver Foundation	-	-	42,891	42,891
Endowment fund held at Rose Community Foundation	-	-	477,693	477,693
Beneficial interest in perpetual trust	-	-	141,002	141,002
Total	$ 1,766,289	$ 894,740	$ 661,586	$ 3,322,615

Level 3 Investments	2020	2019
Beginning balance	$ 661,586	$ 621,395
Contributions	1,416	29,450
Total (losses) gains (realized/unrealized) included in earnings	(4,708)	10,741
Ending balance	$ 658,294	$ 661,586

Note 9 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019
Buildings and improvements	$ 4,492,499	$ 4,465,156
Land	200,400	200,400
Vehicles	26,628	26,628
Furniture and equipment	104,548	104,548
Total cost	4,824,075	4,796,732
Accumulated depreciation	955,831	792,877
Net property and equipment	$ 3,868,244	$ 4,003,855

Note 10 - Conditional Contribution - Paycheck Protection Program Loan

The pandemic took hold locally in March 2020 with the State government enacting orders restricting the Organization's ability to provide in-person learning. During this time, it was uncertain whether government grants and program fees would continue to be paid. To financially sustain the Organization during these uncertain times, the Organization applied for and received $472,300 through the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization has accounted for these funds following accounting guidance for conditional contributions; as a result, a liability (conditional contribution) is recorded as of June 30, 2020 given all measurable barriers were not substantially met by year end. These funds are presented as a conditional contribution on the statement of financial position as of June 30, 2020. The measurable barriers under the program require that the Organization expend the funds for certain payroll, interest, rent, and utility costs over a 24-week period. In the event that the barriers are not met and future repayment is required, the funds will accrue interest at 1 percent and require monthly payments of principal and interest of approximately $28,000 from February 2021 through maturity in April 2022. See Note 3 - Changes to Economic Environment for a discussion on the effect the pandemic has had on the Organization.

Note 11 - Line of Credit

The Organization had an unsecured $250,000 operating line of credit agreement with a bank, which expired in December 2019. The line of credit was not renewed upon the expiration of the agreement.

Note 12 - Net Assets with Donor Restrictions

At June 30, 2020 and 2019, net assets with donor restrictions are restricted for the following purposes:

	2020	2019
Net assets with donor restrictions available for use:		
Future building costs	$ 336,148	$ 336,148
ECEC	70,800	27,199
Student and Family Support Program	724,848	517,613
Unexpended earnings on endowment fund	21,935	22,641
Other	-	40,906
Net assets with donor restrictions required to be maintained in perpetuity:		
Beneficial interest in perpetual trusts	135,759	141,002
Parent Pathways, Inc. Florence Crittenton Legacy Fund	20,250	20,250
Total	$ 1,309,740	$ 1,105,759

Note 13 - Retirement Plan

The Organization sponsors an employee retirement plan (the "Plan") under the provisions of IRC Section 401(k). All permanent full-time employees and part-time employees, who work at least half-time, are eligible to participate in the Plan on the first day of the calendar month after they have completed 30 days of employment. Participants are eligible to contribute up to 100 percent of their earnings. Under the Plan, the Organization makes a contribution for all employees who have completed six months of service in an amount equal to 100 percent of the employee's contributions, up to 3 percent of the employee's annual salary. The Organization may also make a discretionary contribution of up to 2 percent of the employee's annual salary, to be determined annually, without regard to employee contributions. The Organization made matching contributions of $28,717 and $29,471 during the years ended June 30, 2020 and 2019, respectively.

Note 14 - Commitments

Operating Leases

The Organization leases equipment under noncancelable operating leases through September 2025. Rent expense for the years ended June 30, 2020 and 2019 was approximately $13,000 and $12,000, respectively.

Future minimum lease payments under these leases for the years ending June 30 are approximately as follows:

Years Ending	Amount
2021	$ 8,000
2022	8,000
2023	8,000
2024	8,000
2025	8,000
Thereafter	2,000
Total	$ 42,000