Florence Crittenton Services of Colorado

Financial Statements

June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Florence Crittenton Services of Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Florence Crittenton Services of Colorado, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florence Crittenton Services of Colorado as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Florence Crittenton Services of Colorado

Prior Period Financial Statements
The financial statements of Florence Crittenton Services of Colorado as of June 30, 2020 were audited by predecessor auditors. Their report dated December 7, 2020, expressed an unmodified opinion on those statements. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kundinger, Corder & Engle, P.C.

January 20, 2022

Florence Crittenton Services of Colorado
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 682,606	1,628,990
Accounts receivable	83,174	120,100
Investments (notes 3 and 6)	4,753,650	2,884,860
Beneficial interests in assets held by others (notes 4 and 6)	645,182	522,535
Beneficial interest in perpetual trust (note 5 and 6)	164,717	135,759
Cash held on behalf of others (note 7)	21,667	22,667
Property and equipment, net (note 8)	3,840,274	3,868,244
Total assets	$ 10,191,270	9,183,155
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 85,954	68,032
Accrued payroll expenses	253,978	163,608
Deferred revenue	7,500	6,750
Cash held on behalf of others (note 7)	21,667	22,667
Paycheck Protection Program Loan (note 9)	472,300	472,300
Total liabilities	841,399	733,357
Net assets without donor restrictions		
Operating	3,050,862	1,791,464
Net assets in property and equipment	3,840,274	3,868,244
Board designated (note 10)	1,588,081	1,480,350
Total net assets without donor restrictions	8,479,217	7,140,058
Net assets with donor restrictions (note 10)	870,654	1,309,740
Total net assets	9,349,871	8,449,798
Commitment and contingency (notes 11 and 12)		
Total liabilities and net assets	$ 10,191,270	9,183,155

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statement of Activities
Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Operating revenue and support			
Government grants	$ 252,430	–	252,430
Contributions from individuals	405,030	237,183	642,213
Contributions from foundations and institutions	409,075	608,797	1,017,872
Mile High United Way	8,979	125,000	133,979
Other specified giving	–	32,257	32,257
Special event revenue, net	51,149	–	51,149
Program service fees	1,138,847	–	1,138,847
Denver Public Schools in-kind revenue	2,465,312	–	2,465,312
Miscellaneous income	2,276	–	2,276
Net assets released from restrictions (note 10)	1,486,197	(1,486,197)	–
Total operating revenue and support	6,219,295	(482,960)	5,736,335
Operating Expenses			
Program services			
Florence Crittenton School	2,465,310	–	2,465,310
Early Childhood Education Center	1,489,110	–	1,489,110
Student and family support program	1,016,077	–	1,016,077
Total program services	4,970,497	–	4,970,497
Supporting services			
General and administrative	294,786	–	294,786
Fund raising	391,962	–	391,962
Total supporting services	686,748	–	686,748
Total operating expenses	5,657,245	–	5,657,245
Net income from operations	562,050	(482,960)	79,090
Non-operating activities			
Net investment return	669,378	–	669,378
Change in value of assets held by others (note 4)	107,731	14,916	122,647
Change in value of perpetual trust (note 5)	–	28,958	28,958
Total non-operating activities	777,109	43,874	820,983
Change in net assets	1,339,159	(439,086)	900,073
Net assets at beginning of year	7,140,058	1,309,740	8,449,798
Net assets at end of year	$ 8,479,217	870,654	9,349,871

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statement of Activities
Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Operating revenue and support			
Government grants	$ 161,598	–	161,598
Contributions from individuals	359,068	354,507	713,575
Contributions from foundations and institutions	394,923	831,285	1,226,208
Mile High United Way	20,056	180,000	200,056
Other specified giving	–	20,166	20,166
Special event revenue, net	89,446	–	89,446
Program service fees	1,754,680	–	1,754,680
Denver Public Schools in-kind revenue	2,088,503	–	2,088,503
Miscellaneous income	1,000	–	1,000
Net assets released from restrictions (note 10)	1,176,734	(1,176,734)	–
Total operating revenue and support	6,046,008	209,224	6,255,232
Operating expenses			
Program services			
Florence Crittenton School	2,088,503	–	2,088,503
Early Childhood Education Center	1,643,203	–	1,643,203
Student and family support program	1,087,107	–	1,087,107
Total program services	4,818,813	–	4,818,813
Supporting services			
General and administrative	297,946	–	297,946
Fund raising	405,952	–	405,952
Total supporting services	703,898	–	703,898
Total operating expenses	5,522,711	–	5,522,711
Net income from operations	523,297	209,224	732,521
Non-operating activities			
Net investment return	29,153	–	29,153
Change in value of assets held by others (note 4)	534	–	534
Change in value of perpetual trust (note 5)	–	(5,243)	(5,243)
Total non-operating activities	29,687	(5,243)	24,444
Change in net assets	552,984	203,981	756,965
Net assets at beginning of year	6,587,074	1,105,759	7,692,833
Net assets at end of year	$ 7,140,058	1,309,740	8,449,798

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statement of Functional Expenses
Year Ended June 30, 2021

	Program services				Supporting services			
	Florence Crittenton School	Early Childhood Education Center	Student and family support program	Total program services	General and admini-strative	Fund raising	Total supporting services	Total
Salaries	$ 1,563,709	818,428	571,893	2,954,030	238,350	267,139	505,489	3,459,519
Employee benefits	466,200	239,648	73,922	779,770	15,550	28,752	44,302	824,072
Payroll taxes	155,294	53,725	47,256	256,275	17,850	20,032	37,882	294,157
Total salaries and related expenses	2,185,203	1,111,801	693,071	3,990,075	271,750	315,923	587,673	4,577,748
Client support	280,107	27,217	180,634	487,958	–	–	–	487,958
Occupancy	–	204,657	43,978	248,635	11,148	14,013	25,161	273,796
Depreciation	–	111,535	29,724	141,259	2,918	4,379	7,297	148,556
Organizational costs	–	9,382	25,069	34,451	3,386	7,730	11,116	45,567
Office costs	–	8,255	1,071	9,326	2,120	23,613	25,733	35,059
Consultants	–	2,844	23,164	26,008	2,305	6,400	8,705	34,713
Marketing/public relations	–	973	6,632	7,605	270	32,491	32,761	40,366
Staff development	–	11,337	11,528	22,865	889	1,370	2,259	25,124
Meetings and meals	–	1,109	1,206	2,315	–	79	79	2,394
Total expenses	2,465,310	1,489,110	1,016,077	4,970,497	294,786	405,998	700,784	5,671,281
Less expenses netted with revenue in the statement of activities								
Special events direct benefits to donors	–	–	–	–	–	(14,036)	(14,036)	(14,036)
Total expenses reported in statement of activities	$ 2,465,310	1,489,110	1,016,077	4,970,497	294,786	391,962	686,748	5,657,245

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statement of Functional Expenses
Year Ended June 30, 2020

	Program services				Supporting services			
	Florence Crittenton School	Early Childhood Education Center	Student and family support program	Total program services	General and admini-strative	Fund raising	Total supporting services	Total
Salaries	$ 1,517,629	922,600	580,543	3,020,772	236,590	276,504	513,094	3,533,866
Employee benefits	297,700	235,404	49,455	582,559	16,259	29,813	46,072	628,631
Payroll taxes	138,800	67,950	42,483	249,233	17,086	20,268	37,354	286,587
Total salaries and related expenses	1,954,129	1,225,954	672,481	3,852,564	269,935	326,585	596,520	4,449,084
Client support	134,374	40,445	245,957	420,776	–	–	–	420,776
Occupancy	–	232,031	57,128	289,159	9,470	12,752	22,222	311,381
Depreciation	–	118,165	36,911	155,076	3,151	4,727	7,878	162,954
Consultants	–	–	45,100	45,100	500	4,150	4,650	49,750
Office costs	–	4,447	6,267	10,714	1,944	27,360	29,304	40,018
Marketing/public relations	–	–	7,023	7,023	425	25,313	25,738	32,761
Organizational costs	–	10,886	6,746	17,632	10,307	1,858	12,165	29,797
Special event direct expenses	–	–	–	–	–	29,676	29,676	29,676
Staff development	–	11,275	9,494	20,769	2,214	3,207	5,421	26,190
Total expenses	2,088,503	1,643,203	1,087,107	4,818,813	297,946	435,628	733,574	5,552,387
Less expenses netted with revenue in the statement of activities								
Special events direct benefits to donors	–	–	–	–	–	(29,676)	(29,676)	(29,676)
Total expenses reported in statement of activities	$ 2,088,503	1,643,203	1,087,107	4,818,813	297,946	405,952	703,898	5,522,711

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

		2021	2020
Cash flows from operating activities			
Change in net assets	$	900,073	756,965
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation		148,556	162,954
Net realized and unrealized gains on investments		(667,543)	(16,080)
Change in value of beneficial interests in assets held by others		(122,647)	(534)
Change in value of beneficial interest in perpetual trusts		(28,958)	5,243
Contributions and investment return restricted for long-term purposes		–	(1,417)
Change in operating assets and liabilities			
Accounts receivable		36,926	16,027
Accounts payable and accrued liabilities		17,922	(97,750)
Accrued payroll expenses		90,370	59,109
Deferred revenue		750	(5,355)
Refundable advance–Paycheck Protection Program Loan		–	472,300
Net cash provided by operating activities		375,449	1,351,462
Cash flows from investing activities			
Net purchases of investments		(1,201,247)	(209,168)
Purchases of property and equipment		(120,586)	(27,343)
Net cash used in investing activities		(1,321,833)	(236,511)
Cash flows from financing activities			
Contributions and investment return restricted for long-term purposes		–	1,417
Net cash provided by financing activities		–	1,417
Net (decrease) increase in cash and cash equivalents		(946,384)	1,116,368
Cash and cash equivalents at beginning of year		1,628,990	512,622
Cash and cash equivalents at end of year	$	682,606	1,628,990
Supplemental cash flow information			
Cash paid for interest	$	8,154	9,292
Services and education materials received from Denver Public Schools	$	2,465,312	2,088,503

See the accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

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 education, prepare, and empower teen mothers and their children, using a holistic and proven two-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 Organization for Family Opportunities, which houses the Student and Family Support Program (SFSP). The 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.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

The Organization is required to present information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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.

The statements of activities report all changes in net assets, including changes resulting from both operating and non-operating activities. The Organization considers all activities to be a part of operations except for investment activity.

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with original maturities of three months or less, that are not held as part of the investment portfolio, to be cash equivalents.

(1) Summary of Significant Accounting Policies, Continued

(e) Concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments, beneficial interests in assets held by others, and accounts receivable. The Organization places its cash and cash equivalents with creditworthy, high quality, financial institutions. At times, a portion of these cash balances may not be insured by the Federal Deposit Insurance Corporation or related entity.

The Organization has significant investments and is, therefore, subject to concentrations of credit risk. Investments are made by investment advisors engaged by the Organization and are monitored by a committee of its board of directors and management. The assets in the beneficial interest in assets held by others are managed by The Denver Foundation and Rose Community Foundation, and are monitored by the board of directors and management. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

Credit risk with respect to accounts receivable is generally diversified due to the number of entities and credit-worthiness of the organizations and individuals that make payments to the Organization.

The Organization receives a substantial amount of its support from various state and local government agencies. If a significant reduction in the future level of this support occurs with no offsetting increase in other funding streams, or if certain reimbursable costs are disallowed, it may have an effect on the Organization's programs and activities.

(f) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is determined as more fully described below. The Organization's management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable. Investment return consists of the Organization's distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statements of activities.

(1) Summary of Significant Accounting Policies, Continued

(g) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Generally accepted accounting principles in the U.S. establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Assets are grouped in three levels based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not an indication of risk or liquidity.

The beneficial interest in perpetual trust has been valued using a market approach. The fair value of beneficial interest is determined by calculating the Organization's proportionate share of the fair value of the assets contributed to the trust as determined by the trustee. Investments in money market funds, exchange traded funds, and marketable equity securities with readily determinable fair values are reported at fair value based on quoted prices in active markets. Treasury bills are valued based on prices currently available on comparable securities. The endowment funds held at The Denver Foundation and Rose Community Foundation are recorded at the amount provided by the Foundations, which is based upon the Organization's pro-rata interest in the investments held by the Foundations.

(h) Property and Equipment

Property and equipment is recorded at cost, if purchased or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to forty years. The Organization's policy is to capitalize all expenditures for property and equipment in excess of $5,000 and with an estimated useful life greater than one year, and to expense normal repairs and maintenance as incurred. When assets are sold, retired, or otherwise disposed of, the applicable costs are removed from the accounts and any resulting gain or loss is recognized.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition

Grants and Contributions
Grants and contributions are recognized when cash, securities, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Should the Organization substantially meet the conditions in the same period that the contribution was received, and barring any further donor restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as a refundable advance in the statements of financial position.

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (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.

Grants and contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Management uses the allowance method to recognize bad debt expense on uncollectible amounts. The Organization had no outstanding grants and contributions receivable at June 30, 2021 and 2020.

Program Service Fees
A significant portion of the Organization's revenue is derived from contracts, mostly from government agencies, to provide school, ECEC, and SFSP services to teen mothers and their children. Program service fees are deemed to be earned and are reported as revenue when the Organization has incurred expenditures or performed services in compliance with the provisions of the respective service agreements. Cash received for contracts in excess of allowable expenses incurred is recorded as deferred revenue, and allowable expenses incurred on contracts in excess of cash received are recorded as a receivable. Accounts receivable represent claims for reimbursement and other fees earned or due under contract and fee agreements. The allowance for doubtful accounts is based on past collection experience and on analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. The Organization considers all accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is considered necessary. Receivable balances are considered to be past due based on contractual terms.

Special Events
Revenue from fundraising events is recognized during the period in which the event is held. Cash received but not yet earned is reported as deferred revenue.

(1) Summary of Significant Accounting Policies, Continued

(j) Donated Goods and Services

Donated good are recorded at fair value at the date of donation. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (be) require specialized skills, are performed by the people with those skills, and would otherwise be purchased by the organization. A number of volunteers and companies have donated time in connection with the Organization's activities. The value of this contributed time has not been reflected in the accompanying financial statements because it does not meet the criteria for recognition. The Organization received donated services and education materials from DPS of $2,465,312 and $2,088,503, respectively.

(k) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fund raising and general and administrative activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(l) 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization qualifies for the charitable contribution deduction. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income subject to tax in 2021 or 2020.

Management is required to evaluate tax positions taken by the Organization, and to recognize a tax liability if the Organization has taken an uncertain position that probably would not be sustained upon examination by taxing authorities. The Organization believes is has appropriate support for any positions taken and that none would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

(1) Summary of Significant Accounting Policies, Continued

(n) New Accounting Pronouncement

During 2021, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* using the modified retrospective basis. The update supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this guidance requires that entities disclose the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of Topic 606 did not significantly impact the Organization's statements of activities or statements of financial position; therefore, no cumulative adjustment to beginning net assets was required as a result of adoption.

(o) Subsequent Events

The Organization has evaluated all subsequent events through January 20, 2022, which is the date the financial statements were available to be issued. See notes 9 and 12.

(p) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on previously reported net assets or the change in net assets.

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets that are available for general expenditure within one year as of June 30, 2021 and 2020:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	$ 682,606	1,628,990
Accounts receivable	83,174	120,100
Investments	4,753,650	2,884,860
Total financial assets at year-end	5,519,430	4,633,950
Less net assets with purpose restrictions	(648,836)	(1,131,796)
Less board designated funds	(1,588,081)	(1,480,350)
Financial assets available to meet expenditures within one year	$ 3,282,513	2,021,804

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has a goal to maintain financial assets on hand to meet 120 days of normal operating expenses.

The Organization's board of directors has designated a portion of net assets without donor restrictions for specific purposes (see note 10). Although the Organization does not intend to spend from the board-designated funds, the funds could be made available for current operations, with board approval, if needed.

(3) Investments

Investments are comprised of the following at June 30:

	2021	2020
Equities	$ 1,968,179	1,260,265
Treasury bills	729,978	732,802
Money market funds	1,737,619	540,297
Exchange-traded funds	278,553	323,063
Real Estate Investment Trust (REIT)	39,321	28,433
Total investments	$ 4,753,650	2,884,860

(4) Beneficial Interests in Assets Held by Others

The beneficial interests in assets held by others consists of investments held by The Denver Foundation and Rose Community Foundation.

The Organization previously transferred donor-restricted endowment funds 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 (the Legacy Fund). Income from the fund must be used to support the operations of the Florence Crittenton ECEC. The Foundation, holds, manages, invests, reinvests, administers, and distributes all such assets. The Organization is entitled to receive 5% of the endowment fund in equal quarterly distributions based on the value of the fund as of December 31st of the preceding calendar year. No distributions were taken from the Legacy Fund in the years ended June 30, 2021 and 2020. Contributions to the fund totaled $0 and $1,417 for the years ended June 30, 2021 and 2020, respectively. Assets held at the Foundation total $57,101 and $42,185 as of June 30, 2021 and 2020, respectively. The change in value of the assets held by the Foundation totaled $14,916 and ($2,123) for the years ended June 30, 2021 and 2020, respectively.

The Organization's board of directors previously elected to transfer funds for a permanent endowment to be held by the Rose Community Foundation to support the operations of the Organziation. The endowment was named The Dorotha Hogue Endowment Fund. Income from the fund must be used to support the operations of Florence Crittenton. Rose Community Foundation holds, manages, invests, reinvests, administers, and distributes all such assets. The Organization is entitled to receive 5% of the fund balance at December 31 annually. For the years ended June 30, 2021 and 2020, no distributions were taken from the fund and no contributions were made to the fund. Assets held at Rose Community Foundation total $588,081 and $480,350 as of June 30, 2021 and 2020, respectively. The change in value of the assets held by Rose Community Foundation totaled $107,731 and $2,657 for the years ended June 30, 2021 and 2020, respectively.

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 Denver 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% 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, 2021 and 2020, the Organization received $59,998 and $37,313, respectively, in distributions that are included in foundation and institution support.

(5) Beneficial Interest in Perpetual Trust

The Organization is a beneficiary of a perpetual trust administered by a third-party trustee. A perpetual trust is an arrangement in which a donor establishes and funds a trust which grants the not-for-profit organization the irrevocable right to receive income earned on the trust assets in perpetuity, but never receive the assets held by the trust. Distributions from these trusts are restricted for the Florence Crittenton ECEC. The Organization's total interest in the trusts is shown in the statements of financial position at June 30, 2021 and 2020 as a beneficial interest in perpetual trust of $164,717 and $135,759, respectively. On an annual basis, the Organization records the change in the value of the assets of the perpetual trust. During the years ended June 30, 2021 and 2020, the change in the value of trust was $28,958 and ($5,243), respectively. There were no distributions received from the trust during the years ended June 30, 2021 and 2020.

(6) Fair Value Measurements

The following table summarizes the fair value hierarchy levels used by the Organization for its financial instruments as of June 30, 2021:

	Fair Value	Level 1	Level 2	Level 3
Equity	$ 1,968,179	1,968,179	–	–
Exchange-traded funds	278,553	278,553	–	–
Treasury bills	729,978	–	729,978	–
Money market funds	1,737,619	1,737,619	–	–
REIT	39,321	39,321	–	–
Subtotal investments	4,753,650	4,023,672	729,978	–
Beneficial interest in assets held by others	645,182	–	–	645,182
Perpetual trust	164,717	–	–	164,717
Total	$ 5,563,549	4,023,672	729,978	809,899

The following table summarizes the fair value hierarchy levels used by the Organization for its financial instruments as of June 30, 2020:

	Fair Value	Level 1	Level 2	Level 3
Equity	$ 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	–	–
REIT	28,433	28,433	–	–
Subtotal investments	2,884,860	2,152,058	732,802	–
Beneficial interest in assets held by others	522,535	–	–	522,535
Perpetual trusts	135,759	–	–	135,759
Total	$ 3,543,154	2,152,058	732,802	658,294

(6) Fair Value Measurements, Continued

The changes in financial instruments measured at fair value for which the Organization has used Level 3 inputs to determine fair value are as follows:

Balance at June 30, 2019	$ 661,586
Contributions	1,417
Distributions	–
Change in value	(4,709)
Balance at June 30, 2020	658,294
Contributions	–
Distributions	–
Change in value	151,605
Balance at June 30, 2021	$ 809,899

(7) Cash Held on Behalf of Others

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 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. Transactions for the TPC are not recognized on the statements of activities. Rather, activity is reflected through and asset and liability account on the statements of financial position. The balance of these accounts was $21,667 and $22,667 at June 30, 2021 and 2020, respectively.

(8) Property and Equipment

Property and equipment consists of the following at June 30:

	2021	2020
Land	$ 200,400	200,400
Buildings and improvements	4,600,390	4,492,499
Vehicles	26,628	26,628
Furniture and equipment	115,654	104,548
	4,943,072	4,824,075
Less accumulated depreciation	(1,102,798)	(955,831)
	$ 3,840,274	3,868,244

(9) Paycheck Protection Program Loan

In April 2020, the Organization received a $472,300 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The loan is being treated as a conditional contribution, or a refundable advance at June 30, 2021 and 2020, until such time that the loan has been explicitly forgiven by the SBA.

Subsequent to year-end, the loan was fully forgiven by the SBA. Therefore, the loan will be recognized as a contribution in fiscal year 2022.

(10) Net Assets

The Organization's net assets without donor restrictions includes amounts designated by the Board for the following purposes at June 30:

	2021	2020
Operating and capital reserves	$ 500,000	500,000
Wombacher Fund (for ECEC)	500,000	500,000
The Dorotha Hogue Endowment Fund (note 4)	588,081	480,350
Total board designated	$ 1,588,081	1,480,350

Net assets with donor restrictions consists of the following at June 30:

	2021	2020
Specific purpose		
Future building costs	$ –	336,148
ECEC	37,857	70,800
Student and Family Support Program	585,979	724,848
Fundraising	25,000	–
Beneficial interest in perpetual trust (note 5)	164,717	135,759
The Legacy Fund endowment (note 4)	57,101	42,185
Total net assets with donor restrictions	$ 870,654	1,309,740

During the years ended June 30, 2021 and 2020, net assets totaling $1,486,197 and $1,176,734, respectively, were released from restrictions due to expenditures incurred for specific programs.

(10) Net Assets, Continued

Endowments

The Dorotha Hogue Endowment Fund is managed by Rose Community Foundation and was established by the Board of Directors to provide funding for the ongoing operations of the Organization. Because this endowment was established by the Board of Directors, all activity is recorded in net assets without donor restrictions. The Parent Pathways, Inc. Florence Crittenton Legacy Fund (The Legacy Fund) consists of donor-restricted contributions and is managed by The Denver Foundation. The Legacy Fund was established to support the operations of the Florence Crittenton ECEC. Because this endowment consists of donor-restricted contributions, all activity is recorded in net assets with donor restrictions until appropriated for expenditure according to the endowment policy. See also note 4. The Organization's endowment funds consist of the following at June 30:

	2021	2020
Dorotha Hogue Endowment Fund	$ 588,081	480,350
The Legacy Fund	57,101	42,185
Total endowment funds	$ 645,182	522,535

The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as nets assets with donor restrictions: (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the donor gift instrument. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Following are the changes in the endowment net assets for the years ended June 30, 2021 and 2020:

	Net assets without donor restrictions	Net assets with donor restrictions	Total endowments
Endowment net assets at June 30, 2019	$ 477,693	42,891	520,584
Investment return	2,657	(2,123)	534
Contributions	–	1,417	1,417
Appropriated for expenditure	–	–	–
Endowment net assets at June 30, 2020	$ 480,350	42,185	522,535
Investment return	107,731	14,916	122,647
Contributions	–	–	–
Appropriation for expenditure	–	–	–
Endowment net assets at June 30, 2021	$ 588,081	57,101	645,182

(10) Net Assets, Continued

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. This did not occur in 2021 or 2020.

Return Objectives and Risk Parameters
Endowment assets include assets that the Organization must hold in perpetuity. The Organization has engaged The Denver Foundation and Rose Community Foundation (collectively, the Foundations) to hold its endowment assets. Therefore, the Organization has adopted the investment policies of these Foundations. Management believes these policies attempt to provide a reasonable, predictable, stable and sustainable level of distributions to the Organization that supports current needs and provides for growth in assets and income over time. Under this policy, the endowment assets are invested in a manner that is intended to produce a long-term rate of return that is greater than the rate of inflation.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-or-return objectives, the Organization relies on the investment strategies of the Foundations, which emphasizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Distribution Policy and How the Investment Objectives Relate to Distribution Policy
The agreement with Rose Community Foundation allows for distributions of 5% of the fund balance at December 31 annually. The agreement with The Denver Foundation allows for distributions of 5% of the fund in equal quarterly distributions based on the valuation of the fund as of December 31st of the proceeding calendar year. Excess earnings, if any, are reinvested in the funds.

(11) 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% 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% of the employee's contributions, up to 3% of the employee's annual salary. The Organization may also make a discretionary contribution of up to 2% of the employee's annual salary, to be determined annually, without regard to employee contributions. During the years ended June 30, 2021 and 2020, the Organization made matching contributions to the plan totaling $21,222 and $28,717, respectively.

(12) Impact of COVID-19 Pandemic

The COVID-19 pandemic has caused significant business disruption through mandated and voluntary closures of businesses in the United States. As a result of the pandemic, the Organization closed its facilities during part of the year and periodically implemented closures as deemed necessary. Operations were able to be maintained through remote work and limiting time on-site. There continues to be significant uncertainty around the breadth and duration of disruptions related to the pandemic, as well as its impact on the U.S. economy. The extent of the impact of the pandemic on the Organization's future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on programs, employees, and vendors, is uncertain and cannot be determined at this time.