

**Florence Crittenton Services of Colorado**

**Financial Statements**

**June 30, 2022 and 2021**

**(With Independent Auditor's Report Thereon)**



## **Independent Auditor's Report**

### **Board of Directors Florence Crittenton Services of Colorado**

#### **Opinion**

We have audited the accompanying financial statements of the Florence Crittenton Services of Colorado, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florence Crittenton Services of Colorado as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Florence Crittenton Services of Colorado 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 the Florence Crittenton Services of Colorado's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's 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 auditor's 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, including omissions, 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.

**Board of Directors  
Florence Crittenton Services of Colorado**

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 the Florence Crittenton Services of Colorado's 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 the Florence Crittenton Services of Colorado's 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.

*Kundinger, Corder & Montoya, P.C.*

November 17, 2022

**Florence Crittenton Services of Colorado**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,029,639	704,273
Grants and contributions receivable	9,325	–
Accounts receivable	27,523	83,174
Investments (notes 3 and 6)	6,447,003	4,753,650
Beneficial interests in assets held by others (notes 4 and 6)	580,898	645,182
Beneficial interest in perpetual trust (note 5 and 6)	135,522	164,717
Prepaid expenses and other assets	130	–
Property and equipment, net (note 7)	<u>3,847,119</u>	<u>3,840,274</u>
Total assets	<u>\$ 12,077,159</u>	<u>10,191,270</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 61,145	107,621
Accrued payroll expenses	247,208	253,978
Deferred revenue	7,500	7,500
Paycheck Protection Program Loan (note 9)	<u>–</u>	<u>472,300</u>
Total liabilities	<u>315,853</u>	<u>841,399</u>
Net assets without donor restrictions		
Operating	5,352,253	3,050,862
Net assets in property and equipment	3,847,119	3,840,274
Board designated (note 10)	<u>1,528,184</u>	<u>1,588,081</u>
Total net assets without donor restrictions	10,727,556	8,479,217
Net assets with donor restrictions (note 10)	<u>1,033,750</u>	<u>870,654</u>
Total net assets	11,761,306	9,349,871
Commitments and contingencies (notes 8 and 11)	<u>–</u>	<u>–</u>
Total liabilities and net assets	<u>\$ 12,077,159</u>	<u>10,191,270</u>

See the accompanying notes to the financial statements.

**Florence Crittenton Services of Colorado**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	Without donor restrictions	With donor restrictions	Total
<b>Operating revenue and support</b>			
Contributions from individuals	\$ 1,967,560	564,755	2,532,315
Contributions from foundations and institutions	439,810	829,647	1,269,457
Government grants	330,432	–	330,432
Special events revenue	181,215	6,216	187,431
Less direct expenses	(84,345)	–	(84,345)
Other specified giving	–	40,010	40,010
Denver Public Schools in-kind revenue	2,542,795	–	2,542,795
Other in-kind revenue	14,000	–	14,000
Program service fees	1,741,189	–	1,741,189
Miscellaneous income	4,939	–	4,939
Net assets released from restrictions (note 10)	1,243,950	(1,243,950)	–
Total operating revenue and support	<u>8,381,545</u>	<u>196,678</u>	<u>8,578,223</u>
<b>Operating Expenses</b>			
Program services			
Early Childhood Education Center	1,725,246	–	1,725,246
Student and family support program	1,126,986	–	1,126,986
Florence Crittenton High School	2,542,795	–	2,542,795
Total program services	<u>5,395,027</u>	<u>–</u>	<u>5,395,027</u>
Supporting services			
General and administrative	314,272	–	314,272
Fund raising	416,052	–	416,052
Total supporting services	<u>730,324</u>	<u>–</u>	<u>730,324</u>
Total operating expenses	<u>6,125,351</u>	<u>–</u>	<u>6,125,351</u>
Net income from operations	<u>2,256,194</u>	<u>196,678</u>	<u>2,452,872</u>
<b>Non-operating activities</b>			
Forgiveness of Paycheck Protection			
Program Loan (note 9)	472,300	–	472,300
Net investment return	(420,258)	–	(420,258)
Change in value of assets held by others (note 4)	(59,897)	(4,387)	(64,284)
Change in value of perpetual trust (note 5)	–	(29,195)	(29,195)
Total non-operating activities	<u>(7,855)</u>	<u>(33,582)</u>	<u>(41,437)</u>
<b>Change in net assets</b>	2,248,339	163,096	2,411,435
<b>Net assets at beginning of year</b>	<u>8,479,217</u>	<u>870,654</u>	<u>9,349,871</u>
<b>Net assets at end of year</b>	<u>\$ 10,727,556</u>	<u>1,033,750</u>	<u>11,761,306</u>

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
<b>Operating revenue and support</b>			
Contributions from foundations and institutions	\$ 415,262	818,458	1,233,720
Contributions from individuals	417,335	237,183	654,518
Government grants	252,430	–	252,430
Special events revenue	65,185	–	65,185
Less direct expenses	(14,036)		(14,036)
Other specified giving	–	32,257	32,257
Denver Public Schools in-kind revenue	2,465,312	–	2,465,312
Program service fees	1,138,847	–	1,138,847
Miscellaneous income	2,276	–	2,276
Net assets released from restrictions (note 10)	1,570,858	(1,570,858)	–
Total operating revenue and support	<u>6,313,469</u>	<u>(482,960)</u>	<u>5,830,509</u>
<b>Operating expenses</b>			
Program services			
Early Childhood Education Center	1,489,110	–	1,489,110
Student and family support program	1,110,251	–	1,110,251
Florence Crittenton High School	2,465,310	–	2,465,310
Total program services	<u>5,064,671</u>	<u>–</u>	<u>5,064,671</u>
Supporting services			
General and administrative	294,786	–	294,786
Fund raising	391,962	–	391,962
Total supporting services	<u>686,748</u>	<u>–</u>	<u>686,748</u>
Total operating expenses	<u>5,751,419</u>	<u>–</u>	<u>5,751,419</u>
Net income from operations	<u>562,050</u>	<u>(482,960)</u>	<u>79,090</u>
<b>Non-operating activities</b>			
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	<u>777,109</u>	<u>43,874</u>	<u>820,983</u>
<b>Change in net assets</b>	1,339,159	(439,086)	900,073
<b>Net assets at beginning of year</b>	<u>7,140,058</u>	<u>1,309,740</u>	<u>8,449,798</u>
<b>Net assets at end of year</b>	<u>\$ 8,479,217</u>	<u>870,654</u>	<u>9,349,871</u>

See the accompanying notes to the financial statements.

**Florence Crittenton Services of Colorado**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	Program services				Supporting services			
	Early Childhood Education Center	Student and family support program	Florence Crittenton High School	Total program services	General and administrative	Fund raising	Total supporting services	Total
Salaries	\$ 936,333	608,305	1,753,090	3,297,728	212,873	276,767	489,640	3,787,368
Employee benefits	277,637	70,513	336,295	684,445	28,206	28,292	56,498	740,943
Payroll taxes	69,142	45,232	134,111	248,485	21,356	20,268	41,624	290,109
Total salaries and related expenses	1,283,112	724,050	2,223,496	4,230,658	262,435	325,327	587,762	4,818,420
Client support	51,498	265,593	319,299	636,390	–	–	–	636,390
Occupancy	226,438	59,337	–	285,775	6,003	8,440	14,443	300,218
Depreciation	109,727	29,260	–	138,987	2,926	7,349	10,275	149,262
Special event direct expenses	–	–	–	–	–	84,345	84,345	84,345
Organizational costs	9,400	4,299	–	13,699	30,600	15,884	46,484	60,183
Consultants	12,604	18,856	–	31,460	3,871	12,419	16,290	47,750
Staff development	22,582	11,615	–	34,197	5,113	11,022	16,135	50,332
Office costs	9,885	8,191	–	18,076	3,052	18,245	21,297	39,373
Marketing/public relations	–	5,785	–	5,785	272	17,366	17,638	23,423
Total expenses	1,725,246	1,126,986	2,542,795	5,395,027	314,272	500,397	814,669	6,209,696
Less expenses netted with revenue in the statement of activities								
Special events direct benefits to donors	–	–	–	–	–	(84,345)	(84,345)	(84,345)
Total expenses reported in statement of activities	\$ <u>1,725,246</u>	<u>1,126,986</u>	<u>2,542,795</u>	<u>5,395,027</u>	<u>314,272</u>	<u>416,052</u>	<u>730,324</u>	<u>6,125,351</u>

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			
	Early Childhood Education Center	Student and family support program	Florence Crittenton High School	Total program services	General and administrative	Fund raising	Total supporting services	Total
Salaries	\$ 818,428	571,893	1,563,709	2,954,030	238,350	267,139	505,489	3,459,519
Employee benefits	239,648	73,922	466,200	779,770	15,550	28,752	44,302	824,072
Payroll taxes	53,725	47,256	155,294	256,275	17,850	20,032	37,882	294,157
Total salaries and related expenses	1,111,801	693,071	2,185,203	3,990,075	271,750	315,923	587,673	4,577,748
Client support	27,217	274,808	280,107	582,132	—	—	—	582,132
Occupancy	208,301	48,060	—	256,361	11,974	15,020	26,994	283,355
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	18,455	18,725	26,330
Staff development	8,802	8,652	—	17,454	63	442	505	17,959
Special event direct expenses	—	—	—	—	—	14,036	14,036	14,036
Total expenses	1,489,110	1,110,251	2,465,310	5,064,671	294,786	405,998	700,784	5,765,455
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	\$ <u>1,489,110</u>	<u>1,110,251</u>	<u>2,465,310</u>	<u>5,064,671</u>	<u>294,786</u>	<u>391,962</u>	<u>686,748</u>	<u>5,751,419</u>

See the accompanying notes to the financial statements.



**Florence Crittenton Services of Colorado**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,411,435	900,073
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	149,262	148,556
Net realized and unrealized losses (gains) on investments	593,934	(667,543)
Change in value of beneficial interests in assets held by others	64,284	(122,647)
Change in value of beneficial interest in perpetual trusts	29,195	(28,958)
Donated stock	(159,523)	–
Forgiveness of Paycheck Protection Program loan	(472,300)	–
Change in operating assets and liabilities		
Grants and contributions receivable	(9,325)	–
Prepaid expenses and other assets	(130)	–
Accounts receivable	55,651	36,926
Accounts payable and accrued liabilities	(46,476)	16,922
Accrued payroll expenses	(6,770)	90,370
Deferred revenue	–	750
Net cash provided by operating activities	2,609,237	374,449
<b>Cash flows from investing activities</b>		
Net purchases of investments	(2,127,764)	(1,201,247)
Purchases of property and equipment	(156,107)	(120,586)
Net cash used in investing activities	(2,283,871)	(1,321,833)
<b>Net increase (decrease) in cash and cash equivalents</b>	325,366	(947,384)
<b>Cash and cash equivalents at beginning of year</b>	704,273	1,651,657
<b>Cash and cash equivalents at end of year</b>	\$ 1,029,639	704,273
<b>Non-cash activities</b>		
Services and education materials received from Denver Public Schools	\$ 2,542,795	2,465,312
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 14,405	8,154

See the accompanying notes to the financial statements.

# Florence Crittenton Services of Colorado

## Notes to Financial Statements

June 30, 2022 and 2021

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### (1) Summary of Significant Accounting Policies

#### (a) Organization

Florence Crittenton Services of Colorado (the Organization) is a Denver-based nonprofit with 130 years of experience providing quality programs to teen mothers and their children. The Organization's mission is to educate, prepare, and empower teen mothers and their children. Using a trauma-responsive, two generation program model, teen families are supported through education, early childhood education, health and wellness, and economic and social asset building. The service model focuses on both mom and child and allows the Organization to more than double the national high school graduation rate of teen mothers and ensures their children are kindergarten ready.

The Organization's collaborative campus provides a high-quality Early Childhood Education Center and wraparound service of the Student and Family Support Program. Additionally, the Organization continues its private-public partnership with Denver Public Schools providing a high school education at the Florence Crittenton High School, and partners with Denver Health who operates the Alethia E. Morgan, MD Health Center.

#### *Description of Program Services*

##### Early Childhood Education Center

Florence Crittenton Services' Early Childhood Education Center (ECE) has been rated four stars by Colorado Shines, a testament to the quality programming that it offers. The ECE Center can serve up to 108 children from ages 6 weeks through preschool. Using a play-based approach that combines activities from the Creative Curriculum® and Conscious Discipline®, the center promotes every aspect of the child's development, including social-emotional growth. The center uses the Teaching Strategies GOLD® to assess progress, and teen moms participate in parent-teacher conferences with their child's ECE Center teachers. "Mommy and Me" activities are offered on a regular basis, providing essential time to develop strong attachments and support child development education for our young moms. The ECE center also provides books and activities for families to enjoy at home.

##### Student and Family Support Program

Florence Crittenton Services' Student and Family Support Program (SFSP) provides customized wraparound services for teen moms and helps them connect with community resources to meet their immediate needs. The SFSP is a team of professionals trained in trauma-informed, strengths-based case management. Every young mom is paired with a Family Advocate who provides one-on-one assistance in accessing basic needs such as, housing, food, supplemental income, and social emotional education that includes, life skills, parenting classes, support groups, art therapy, cooking, health, and nutrition classes. As part of the SFSP services, the Family Resource Center builds leadership skills, creates career readiness workshops, supports family engagement activities, and plans extracurricular activities that create community connections. Additionally, the campus has dedicated space in which community partners provide an array of critical services such as mental health and financial and legal services. These services are open to teen mothers, young fathers, and their family members.

# Florence Crittenton Services of Colorado

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (a) Organization, Continued

##### Florence Crittenton High School

Florence Crittenton High School is a designated Alternative Education Center and offers a well-rounded education for pregnant and parenting students in grades 9 through 12. It offers a Culturally and Linguistically Responsive Instruction, focuses on implementing a Black Excellence plan, and provides Special Education Services to make educational equity a reality to all students. At Florence Crittenton High School, inquiry and critical thinking are central to teaching and learning. Teaching and learning allow students to develop the academic, social-emotional, and leadership skills that will empower them to succeed in college, career, and life. The young moms can access either a high school diploma or General Education Diploma through the Denver Public Schools curriculum. Additionally, each mom has access to post-secondary planning and career readiness training. The young moms can also participate in the MEDConnect program. This program is a multi-year course of study that prepares young moms for medical careers and can include certification in Phlebotomy and EKG.

The Alethia E. Morgan, MD Health Center is operated by Denver Health in partnership with Florence Crittenton Services and Denver Public Schools, allowing teen mothers to access free health care for themselves and their child. The on-campus Health Center positively impacts maternal-child health outcomes and features the only school-based health center in Colorado to provide both obstetric and pediatric care. Services provided at the Health Center include immunizations, mental health counseling and psychiatric care, dental services, and lactation support. The Health Center partners with the Supplemental Nutrition program for Women, Infants and Children (WIC) to help young moms access formula and other staples needed for infant care.

#### (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.

#### (d) Measure of Operations

The statements of activities report all changes in net assets, including changes resulting from both operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program activities and contributions and grants. Non-operating activities are limited to activities to be of a more unusual or nonrecurring nature, and mainly consist of investment return.

# Florence Crittenton Services of Colorado

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (e) 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.

#### (f) 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.

#### (g) 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.

#### (h) 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).

# Florence Crittenton Services of Colorado

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (h) Fair Value Measurements, Continued

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 the 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.

#### (i) 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.

#### (j) Revenue Recognition

##### Grants and Contributions

Grants and contributions are recognized when cash, securities or other assets, 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 refundable advances in the statements of financial position. At June 30, 2022 and 2021, conditional contributions from foundations total \$310,219 and \$0, respectively, none of which have been received in advance.

# Florence Crittenton Services of Colorado

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (j) Revenue Recognition, Continued

##### Grants and Contributions, Continued

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2022 and 2021, conditional contributions related to these grants, totaling \$43,500 and \$0, respectively, have not been recognized in the accompanying financial statements.

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. Contributions, including contributions receivable, that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 direct write-off method to determine uncollectable amounts. In determining the collectability of receivables, management considers past collection experience and performs an analysis of subsequent collections. Uncollectible amounts are written off against bad debt in the period they are determined to be uncollectible. For the years ended June 30, 2022 and 2021, no write-offs were recorded.

##### Program Service Fees

A significant portion of the Organization's revenue is derived from contracts, mostly from government agencies, to provide school, ECE Center, 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. Management uses the direct write-off method to determine uncollectable amounts. In determining the collectability of receivables, management considers past collection experience and performs an analysis of subsequent collections. Uncollectible amounts are written off against bad debt in the period they are determined to be uncollectible. For the years ended June 30, 2022 and 2021, no write-offs were recorded. 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.

# Florence Crittenton Services of Colorado

## Notes to Financial Statements, Continued

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### (1) Summary of Significant Accounting Policies, Continued

#### (k) Donated Goods and Services

Donated goods are recorded as contributions and expenses at fair value on the date of donation. Donated professional services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation based upon information provided by third parties, such as the standard hourly rate charged by the professional. Donated professional services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by the people with those skills, and would otherwise be purchased by the organization. All donated goods and services from DPS were utilized by the Organization's program services and all other in-kind revenue consisted of services which were utilized by the Organization's general and administrative supporting services. The Organization did not monetize any donated goods. There were no donor-imposed restrictions associated with the donated goods and services. For the years ended June 30, 2022 and 2021, the Organization received donated services and education materials from DPS of \$2,542,795 and \$2,465,312, and received other donated professional services of \$14,000 and \$0, respectively.

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.

#### (l) 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.

#### (m) 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.

#### (n) Income Taxes

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 2022 or 2021.

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.

# Florence Crittenton Services of Colorado

## Notes to Financial Statements, Continued

### (1) Summary of Significant Accounting Policies, Continued

#### (n) Income Taxes, Continued

The Organization believes it 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.

#### (o) Subsequent Events

The Organization has evaluated all subsequent events through November 17, 2022, which is the date the financial statements were available to be issued.

#### (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.

#### (q) Change in Accounting Principle

During 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is aimed at increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The provisions of ASU No. 2020-07 have been implemented in the accompanying financial statements on a retrospective basis. The amendments under this accounting standard update do not change the recognition and measurement requirements for contributed nonfinancial assets. Accordingly, there is no effect on net assets in connection with the implementation of ASU No. 2020-07.

### (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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,029,639	704,273
Grants and contributions receivable	9,325	-
Accounts receivable	27,523	83,174
Investments	<u>6,447,003</u>	<u>4,753,650</u>
Total financial assets at year-end	7,513,490	5,541,097
Less net assets with purpose restrictions	(845,514)	(648,836)
Less board designated funds	<u>(1,528,184)</u>	<u>(1,588,081)</u>
Financial assets available to meet expenditures within one year	\$ <u>5,139,792</u>	<u>3,304,180</u>

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.



## Florence Crittenton Services of Colorado

### Notes to Financial Statements, Continued

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#### (2) Liquidity and Availability of Financial Assets, Continued

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:

	<u>2022</u>	<u>2021</u>
Equities	\$ 3,258,329	1,968,179
Treasury bills	–	729,978
Money market funds	3,152,895	1,737,619
Fixed income	35,779	–
Exchange-traded funds	–	278,553
Real Estate Investment Trust (REIT)	–	39,321
Total investments	<u>\$ 6,447,003</u>	<u>4,753,650</u>

#### (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 ECE Center. 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 31<sup>st</sup> of the preceding calendar year. For the years ended June 30, 2022 and 2021, no distributions were taken from the endowment fund and no contributions were made to the endowment fund. Assets held at the Foundation totaled \$52,714 and \$57,101 as of June 30, 2022 and 2021, respectively. The change in value of the assets held by the Foundation totaled (\$4,387) and \$14,916 for the years ended June 30, 2022 and 2021, 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 Organization. The endowment was named The Dorothea 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, 2022 and 2021, no distributions were taken from the fund and no contributions were made to the fund. Assets held at Rose Community Foundation totaled \$528,184 and \$588,081 as of June 30, 2022 and 2021, respectively. The change in value of the assets held by Rose Community Foundation totaled (\$59,897) and \$107,731 for the years ended June 30, 2022 and 2021, respectively.

## Florence Crittenton Services of Colorado

### Notes to Financial Statements, Continued

#### (4) Beneficial Interests in Assets Held by Others, Continued

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 ECE Center 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, 2022 and 2021, the Organization received \$53,204 and \$59,998, 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 the trust are restricted for the Florence Crittenton ECE Center and totaled \$7,143 for the years ended June 30, 2022 and 2021. The Organization's total interest in the trusts is shown in the statements of financial position at June 30, 2022 and 2021 as a beneficial interest in perpetual trust of \$135,522 and \$164,717, 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, 2022 and 2021, the change in the value of trust was (\$29,195) and \$28,958, respectively.

#### (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, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 3,258,329	3,258,329	–	–
Money market funds	3,152,895	3,152,895	–	–
Fixed income	<u>35,779</u>	<u>35,779</u>	–	–
Subtotal investments	6,447,003	6,447,003	–	–
Beneficial interest in assets held by others	580,898	–	–	580,898
Perpetual trust	<u>135,522</u>	–	–	<u>135,522</u>
Total	<u>\$ 7,163,423</u>	<u>6,447,003</u>	<u>–</u>	<u>716,420</u>

## Florence Crittenton Services of Colorado

### Notes to Financial Statements, Continued

#### (6) Fair Value Measurements, Continued

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

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 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	<u>39,321</u>	<u>39,321</u>	–	–
Subtotal investments	4,753,650	4,023,672	729,978	–
Beneficial interest in assets held by others	645,182	–	–	645,182
Perpetual trusts	<u>164,717</u>	–	–	<u>164,717</u>
Total	<u>\$ 5,563,549</u>	<u>4,023,672</u>	<u>729,978</u>	<u>809,899</u>

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, 2020	\$ 658,294
Contributions	–
Distributions	–
Change in value	<u>151,605</u>
Balance at June 30, 2021	809,899
Contributions	–
Distributions	–
Change in value	<u>(93,479)</u>
Balance at June 30, 2022	\$ <u>716,420</u>

#### (7) Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 200,400	200,400
Buildings and improvements	4,600,390	4,600,390
Vehicles	26,628	26,628
Furniture and equipment	126,761	115,654
Software in development	<u>145,000</u>	–
	5,099,179	4,943,072
Less accumulated depreciation	<u>(1,252,060)</u>	<u>(1,102,798)</u>
	<u>\$ 3,847,119</u>	<u>3,840,274</u>

## Florence Crittenton Services of Colorado

### Notes to Financial Statements, Continued

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#### (8) Fiscal Sponsor

The Organization was appointed the fiscal sponsor for The Colorado Teen Parent Collaborative (TPC) in 2016. The TPC, founded in 2015, is a unified community of organizations that strives to build capacity and connection for their members and advocates for teen parents and their children. As an active member of the TPC, the Organization is able to provide resources to facilitate the fiscal sponsorship, taking on the responsibility of ensuring the funds are used for tax-exempt purposes and paying expenses incurred by the TPC. Activity for the TPC is recorded as revenue and expenses on the statements of activities. Grants and contributions received for the TPC are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when an applicable expense is incurred. Revenue consists of \$60,000 and \$94,174 for the years ended June 30, 2022 and 2021, respectively, and is included with contributions from foundations and institutions on the statements of activities. All revenue received during the years ended June 30, 2022 and 2021 was released from restrictions.

#### (9) Paycheck Protection Program Loan

During the year ended June 30, 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. The requirements were met and the PPP loan was forgiven in its entirety during the year ended June 30, 2022. The loan forgiveness is included as non-operating revenue in the accompanying statement of activities for the year ended June 30, 2022 and as a refundable advance on the statement of financial position for the year ended June 30, 2021.

#### (10) Net Assets

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

	<u>2022</u>	<u>2021</u>
Operating and capital reserves	\$ 500,000	500,000
Wombacher Fund (for ECE Center)	500,000	500,000
The Dorothea Hogue Endowment Fund (note 4)	<u>528,184</u>	<u>588,081</u>
Total board designated	<u>\$ 1,528,184</u>	<u>1,588,081</u>

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

	<u>2022</u>	<u>2021</u>
Specific purpose		
Student and Family Support Program	\$ 753,181	585,979
ECE Center	77,333	37,857
Fundraising	15,000	25,000
Beneficial interest in perpetual trust (note 5)	135,522	164,717
The Legacy Fund endowment (note 4)	<u>52,714</u>	<u>57,101</u>
Total net assets with donor restrictions	<u>\$ 1,033,750</u>	<u>870,654</u>

During the years ended June 30, 2022 and 2021, net assets totaling \$1,243,950 and \$1,570,858, respectively, were released from restrictions due to expenditures incurred for specific programs.

## Florence Crittenton Services of Colorado

### Notes to Financial Statements, Continued

#### (10) Net Assets, Continued

##### Endowments

The Dorothea 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 ECE Center. 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:

	<u>2022</u>	<u>2021</u>
Dorothea Hogue Endowment Fund	\$ 528,184	588,081
The Legacy Fund	<u>52,714</u>	<u>57,101</u>
Total endowment funds	\$ <u>580,898</u>	<u>645,182</u>

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, 2022 and 2021:

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total endowments</u>
Endowment net assets at June 30, 2020	\$ 480,350	42,185	522,535
Investment return	107,731	14,916	122,647
Contributions	-	-	-
Appropriated for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets at June 30, 2021	\$ 588,081	57,101	645,182
Investment return	(59,897)	(4,387)	(64,284)
Contributions	-	-	-
Appropriation for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets at June 30, 2022	\$ <u>528,184</u>	<u>52,714</u>	<u>580,898</u>

## Florence Crittenton Services of Colorado

### Notes to Financial Statements, Continued

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#### **(10) Net Assets, Continued**

##### *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 31<sup>st</sup> 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 50% 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, 2022 and 2021, the Organization made matching contributions to the plan totaling \$28,605 and \$21,222, respectively, and is included with employee benefits on the statements of functional expenses.