Florence Crittenton Services of Colorado

Financial Statements

June 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Montoya, P.C.

Certified Public Accountants

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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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florence Crittenton Services of Colorado as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 GAAP, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Board of Directors
Florence Crittenton Services of Colorado

In performing an audit in accordance with GAAS, 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.

January 18, 2024

Florence Crittenton Services of Colorado
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 1,041,141	1,029,639
Grants and contributions receivable	8,113	9,325
Accounts receivable	52,492	27,523
Investments (notes 3 and 6)	7,828,209	6,447,003
Beneficial interests in assets held by others (notes 4, 6, and 10)	607,315	580,898
Beneficial interest in perpetual trust (note 5, 6, and 10)	139,774	135,522
Prepaid expenses and other assets	130	130
Property and equipment, net (note 7)	3,674,458	3,847,119
Total assets	$ 13,351,632	12,077,159
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 14,027	61,145
Accrued payroll expenses	242,162	247,208
Deferred revenue	1,000	7,500
Total liabilities	257,189	315,853
Net assets without donor restrictions		
Operating	6,991,200	5,352,253
Net assets in property and equipment	3,674,458	3,847,119
Board designated (note 10)	1,552,740	1,528,184
Total net assets without donor restrictions	12,218,398	10,727,556
Net assets with donor restrictions (note 10)	876,045	1,033,750
Total net assets	13,094,443	11,761,306
Commitments and contingencies (notes 8 and 11)		
Total liabilities and net assets	$ 13,351,632	12,077,159

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statement of Activities
Year Ended June 30, 2023

		Without donor restrictions	With donor restrictions	Total
Operating revenue and support				
Contributions from foundations and institutions	$	685,357	560,425	1,245,782
Contributions from individuals		429,650	173,703	603,353
Government grants		212,789	–	212,789
Special events revenue		249,638	–	249,638
Less direct expenses		(100,867)	–	(100,867)
Other specified giving		10,605	33,960	44,565
Denver Public Schools in-kind revenue		2,610,959	–	2,610,959
Program service fees		2,457,625	–	2,457,625
Miscellaneous income		4,676	–	4,676
Net assets released from restrictions (note 10)		931,906	(931,906)	–
Total operating revenue and support		7,492,338	(163,818)	7,328,520
Operating Expenses				
Program services				
Early Childhood Education Center		2,101,642	–	2,101,642
Student and family support program		1,182,846	–	1,182,846
Florence Crittenton High School		2,610,959	–	2,610,959
Total program services		5,895,447	–	5,895,447
Supporting services				
General and administrative		373,930	–	373,930
Fund raising		496,675	–	496,675
Total supporting services		870,605	–	870,605
Total operating expenses		6,766,052	–	6,766,052
Net income (loss) from operations		726,286	(163,818)	562,468
Non-operating activities				
Net investment return		740,000	–	740,000
Change in value of assets held by others (note 4)		24,556	1,861	26,417
Change in value of perpetual trust (note 5)		–	4,252	4,252
Total non-operating activities		764,556	6,113	770,669
Change in net assets		1,490,842	(157,705)	1,333,137
Net assets at beginning of year		10,727,556	1,033,750	11,761,306
Net assets at end of year	$	12,218,398	876,045	13,094,443

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
Operating revenue and support			
Contributions from foundations and institutions	$ 439,810	829,647	1,269,457
Contributions from individuals	1,967,560	564,755	2,532,315
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	8,381,545	196,678	8,578,223
Operating expenses			
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	5,395,027	–	5,395,027
Supporting services			
General and administrative	314,272	–	314,272
Fund raising	416,052	–	416,052
Total supporting services	730,324	–	730,324
Total operating expenses	6,125,351	–	6,125,351
Net income from operations	2,256,194	196,678	2,452,872
Non-operating activities			
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	(7,855)	(33,582)	(41,437)
Change in net assets	2,248,339	163,096	2,411,435
Net assets at beginning of year	8,479,217	870,654	9,349,871
Net assets at end of year	$ 10,727,556	1,033,750	11,761,306

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statement of Functional Expenses
Year Ended June 30, 2023

	Program services				Supporting services			
	Early Childhood Education Center	Student and family support program	Florence Crittenton High School	Total program services	General and admini-strative	Fund raising	Total supporting services	Total
Salaries	$ 1,270,098	659,223	1,710,922	3,640,243	256,512	310,133	566,645	4,206,888
Employee benefits	294,985	91,104	379,311	765,400	21,238	42,225	63,463	828,863
Payroll taxes	90,690	50,526	130,886	272,102	24,542	22,946	47,488	319,590
Total salaries and related expenses	1,655,773	800,853	2,221,119	4,677,745	302,292	375,304	677,596	5,355,341
Client support	66,024	229,849	389,840	685,713	165	265	430	686,143
Occupancy	241,374	63,991	–	305,365	8,419	9,103	17,522	322,887
Depreciation	108,039	52,977	–	161,016	2,881	8,764	11,645	172,661
Special event direct expenses	–	–	–	–	–	100,867	100,867	100,867
Organizational costs	9,971	6,326	–	16,297	28,164	11,231	39,395	55,692
Consultants	4,884	3,795	–	8,679	26,735	37,343	64,078	72,757
Staff development	11,008	9,535	–	20,543	3,361	3,389	6,750	27,293
Office costs	4,569	8,352	–	12,921	1,913	31,642	33,555	46,476
Marketing/public relations	–	7,168	–	7,168	–	19,634	19,634	26,802
Total expenses	2,101,642	1,182,846	2,610,959	5,895,447	373,930	597,542	971,472	6,866,919
Less expenses netted with revenue in the statement of activities								
Special events direct benefits to donors	–	–	–	–	–	(100,867)	(100,867)	(100,867)
Total expenses reported in statement of activities	$ 2,101,642	1,182,846	2,610,959	5,895,447	373,930	496,675	870,605	6,766,052

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 admini-strative	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	$ 1,725,246	1,126,986	2,542,795	5,395,027	314,272	416,052	730,324	6,125,351

See the accompanying notes to the financial statements.

Florence Crittenton Services of Colorado
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 1,333,137	2,411,435
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	172,661	149,262
Net realized and unrealized (gains) losses on investments	(593,236)	593,934
Change in value of beneficial interests in assets held by others	(26,417)	64,284
Change in value of beneficial interest in perpetual trusts	(4,252)	29,195
Donated stock	(4,871)	(159,523)
Forgiveness of Paycheck Protection Program loan	–	(472,300)
Change in operating assets and liabilities		
Grants and contributions receivable	1,212	(9,325)
Prepaid expenses and other assets	–	(130)
Accounts receivable	(24,969)	55,651
Accounts payable and accrued liabilities	(47,118)	(46,476)
Accrued payroll expenses	(5,046)	(6,770)
Deferred revenue	(6,500)	–
Net cash provided by operating activities	794,601	2,609,237
Cash flows from investing activities		
Net purchases of investments	(783,099)	(2,127,764)
Purchases of property and equipment	–	(156,107)
Net cash used in investing activities	(783,099)	(2,283,871)
Net increase in cash and cash equivalents	11,502	325,366
Cash and cash equivalents at beginning of year	1,029,639	704,273
Cash and cash equivalents at end of year	$ 1,041,141	1,029,639
Non-cash activities		
Services and education materials received from Denver Public Schools	$ 2,610,959	2,542,795
Supplemental cash flow information		
Cash paid for interest	$ 8,379	14,405

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 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.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

<u>Florence Crittenton High School</u>
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.

(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).

(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

<u>Grants and Contributions</u>
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, 2023 and 2022, conditional contributions from foundations total $40,000 and $310,219, respectively, none of which have been received in advance.

(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, 2023 and 2022, conditional contributions related to these grants, totaling $0 and $43,500, 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, 2023 and 2022, 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, 2023 and 2022, 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.

(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. 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, 2023 and 2022, the Organization received donated services and education materials from DPS of $2,610,959 and $2,542,795, and received other donated professional services of $0 and $14,000, 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 2023 or 2022.

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.

(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 January 18, 2024, which is the date the financial statements were available to be issued.

(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, 2023 and 2022:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	$ 1,041,141	$1,029,639
Grants and contributions receivable	8,113	9,325
Accounts receivable	52,492	27,523
Investments	7,828,209	6,447,003
Total financial assets at year-end	8,929,955	7,513,490
Less net assets with purpose restrictions	(681,696)	(845,514)
Less board designated funds	(1,552,740)	(1,528,184)
Financial assets available to meet expenditures within one year	$ 6,695,519	5,139,792

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:

	2023	2022
Equities	$ 5,545,148	3,258,329
Money market funds	1,091,261	3,152,895
Fixed income	985,225	35,779
Mutual funds invested in fixed income	206,575	–
Total investments	$ 7,828,209	6,447,003

(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 31st of the preceding calendar year. For the years ended June 30, 2023 and 2022, no distributions were taken from the endowment fund and no contributions were made to the endowment fund. Assets held at the Foundation totaled $54,575 and $52,714 as of June 30, 2023 and 2022, respectively. The change in value of the assets held by the Foundation totaled $1,861 and ($4,387) for the years ended June 30, 2023 and 2022, 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 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, 2023 and 2022, no distributions were taken from the fund and no contributions were made to the fund. Assets held at Rose Community Foundation totaled $552,740 and $528,184 as of June 30, 2023 and 2022, respectively. The change in value of the assets held by Rose Community Foundation totaled $24,556 and ($59,897) for the years ended June 30, 2023 and 2022, 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 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, 2023 and 2022, the Organization received $56,978 and $53,204, 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 $7,367 for the years ended June 30, 2023 and 2022. The Organization's total interest in the trusts is shown in the statements of financial position at June 30, 2023 and 2022 as a beneficial interest in perpetual trust of $139,774 and $135,522, 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, 2023 and 2022, the change in the value of trust was $4,252 and ($29,195), 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, 2023:

	Fair value	Level 1	Level 2	Level 3
Equities	$ 5,545,148	5,545,148	–	–
Money market funds	1,091,261	1,091,261	–	–
Fixed income	985,225	–	985,225	–
Mutual funds invested in fixed income	206,575	206,575	–	–
Subtotal investments	7,828,209	6,842,984	985,225	–
Beneficial interest in assets held by others	607,315	–	–	607,315
Perpetual trust	139,774	–	–	139,774
Total	$ 8,575,298	6,842,984	985,225	747,089

The following table summarizes the fair value hierarchy levels used by the Organization for its financial instruments as of June 30, 2022:

	Fair value	Level 1	Level 2	Level 3
Equities	$ 3,258,329	3,258,329	–	–
Money market funds	3,152,895	3,152,895	–	–
Fixed income	35,779	–	35,779	–
Subtotal investments	6,447,003	6,411,224	35,779	–
Beneficial interest in assets held by others	580,898	–	–	580,898
Perpetual trust	135,522	–	–	135,522
Total	$ 7,163,423	6,411,224	35,779	716,420

(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, 2021	$ 809,899
Contributions	–
Distributions	–
Change in value	(93,479)
Balance at June 30, 2022	716,420
Contributions	–
Distributions	–
Change in value	30,669
Balance at June 30, 2023	$ 747,089

(7) Property and Equipment

Property and equipment consists of the following at June 30:

	2023	2022
Land	$ 200,400	200,400
Buildings and improvements	4,600,390	4,600,390
Vehicles	26,628	26,628
Furniture and equipment	271,761	126,761
Software in development	–	145,000
	5,099,179	5,099,179
Less accumulated depreciation	(1,424,721)	(1,252,060)
	$ 3,674,458	3,847,119

(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 $52,500 and $60,000 for the years ended June 30, 2023 and 2022, respectively, and is included with contributions from foundations and institutions on the statements of activities. All revenue received during the years ended June 30, 2023 and 2022 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.

(10) Net Assets

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

	2023	2022
Operating and capital reserves	$ 500,000	500,000
Wombacher Fund (for ECE Center)	500,000	500,000
The Dorotha Hogue Endowment Fund (note 4)	552,740	528,184
Total board designated	$ 1,552,740	1,528,184

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

	2023	2022
Specific purpose		
Student and Family Support Program	$ 539,216	753,181
ECE Center	142,480	77,333
Fundraising	–	15,000
Beneficial interest in perpetual trust (note 5)	139,774	135,522
The Legacy Fund endowment (note 4)	54,575	52,714
Total net assets with donor restrictions	$ 876,045	1,033,750

During the years ended June 30, 2023 and 2022, net assets totaling $931,906 and $1,243,950, 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 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:

	2023	2022
Dorotha Hogue Endowment Fund	$ 552,740	528,184
The Legacy Fund	54,575	52,714
Total endowment funds	$ 607,315	580,898

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, 2023 and 2022:

	Net assets without donor restrictions	Net assets with donor restrictions	Total endowments
Endowment net assets at June 30, 2021	$ 588,081	57,101	645,182
Investment return	(59,897)	(4,387)	(64,284)
Contributions	–	–	–
Appropriated for expenditure	–	–	–
Endowment net assets at June 30, 2022	$ 528,184	52,714	580,898
Investment return	24,556	1,861	26,417
Contributions	–	–	–
Appropriation for expenditure	–	–	–
Endowment net assets at June 30, 2023	$ 552,740	54,575	607,315

(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 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 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, 2023 and 2022, the Organization made matching contributions to the plan totaling $34,710 and $28,605, respectively, and is included with employee benefits on the statements of functional expenses.