

Integrated Family Community Services

**Financial Statements and Report
of
Independent Certified Public Accountants**

August 31, 2019

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Report of Independent Certified Public Accountants

Board of Directors
Integrated Family Community Services

We have audited the accompanying financial statements of Integrated Family Community Services (a nonprofit organization) which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Integrated Family Community Services as of August 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Littleton, Colorado
January 29, 2020

Integrated Family Community Services
Statement of Financial Position
As of August 31, 2019

Assets

Current Assets

Cash & cash equivalents	\$ 22,097
Investments	69,887
Prepaid expenses	7,126
Gift certificates	<u>12,254</u>

Total Current Assets	<u>111,364</u>
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Property and Equipment—net (Note 5)	46,037
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Total Assets	<u>\$ 157,401</u>
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 2,576
Accrued payroll liabilities	11,330
Deferred revenue (Note 6)	13,726
Current portion of capital lease obligation	<u>5,142</u>

Total Current Liabilities	<u>32,774</u>
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Capital Lease Obligation (Note 8)	<u>12,349</u>
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Net Assets

Without Donor Restrictions

Undesignated	108,638
Designated (Note 12)	<u>3,640</u>

Total Net Assets Without Donor Restrictions	<u>112,278</u>
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Total Net Assets	<u>112,278</u>
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Total Liabilities and Net Assets	<u>\$ 157,401</u>
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The accompanying notes are an integral part of these financial statements.

Integrated Family Community Services
Statement of Activities
For the Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Individual contributions	\$ 159,350	\$ -	\$ 159,350
Community organizations	23,975	-	23,975
Corporate contributions	19,896	-	19,896
Foundation grants	36,421	-	36,421
Energy Outreach Colorado	42,000	-	42,000
County and municipal governments	156,964	-	156,964
Government grants - homeless prevention programs	7,329	-	7,329
18th Judicial District - VALE income	54,500	-	54,500
Fundraising events (net of \$41,152 expenses)	182,156	-	182,156
Reimbursement income	10,784	-	10,784
Miscellaneous income	515	-	515
Interest income	3,490	-	3,490
Gain (loss) on investment	2,854	-	2,854
Clothing sales	2,075	-	2,075
Net assets released from restrictions	-	-	-
Total Revenue	<u>702,309</u>	<u>-</u>	<u>702,309</u>
In-kind contributions (Note 10)	918,508	-	918,508
Total Support and Revenue	<u>1,620,817</u>	<u>-</u>	<u>1,620,817</u>
Expenses			
Program services -			
Enrichment programs	1,117,066	-	1,117,066
General assistance	261,695	-	261,695
Total Program	<u>1,378,761</u>	<u>-</u>	<u>1,378,761</u>
Supporting services -			
Management and general	27,814	-	27,814
Fundraising	257,681	-	257,681
Total Expenses	<u>1,664,256</u>	<u>-</u>	<u>1,664,256</u>
Change in Net Assets	(43,439)	-	(43,439)
Net Assets Beginning of Year	<u>155,717</u>	<u>-</u>	<u>155,717</u>
Net Assets End of Year	<u>\$ 112,278</u>	<u>\$ -</u>	<u>\$ 112,278</u>

The accompanying notes are an integral part of these financial statements.

Integrated Family Community Services
Statement of Cash Flows
For the Year Ended August 31, 2019

Increase (Decrease) in Cash

Cash Flows from Operating Activities:

Cash received from donors	\$ 863,458
Cash paid to suppliers	(910,357)
Interest and dividends received	<u>3,490</u>
Net Cash From Operating Activities	<u>(43,409)</u>

Cash Flows from Investing Activities:

Purchase of furniture and equipment	-
Sale of investments	<u>37,145</u>
Net Cash From Investing Activities	<u>37,145</u>

Net Change in Cash (6,264)

Cash—beginning of year 48,678

Cash—end of year \$ 42,414

Presented on Statement of Financial Position as:

Cash and cash equivalents \$ 22,097

Reconciliation of Change in Net Assets

Net Cash From Operating Activities:

Change in Net Assets	\$ (43,439)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	13,117
Unrealized gain(loss)	(2,854)
Changes in assets and liabilities:	
Change in accounts receivable	-
Change in grants receivable	-
Change in prepaid expenses	(5,058)
Change in gift certificates	236
Change in accounts payable	(2,234)
Change in accrued payroll liabilities	186
Change in deferred grants	1,576
Change in lease commitments	<u>(4,941)</u>
Total Adjustments	<u>28</u>

Net Cash From Operating Activities \$ (43,411)

Supplementary Cash Flow Information

\$918,508 of in-kind donations and expenditures have been eliminated from cash received from donors and paid to suppliers.

The accompanying notes are an integral part of these financial statements.

Integrated Family Community Services
Statement of Functional Expenses
For the Year Ended August 31, 2019

	Program Services		Total
	General Assistance	Enrichment Programs	Program Services
Salaries	\$ 186,644	\$ -	\$ 186,644
Payroll taxes and Workmen's Comp.	14,580	-	14,580
Employee benefits	18,813	-	18,813
Total salaries and related expenses	220,037	-	220,037
General and medical assistance	115,839	-	115,839
Food and clothing	657,049	261,695	918,744
Recruitment, training & development	65	-	65
Meetings and mileage	79	-	79
Utilities	5,799	-	5,799
Accounting and auditing	7,095	-	7,095
Advertising, promotion & printing	1,077	-	1,077
Postage	1,358	-	1,358
Insurance	299	-	299
Dues and subscriptions	-	-	-
Operating supplies	948	-	948
Maintenance and repairs	10,241	-	10,241
Vehicle costs	2,588	-	2,588
Equipment expenses	9,163	-	9,163
Computer expenses	7,714	-	7,714
Contract services	-	-	-
TVI expenses	1,805	-	1,805
Miscellaneous	9,211	-	9,211
Telephone	4,255	-	4,255
Overhead allocation	62,444	-	62,444
Total expenses before depreciation	1,117,066	261,695	1,378,761
Depreciation	-	-	-
Total expenses	<u>\$ 1,117,066</u>	<u>\$ 261,695</u>	<u>\$ 1,378,761</u>

The accompanying notes are an integral part of these financial statements.

Integrated Family Community Services
Statement of Functional Expenses (continued)
For the Year Ended August 31, 2019

	Supporting Services		Total
	Management & General	Development/ Fundraising	Expenses
Salaries	\$ 73,301	\$ 143,828	\$ 403,773
Payroll taxes and Workmen's Comp.	10,779	11,266	36,625
Employee benefits	11,785	1,879	32,477
Total salaries and related expenses	95,865	156,973	472,875
General and medical assistance	-	-	115,839
Food and clothing	-	-	918,744
Recruitment, training & development	-	47	112
Meetings and mileage	-	1,133	1,212
Utilities	1,549	-	7,348
Accounting and auditing	18,326	-	25,421
Advertising, promotion & printing	-	1,024	2,101
Postage	30	230	1,618
Insurance	11,220	2,518	14,037
Dues and subscriptions	1,440	2,221	3,661
Operating supplies	1,108	236	2,292
Maintenance and repairs	490	-	10,731
Vehicle costs	-	-	2,588
Equipment expenses	(4,941)	601	4,823
Computer expenses	-	6,346	14,060
Contract services	-	32,000	32,000
TVI expenses	-	-	1,805
Miscellaneous	(68)	4,193	13,336
Telephone	-	2,281	6,536
Overhead allocation	(110,322)	47,878	-
Total expenses before depreciation	14,697	257,681	1,651,139
Depreciation	13,117	-	13,117
Total expenses	<u>\$ 27,814</u>	<u>\$ 257,681</u>	<u>\$ 1,664,256</u>

The accompanying notes are an integral part of these financial statements.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

1. Organization

Integrated Family Community Services (IFCS) was incorporated in 1968 for the general purpose of alleviation of poverty and the conditions of poverty in western and unincorporated Arapahoe and northern Douglas Counties, through support from individuals, local businesses, churches, governments, and civic groups. This purpose is accomplished through IFCS' Homeless Prevention Programs, Financial Assistance Programs, Hunger Prevention Program, Enrichment Programs, Senior Programs, and other assistance.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting.

Property and Equipment

Property and equipment are stated at cost for purchased items and at fair market value at date of gift for donated items, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred, while expenditures for major improvements and purchases of property and equipment over \$1,000 are capitalized. Gains and losses from retirement or replacement of property and equipment are reflected in operations.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. These useful lives range from five to fifteen years for furniture and equipment, and five to forty years for building and related improvements.

Income Taxes

IFCS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. During 2019, IFCS had no unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. IFCS's federal tax return (Form 990) for 2019 is subject to examination by the IRS, generally for three years after it is filed.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of these financial statements requires the use of estimates and assumptions. The estimates and assumptions result in approximate rather than exact amounts.

Cash and Cash Equivalents

The organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less any allowances for doubtful accounts. Allowances are based on experience and other circumstances that may affect the ability of donors to meet obligations. As of August 31, 2019, management has determined that no allowance is necessary.

Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, certificates of deposit, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Program Services

The Organization's program services are made up of two categories:

General assistance: provides qualifying families assistance with utilities, rent and mortgages along with a transitional housing program designed to move families from homelessness to permanent affordable housing.

Enrichment program: provides eligible families and seniors Thanksgiving and Christmas meals through their Holiday program. They also provide K-8 children in low income families with the necessary school supplies in the Ready, Set, School! program.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program, fund raising, and management and general categories. Such allocations are determined by management on an equitable basis.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

2. Summary of Significant Accounting Policies (continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
General and medical assistance	Time and effort
Food and Clothing	Time and effort

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

Summary of Significant Accounting Policies (continued)

The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements.

Subsequent Events

Management has evaluated subsequent events through January 29, 2020, the date which the financial statements were available to be issued.

3. Availability and Liquidity

The following represents the Foundation's financial assets at August 31, 2019:

	<u>2019</u>
Financial assets at period end:	
Cash & cash equivalents	\$ 22,097
Investments	<u>69,887</u>
Total financial assets	91,984
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 91,984</u>

As part of the Foundation's liquidity management plan, it invests excess cash in money market funds.

4. Investments

Accounting standards for investments provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

4. Investments (continued)

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments are carried at fair value as of August 31, 2019 as follows:

Level 1

Stocks	\$ 29,781
Mutual Funds	40,106
Total Investments	\$ 69,887

Unrealized investment gains for the year ending August 31, 2019 amounted to \$2,854 and are recorded as Gain on Investment on the Statement of Activities.

5. Property and Equipment

Property and equipment consisted of the following items at August 31, 2019:

Building and improvements	\$ 226,997
Furnitures and fixtures	8,945
Computer and office equipment	54,952
Total	290,894
Less accumulated depreciation	(244,857)
Net property and equipment	\$ 46,037

Depreciation expense for the year ended August 31, 2019 was \$13,117.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

6. Deferred Revenue

Total deferred revenue (revenue received during the fiscal year but applicable to other than fiscal year operations) recorded as of August 31, 2019, are summarized as follows:

	<u>Deferred Event Funds</u>
Nibbles and Sips	\$ 7,000
Boo A Thon	6,726
Total	\$ 13,726

7. Commitments & Contingencies

Effective December 1, 2015, IFCS entered into an operating lease for credit card processing equipment with a 48 month term. The lease calls for monthly payments of \$38. IFCS renewed a 36 month operating lease for a postage meter in January 2019. The lease requires monthly payments of \$41. IFCS also entered into an operating lease for a copy machine with a 63 month term. The lease calls for monthly payments of \$479. Total expenses related to these leases for the year ended August 31, 2019 were \$3,824. The future minimum annual lease payments as of August 31, 2019, are as follows:

<u>Year ending August 31,</u>		
2020	\$	6,364
2021		6,250
2022		5,915
2023		5,748
2024		4,311
	\$	28,588

8. Capital Lease Obligation

In August 2017, the Organization ended an operating lease arrangement and entered into a new capital lease arrangement for a copier. The capital lease requires monthly payments of \$479 per month, through November 2022. The gross amount of the asset capitalized under this arrangement was \$27,179. The lease has an imputed interest rate of 4%.

Integrated Family Community Services
Notes to Financial Statements
August 31, 2019

8. Capital Lease Obligation (continued)

Total future minimum lease payments	\$ 18,682
Less: Interest	<u>(1,191)</u>
Present value of minimum lease payments	17,491
Less: Current obligation under capital leases	<u>(5,142)</u>
Long-term obligations under capital leases	<u><u>\$ 12,349</u></u>

Future annual maturities of capital lease obligations outstanding as of August 31, 2019, are as follows:

<u>Year ending August 31,</u>	
2020	\$ 5,142
2021	5,351
2022	5,570
2023	<u>1,428</u>
	<u><u>\$ 17,491</u></u>

9. Related-Party Transactions

Board members participated in various volunteer and fundraising activities. In addition, board members contributed financially to IFCS. Unrestricted cash contributions of \$12,491 were made by the board members for the year ended August 31, 2019.

10. In-Kind Contributions

IFCS receives donated materials, furniture and equipment, services, and facility usage in substantial amounts in furtherance of various programs. These items are recorded in the financial records as they relate to ongoing activities of IFCS and an objective value can be assigned.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2019

10. In-Kind Contributions (continued)

The following amounts have been recorded in the accompanying financial statements for the year ended August 31, 2019:

Food and clothing	\$ 644,540
Mother's Day	7,020
Ready, Set, School	95,700
Holiday programs	158,975
Gift certificates	<u>12,273</u>
Total in-kind contributions	<u>\$ 918,508</u>

A substantial amount of volunteer time has been donated by community organizations and individuals in furtherance of IFCS programs, fund raising campaigns, and activities which do not meet financial statement recognition criteria. Valued at minimum wage, these volunteer hours have been estimated to be worth \$151,830.

11. Employee Benefit Plan

Any full-time, year-round employee is eligible to participate in a Simple IRA retirement program. IFCS contributes up to 3 percent of an eligible employee's contribution toward the plan. Employees are fully vested upon participation in the program. Total contributions by IFCS for employees for the year ended August 31, 2019 was \$5,503.

12. Board Designated Funds

The board has designated \$3,640 in unrestricted net assets for capital reserves as of August 31, 2019.