

Integrated Family Community Services

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


August 31, 2020


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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, 2020, 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, 2020, 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 26, 2021

Integrated Family Community Services
Statement of Financial Position
As of August 31, 2020

Assets

Current Assets

Cash & cash equivalents	\$ 866,985
Investments	70,001
Other assets	3,682
Gift certificates	<u>16,955</u>

Total Current Assets	<u>957,623</u>
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Property and Equipment—net (Note 5)	59,057
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Total Assets	<u><u>\$ 1,016,680</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 10,813
Accrued payroll liabilities	13,243
Deferred event revenue (Note 6)	1,000
Deferred revenue (Note 6)	86,400
Current portion of capital lease obligation	<u>7,068</u>

Total Current Liabilities	<u>118,524</u>
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Capital Lease Obligation (Note 8)	<u>28,272</u>
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Net Assets

Without Donor Restrictions

Undesignated	866,084
Designated (Note 12)	<u>3,800</u>

Total Net Assets Without Donor Restrictions	<u>869,884</u>
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Total Net Assets	<u>869,884</u>
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Total Liabilities and Net Assets	<u><u>\$1,016,680</u></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, 2020

	Without Donor Restrictions
Support and Revenue	
Individual contributions	\$ 827,689
Community organizations	85,226
Corporate contributions	66,341
Foundation grants	64,175
Energy Outreach Colorado	1,875
County and municipal governments	121,853
Government grants - Homeless & Hunger Prevention Programs	53,963
18th Judicial District - VALE income	52,204
Fundraising events (net of \$41,148 expenses)	204,643
Reimbursement income	7,041
Interest income	1,857
Gain (loss) on investment	5,182
Clothing sales	1,950
Net assets released from restrictions	-
Total Revenue	1,493,999
In-kind contributions (Note 10)	2,284,227
Total Support and Revenue	3,778,226
Expenses	
Program services -	
Enrichment programs	2,594,420
General assistance	152,452
Total Program	2,746,872
Supporting services -	
Management and general	54,391
Fundraising	219,357
Total Expenses	3,020,620
Change in Net Assets	757,606
Net Assets Beginning of Year	112,278
Net Assets End of Year	\$ 869,884

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, 2020

Increase (Decrease) in Cash

Cash Flows from Operating Activities:

Cash received from donors	\$ 3,108,468
Cash paid to suppliers	(2,242,910)
Interest and dividends received	<u>1,857</u>
Net Cash From Operating Activities	<u>867,415</u>

Cash Flows from Investing Activities:

Purchase of furniture and equipment	(38,467)
Loss on sale of furniture and equipment	10,872
Purchase of investments	<u>5,068</u>
Net Cash From Investing Activities	<u>(22,527)</u>

Net Change in Cash 844,888

Cash—beginning of year 22,097

Cash—end of year \$ 866,985

Presented on Statement of Financial Position as:

Cash and cash equivalents \$ 866,985

Reconciliation of Change in Net Assets

Net Cash From Operating Activities:

Change in Net Assets	\$ 757,606
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	14,575
Unrealized gain(loss)	(5,182)
Changes in assets and liabilities:	
Change in prepaid expenses	3,444
Change in gift certificates	(4,701)
Change in accounts payable	8,237
Change in accrued payroll liabilities	1,913
Change in deferred grants	(12,726)
Change in PPP loans	86,400
Change in lease commitments	<u>17,849</u>
Total Adjustments	<u>109,809</u>

Net Cash From Operating Activities \$ 867,415

Supplementary Cash Flow Information

\$2,284,227 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, 2020

	Program Services		Total
	General Assistance	Enrichment Programs	Program Services
Salaries	\$ 177,645	\$ -	\$ 177,645
Payroll taxes and Workmen's Comp.	13,876	-	13,876
Employee benefits	17,863	-	17,863
Total salaries and related expenses	209,384	-	209,384
General and medical assistance	89,154	-	89,154
Food and clothing	2,131,775	152,452	2,284,227
Recruitment, training & development	152	-	152
Meetings and mileage	-	-	-
Utilities	5,517	-	5,517
Accounting and auditing	7,155	-	7,155
Advertising, promotion & printing	1,002	-	1,002
Postage	2,114	-	2,114
Insurance	-	-	-
Dues and subscriptions	-	-	-
Operating supplies	1,033	-	1,033
Maintenance and repairs	15,541	-	15,541
Vehicle costs	2,190	-	2,190
Equipment expenses	11,143	-	11,143
Computer expenses	4,950	-	4,950
Contract services	-	-	-
TVI expenses	1,318	-	1,318
Miscellaneous	33,306	-	33,306
Telephone	5,008	-	5,008
Overhead allocation	73,678	-	73,678
Total expenses before depreciation	2,594,420	152,452	2,746,872
Depreciation	-	-	-
Total expenses	<u>\$ 2,594,420</u>	<u>\$ 152,452</u>	<u>\$ 2,746,872</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, 2020

	Supporting Services		Total
	Management & General	Development/ Fundraising	Expenses
Salaries	\$ 96,712	\$ 109,187	\$ 383,544
Payroll taxes and Workmen's Comp.	10,798	8,532	33,206
Employee benefits	12,863	3,111	33,837
Total salaries and related expenses	120,373	120,830	450,587
General and medical assistance	-	-	89,154
Food and clothing	-	-	2,284,227
Recruitment, training & development	34	34	220
Meetings and mileage	-	952	952
Utilities	2,413	-	7,930
Accounting and auditing	15,209	900	23,264
Advertising, promotion & printing	79	5,513	6,594
Postage	128	1,041	3,283
Insurance	12,329	690	13,019
Dues and subscriptions	2,662	2,104	4,766
Operating supplies	388	-	1,421
Maintenance and repairs	50	-	15,591
Vehicle costs	-	-	2,190
Equipment expenses	-	1,126	12,269
Computer expenses	-	7,031	11,981
Contract services	-	32,000	32,000
TVI expenses	-	-	1,318
Miscellaneous	2,864	2,357	38,527
Telephone	-	1,744	6,752
Overhead allocation	(116,713)	43,035	-
Total expenses before depreciation	39,816	219,357	3,006,045
Depreciation	14,575	-	14,575
Total expenses	<u>\$ 54,391</u>	<u>\$ 219,357</u>	<u>\$ 3,020,620</u>

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

Integrated Family Community Services

Notes to Financial Statements

August 31, 2020

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.

Basis of Accounting

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction.

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 2020, 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 2020 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, 2020

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, 2020, 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 to keep them housed as they struggle to maintain their 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, 2020

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

In 2019 the Organization adopted new FASB guidance regarding the presentation on the statement of cash flows of restricted cash. The new guidance requires including restricted cash with cash when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization had no restricted cash as of August 31, 2020.

In 2019, the Organization also implemented Topic 606, Revenue from Contracts with Customers, of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) effective January 1, 2019 (ASC 606). There were no material changes in the timing of recognition of revenue and therefore no material impact to the statement of financial position upon adoption.

Recently Issued Accounting Pronouncements

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 a 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. The new standard is effective for fiscal years beginning after December 15, 2021. 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 26, 2021, the date which the financial statements were available to be issued.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2020

2. Summary of Significant Accounting Policies (continued)

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the District. Other financial impacts could occur, though such potential impact is unknown at this time.

3. Availability and Liquidity

The following represents the Foundation's financial assets at August 31, 2020:

	<u>2020</u>
Financial assets at period end:	
Cash & cash equivalents	\$ 866,985
Investments	<u>70,001</u>
Total financial assets	936,986
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>\$ 936,986</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:

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.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2020

4. Investments (continued)

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, 2020 as follows:

Level 1

Stocks	\$ 30,339
Mutual Funds	<u>39,662</u>
Total Investments	<u><u>\$ 70,001</u></u>

Unrealized investment gains for the year ending August 31, 2020 amounted to \$5,182 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, 2020:

Building and improvements	\$ 228,357
Furnitures and fixtures	8,945
Computer and office equipment	<u>64,880</u>
Total	302,182
Less accumulated depreciation	<u>(243,125)</u>
Net property and equipment	<u><u>\$ 59,057</u></u>

Depreciation expense for the year ended August 31, 2020 was \$14,575.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2020

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, 2020, are summarized as follows:

	<u>Deferred Funds</u>
Boo A Thon	\$ 1,000
PPP Loan (see note 13)	86,400
Total	\$ 87,400

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. Total expenses related to these leases for the year ended August 31, 2020 were \$616. The future minimum annual lease payments as of August 31, 2020, are as follows:

<u>Year ending August 31,</u>		
2021	\$	502
2022		167
	\$	669

8. Capital Lease Obligation

In June 2020, the Organization ended their capital copier lease arrangement and entered into a new capital lease arrangement for a copier. The capital lease requires monthly payments of \$589 per month, through August 2025. The gross amount of the asset capitalized under this arrangement was \$37,107.

Total future minimum lease payments	\$ 35,340
Less: Interest	-
Present value of minimum lease payments	35,340
Less: Current obligation under capital leases	(7,068)
Long-term obligations under capital leases	\$ 28,272

Integrated Family Community Services

Notes to Financial Statements

August 31, 2020

8. Capital Lease Obligation (continued)

Future annual maturities of capital lease obligations outstanding as of August 31, 2020, are as follows:

<u>Year ending August 31,</u>	
2021	\$ 7,068
2022	7,068
2023	7,068
2024	7,068
2025	<u>7,068</u>
	<u>\$ 35,340</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 \$11,168 were made by the board members for the year ended August 31, 2020.

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.

The following amounts have been recorded in the accompanying financial statements for the year ended August 31, 2020:

Food and clothing	\$ 2,114,820
Ready, Set, School	17,612
Holiday programs	134,840
Gift certificates	<u>16,955</u>
Total in-kind contributions	<u>\$ 2,284,227</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 \$114,430.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2020

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, 2020 was \$7,292.

12. Board Designated Funds

The board has designated \$3,800 in net assets without donor restrictions for capital reserves as of August 31, 2020.

13. PPP Loan

On April 21, 2020, IFCS (the "Borrower"), was granted a loan (the "Loan") from FirstBank in the amount of \$86,400, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 21, 2020 issued by the Borrower, matures on April 1, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on May 1, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020.

The Foundation intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Foundation expects their entire loan to be forgiven and therefore the amount is recorded on the balance sheet as deferred revenue.