

Integrated Family Community Services

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

August 31, 2021





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Board of Directors and Management
Integrated Family Community Services

Opinions

We have audited the accompanying consolidated financial statements of Integrated Family Community Services (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year 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 Integrated Family Community Services as of August 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Integrated Family Community Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

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 Integrated Family Community Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

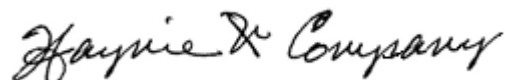
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Integrated Family Community Services' 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 Integrated Family Community Services' 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.

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado

January 25, 2022

Integrated Family Community Services
Statement of Financial Position
As of August 31, 2021

Assets

Current Assets	
Cash & cash equivalents	\$ 1,085,952
Investments	118,002
Accounts receivable	2,000
Grants receivable	5,755
Other assets	5,015
Gift certificates	<u>14,108</u>
Total Current Assets	<u>1,230,832</u>
Property and Equipment—net (Note 5)	103,988
Total Assets	<u><u>\$ 1,334,820</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	\$ 3,401
Accrued payroll liabilities	12,378
Deferred revenue (Note 6)	41,447
Current portion of capital lease obligation	<u>10,668</u>
Total Current Liabilities	<u>67,894</u>
Capital Lease Obligation, net of current portion (Note 8)	<u>59,175</u>
Net Assets	
Without Donor Restrictions	
Undesignated	1,203,951
Designated (Note 12)	<u>3,800</u>
Total Net Assets Without Donor Restrictions	<u>1,207,751</u>
Total Net Assets	<u>1,207,751</u>
Total Liabilities and Net Assets	<u><u>\$ 1,334,820</u></u>

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

Integrated Family Community Services
Statement of Activities
For the Year Ended August 31, 2021

	Without Donor Restrictions
Support and Revenue	
Individual contributions	\$ 447,860
Community organizations	45,875
Corporate contributions	47,956
Foundation grants	72,650
Energy Outreach Colorado	2,450
County and municipal governments	102,450
Government grants - Homeless & Hunger Prevention Programs	309,745
18th Judicial District - VALE income	48,036
Fundraising events (net of \$16,173 expenses)	134,217
Reimbursement income	152
Interest income	2,971
Gain (loss) on investment	10,902
Other income	95,979
Net assets released from restrictions	-
Total Revenue	1,321,243
In-kind contributions (Note 10)	7,796,299
Total Support and Revenue	9,117,542
Expenses	
Program services -	
Enrichment programs	8,452,241
General assistance	85,905
Total Program	8,538,146
Supporting services -	
Management and general	40,644
Fundraising	200,885
Total Expenses	8,779,675
Change in Net Assets	337,867
Net Assets Beginning of Year	869,884
Net Assets End of Year	\$ 1,207,751

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, 2021

Increase (Decrease) in Cash

Cash Flows from Operating Activities:

Cash received from donors	\$ 8,066,585
Cash paid to suppliers	(7,754,116)
Interest and dividends received	<u>2,971</u>
Net Cash From Operating Activities	<u>315,440</u>

Cash Flows from Investing Activities:

Purchase of furniture and equipment	(59,374)
Purchase of investments	<u>(37,099)</u>
Net Cash From Investing Activities	<u>(96,473)</u>

Net Change in Cash 218,967

Cash—beginning of year 866,985

Cash—end of year \$ 1,085,952

Presented on Statement of Financial Position as:

Cash and cash equivalents \$ 1,085,952

Reconciliation of Change in Net Assets

Net Cash From Operating Activities:

Change in Net Assets	\$ 337,867
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	14,443
Unrealized gain(loss)	(10,902)
Changes in assets and liabilities:	
Change in accounts receivable	(2,000)
Change in grants receivable	(5,755)
Change in prepaid expenses	(1,333)
Change in gift certificates	2,847
Change in accounts payable	(7,412)
Change in accrued payroll liabilities	(865)
Change in deferred revenue	(45,953)
Change in lease commitments	<u>34,503</u>
Total Adjustments	<u>(22,427)</u>

Net Cash From Operating Activities \$ 315,440

Supplementary Cash Flow Information

\$7,796,299 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, 2021

	Program Services		Total
	General Assistance	Enrichment Programs	Program Services
Salaries	\$ 224,594	\$ -	\$ 224,594
Payroll taxes and Workmen's Comp.	17,570	-	17,570
Employee benefits	6,459	-	6,459
Total salaries and related expenses	248,623	-	248,623
General and medical assistance	232,822	-	232,822
Food	7,713,241	85,905	7,799,146
Recruitment, training & development	615	-	615
Meetings and mileage	260	-	260
Utilities	6,398	-	6,398
Accounting and auditing	8,600	-	8,600
Advertising, promotion & printing	3,766	-	3,766
Postage	2,464	-	2,464
Taxes and insurance	294	-	294
Dues and subscriptions	-	-	-
Operating supplies	533	-	533
Maintenance and repairs	16,873	-	16,873
Vehicle costs	3,316	-	3,316
Equipment expenses	3,573	-	3,573
Computer expenses	9,308	-	9,308
Contract services	-	-	-
Miscellaneous	107,656	-	107,656
Telephone	5,241	-	5,241
Overhead allocation	88,658	-	88,658
Total expenses before depreciation	8,452,241	85,905	8,538,146
Depreciation	-	-	-
Total expenses	<u>\$ 8,452,241</u>	<u>\$ 85,905</u>	<u>\$ 8,538,146</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, 2021

	Supporting Services		Total
	Management & General	Development/ Fundraising	Expenses
Salaries	\$ 97,750	\$ 99,301	\$ 421,645
Payroll taxes and Workmen's Comp.	10,123	7,787	35,480
Employee benefits	11,022	3,846	21,327
Total salaries and related expenses	118,895	110,934	478,452
General and medical assistance	-	-	232,822
Food	-	-	7,799,146
Recruitment, training & development	17	17	649
Meetings and mileage	-	1,096	1,356
Utilities	1,315	-	7,713
Accounting and auditing	16,632	-	25,232
Advertising, promotion & printing	151	5,964	9,881
Postage	134	1,094	3,692
Taxes and insurance	14,294	-	14,588
Dues and subscriptions	3,109	996	4,105
Operating supplies	569	34	1,136
Maintenance and repairs	60	-	16,933
Vehicle costs	-	-	3,316
Equipment expenses	-	1,469	5,042
Computer expenses	1,755	8,837	19,900
Contract services	-	26,400	26,400
Miscellaneous	(2,520)	1,996	107,132
Telephone	-	2,496	7,737
Overhead allocation	(128,210)	39,552	-
Total expenses before depreciation	26,201	200,885	8,765,232
Depreciation	14,443	-	14,443
Total expenses	<u>\$ 40,644</u>	<u>\$ 200,885</u>	<u>\$ 8,779,675</u>

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

Integrated Family Community Services

Notes to Financial Statements

August 31, 2021

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 2021, 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 2021 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, 2021

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, 2021, 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, 2021

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	Time and effort

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. A delay in the adoption of the standard was approved in 2020 therefore, this update is effective for fiscal years beginning after December 15, 2021 (fiscal 2023 for the Organization). 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 25, 2022, the date which the financial statements were available to be issued.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2021

3. Availability and Liquidity

The following represents the Foundation's financial assets at August 31, 2021:

	<u>2021</u>
Financial assets at period end:	
Cash & cash equivalents	\$ 1,085,952
Investments	<u>118,002</u>
Total financial assets	1,203,954
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>\$ 1,203,954</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.

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.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2021

4. Investments (continued)

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, 2021 as follows:

Level 1

Stocks	\$ 50,374
Mutual Funds	<u>67,628</u>
Total Investments	<u><u>\$ 118,002</u></u>

Unrealized investment gains for the year ending August 31, 2021 amounted to \$10,902 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, 2021:

Building and improvements	\$ 230,290
Furnitures and fixtures	6,845
Computer and office equipment	<u>116,085</u>
Total	353,220
Less accumulated depreciation	<u>(249,232)</u>
Net property and equipment	<u><u>\$ 103,988</u></u>

Depreciation expense for the year ended August 31, 2021 was \$14,443.

6. Deferred Revenue

Total deferred revenue (revenue received during the fiscal year for products or services to be performed in the future) recorded as of August 31, 2021, are summarized as follows:

Integrated Family Community Services
Notes to Financial Statements
August 31, 2021

6. Deferred Revenue (continued)

	Deferred Funds
Thanksgiving funds	\$ 21,000
Copier lease funds	20,447
Total	\$ 41,447

7. Commitments & Contingencies

Effective December 1, 2015, IFCS entered into an operating lease for a refrigeration rental with a 6-month term. The lease calls for monthly payments of \$1,275. IFCS renewed a 36-month operating lease for a postage meter in January 2019. The lease requires monthly payments of \$42. Total expenses related to these leases for the year ended August 31, 2021 were \$4,327. The future minimum annual lease payments as of August 31, 2021, are as follows:

<u>Year ending August 31,</u>	
2022	\$ 3,992
	\$ 3,992

8. Capital Leases

The Organization has acquired assets under the provisions of long-term leases. For financial reporting purposes, minimum lease payments related to the assets have been capitalized. The remaining leases expire on August 15, 2025 and October 15, 2026. Amortization of the leased property is included in depreciation and amortization expense.

Equipment under capital lease	\$ 93,114
Lease incentive	(13,061)
Accumulated amortization	(10,210)
	\$ 69,843

Integrated Family Community Services
Notes to Financial Statements
August 31, 2021

8. Capital Leases (continued)

Maturities of capital lease obligations are as follows:

Fiscal year Ending	
2022	\$ 10,668
2023	11,257
2024	17,736
2025	17,736
2026	10,668
Thereafter	<u>1,778</u>
Present value of net minimum lease payments	69,843
Less current portion	<u>(10,668)</u>
Long-term capital lease obligation	<u><u>\$ 59,175</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 \$6,025 were made by the board members for the year ended August 31, 2021.

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, 2021

10. In-Kind Contributions (continued)

The following amounts have been recorded in the accompanying financial statements for the year ended August 31, 2021:

Clothing	\$ 7,696,286
Adopt a Child	15,085
Ready, Set, School	24,420
Holiday programs	46,400
Gift certificates	<u>14,108</u>
Total in-kind contributions	<u>\$ 7,796,299</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 \$194,141.

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, 2021 was \$9,643.

12. Board Designated Funds

The board has designated \$3,800 in net assets without donor restrictions for capital reserves as of August 31, 2021.

13. Forgivable Loan

In response to the COVID-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organizations was granted a PPP loan for \$86,400. The PPP Loan contained conditions to maintain employment levels and use the funds for certain payroll, rent and utility expenses.

Integrated Family Community Services

Notes to Financial Statements

August 31, 2021

13. Forgivable Loan (continued)

The Organization initially recorded the loan as a note payable. In May 2021, the Organization received approval of its application for the loan to be forgiven as such the Organization recognized the loan as contribution revenue.

14. Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. These restrictions impacted the Organization's ability to carry out some fundraising activities as planned. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the Organization's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. However, the Organization believes it will be able to continue operations under current guidelines while mitigating the impact as much as possible to minimize losses.