SISTER CARMEN COMMUNITY CENTER, INC.

Financial Statements As Of June 30, 2019
(With Summarized Financial Information for
The Year Ended June 30, 2018)

Together With Independent Auditors' Report

JDS professional group
certified public accountants, consultants and advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sister Carmen Community Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Sister Carmen Community Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses and cash flows 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 audits 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 the Center as of June 30, 2019, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Reporting on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and our report dated November 16, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

November 19, 2019

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Financial Position
As Of June 30, 2019
(With Summarized Financial Information For The Year Ended June 30, 2018)

ASSETS

	2019	2018
Current Assets:		
Cash	$ 442,738	$ 531,151
Promises to give	135,238	150,500
Accounts receivable	46,036	45,645
Prepaid expenses	26,295	26,828
Inventory	305,328	250,157
Total Current Assets	955,635	1,004,281
Property and Equipment:		
Land	393,617	393,617
Building	2,314,222	2,307,742
Leasehold improvements	396,105	396,105
Furniture and equipment	330,684	331,911
Vehicles	156,413	119,897
	3,591,041	3,549,272
Less accumulated depreciation	(870,245)	(818,176)
Net Property and Equipment	2,720,796	2,731,096
Other Assets:		
Beneficial interest in assets held by Community First Foundation	27,206	26,664
TOTAL ASSETS	$3,703,637	$3,762,041

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Financial Position
For The Year Ended June 30, 2019
(With Summarized Financial Information For The Year Ended June 30, 2018)

LIABILITIES AND NET ASSETS

	2019	2018
Current Liabilities:		
Accounts payable	$ 26,410	$ 55,819
Accrued liabilities	75,525	58,692
Capital lease obligation	11,746	
Note payable, current portion		72,538
Total Current Liabilities	113,681	187,049
Non-Current Liabilities:		
Capital lease obligation , net of current portion	74,021	
Note payable		162,344
Total Liabilities	187,702	349,393
Net Assets:		
Without donor restrictions	3,097,030	3,047,595
With donor restrictions	418,905	365,053
Total Net Assets	3,515,935	3,412,648
TOTAL LIABILITIES AND NET ASSETS	$3,703,637	$3,762,041

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

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Activities

For The Year Ended June 30, 2019

(With Summarized Financial Information For The Year Ended June 30, 2018)

	Funds Without Donor Restrictions	Funds With Donor Restrictions	2019 Total	2018 Total
Support And Revenue:				
Donations	$ 1,112,571	$ 537,935	$ 1,650,506	$ 1,709,083
Donated food and personal items	2,318,664		2,318,664	2,325,740
Donation rent - Thrift Store location	127,500		127,500	127,500
Boulder County fees for services	431,287		431,287	418,092
Thrift Store sales	592,179		592,179	535,855
Other support and income	16,632		16,632	10,944
(Loss) gain on disposal of assets	5,000		5,000	(530)
Change in beneficial interest assets held by Community First Foundation		1,508	1,508	1,317
Net assets released from restrictions- Satisfaction of time and purpose restrictions	485,591	(485,591)		
Total Support And Revenue	5,089,424	53,852	5,143,276	5,128,001
Expenses:				
Program Services -				
Basic services	4,065,699		4,065,699	3,939,222
Total Program Services	4,065,699		4,065,699	3,939,222
Supporting Services -				
Thrift Store	630,090		630,090	579,422
Fundraising	194,975		194,975	214,406
General administration	149,225		149,225	120,150
Total Supporting Services	974,290		974,290	913,978
Total Expenses	5,039,989		5,039,989	4,853,200
CHANGES IN NET ASSETS FROM OPERATIONS	49,435	53,852	103,287	274,801
Net Assets, Beginning Of Year, as previously reported	2,980,823	431,825	3,412,648	3,137,847
Reclassification	66,772	(66,772)		
Net Assets, Beginning Of Year, after reclassification	3,047,595	365,053	3,412,648	
NET ASSETS, END OF YEAR	$ 3,097,030	$ 418,905	$ 3,515,935	$ 3,412,648

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

SISTER CARMEN COMMUNITY CENTER, INC.

Statement Of Functional Expenses
For The Year Ended June 30, 2019
(With Summarized Information For The Year Ended June 30, 2018)

	Program Expenses	Thrift Store	Fundraising	General Administration	2019 Total	2018 Total
Salaries and Wages	$ 802,162	$ 338,778	$ 128,665	$ 83,342	$ 1,352,947	$ 1,230,557
Payroll taxes	63,675	26,892	10,213	6,616	107,396	98,926
Employee benefits	100,291	42,356	16,087	10,420	169,154	150,225
Direct services:						
In-kind food	2,271,414				2,271,414	2,324,751
Purchased food	15,621				15,621	5,290
Housing assistance	152,124				152,124	120,270
Utilities assistance	98,495				98,495	84,968
Other financial assistance	33,025				33,025	29,717
Family resource programs	235,793				235,793	193,750
Advertising		1,483	2,197		3,680	5,735
Board development				3,289	3,289	335
Computer expenses	5,939	2,508	953	617	10,017	11,644
Contract labor						3,412
Credit card fees		8,760			8,760	6,665
Dues and subscriptions	14,050	2,141	2,934	1,379	20,504	18,983
Marketing expenses			23,419		23,419	
Insurance	21,858	9,448	3,053	1,978	36,337	33,442
Interest	8,835	1,925	42	84	10,886	22,366
Legal and accounting	3,993	1,997		33,942	39,932	35,279
Maintenance and repair	55,885	5,328	409	814	62,436	52,967
Other expenses	2,115	893	339	220	3,567	17,004
Payroll service	5,621	2,374	902	584	9,481	9,198
Postage						7,658
Printing	8,228	1,319		855	10,402	35,825
In-kind rent		127,500			127,500	127,500
Staff appreciation	4,801	2,028	770	499	8,098	6,449
Staff training	5,873	2,480	942	610	9,905	5,614
Office supplies	8,790	356	1,411	911	11,468	13,120
Telephone	7,389	5,335	1,186	766	14,676	13,588
Utilities	24,505	13,440	209	415	38,569	36,089
Vehicle expenses	8,825	4,406			13,231	19,118
Volunteer expenses	2,734	1,155	439	284	4,612	4,654
Waste removal	5,473	10,570	47	93	16,183	13,156
	3,967,514	613,472	194,217	147,718	4,922,921	4,738,807
Depreciation and amoritization	98,185	16,618	758	1,507	117,068	114,393
Totals	$ 4,065,699	$ 630,090	$ 194,975	$ 149,225	$ 5,039,989	$ 4,853,200

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

SISTER CARMEN COMMUNITY CENTER, INC.

	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ 103,287	$ 274,801
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	117,068	114,393
(Gain) loss on sale of assets	(1,395)	530
Change in beneficial interest assets held by Community First Foundation	(542)	(1,317)
Contributed food and related items distributed	2,270,269	2,330,082
Contributed food and related items received	(2,318,664)	(2,325,740)
Decrease in accounts receivable and promises to give	14,871	13,614
(Increase) decrease in prepaid expense	533	(3,839)
(Increase) in inventory	(6,776)	(12,360)
Increase (decrease) in accounts payable and accrued liabilities	(12,576)	43,700
Net cash provided by operating activities	166,075	433,864
Cash flows from investing activities:		
Purchase of property and equipment	(9,526)	(37,917)
Net cash (used in) investing activities	(9,526)	(37,917)
Cash flows from financing activities:		
Payments on capital lease	(10,080)	
Payments of mortgage debt	(234,882)	(307,220)
Net cash (used in) financing activities	(244,962)	(307,220)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(88,413)	88,727
Cash and Cash Equivalents, Beginning Of Year	531,151	442,424
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 442,738	$ 531,151
Supplemental Disclosure of Cash Flow Information:		
Equipment acquired through capital lease	$ 95,847	$ 0
Interest expense	$ 10,887	$ 21,194

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

(1) **Nature Of Center**

Sister Carmen Community Center, Inc. (the "Center") is a community based non-profit agency located in Lafayette, Colorado. The Center provides assistance to residents of Lafayette, Louisville, Superior, and Erie Colorado, who are in need without discrimination. Services include food, emergency services, educational services, counseling services and sales of contributed clothing and household items at its thrift store. In-kind contributions to the Center consist primarily of food, clothing, and household items from individuals, community groups and local businesses. The City of Lafayette has provided a facility for the Center to operate its thrift store from in the form of an in-kind donation.

(2) **Summary Of Significant Accounting Policies**

Basis Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. None operating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit-Organizations*. Under this standard, the Foundation is required to report information regarding 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 Foundation'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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits and money market accounts. The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except those investments subject to the investment broker's direction.

Accounts Receivable

Accounts receivable consist primarily of contract receivables which generally require payment within thirty days of the invoice date. Accounts receivable are stated at the invoice or contract amount. Account balances with invoices over ninety days old are considered delinquent.

The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for doubtful accounts. The Center considers all accounts receivable to be collectible, therefore no allowance for doubtful accounts has been deemed necessary for the years ended June 30, 2019.

Promises To Give

Promises to give are recognized as temporarily restricted revenues or gains in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. As of June 30, 2019, promises to give were expected to be received within one year.

Management expects all promises to give will be fully collectible, accordingly, there is no allowance for uncollectible promises to give.

Inventory

Purchased food is valued at cost, donated food inventory is valued at an average of the national wholesale prices as determined by Feeding America, and donated clothing and household items inventory is valued based upon estimated fair value.

Deferred Revenue

Contract revenue which is contingent upon program performance is recorded as deferred revenue, until which time program requirements have been sufficiently satisfied to receive the remaining contract revenue.

Use Of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Statement Of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consists of demand deposits, and short term investments with an original maturity of three months or less.

Property And Equipment

All acquisitions of property and equipment in excess of $500 are recorded at cost if purchased, or at fair market value on the date of the gift, if donated. Expenditures for minor purchases, maintenance and repairs are charged to expense. The Center reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

	Estimated Useful Lives
Furniture and Equipment	3-7 years
Vehicles	5-7 years
Building and Improvement	39-40 years

Fair Value Measurements

The Center follows *Fair Value Measurements*, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides 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 Center 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Endowment: Valued as reported by Community First Foundation.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash, accounts receivable, promises to give, inventory, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Contributions And Grants

Contributions and grants received are recorded as unrestricted or temporarily restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor–restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulation time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Materials, Services, Food, Clothing and Household Items

Donations of materials are recorded as contributions at their estimated fair value at the date of donation.

The Center receives donated food, clothing and household items from local area merchants and residents. During the year ended June 30, 2019, the Center received approximately 1,400,000 pounds of food and food items and distributed, after spoilage, approximately 1,200,000 pounds. As of June 30, 2019, donated food inventory consisting of approximately 166,000 pounds at an average value of $1.62/lb totaled approximately $270,000. As of June 30, 2019, donated goods in the thrift store approximated $36,000.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Center. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Center uses both estimates of time and effort and square footage. Expenses allocated using time and effort include salaries, payroll taxes and benefits, computer expenses, other expenses, payroll service, staff appreciation and training, and volunteer expenses. Expenses allocated using square footage include interest.

Prior-Year Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2018, from which the summarized information was derived, prior to the reclassifications and restatements to net assets.

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the Organziation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This 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 between not-for-profit entities. The change required by the update have been applied retrospectively to all periods presented except for the statement of functional expenses as allowed under the ASU. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

Evaluation Of Subsequent Events

The Center has performed an evaluation of subsequent events through the date of this report, which is the date the consolidated financial statements were available to be issued, and has considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

(3) Tax Exempt Status

The Center has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Center follows *Accounting for Uncertainty in Income Taxes* which requires the respective organizations to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming the tax position is examined by the appropriate taxing authority that has knowledge of all relevant information. During the year ended June 30, 2019, the Center's management evaluated their tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status. The Center is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to 2016. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Center believes that no issue would arise.

(4) Investments And Concentrations Of Credit Risk

The Center's cash demand deposits are held at financial institutions at which deposits are insured up to $250,000 by the FDIC. As of June 30, 2019, the Center's cash demand deposits exceeded the FDIC insurance limit by approximately $187,922.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2019:

	Level 3
Beneficial interest in assets held by Community First Foundation	$ 27,206

The changes in the investments for which the Center has used Level 3 inputs to determine the fair values are as follows:

Balance, July 1, 2018	$ 26,664
Contributions	350
Distributions	(966)
Total gains or losses (realized and unrealized)	785
Interest income, net of fees	373
Balance, June 30, 2019	$ 27,206

Level 3 investments consist of the Center's beneficial interest in Community First Foundation. The fair value is based on the value of the Center's portion of the underlying investments in the beneficial interest using valuation methods that are appropriate for those investments as determined by the Community First Foundation.

(5) Food Bank And Thrift Store Inventory

Food bank and thrift store inventory consisted of the following as of June 30, 2019:

Food	$ 277,903
Clothing and personal items	35,745
	$ 313,648

(6) Endowment

General

The Center maintains one donor-restricted endowment fund. The endowment fund was established by action of the Center's Board of Directors (the "Board") by transferring funds to Community First Foundation. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted the Uniform Prudent Management Investment Funds Act ("UPMIFA") as requiring the preservation of the fair value of an 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 Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and © accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 purposes of the Center 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 Center

7. Investment policies of the Center

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

Endowment net assets, beginning of the year	$ 26,664
Investment return:	
Investment income, net	1,158
Contributions	350
Distributions	(966)
Total investment return	542
Endowment net assets, end of year	$ 27,206

Return Objectives And Risk Parameters

The Center follows the investment and spending policies adopted by Community First Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Strategies Employed for Achieving Objectives

To Satisfy its long-term objectives for Community First Foundation Endowment, the Center relies on the Community First Foundation investment policy and strategy.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Center can elect to receive annual distributions of four percent of the average net fair market value of the assets of the Fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. During the year ended June 30, 2019, $966 was received as distributions.

(7) Commitments and Contingencies

In July 2010, the Center received a grant from Boulder County in the amount of $780,000, secured by a deed of trust, which was used to purchase the real property located at 655 Aspen Ridge Drive in Lafayette, Colorado. Under the terms of the grant agreement, for the next ninety-nine years, the property cannot be sold or assigned without the written consent of the County. In the event of a default the County may exercise the right to declare that the "Appreciated Grant" be due and payable. Appreciated Grant is defined as an increase in the value of the property proportionate to the grant received and based on the original Property value of $1,950,000. Therefore, in the event of default these funds will need to be repaid to Boulder County under the appreciated grant formula.

In July 2012, the Center received a grant from Boulder County in the amount of $100,000, secured by a deed of trust, which was used for debt reduction on the real property located at 655 Aspen Ridge Drive in Lafayette, Colorado. Under the terms of the grant agreement, for the next ninety-nine years, the property cannot be sold or assigned without the written consent of the County. In the event of a default the County may exercise the right to declare that the "Appreciated Grant" be due and payable. Appreciated Grant is defined as an increase in the value of the property proportionate to the grant received and based on the original Property value of $1,950,000. Therefore, in the event of default these funds will need to be repaid to Boulder County under the appreciated grant formula.

In August 2013, the Center received a grant from Boulder County in the amount of $100,000, secured by a deed of trust, which was used for debt reduction on the real property located at 655 Aspen Ridge Drive in Lafayette, Colorado. Under the terms of the grant agreement, for the next ninety-nine years, the property cannot be sold or assigned without the written consent of the County. In the event of a default the County may exercise the right to declare that the "Appreciated Grant" be due and payable. Appreciated Grant is defined as an increase in the value of the property proportionate to the grant received and based on the original Property value of $1,950,000. Therefore, in the event of default these funds will need to be repaid to Boulder County under the appreciated grant formula.

(8) Capital Lease Obligation

During the year ended June 30, 2019, the Center leased a vehicle under a capital lease. The lease has monthly principal and interest payments of $1,441 at an interest rate of 6.90% through July 1, 2025.

Future annual maturities of the capital lease obligations as of June 30, 2019 are as follows:

December 31,	
2020	$ 11,746
2021	12,583
2022	13,479
2023	14,439
2024	15,467
Thereafter	18,053
	$ 85,767

(9) Net Assets With Donor Restrictions

As of June 30, 2019, net assets with donor restrictions were available for the following purposes:

Subject to Expenditure for Specified Purpose:		
Nurturing parents	$	9,309
Food		20,558
Family leadership training institute		110,622
Eye care		53,454
Getting ahead		1,832
Digital divide for all		145,284
Build health challenge		7,000
Utilities assistance		16,568
Impact study		25,572
Diapers		1,500
Total Subject to Expenditure for Specified Purpose		391,699
Subject to Spending Policy and Appropriation:		
Investments held in perpetuity - Beneficial interest in Community First Foundation		27,206
Total	$	418,905

(10) Adoption Of Accounting Standards Update 2016-14

The following financial statement line items for the year ended June, 2018, were reclassified as a result of the adoption of FASB Accounting Standards Update No. 2014-16, *Presentation of Financial Statements of Not-For-Profit Entities*.

	As Previously Reported	Adoption of ASU No. 2016-14	As Reclassified
Unrestricted net assets	$ 3,047,595	$ (3,047,595)	$
Temporarily restricted net assets	338,389	(338,389)	
Permanently restricted net assets	26,664	(26,664)	
Net assets without donor restrictions		3,047,595	3,047,595
Net assets with donor restrictions		365,053	365,053
Total	$ 3,412,648	$	$ 3,412,648

(11) Liquidity And Availability Of Financial Assets

The following represents the Center's financial assets as of June 30, 2019:

Financial assets, at year-end:	
Cash	$ 442,738
Promises to give	135,238
Accounts receivable	46,036
Investments	27,206
Total financial assets	651,218
Less those unavailable for general expenditures within one year, due to:	
Endowment earnings not expected to be spent	(26,150)
Financial assets available to meet cash needs for general expenditures within one year	$ 625,068

As part of the Center's liquidity management, The Center structures its financial assets to be available for general expenditures, liabilities and other obligations as they come due.

(12) New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for the Center's year ended June 30, 2020. Early application is permitted for the Center. The Center is evaluating the effect that No. 2015-14 will have on its financial statements and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-For-Profit Entities* - Revenue Recognition, while exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The new standard is effective for the Center's financial statements for June 30, 2020. Early adoption is permitted. The Center is evaluating the effect that ASU No. 2018-08 will have on its financial statements and related disclosures.

In December of 2018, FASB issued ASU No. 2018-20, *Leases*, which requires the Center to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the Center's year ended June 30, 2021 The Center has not evaluated the impact due to the timing of implementation of this standard.

(13) **Reclassification**

Beginning net assets have been reclassified between net assets without donor restrictions and net assets with donor restrictions as an additional $66,772 should have been released from restrictions in the prior year.