Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

Financial Statements

June 30, 2016 and 2015

Emergency Family Assistance Association, Inc.

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Independent Auditor's Report

To the Board of Directors
Emergency Family Assistance Association, Inc.
Boulder, Colorado

We have audited the accompanying financial statements of Emergency Family Assistance Association, Inc. (a nonprofit Colorado corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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 audits 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 Emergency Family Assistance Association, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
October 4, 2016

Emergency Family Assistance Association, Inc.

Statements of Financial Position

June 30	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,074,064	$ 893,537
Investments, fair value	250,494	250,247
Grants and pledges receivable	29,433	19,581
Inventory	118,587	117,768
Prepaid expenses and other current assets	65,098	45,548
Total current assets	1,537,676	1,326,681
Property and Equipment		
Land	1,069,768	1,069,768
Buildings and major improvements	6,064,784	6,064,784
Minor building improvements	779,385	625,241
Furniture and fixtures	165,833	160,985
Computers and electronics	86,772	83,330
Vehicles	109,431	109,431
Software	19,479	19,479
Construction in process	135,077	70,960
	8,430,529	8,203,978
Less accumulated depreciation	(2,796,239)	(2,510,838)
Net property and equipment	5,634,290	5,693,140
Other Assets		
Deposits and other assets	10,369	18,781
Beneficial interest in assets held by The Community Foundation Serving Boulder County	51,512	54,814
Cash restricted for buildings and improvements	561,965	522,833
Cash restricted for bank note	87,500	87,500
Total other assets	711,346	683,928
Total assets	$ 7,883,312	$ 7,703,749

	2016	2015
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 31,320	$ 37,872
Accrued expenses	62,784	45,816
Deposits payable	36,182	33,031
Deferred revenue	222,825	225,158
Note payable, current portion	20,902	19,942
Total current liabilities	374,013	361,819
Long-Term Liabilities		
Note payable, net of current portion	676,694	697,607
Total liabilities	1,050,707	1,059,426
Net Assets		
Unrestricted		
Board-designated, current needs	660,000	660,000
Board-designated endowment	29,415	28,265
Undesignated	5,575,802	5,402,324
Total unrestricted net assets	6,265,217	6,090,589
Temporarily restricted	567,388	553,734
Total net assets	6,832,605	6,644,323
Total liabilities and net assets	$ 7,883,312	$ 7,703,749

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

Emergency Family Assistance Association, Inc.

Statements of Activities

Years ended June 30	2016		
	Unrestricted	Temporarily Restricted	Total
Support, Other Revenue and Gains			
Support			
Private donations	$ 1,451,474	$ 240,417	$ 1,691,891
In-kind donations	1,340,255	-	1,340,255
Grants	797,113	-	797,113
Special event income	410,070	-	410,070
Special event expense	(90,804)	-	(90,804)
Net assets released from restrictions	226,763	(226,763)	-
Total support	4,134,871	13,654	4,148,525
Other Revenue and Gains			
Rental income	202,843	-	202,843
Interest and dividends	3,904	-	3,904
Unrealized gain on investments	379	-	379
Other revenue	1,656	-	1,656
Total other revenue and gains	208,782	-	208,782
Total support, other revenue and gains	4,343,653	13,654	4,357,307
Functional Expenses and Losses			
Functional Expenses			
Program services			
Basic needs	2,385,520	-	2,385,520
Emergency shelter	555,881	-	555,881
Transitional housing	460,020	-	460,020
Children's programs	100,500	-	100,500
Total program services	3,501,921	-	3,501,921
Supporting services			
General and administrative	180,803	-	180,803
Fundraising	486,301	-	486,301
Total supporting services	667,104	-	667,104
Total functional expenses	4,169,025	-	4,169,025
Change in Net Assets	174,628	13,654	188,282
Net Assets, Beginning of Year	6,090,589	553,734	6,644,323
Net Assets, End of Year	$ 6,265,217	$ 567,388	$ 6,832,605

2015		
Unrestricted	Temporarily Restricted	Total
$ 1,046,786	$ 570,026	$ 1,616,812
1,358,657	-	1,358,657
995,179	-	995,179
462,848	-	462,848
(86,868)	-	(86,868)
168,866	(168,866)	-
3,945,468	401,160	4,346,628
199,625	-	199,625
4,567	-	4,567
1,310	-	1,310
1,564	-	1,564
207,066	-	207,066
4,152,534	401,160	4,553,694
2,402,396	-	2,402,396
531,528	-	531,528
439,331	-	439,331
89,336	-	89,336
3,462,591	-	3,462,591
183,188	-	183,188
527,817	-	527,817
711,005	-	711,005
4,173,596	-	4,173,596
(21,062)	401,160	380,098
6,111,651	152,574	6,264,225
$ 6,090,589	$ 553,734	$ 6,644,323

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

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2016

	Program Services				
	Basic Needs	Emergency Shelter	Transitional Housing	Children's Program	Total
Salaries	$ 401,231	$ 198,831	$ 126,874	$ 69,092	$ 796,029
Payroll taxes	38,265	18,457	12,155	6,455	75,332
Employee benefits	71,710	36,421	23,817	11,949	143,897
Workers compensation insurance	8,923	4,204	2,849	1,541	17,517
Total personnel	520,130	257,913	165,695	89,037	1,032,775
Client aid					
In-kind	1,202,481	-	-	-	1,202,481
Purchased	512,176	12,254	5,492	2,314	532,237
Rent					
In-kind	-	112,433	-	-	112,433
Purchased	15,919	-	13,232	-	29,151
Marketing and donor recognition	81	23	14	19	137
Utilities	9,978	39,202	33,823	-	83,002
Repairs and maintenance	15,545	20,424	35,520	63	71,552
Computers and copiers	16,027	10,093	3,813	1,389	31,321
Contracted services	6,358	2,462	2,188	895	11,903
Insurance	8,914	7,789	15,826	1,685	34,214
Interest expense	-	76	30,624	-	30,700
Supplies	4,625	8,948	3,000	966	17,539
In-kind services	-	-	-	-	-
Transportation	5,137	1,881	1,617	2,685	11,321
Staff development	4,299	1,871	1,433	576	8,179
Telephone	3,943	2,294	2,546	195	8,978
Credit card fees	-	-	-	-	-
In-kind repairs	-	5,951	-	-	5,951
Postage	523	76	128	20	747
Work study program	3,270	875	771	337	5,253
Miscellaneous expense	746	508	1,348	63	2,665
Volunteer development	1,552	374	418	230	2,574
Investment management fees	-	-	-	-	-
Total expenses before depreciation	2,331,705	485,446	317,490	100,473	3,235,113
Depreciation - major assets	32,560	43,825	112,367	-	188,752
Depreciation - minor assets	21,255	26,611	30,163	27	78,056
Total expenses	$ 2,385,520	$ 555,881	$ 460,020	$ 100,500	$ 3,501,921

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 106,169	$ 232,746	$ 338,915	$ 1,134,944
5,872	19,653	25,524	100,856
15,277	36,800	52,077	195,975
1,401	4,438	5,839	23,356
128,720	293,636	422,356	1,455,131
-	-	-	1,202,481
-	-	-	532,237
-	-	-	112,433
-	-	-	29,151
254	121,235	121,489	121,626
1,128	1,128	2,256	85,258
1,930	1,221	3,151	74,703
8,021	8,981	17,003	48,323
17,644	15,112	32,756	44,660
4,101	618	4,719	38,933
-	-	-	30,700
1,876	2,125	4,001	21,540
4,000	11,049	15,049	15,049
857	1,260	2,117	13,438
1,296	2,159	3,454	11,633
794	902	1,696	10,674
-	9,825	9,825	9,825
-	-	-	5,951
921	3,925	4,846	5,594
14	14	28	5,282
1,562	699	2,261	4,926
139	379	518	3,092
831	155	986	986
174,088	474,424	648,512	3,883,625
2,647	10,631	13,278	202,030
4,068	1,246	5,314	83,370
$ 180,803	$ 486,301	$ 667,104	$ 4,169,025

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

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2015

	Program Services				
	Basic Needs	Emergency Shelter	Transitional Housing	Children's Program	Total
Salaries	$ 415,043	$ 192,153	$ 111,349	$ 54,940	$ 773,485
Payroll taxes	30,032	24,282	12,069	5,372	71,755
Employee benefits	67,942	50,325	26,779	12,105	157,151
Workers compensation insurance	6,417	5,211	2,477	1,182	15,287
Total personnel	519,434	271,971	152,674	73,599	1,017,678
Client aid					
In-kind	1,148,834	1,831	386	-	1,151,051
Purchased	580,186	15,239	2,728	4,417	602,570
Contracted services					
In-kind	-	-	-	-	-
Purchased	4,782	5,128	9,261	520	19,691
Rent expense					
In-kind	-	72,000	-	-	72,000
Purchased	19,476	-	23,460	-	42,936
Marketing and donor recognition	1,912	425	258	39	2,634
Utilities	11,172	39,831	35,807	-	86,810
Repairs and maintenance	12,994	18,468	27,339	1,621	60,422
Computers and copiers	14,445	9,399	3,649	344	27,837
Supplies	3,651	4,331	8,391	1,371	17,744
Interest expense	-	-	28,766	-	28,766
Insurance	8,756	7,716	15,234	1,620	33,326
Staff development	10,254	3,371	2,572	1,219	17,416
Transportation	3,931	2,435	1,166	3,927	11,459
Miscellaneous expense	-	-	-	-	-
Telephone	4,589	2,270	2,326	97	9,282
Volunteer development	1,626	573	392	302	2,893
Credit card fees	-	-	-	-	-
Postage	683	62	196	32	973
Work study program	4,623	1,384	1,512	226	7,745
Investment management fees	-	-	-	-	-
Total expenses before depreciation	2,351,348	456,434	316,117	89,334	3,213,233
Depreciation - major assets	29,854	47,012	104,250	-	181,116
Depreciation - minor assets	21,194	28,082	18,964	2	68,242
Total expenses	$ 2,402,396	$ 531,528	$ 439,331	$ 89,336	$ 3,462,591

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 100,547	$ 242,206	$ 342,753	$ 1,116,238
9,401	16,961	26,362	98,117
11,599	35,409	47,008	204,159
3,350	3,882	7,232	22,519
124,897	298,458	423,355	1,441,033
-	-	-	1,151,051
-	-	-	602,570
4,000	-	4,000	4,000
25,358	5,761	31,119	50,810
-	-	-	72,000
974	9,160	10,134	53,070
455	174,135	174,590	177,224
1,219	700	1,919	88,729
1,163	1,251	2,414	62,836
5,347	9,494	14,841	42,678
2,454	2,769	5,223	22,967
-	-	-	28,766
4,068	615	4,683	38,009
1,281	1,857	3,138	20,554
937	743	1,680	13,139
718	-	718	718
758	833	1,591	10,873
553	734	1,287	4,180
-	8,877	8,877	8,877
1,233	4,545	5,778	6,751
37	106	143	7,888
892	105	997	997
176,344	520,143	696,487	3,909,720
2,425	6,636	9,061	190,177
4,419	1,038	5,457	73,699
$ 183,188	$ 527,817	$ 711,005	$ 4,173,596

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

Emergency Family Assistance Association, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2016	2015
Cash Flows From Operating Activities		
Change in net assets	$ 188,282	$ 380,098
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	285,400	263,876
Unrealized gain on investments	(379)	(1,310)
Increase (decrease) from changes in assets and liabilities		
Grants and pledges receivable	(9,852)	22,914
Inventory	(820)	(28,697)
Prepaid expenses and other current assets	(19,550)	9,376
Deposits and other assets	8,412	21,848
Accounts payable	(6,552)	(7,462)
Accrued expenses	16,968	(23,318)
Deposits payable	3,151	10,820
Deferred revenue	(2,333)	143,889
Net cash provided by operating activities	462,728	792,034
Cash Flows From Investing Activities		
Purchase of investments	(247)	(247)
Proceeds from sale of investments	3,681	3,693
Purchases of property and equipment	(226,550)	(275,998)
Transfers to restricted cash	(39,132)	(411,529)
Net cash used by investing activities	(262,248)	(684,081)
Cash Flows From Financing Activities		
Payments on long-term debt	(19,953)	(17,585)
Net cash used by financing activities	(19,953)	(17,585)
Net Increase in Cash and Cash Equivalents	180,527	90,368
Cash and Cash Equivalents, Beginning of Year	893,537	803,169
Cash and Cash Equivalents, End of Year	$ 1,074,064	$ 893,537
Supplemental Cash Flow Information		
Cash paid for interest	$ 29,614	$ 28,766

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

Emergency Family Assistance Association, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Emergency Family Assistance Association, Inc. (EFAA) helps those in our community whose immediate needs for food, shelter and other basic necessities cannot adequately be met by other means, and supports their efforts toward financial stability or self-sufficiency.

EFAA was founded in 1918 as the Social Service Bureau, and was incorporated in 1961 under the laws of the State of Colorado. Funding for EFAA is primarily obtained through charitable contributions from interested parties. EFAA serves Boulder county and has four major types of programs: basic needs, short-term housing, transitional housing, and a children's program.

The Basic Needs Program provides assistance with food, transportation, utility payments, rent or rental deposits, minor medical expenses, emergency lodging, personal necessities, and other basic need items. EFAA also provides self-sufficiency counseling and referral services in conjunction with basic needs assistance.

The Short-Term Housing Program provides short-term housing to clients in need. Clients stay an average of seven weeks, and must agree to work with a caseworker to develop a plan to obtain permanent housing.

The Transitional Housing Program consists of multiple units in Boulder County. Clients stay an average of one year, but may stay up to two years. Caseworkers work with each family in an individualized way to help them increase their self-sufficiency and make progress toward obtaining permanent housing. The caseworkers help to arrange longer-term educational activities such as English as a second language, high school GED, and others.

EFAA owns or rents the property utilized in the Short-Term Housing and Transitional Housing Programs. Rent charges by EFAA to tenants are at rates substantially below market rental rates. While the difference between the market value rent and the discounted rent is not recorded in the accompanying statement of activities, the value of the discounted rent is an integral component of EFAA's services.

The Children's Program provides after-school educational and development activities for the children in the shelters.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting. The financial statements of EFAA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Asset Classification. EFAA distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. EFAA complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are as follows:

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Unrestricted net assets. Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets. Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Once the stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of unrestricted net assets.

Permanently restricted net assets. Net assets subject to donor-imposed stipulations that require the donated assets to be maintained permanently by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on the corpus for general or specific purposes.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated among program, general and administrative, and fundraising activities based on estimated relative usage of resources attributable to these activities.

Cash and Cash Equivalents. EFAA considers all highly liquid investments, including demand deposits and money market funds, with a maturity of three months or less, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments. EFAA's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. EFAA's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. EFAA reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The 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 Organization has the ability to access.

Note 1 – Nature of Organization and Significant Accounting Policies (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.

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 measurements. 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. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Certificate of Deposit. EFAA values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

Beneficial Interest in Assets Held by The Community Foundation Serving Boulder County. Valued at the net asset value ("NAV") of units held by EFAA at year end. The NAV, as provided by The Community Foundation Serving Boulder County (the Foundation), is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the Foundation less its liabilities. This practical expedient is not used when it is determined to be probable that the Foundation will sell the investment for an amount different than the reported NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while EFAA 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 statements of financial position.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued). 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.

The valuation methodology may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization 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.

Grants and Pledges Receivable. Grants and pledges receivable are stated net of allowances for uncollectible accounts. At the time receivables are originated, EFAA considers an allowance for doubtful accounts based on the creditworthiness of the donor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by EFAA on an ongoing basis. Management believes that all grants and pledges receivable are fully collectible at June 30, 2016 and 2015.

Inventory. EFAA maintains inventories of food, used furniture, and bus passes for distribution to clients. Food inventories are weighed when purchased or donated. During the years ended June 30, 2016 and 2015, an average price per pound of $1.72 was used to value food received and distributed to clients, and to value inventory on hand at year end. All furniture inventory has been donated and is carried at estimated market value at the date of donation using the specific identification method. All other inventories are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment. It is EFAA's policy to capitalize property and equipment at cost for purchases over $1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. In general, asset lives are as follows:

	Life in Years
Buildings and improvements	7 - 30
Minor building improvements	3 - 15
Furniture and fixtures	3 - 10
Computers and electronics	4 - 7
Vehicles	3 - 5
Software	3 - 4

Depreciation expense for the years ended June 30, 2016 and 2015 was $285,400 and $263,876, respectively.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Impairment of Long-lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended June 30, 2016 and 2015.

Revenue Recognition. Payments received for client services that are reciprocal in nature are deferred and recognized as services are rendered.

Contributions. Contributions are recognized when donations are received. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions and grants that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services. Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For each of the years ended June 30, 2016 and 2015, the donated professional services recognized in the financial statements were $15,049 and $4,000, respectively.

Income Taxes. EFAA is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

EFAA utilizes the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to EFAA, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to EFAA for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

Income taxes for the years ended June 30, 2013 through the current year are open for examination. Penalties and interest may be assessed on income taxes that are delinquent.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Subsequent Events. EFAA evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 4, 2016, the date at which the financial statements were available for release.

Note 2 – Fair Value Measurements and Investments

The following table sets forth by level, within fair value hierarchy, EFAA's investments, at fair value, as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	$ -	$ 250,494	$ -	$ 250,494
Beneficial interest in assets held by The Community Foundation Serving Boulder County	-	51,512	-	51,512
	$ -	$ 302,006	$ -	$ 302,006

The following table sets forth by level, within fair value hierarchy, EFAA's investments, at fair value, as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	$ -	$ 250,247	$ -	$ 250,247
Beneficial interest in assets held by The Community Foundation Serving Boulder County	-	54,814	-	54,814
	$ -	$ 305,061	$ -	$ 305,061

The following sets forth a summary of EFAA's beneficial interest in assets held by The Community Foundation Serving Boulder County reported at NAV at June 30:

Fair Value	Unfunded Commitments	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
2016				
$ 51,512	N/A	Immediate	Redemptions will only be made upon written request of EFAA	None
2015				
$ 54,814	N/A	Immediate		None

Note 2 – Fair Value Measurements and Investments (continued)

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

EFAA evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2016 and 2015, there were no significant transfers in or out of fair value levels.

Investment income consisted of the following for the years ended June 30:

	2016	2015
Investment interest and dividends	**$ 3,904**	$ 4,567
Unrealized gain on investments	**379**	1,310
Net investment income	**$ 379**	$ 1,310

Note 3 – Note Payable

EFAA has a debt agreement with Vectra Bank with outstanding borrowings of $697,596 and $717,549 as of June 30, 2016 and 2015, respectively. The agreement is subject to a variable interest rate (4.25% at June 30, 2016) and requires monthly principal and interest payments of $4,213, which are periodically adjusted, through June 2022. The agreement is collateralized by a building and requires an assignment of a deposit account totaling $87,500. The agreement is subject to compliance with certain operating ratios and working capital requirements.

Scheduled principal payments required under long-term debt obligations are as follows at June 30, 2016:

Year Ended June 30	Amount
2017	$ 20,902
2018	18,674
2019	23,690
2020	22,673
2021	23,941
Thereafter	587,716
	$ 697,596

Emergency Family Assistance Association, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following:

	July 1, 2015 Balance	Receipts	Disbursements	June 30, 2016 Balance
North Boulder Property	$ 522,833	$ 25,000	$ (67,877)	$ 479,956
Medical Support	24,838	-	(24,838)	-
Pet Support	6,063	-	(640)	5,423
Garfield Improvements	-	164,417	(119,266)	45,151
Atwood Improvements	-	51,000	(14,142)	36,858
	$ 553,734	$ 240,417	$ (226,763)	$ 567,388

	July 1, 2014 Balance	Receipts	Disbursements	June 30, 2015 Balance
North Boulder Property	$ 49,034	$ 537,026	$ (63,227)	$ 522,833
Atwood Improvements	37,270	-	(37,270)	-
Garfield Improvements	25,000	-	(25,000)	-
Medical Support	26,240	33,000	(34,402)	24,838
Emergency Support	7,827	-	(7,827)	-
Pet Support	6,610	-	(547)	6,063
Playground	593	-	(593)	-
	$ 152,574	$ 570,026	$ (168,866)	$ 553,734

Note 5 – Designated Net Assets

Current Needs. The Board of Directors has designated $660,000 of unrestricted net assets for current operating needs at June 30, 2016 and 2015. These funds are restricted designations imposed internally and are recorded as unrestricted assets.

Endowment. In 2002, the Board of Directors established the Abigail Greer Endowment Fund by setting aside $18,015 in memorial donations. The fund is to be used to support children in shelters managed by EFAA. The endowment is currently held in a cash account.

Changes in board-designated endowment net assets are as follows for the years ended June 30:

	2016	2015
Board-designated endowment net assets, beginning of year	$ 28,265	$ 27,065
Transfers of undesignated net assets	1,150	1,200
Board-designated endowment net assets, end of year	$ 29,415	$ 28,265

Note 6 – Special Event

EFAA derived net proceeds from the Celebration of Boulder Banquet, a special fundraising event for the years ended June 30:

	2016	2015
Gross proceeds	$ 410,070	$ 462,848
Direct costs	(90,804)	(86,868)
Net proceeds	$ 319,266	$ 375,980

Note 7 – Retirement Plan

EFAA provides a Simplified Employee Pension Plan (SIMPLE) for its employees. Employees may elect to defer a portion of their salaries by contributing to individual retirement accounts. EFAA is required to contribute 2% of salaries for employees earning at least $2,500 per year to the employees' individual retirement accounts. Contributions to the plan were $21,337 and $21,542 during the years ended June 30, 2016 and 2015, respectively.

Note 8 – Commitments

Operating Leases. EFAA leases property in Boulder, Colorado under multiple noncancelable operating leases. The leases require total monthly payments of $907 and expire August 2016. The two residential properties leased by EFAA expired in April 2016 and continue on a month-to-month basis.

Future annual minimum lease payments required under noncancelable operating leases total $1,814, which are due in the year ending in January 2017.

EFAA leases various units used for transitional housing in Boulder, Colorado. All leases can be cancelled at any time without penalty.

Total rent expense for all leases, not reflecting a reduction due to sublease rental income and excluding in-kind rent, was $29,149 and $42,971 for the years ended June 30, 2016 and 2015, respectively.

EFAA subleases multiple housing units to third parties on a month-to-month basis. Sublease income for the years ended June 30, 2016 and 2015 totaled $10,500 and $11,616, respectively.

Note 9 – Contingencies

Lafayette Shelter - 201 N. Carr. In November 2000, EFAA acquired a twelve unit apartment property located in Lafayette, Colorado. The total acquisition cost was $956,257, of which $110,000 was paid by a grant from the State of Colorado, Department of Local Affairs, Division of Housing. Under the terms of the grant, the property must be rented only to low and very low income persons (as defined) for a period of thirty years. If the property ceases to be used by low income persons, EFAA must repay the full grant amount to the State.

In December, 2001, EFAA received a $585,000 grant from the County of Boulder, which was used for additional acquisition costs and to pay off the mortgage on the Lafayette property. Under the terms of the grant, EFAA would have to pay the principal grant amount to the County following the occurrence of any one or more of the following events: the property is sold without the County's advance written consent; EFAA files for bankruptcy protection; the giving of an assignment for the benefit of creditors by EFAA; dissolution of EFAA; or failure to use the property as part of its programs.

Boulder Shelter – 18th Street Triplex. In November 2005, EFAA received a $130,295 grant from the Colorado Division of Housing. Per the grant agreement, $100,295 was passed through to a subgrantee for its use in acquiring ten units of transitional housing in Boulder, and $30,000 was restricted for EFAA to acquire a new transitional housing triplex in Boulder. Under the terms of the grant agreement, EFAA, as lead party, is responsible for monitoring and reporting to the grantor that all thirteen units are being held for use by eligible households (as defined) for a period of fifty years. If the use of the subject units ceases to comply with the grant terms, EFAA, as lead party, could be required to repay the entire grant, although EFAA would have recourse against the subgrantee for the ten units belonging to the subgrantee.

In November 2005, EFAA received a $15,000 Community Development Block Grant from the City of Boulder. The covenants recorded on the Boulder property require that EFAA use the units only for residential housing for rent. This agreement runs in perpetuity.

Boulder – 1575 Yarmouth. In April 2007, EFAA acquired land in north Boulder upon which EFAA constructed a mixed use building consisting of offices, a food bank, and seven transitional housing apartments. EFAA received $160,000 in a Community Development Block Grant from the City of Boulder for this purpose. Under the terms of the agreement, EFAA must use the property only as a necessary and integral part of its program(s). The City can demand that EFAA repay an appreciated grant amount (as defined) should any of the following events occur: EFAA's interest in the property is sold, leased, or transferred without the City's consent; EFAA enters into bankruptcy proceedings; EFAA gives an assignment for the benefit of creditors without the City's consent; EFAA dissolves as a corporate entity; and/or EFAA fails to use the property for a period of 30 days as a necessary and integral part of its program(s). This agreement runs in perpetuity.

In June 2008, EFAA received a $70,000 grant from the Colorado Division of Housing for the construction of seven apartments in the Yarmouth building. Under the terms of the grant, the apartments must be rented only to low and very low income persons (as defined) for a period of fifty years. If the apartments cease to be used by low income persons, EFAA must repay the full grant amount to the State.

Note 9 – Contingencies (continued)

Louisville Shelter - 1606 Garfield. In May 2012, EFAA received a $546,000 grant from the County of Boulder for the purchase of housing in Louisville, Colorado. Under the terms of the grant, the property must be used for emergency and transitional housing for homeless families in Boulder County for a period of ninety-nine years. If the property ceases to be used for this purpose, EFAA must repay the full grant amount to the County of Boulder.

Longmont Shelter - 811 Atwood. In May 2013, EFAA received a $68,300 grant from the County of Boulder for the repair and improvement of housing in Longmont, Colorado. Under the terms of the agreement, EFAA would have to pay the principal grant amount to the County following the occurrence of any one or more of the following events: the property is sold without the County's advance written consent; EFAA files for bankruptcy protection; the giving of an assignment for the benefit of creditors by EFAA; dissolution of EFAA; or failure to use the property as part of its programs. The property also serves as collateral under the terms of the agreement, pursuant to a Deed of Trust to the Boulder County Public Trustee.

North Boulder Shelter - 4650 16th Street. In August 2014, EFAA received a $400,000 grant from the County of Boulder for the purchase of property in Boulder, Colorado. Under the terms of the agreement, EFAA would have to pay the principal grant amount to the County following the occurrence of any one or more of the following events: the property is sold without the County's advance written consent; EFAA files for bankruptcy protection; the giving of an assignment for the benefit of creditors by EFAA; dissolution of EFAA; or failure to use the property as part of its programs. The property also serves as collateral under the terms of the agreement, pursuant to a Deed of Trust to the Boulder County Public Trustee.

Investment in LLC Remainder Interest. In December 2003, EFAA received a gift of a 10% remainder interest in a limited liability company (LLC) from a board member. The value of the interest has not been recorded on EFAA's financial statements for the years ended June 30, 2016 and 2015 as the initial gift of assignment and assumption of the LLC interest remains with the Community Foundation Serving Boulder County, who holds variance power with respect to this gift.

The LLC owns land and a building in Ohio, which is currently leased to a Rite Aid store. The approximate value of this interest to EFAA was derived from a December 2003 independent appraisal of the remainder interest. The appraisal makes assumptions as to the life expectancy of the donor, amount and continuation of rental receipts, useful life of the building, and no increase or decrease in the value of the property. Using these assumptions, management estimates that EFAA will begin receiving cash distributions of rental income from the property in 2027.

The Community Foundation Serving Boulder County Designated Endowment. EFAA is the beneficiary of a Designated Endowment Fund held by The Community Foundation Serving Boulder County (the Foundation). The donor has granted the Foundation variance power and, accordingly, these funds are not recorded on EFAA's financial statements. Each year, the Foundation transfers up to 5% of these funds to EFAA, at which time EFAA records grant revenue for the amount of the transfer. As of June 30, 2016 and 2015, the fair market value of these funds was $18,672 and $20,733, respectively.

Note 10 – State Unemployment Self Insurance Plan

EFAA participates in a state unemployment self insurance plan. The claim exposure varies based on the number of state approved claims. Under the plan, EFAA accrues the estimated expense of state unemployment costs based on approved claims received from its insurance company. There were no accruals of estimated claims as of June 30, 2016 and 2015. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Note 11 – Related Party Transactions

EFAA contracts with vendors that are controlled by a former member of the board of directors of the Organization. For the year ended June 30, 2015, in which the board member was active, EFAA paid $11,558 to the board member's company for architectural design services pertaining to the development of transitional housing units in Boulder, Colorado.

Note 12 – Concentrations of Credit Risk

EFAA routinely maintains cash balances in excess of federally insured limits.

EFAA's investments subject to credit risk consist primarily of mutual funds and equities. The credit risk is reduced by maintaining the investments in a variety of funds. The investment funds are held and managed by a single financial institution trustee.