Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

Financial Statements

June 30, 2014 and 2013

Emergency Family Assistance Association, Inc.

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BROCK AND COMPANY
Certified Public Accountants
Business Advisors
A PROFESSIONAL CORPORATION

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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, 2014 and 2013, 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.

BOULDER FORT COLLINS LITTLETON LONGMONT NORTHGLENN

Independent Auditor's Report (continued)

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, 2014 and 2013, 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
September 29, 2014

Emergency Family Assistance Association, Inc.

Statements of Financial Position

June 30	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 803,169	$ 1,211,865
Investments, fair value	250,000	-
Accounts receivable	42,495	7,560
Inventory	89,071	81,908
Prepaid expenses and other current assets	54,924	29,838
Total current assets	1,239,659	1,331,171
Property and Equipment		
Land	1,069,768	1,069,768
Buildings and major improvements	5,890,483	5,890,483
Minor building improvements	502,317	478,789
Furniture and fixtures	154,079	154,079
Computers and electronics	83,330	83,330
Vehicles	109,431	109,431
Software	17,259	16,009
Construction in process	101,313	47,694
	7,927,980	7,849,583
Less accumulated depreciation	(2,246,962)	(1,964,631)
Net property and equipment	5,681,018	5,884,952
Other Assets		
Deposits and other assets	40,629	10,631
Beneficial interest in assets held by The Community Foundation Serving Boulder County	57,197	52,376
Cash restricted for buildings and improvements	111,304	53,648
Cash restricted for bank note	87,500	87,500
Total other assets	296,630	204,155
Total assets	$ 7,217,307	$ 7,420,278

	2014	2013
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 45,334**	$ 41,635
Accrued expenses	**69,134**	58,695
Deposits payable	**22,211**	31,696
Deferred revenue	**81,269**	115,525
Note payable, current portion	**17,580**	22,591
Total current liabilities	**235,528**	270,142
Long-Term Liabilities		
Note payable, net of current portion	**717,554**	905,752
Total liabilities	**953,082**	1,175,894
Net Assets		
Unrestricted		
Board-designated, current needs	**660,000**	660,000
Board-designated endowment	**27,065**	25,865
Undesignated	**5,424,586**	5,496,737
Total unrestricted net assets	**6,111,651**	6,182,602
Temporarily restricted	**152,574**	61,782
Total net assets	**6,264,225**	6,244,384
Total liabilities and net assets	**$ 7,217,307**	$ 7,420,278

Emergency Family Assistance Association, Inc.

Statements of Activities

Years ended June 30	2014		
	Unrestricted	Temporarily Restricted	Total
Support, Other Revenue and Gains			
Support			
Private donations	$ 1,703,158	$ 177,018	$ 1,880,176
Donated goods and rent	1,246,565	-	1,246,565
Grants	720,501	-	720,501
Special event income	455,085	-	455,085
Special event expense	(74,196)	-	(74,196)
Net assets released from restrictions	86,226	(86,226)	-
Total support	4,137,339	90,792	4,228,131
Other Revenue and Gains			
Rental income	200,660	-	200,660
Interest and dividends	3,198	-	3,198
Unrealized gain on investments	3,601	-	3,601
Gain on sale of equipment	-	-	-
Other revenue	2,006	-	2,006
Total other revenue and gains	209,465	-	209,465
Total support, other revenue and gains	4,346,804	90,792	4,437,596
Functional Expenses and Losses			
Functional Expenses			
Program services			
Basic needs	2,572,568	-	2,572,568
Emergency shelter	589,806	-	589,806
Transitional housing	448,934	-	448,934
Children's programs	74,437	-	74,437
Total program services	3,685,745	-	3,685,745
Supporting services			
General and administrative	282,413	-	282,413
Fundraising	436,111	-	436,111
Total supporting services	718,524	-	718,524
Total functional expenses	4,404,269	-	4,404,269
Losses			
Realized loss on investments	13,486	-	13,486
Total functional expenses and losses	4,417,755	-	4,417,755
Change in Net Assets	(70,951)	90,792	19,841
Net Assets, Beginning of Year	6,182,602	61,782	6,244,384
Net Assets, End of Year	$ 6,111,651	$ 152,574	$ 6,264,225

2013		
Unrestricted	Temporarily Restricted	Total
$ 1,369,634	$ -	$ 1,369,634
1,272,813	-	1,272,813
755,955	-	755,955
368,834	-	368,834
(76,280)	-	(76,280)
1,607	(1,607)	-
3,692,563	(1,607)	3,690,956
225,204	-	225,204
1,949	-	1,949
4,328	-	4,328
4,500	-	4,500
2,400	-	2,400
238,381	-	238,381
3,930,944	(1,607)	3,929,337
2,424,154	-	2,424,154
568,120	-	568,120
450,550	-	450,550
69,774	-	69,774
3,512,597	-	3,512,597
233,429	-	233,429
327,040	-	327,040
560,469	-	560,469
4,073,066	-	4,073,066
-	-	-
4,073,066	-	4,073,066
(142,122)	(1,607)	(143,729)
6,324,724	63,389	6,388,113
$ 6,182,602	$ 61,782	$ 6,244,384

The accompanying Notes are an integral
part of these financial statements

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2014

	Program Services				
	Basic Needs	Emergency Shelter	Transitional Housing	Children's Program	Total
Salaries	$ 368,379	$ 212,654	$ 98,543	$ 49,246	$ 728,822
Payroll taxes	25,703	16,633	8,880	3,553	54,769
Employee benefits	69,402	42,820	23,249	9,606	145,077
Workers compensation insurance	4,394	3,111	1,572	661	9,738
Total personnel	467,878	275,218	132,244	63,066	938,406
Client aid - donated	1,140,168	27,447	-	-	1,167,615
Client aid - purchased	797,075	12,493	1,783	1,750	813,101
Purchased services	7,794	6,667	8,614	511	23,586
Marketing and donor recognition	4,937	1,598	1,295	243	8,073
Utilities	10,944	38,565	39,072	-	88,581
Rent expense					
In-kind	-	72,000	-	-	72,000
Purchased	13,472	15,602	18,196	-	47,270
Repairs and maintenance	10,694	22,392	30,068	337	63,491
Computers and copiers	20,206	10,868	3,379	359	34,812
Supplies	11,508	6,986	5,855	1,184	25,533
Interest expense	-	-	38,178	-	38,178
Insurance	8,368	9,489	13,281	1,579	32,717
Staff development	7,407	3,574	1,804	1,056	13,841
Transportation	4,405	4,024	1,446	3,768	13,643
Miscellaneous expense	9	46	11,653	18	11,726
Telephone	5,118	1,744	1,818	-	8,680
Volunteer development	2,790	1,785	804	366	5,745
Printing	253	60	42	5	360
Credit card fees	-	-	-	-	-
Postage	149	26	14	34	223
Work study program	2,807	517	399	112	3,835
Dues and subscriptions	-	373	262	22	657
Investment management fees	-	-	-	-	-
Total expenses before depreciation	2,515,982	511,474	310,207	74,410	3,412,073
Depreciation - major assets	32,560	45,960	118,660	-	197,180
Depreciation - minor assets	24,026	32,372	20,067	27	76,492
Total expenses	$ 2,572,568	$ 589,806	$ 448,934	$ 74,437	$ 3,685,745

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 158,782	$ 190,730	$ 349,512	$ 1,078,334
11,265	14,393	25,658	80,427
26,911	34,920	61,831	206,908
2,058	2,501	4,559	14,297
199,016	242,544	441,560	1,379,966
-	-	-	1,167,615
-	-	-	813,101
46,516	35,183	81,699	105,285
2,769	81,231	84,000	92,073
1,082	582	1,664	90,245
-	-	-	72,000
-	12,702	12,702	59,972
442	699	1,141	64,632
6,075	20,652	26,727	61,539
4,614	11,763	16,377	41,910
-	-	-	38,178
3,969	580	4,549	37,266
2,542	2,798	5,340	19,181
1,214	1,090	2,304	15,947
1,660	1,415	3,075	14,801
1,070	1,071	2,141	10,821
1,341	2,415	3,756	9,501
120	7,421	7,541	7,901
-	6,769	6,769	6,769
602	5,478	6,080	6,303
54	53	107	3,942
916	392	1,308	1,965
1,025	-	1,025	1,025
275,027	434,838	709,865	4,121,938
2,644	-	2,644	199,824
4,742	1,273	6,015	82,507
$ 282,413	$ 436,111	$ 718,524	$ 4,404,269

The accompanying Notes are an integral
part of these financial statements

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2013

	Program Services				
	Basic Needs	Emergency Shelter	Transitional Housing	Children's Program	Total
Salaries	$ 341,110	$ 192,278	$ 99,057	$ 40,554	$ 672,999
Payroll taxes	26,085	13,466	6,639	3,975	50,165
Employee benefits	81,201	39,160	19,969	12,656	152,986
Workers compensation insurance	4,755	2,556	1,304	710	9,324
Total personnel	453,150	247,460	126,969	57,895	885,474
Client aid - donated	1,176,078	23,732	-	-	1,199,810
Client aid - purchased	638,888	14,490	1,152	1,692	656,221
Marketing and donor recognition	3	176	2	-	181
Utilities	9,794	35,583	35,367	3	80,747
Rent expense					
In-kind	-	72,000	-	-	72,000
Purchased	6,701	12,744	23,851	-	43,296
Repairs and maintenance	13,018	24,541	30,533	449	68,540
Computers and copiers	20,509	13,628	3,949	610	38,695
Purchased services	2,069	402	12,890	81	15,442
Supplies	8,343	19,126	3,120	2,339	32,927
Interest expense	-	-	42,553	-	42,553
Insurance	8,245	8,851	12,851	2,501	32,448
Staff development	7,423	3,751	1,461	820	13,454
Telephone	7,661	1,919	1,748	180	11,508
Transportation	2,975	4,698	1,224	2,801	11,698
Miscellaneous expense	6	37	9,307	14	9,364
Printing	2,048	871	245	67	3,230
Work study program	5,156	609	306	152	6,223
Credit card fees	-	-	-	-	-
Postage	327	52	29	8	416
Volunteer development	1,963	547	94	118	2,722
Dues and subscriptions	575	68	32	17	692
Investment management fees	-	-	-	-	-
Total expenses before depreciation	2,364,931	485,284	307,681	69,747	3,227,643
Depreciation - major assets	32,560	45,960	118,353	-	196,873
Depreciation - minor assets	26,663	36,876	24,516	27	88,081
Total expenses	$ 2,424,154	$ 568,120	$ 450,550	$ 69,774	$ 3,512,597

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 140,528	$ 126,827	$ 267,355	$ 940,354
6,101	10,517	16,618	66,783
20,431	29,543	49,974	202,960
1,311	2,054	3,364	12,688
168,371	168,941	337,312	1,222,785
-	-	-	1,199,810
-	-	-	656,221
43	109,970	110,013	110,194
892	892	1,784	82,532
-	-	-	72,000
535	43	578	43,874
1,158	1,137	2,295	70,835
4,479	18,852	23,331	62,027
31,565	3,614	35,180	50,621
3,787	2,589	6,376	39,303
-	-	-	42,553
3,538	452	3,990	36,438
3,375	3,443	6,818	20,273
1,392	1,392	2,785	14,293
302	188	490	12,188
1,326	1,130	2,456	11,820
1,526	2,158	3,685	6,915
2	2	4	6,227
-	5,694	5,694	5,694
1,060	4,161	5,221	5,638
558	631	1,189	3,912
1,079	424	1,503	2,195
867	-	867	867
225,857	325,715	551,572	3,779,214
2,644	-	2,644	199,517
4,928	1,325	6,253	94,335
$ 233,429	$ 327,040	$ 560,469	$ 4,073,066

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	2014	2013
Cash Flows From Operating Activities		
Change in net assets	$ 19,841	$ (143,729)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	282,331	293,852
Realized loss on investments	13,486	-
Unrealized gain on investments	(3,601)	(4,328)
Gain on sale of equipment	-	(4,500)
Donated investments	(116,641)	(446)
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	(34,935)	32,872
Inventory	(7,163)	(1,958)
Prepaid expenses and other current assets	(25,086)	18,132
Deposits and other assets	(29,998)	(8,412)
Accounts payable	3,699	6,792
Accrued expenses	10,439	9,602
Deposits payable	(9,485)	5,997
Deferred revenue	(34,256)	9,261
Net cash provided by operating activities	68,631	213,135
Cash Flows From Investing Activities		
Purchase of investments	(251,220)	-
Proceeds from sale of investments	103,155	3,089
Purchases of property and equipment	(78,397)	(214,760)
Proceeds from sale of equipment	-	4,500
Transfers to restricted cash	(57,656)	(53,648)
Net cash used by investing activities	(284,118)	(260,819)
Cash Flows From Financing Activities		
Payments on long-term debt	(193,209)	(21,657)
Net cash used by financing activities	(193,209)	(21,657)
Net Decrease in Cash and Cash Equivalents	(408,696)	(69,341)
Cash and Cash Equivalents, Beginning of Year	1,211,865	1,281,206
Cash and Cash Equivalents, End of Year	$ 803,169	$ 1,211,865
Supplemental Cash Flow Information		
Cash paid for interest	$ 38,178	$ 42,553

The accompanying Notes are an integral part of these financial statements

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. EFAA serves Boulder and Broomfield counties and has four major types of programs: basic needs, emergency shelter, 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 Emergency Shelter Program consists of seven units in Boulder, eleven units in Longmont, and four units in Lafayette. 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 a triplex and ten units in Boulder, seven units in Lafayette, and fourteen units in Louisville. 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.

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.

Basis of Presentation. EFAA has adopted accounting standards which require that the Organization distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. These standards require 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:

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

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

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, 2014 and 2013.

Certificate of Deposit. Investments which are held at a financial institution and are stated at the account balance as determined by the financial institution.

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)

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.

Accounts Receivable. Accounts receivable are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, EFAA considers an allowance for doubtful accounts based on the creditworthiness of the client. 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. There was no allowance for doubtful accounts for the years ended June 30, 2014 and 2013 as management believes that all of the accounts receivable are collectible.

Inventory. EFAA maintains inventories of food, used furniture, and bus passes for distribution to clients. Food inventories are weighed when purchased or donated. An average price per pound of $1.69 (national food bank standard) was used to value food received and distributed to clients during the years ended June 30, 2014 and 2013, and to value inventory on hand at June 30, 2014 and 2013. 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, 2014 and 2013 was $282,331 and $293,852, 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, 2014 and 2013.

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

Contributions. Contributions and grants are recognized as pledges receivable when the donor or grantor makes an unconditional promise to give. 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. All other 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, or the funds have been spent on the designated program, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statement of activities as net assets released from restrictions.

Contributed Services. EFAA receives a substantial amount of services donated by volunteers in carrying out its purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

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, 2011 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)

Reclassifications. Certain amounts from the financial statements for the year ended June 30, 2013 have been reclassified to conform to current year presentation, without affecting the change in net assets.

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 September 29, 2014, the date at which the financial statements were available for release.

Note 2 – Investments

The following table sets forth by level, within fair value hierarchy, EFAA's investments, at fair value, as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	$ -	$ 250,000	$ -	$ 250,000
Beneficial interest in assets held by The Community Foundation Serving Boulder County	-	57,197	-	57,197
	$ -	$ 307,197	$ -	$ 307,197

The following table sets forth by level, within fair value hierarchy, EFAA's investments, at fair value, as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by The Community Foundation Serving Boulder County	$ -	$ 52,376	$ -	$ 52,376

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
2014				
$ 57,197	N/A	Immediate	Redemptions will only be made upon written request of EFAA	None
2013				
$ 52,376	N/A	Immediate		None

Note 2 – 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. On July 1, 2012, $50,691 in beneficial interest in assets held by The Community Foundation Serving Boulder County, was transferred from level 1 to level 2. There were no other significant transfers in or out of levels 1, 2, or 3 during the years ended June 30, 2014 and 2013.

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

	2014	2013
Unrealized gain on investments	**$ 3,601**	$ 4,328
Realized loss on investments	**(13,486)**	-
Investment interest and dividends	**3,198**	1,949
Net investment income (loss)	**$ (6,687)**	$ 6,277

Note 3 – Note Payable

EFAA has a debt agreement with Vectra Bank with outstanding borrowings of $735,134 and $928,343 as of June 30, 2014 and 2013, respectively. The agreement bears interest at 4.25% 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.

Future scheduled minimum payments required under long-term debt obligations are as follows at June 30, 2014:

Year Ended June 30	Amount
2015	$ 17,580
2016	19,941
2017	20,902
2018	20,675
2019	21,690
Thereafter	634,346
	$ 735,134

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following:

	July 1, 2013 Balance	Receipts	Disbursements	June 30, 2014 Balance
North Boulder Property	$ 53,648	$ -	$ (4,614)	$ 49,034
Atwood Improvements	-	68,300	(31,030)	37,270
Garfield Improvements	-	25,000	-	25,000
Medical Support	-	45,000	(18,760)	26,240
Emergency Support	-	18,500	(10,673)	7,827
Pet Support	8,134	-	(1,524)	6,610
Playground	-	20,218	(19,625)	593
	$ 61,782	$ 177,018	$ (86,226)	$ 152,574

	July 1, 2012 Balance	Receipts	Disbursements	June 30, 2013 Balance
North Boulder Property	$ 53,648	$ -	$ -	$ 53,648
Pet Support	9,741	-	(1,607)	8,134
	$ 63,389	$ -	$ (1,607)	$ 61,782

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, 2014 and 2013. 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:

	2014	2013
Board-designated endowment net assets, beginning of year	$ 25,865	$ 23,615
Transfers of undesignated net assets	1,200	2,250
Board-designated endowment net assets, end of year	$ 27,065	$ 25,865

Note 6 – Special Event

EFAA derived net revenue from the following special fundraising event for the years ended June 30:

	2014	2013
Celebration of Boulder Banquet		
Gross proceeds	**$ 455,085**	$ 368,834
Direct costs	**(74,196)**	(76,280)
Net revenue	**$ 380,889**	$ 292,554

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 $20,526 and $18,070 during the years ended June 30, 2014 and 2013, respectively.

Note 8 – Commitments

Operating Leases. EFAA leases property in Boulder, Colorado and Lafayette, Colorado under multiple noncancelable operating leases. The leases require total monthly payments of $2,243 and expire from October 2014 to August 2015.

Future annual minimum lease payments required under noncancelable operating leases are as follows:

Year Ended June 30	Amount
2015	$ 16,084
2016	1,600
	$ 17,684

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 $59,972 and $43,874 for the years ended June 30, 2014 and 2013, respectively.

EFAA subleases multiple housing units to third parties on a month-to-month basis. Sublease income for the years ended June 30, 2014 and 2013 totaled $11,616 and $9,112, 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.

Boulder Shelter – 18th Street Triplex (continued). 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.

Note 9 – Contingencies (continued)

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.

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.

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, 2014 and 2013 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, 2014 and 2013, the fair market value of these funds was $20,733 and $18,985, 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, 2014 and 2013. 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 members of the board of directors of the Organization. For the years ended June 30, 2014 and 2013, EFAA paid $23,398 and $45,188, respectively, to a board member's company for architectural design services for the development of transitional housing units in Boulder, Colorado. For the year ended June 30, 2014, EFAA paid $5,000 to a board member's company for human resource services.

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.