Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

Financial Statements

June 30, 2015 and 2014

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, 2015 and 2014, 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

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, 2015 and 2014, 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 8, 2015

Emergency Family Assistance Association, Inc.

Statements of Financial Position

June 30	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 893,537	$ 803,169
Investments, fair value	250,247	250,000
Grants and pledges receivable	19,581	42,495
Inventory	117,768	89,071
Prepaid expenses and other current assets	45,548	54,924
Total current assets	1,326,681	1,239,659
Property and Equipment		
Land	1,069,768	1,069,768
Buildings and major improvements	6,064,784	5,890,483
Minor building improvements	625,241	502,317
Furniture and fixtures	160,985	154,079
Computers and electronics	83,330	83,330
Vehicles	109,431	109,431
Software	19,479	17,259
Construction in process	70,960	101,313
	8,203,978	7,927,980
Less accumulated depreciation	(2,510,838)	(2,246,962)
Net property and equipment	5,693,140	5,681,018
Other Assets		
Deposits and other assets	18,781	40,629
Beneficial interest in assets held by The Community Foundation Serving Boulder County	54,814	57,197
Cash restricted for buildings and improvements	522,833	111,304
Cash restricted for bank note	87,500	87,500
Total other assets	683,928	296,630
Total assets	$ 7,703,749	$ 7,217,307

	2015	2014
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 37,872**	$ 45,334
Accrued expenses	**45,816**	69,134
Deposits payable	**33,031**	22,211
Deferred revenue	**225,158**	81,269
Note payable, current portion	**19,942**	17,580
Total current liabilities	**361,819**	235,528
Long-Term Liabilities		
Note payable, net of current portion	**697,607**	717,554
Total liabilities	**1,059,426**	953,082
Net Assets		
Unrestricted		
Board-designated, current needs	**660,000**	660,000
Board-designated endowment	**28,265**	27,065
Undesignated	**5,402,324**	5,424,586
Total unrestricted net assets	**6,090,589**	6,111,651
Temporarily restricted	**553,734**	152,574
Total net assets	**6,644,323**	6,264,225
Total liabilities and net assets	**$ 7,703,749**	$ 7,217,307

The accompanying Notes are an integral
part of these financial statements

Emergency Family Assistance Association, Inc.

Statements of Activities

Years ended June 30	2015		
	Unrestricted	Temporarily Restricted	Total
Support, Other Revenue and Gains			
Support			
Private donations	$ 1,046,786	$ 570,026	$ 1,616,812
In-kind donations	1,358,657	-	1,358,657
Grants	995,179	-	995,179
Special event income	462,848	-	462,848
Special event expense	(86,868)	-	(86,868)
Net assets released from restrictions	168,866	(168,866)	-
Total support	3,945,468	401,160	4,346,628
Other Revenue and Gains			
Rental income	199,625	-	199,625
Interest and dividends	4,567	-	4,567
Unrealized gain on investments	1,310	-	1,310
Other revenue	1,564	-	1,564
Total other revenue and gains	207,066	-	207,066
Total support, other revenue and gains	4,152,534	401,160	4,553,694
Functional Expenses and Losses			
Functional Expenses			
Program services			
Basic needs	2,402,396	-	2,402,396
Emergency shelter	531,528	-	531,528
Transitional housing	439,331	-	439,331
Children's programs	89,336	-	89,336
Total program services	3,462,591	-	3,462,591
Supporting services			
General and administrative	183,188	-	183,188
Fundraising	527,817	-	527,817
Total supporting services	711,005	-	711,005
Total functional expenses	4,173,596	-	4,173,596
Losses			
Realized loss on investments	-	-	-
Total functional expenses and losses	4,173,596	-	4,173,596
Change in Net Assets	(21,062)	401,160	380,098
Net Assets, Beginning of Year	6,111,651	152,574	6,264,225
Net Assets, End of Year	$ 6,090,589	$ 553,734	$ 6,644,323

2014		
Unrestricted	Temporarily Restricted	Total
$ 1,703,158	$ 177,018	$ 1,880,176
1,246,565	-	1,246,565
720,501	-	720,501
455,085	-	455,085
(74,196)	-	(74,196)
86,226	(86,226)	-
4,137,339	90,792	4,228,131
200,660	-	200,660
3,198	-	3,198
3,601	-	3,601
2,006	-	2,006
209,465	-	209,465
4,346,804	90,792	4,437,596
2,572,568	-	2,572,568
589,806	-	589,806
448,934	-	448,934
74,437	-	74,437
3,685,745	-	3,685,745
282,413	-	282,413
436,111	-	436,111
718,524	-	718,524
4,404,269	-	4,404,269
13,486	-	13,486
4,417,755	-	4,417,755
(70,951)	90,792	19,841
6,182,602	61,782	6,244,384
$ 6,111,651	$ 152,574	$ 6,264,225

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
Marketing and donor recognition					
In-kind	-	-	-	-	-
Purchased	1,912	425	258	39	2,634
Rent expense					
In-kind	-	72,000	-	-	72,000
Purchased	19,476	-	23,460	-	42,936
Utilities	11,172	39,831	35,807	-	86,810
Repairs and maintenance	12,994	18,468	27,339	1,621	60,422
Contract services					
In-kind	-	-	-	-	-
Purchased	4,782	5,128	9,261	520	19,691
Computers and copiers	14,445	9,399	3,649	344	27,837
Insurance	8,756	7,716	15,234	1,620	33,326
Interest expense	-	-	28,766	-	28,766
Supplies	3,651	4,331	8,391	1,371	17,744
Staff development	10,254	3,371	2,572	1,219	17,416
Transportation	3,931	2,435	1,166	3,927	11,459
Telephone	4,589	2,270	2,326	97	9,282
Credit card fees	-	-	-	-	-
Work study program	4,623	1,384	1,512	226	7,745
Postage	683	62	196	32	973
Volunteer development	1,626	573	392	302	2,893
Investment management fees	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
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
-	52,152	52,152	52,152
455	121,983	122,438	125,072
-	-	-	72,000
974	9,160	10,134	53,070
1,219	700	1,919	88,729
1,163	1,251	2,414	62,836
4,000	-	4,000	4,000
25,358	5,761	31,119	50,810
5,347	9,494	14,841	42,678
4,068	615	4,683	38,009
-	-	-	28,766
2,454	2,769	5,223	22,967
1,281	1,857	3,138	20,554
937	743	1,680	13,139
758	833	1,591	10,873
-	8,877	8,877	8,877
37	106	143	7,888
1,233	4,545	5,778	6,751
553	734	1,287	4,180
892	105	997	997
718	-	718	718
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.

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					
In-kind	1,140,168	27,447	-	-	1,167,615
Purchased	797,075	12,493	1,783	1,750	813,101
Contracted services					
In-kind	-	-	-	-	-
Purchased	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
4,000	-	4,000	4,000
42,516	35,183	77,699	101,285
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.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2015	2014
Cash Flows From Operating Activities		
Change in net assets	$ **380,098**	$ 19,841
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**263,876**	282,331
Realized loss on investments	**-**	13,486
Unrealized gain on investments	**(1,310)**	(3,601)
Donated investments	**-**	(116,641)
Increase (decrease) from changes in assets and liabilities		
Grants and pledges receivable	**22,914**	(34,935)
Inventory	**(28,697)**	(7,163)
Prepaid expenses and other current assets	**9,376**	(25,086)
Deposits and other assets	**21,848**	(29,998)
Accounts payable	**(7,462)**	3,699
Accrued expenses	**(23,318)**	10,439
Deposits payable	**10,820**	(9,485)
Deferred revenue	**143,889**	(34,256)
Net cash provided by operating activities	**792,034**	68,631
Cash Flows From Investing Activities		
Purchase of investments	**(247)**	(251,220)
Proceeds from sale of investments	**3,693**	103,155
Purchases of property and equipment	**(275,998)**	(78,397)
Transfers to restricted cash	**(411,529)**	(57,656)
Net cash used by investing activities	**(684,081)**	(284,118)
Cash Flows From Financing Activities		
Payments on long-term debt	**(17,585)**	(193,209)
Net cash used by financing activities	**(17,585)**	(193,209)
Net Increase (Decrease) in Cash and Cash Equivalents	**90,368**	(408,696)
Cash and Cash Equivalents, Beginning of Year	**803,169**	1,211,865
Cash and Cash Equivalents, End of Year	$ **893,537**	$ 803,169
Supplemental Cash Flow Information		
Cash paid for interest	$ **28,766**	$ 38,178

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. 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, 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 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.

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:

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

Emergency Family Assistance Association, Inc.

Notes to Financial Statements

June 30, 2015 and 2014

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, 2015 and 2014.

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, 2015 and 2014.

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, 2015 and 2014, an average price per pound of $1.72 and $1.69, respectively, 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, 2015 and 2014 was $263,876 and $282,331, 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, 2015 and 2014.

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. The donated professional services recognized in the financial statements was $4,000 for each of the years ended June 30, 2015 and 2014.

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, 2012 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 8, 2015, 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, 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 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 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
2015				
$ 54,814	N/A	Immediate	Redemptions will only be made upon written request of EFAA	None
2014				
$ 57,197	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, 2015 and 2014, there were no significant transfers in or out of fair value levels.

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

	2015	2014
Unrealized gain on investments	**$ 1,310**	$ 3,601
Realized loss on investments	**-**	(13,486)
Investment interest and dividends	**4,567**	3,198
Net investment income (loss)	**$ 5,877**	$ (6,687)

Note 3 – Note Payable

EFAA has a debt agreement with Vectra Bank with outstanding borrowings of $717,549 and $735,134 as of June 30, 2015 and 2014, 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, 2015:

Year Ended June 30	Amount
2016	$ 19,942
2017	20,902
2018	20,675
2019	21,690
2020	22,672
Thereafter	611,668
	$ 717,549

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following:

	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

	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

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, 2015 and 2014. 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:

	2015	2014
Board-designated endowment net assets, beginning of year	$ 27,065	$ 25,865
Transfers of undesignated net assets	1,200	1,200
Board-designated endowment net assets, end of year	$ 28,265	$ 27,065

Emergency Family Assistance Association, Inc.

Notes to Financial Statements

June 30, 2015 and 2014

Note 6 – Special Event

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

	2015	2014
Celebration of Boulder Banquet		
Gross proceeds	**$ 462,848**	$ 455,085
Direct costs	**(86,868)**	(74,196)
Net proceeds	**$ 375,980**	$ 380,889

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 $21,542 and $20,526 during the years ended June 30, 2015 and 2014, 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 from April 2016 to August 2016.

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

Year Ended June 30	Amount
2016	$ 10,667
2017	1,813
	$ 12,480

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 $53,070 and $59,972 for the years ended June 30, 2015 and 2014, respectively.

EFAA subleases multiple housing units to third parties on a month-to-month basis. Sublease income for the years ended June 30, 2015 and 2014 totaled $12,000 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, 2015 and 2014 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, 2015 and 2014, the fair market value of these funds was $19,869 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, 2015 and 2014. 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, 2015 and 2014, EFAA paid $11,558 and $23,398, 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.