Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

Financial Statements

June 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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 25, 2018

Emergency Family Assistance Association, Inc.

Statements of Financial Position

June 30	**2018**	2017
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,422,746**	$ 1,045,796
Investments, fair value	**459,720**	475,043
Grants receivable	**278,510**	334,937
Pledges receivable, current	**181,830**	-
Inventory	**67,229**	92,028
Prepaid expenses and other current assets	**55,417**	52,091
Total current assets	**2,465,452**	1,999,895
Property and Equipment		
Land	**1,069,768**	1,069,768
Buildings and major improvements	**6,064,784**	6,064,784
Minor building improvements	**960,167**	896,328
Furniture and fixtures	**172,085**	170,505
Computers and electronics	**97,270**	88,052
Vehicles	**77,533**	77,533
Software	**22,474**	22,474
Construction in process	**1,026,902**	478,118
	9,490,983	8,867,562
Less accumulated depreciation	**(3,312,361)**	(3,039,819)
Net property and equipment	**6,178,622**	5,827,743
Other Assets		
Deposits and other assets	**27,279**	18,626
Beneficial interest in assets held by The Community Foundation Serving Boulder County	**433,894**	76,389
Pledges receivable, net of current	**266,706**	-
Cash restricted for buildings and improvements	**65,540**	453,227
Cash restricted for bank note	**87,500**	87,500
Total other assets	**880,919**	635,742
Total assets	**$ 9,524,993**	$ 8,463,380

	2018	2017
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 148,995**	$ 83,186
Accrued expenses	**75,450**	62,810
Deposits payable	**28,451**	32,510
Deferred revenue	**119,937**	205,516
Note payable, current maturities	**29,291**	20,902
Total current liabilities	**402,124**	404,924
Long-Term Liabilities		
Note payable, net of current maturities	**634,431**	655,787
Total liabilities	**1,036,555**	1,060,711
Net Assets		
Unrestricted		
Board-designated, current needs	**710,000**	670,000
Board-designated endowments	**465,659**	30,615
Undesignated	**6,796,413**	6,243,893
Total unrestricted net assets	**7,972,072**	6,944,508
Temporarily restricted	**516,366**	458,161
Total net assets	**8,488,438**	7,402,669
Total liabilities and net assets	**$ 9,524,993**	$ 8,463,380

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

Emergency Family Assistance Association, Inc.

Statements of Activities

Years ended June 30	2018		
	Unrestricted	Temporarily Restricted	Total
Support, Other Revenue and Gains			
Support			
Private donations	$ 2,349,495	$ 479,946	$ 2,829,441
In-kind donations	1,721,910	-	1,721,910
Grants	1,029,837	-	1,029,837
Special event income	463,173	-	463,173
Special event expense	(86,913)	-	(86,913)
Net assets released from restrictions	421,741	(421,741)	-
Total support	5,899,243	58,205	5,957,448
Other Revenue and Gains			
Rental income	203,581	-	203,581
Interest and dividends	1,501	-	1,501
Gain on sale of equipment	-	-	-
Other revenue	4,418	-	4,418
Total other revenue and gains	209,500	-	209,500
Total support, other revenue and gains	6,108,743	58,205	6,166,948
Functional Expenses and Loss			
Functional Expenses			
Program services			
Basic needs	2,918,455	-	2,918,455
Short-term housing	597,306	-	597,306
Transitional housing	528,761	-	528,761
Children's programs	268,703	-	268,703
Total program services	4,313,226	-	4,313,226
Supporting services			
General and administrative	177,684	-	177,684
Fundraising	579,743	-	579,743
Total supporting services	757,427	-	757,427
Total functional expenses	5,070,653	-	5,070,653
Loss			
Unrealized loss on investments	10,526	-	10,526
Total functional expenses and loss	5,081,179	-	5,081,179
Change in Net Assets	1,027,564	58,205	1,085,769
Net Assets, Beginning of Year	6,944,508	458,161	7,402,669
Net Assets, End of Year	$ 7,972,072	$ 516,366	$ 8,488,438

2017		
Unrestricted	Temporarily Restricted	Total
$ 2,364,243	$ -	$ 2,364,243
1,441,473	-	1,441,473
666,596	-	666,596
459,362	-	459,362
(92,331)	-	(92,331)
109,227	(109,227)	-
4,948,570	(109,227)	4,839,343
200,090	-	200,090
2,241	-	2,241
3,000	-	3,000
3,627	-	3,627
208,958	-	208,958
5,157,528	(109,227)	5,048,301
2,588,223	-	2,588,223
558,053	-	558,053
496,764	-	496,764
128,996	-	128,996
3,772,035	-	3,772,035
175,876	-	175,876
509,230	-	509,230
685,106	-	685,106
4,457,141	-	4,457,141
21,096	-	21,096
4,478,237	-	4,478,237
679,291	(109,227)	570,064
6,265,217	567,388	6,832,605
$ 6,944,508	$ 458,161	$ 7,402,669

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

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2018

	Program Services				
	Basic Needs	Short Term Housing	Transitional Housing	Children's Program	Total
Salaries	$ 419,854	$ 222,225	$ 154,482	$ 161,098	$ 957,660
Payroll taxes	33,626	19,821	15,086	9,109	77,642
Employee benefits	63,168	31,760	22,938	15,880	133,745
Workers compensation insurance	6,954	3,576	2,583	1,788	14,902
Total personnel	523,602	277,383	195,089	187,875	1,183,949
Client aid					
In-kind	1,387,106	1,101	47	2	1,388,256
Purchased	860,480	8,731	639	9,121	878,970
Contracted services	32,635	9,036	7,859	50,906	100,435
Repairs and maintenance	17,868	50,432	61,739	1,876	131,915
Marketing and donor recognition	1,079	-	70	-	1,149
Rent					
In-kind	-	112,430	-	-	112,430
Purchased	496	-	-	250	746
Utilities	10,371	41,677	39,280	-	91,328
Computers and copiers	13,854	10,562	5,256	1,958	31,631
Insurance	8,470	7,882	16,384	1,448	34,183
Interest expense	-	-	30,701	-	30,701
Supplies	5,705	4,578	9,645	956	20,884
In-kind services	-	-	-	-	-
Staff development	6,490	2,217	1,303	9,592	19,601
Transportation	4,620	2,522	2,012	3,015	12,170
Credit card fees	-	-	-	-	-
Telephone	2,901	2,179	3,067	294	8,441
Miscellaneous expense	439	418	1,846	665	3,367
Volunteer development	3,051	725	637	510	4,923
Postage	659	29	39	37	763
Work study program	722	81	64	174	1,041
Investment management fees	-	-	-	-	-
Total expenses before depreciation	2,880,547	531,982	375,678	268,679	4,056,885
Depreciation - major assets	32,560	40,148	112,367	-	185,075
Depreciation - minor assets	5,348	25,177	40,716	25	71,266
Total expenses	$ 2,918,455	$ 597,306	$ 528,761	$ 268,703	$ 4,313,226

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 111,389	$ 265,775	$ 377,164	$ 1,334,824
5,792	18,126	23,918	101,560
10,587	33,881	44,468	178,213
1,192	3,775	4,967	19,869
128,960	321,558	450,517	1,634,466
-	-	-	1,388,256
-	-	-	878,970
17,473	56,310	73,784	174,219
1,117	1,491	2,608	134,523
5	123,744	123,750	124,899
-	-	-	112,430
-	-	-	746
1,269	1,269	2,538	93,866
6,849	13,650	20,499	52,130
4,172	636	4,808	38,991
-	-	-	30,701
2,765	2,447	5,213	26,097
4,000	21,807	25,807	25,807
1,506	2,816	4,323	23,924
626	1,523	2,149	14,319
-	14,167	14,167	14,167
592	707	1,299	9,740
1,332	1,828	3,160	6,527
235	937	1,173	6,096
991	2,568	3,559	4,322
-	629	629	1,670
1,093	150	1,244	1,244
172,987	568,239	741,226	4,798,111
2,647	10,631	13,278	198,353
2,050	873	2,923	74,189
$ 177,684	$ 579,743	$ 757,427	$ 5,070,653

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

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2017

	Program Services				
	Basic Needs	Short Term Housing	Transitional Housing	Children's Program	Total
Salaries	$ 421,688	$ 199,971	$ 151,039	$ 84,130	$ 856,829
Payroll taxes	32,154	16,565	11,862	8,107	68,688
Employee benefits	73,595	39,294	28,059	18,152	159,099
Workers compensation insurance	6,437	3,311	2,391	1,655	13,794
Total personnel	533,874	259,140	193,351	112,045	1,098,410
Client aid					
In-kind	1,246,826	643	-	-	1,247,468
Purchased	650,617	8,484	2,507	4,953	666,561
Rent					
In-kind	-	112,430	-	-	112,430
Purchased	2,673	-	4,305	-	6,978
Marketing and donor recognition	848	176	161	99	1,283
Contracted services	38,798	3,893	2,908	1,770	47,369
Utilities	11,157	40,473	42,127	-	93,757
Repairs and maintenance	13,275	28,606	35,771	102	77,754
Computers and copiers	15,568	10,759	5,880	2,647	34,853
Insurance	9,909	7,324	13,494	2,321	33,048
Interest expense	-	4	29,692	-	29,696
Supplies	3,747	9,641	7,190	1,962	22,540
In-kind services	-	-	-	-	-
Staff development	7,853	2,093	1,513	814	12,272
Transportation	4,069	2,184	1,688	1,258	9,199
Credit card fees	-	45	150	-	195
Telephone	2,940	2,369	3,056	203	8,567
Miscellaneous expense	896	518	2,903	86	4,404
Postage	417	72	99	38	626
Volunteer development	2,102	475	417	379	3,372
Work study program	1,196	563	442	295	2,496
Investment management fees	-	-	-	-	-
Total expenses before depreciation	2,546,764	489,891	347,655	128,969	3,513,279
Depreciation - major assets	32,560	43,824	112,367	-	188,751
Depreciation - minor assets	8,899	24,338	36,742	27	70,006
Total expenses	$ 2,588,223	$ 558,053	$ 496,764	$ 128,996	$ 3,772,035

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 106,899	$ 241,537	$ 348,436	$ 1,205,265
5,639	17,486	23,125	91,813
13,081	38,652	51,733	210,833
1,104	3,494	4,598	18,392
126,723	301,169	427,892	1,526,302
-	-	-	1,247,468
-	-	-	666,561
-	-	-	112,430
-	-	-	6,978
12	114,683	114,695	115,978
22,597	30,066	52,664	100,033
1,331	1,331	2,662	96,419
838	1,591	2,430	80,184
5,516	8,298	13,814	48,668
3,554	1,947	5,501	38,549
-	-	-	29,696
1,580	2,150	3,730	26,270
4,000	14,958	18,958	18,958
501	2,529	3,030	15,302
640	1,938	2,578	11,777
-	10,927	10,927	11,122
740	766	1,506	10,073
998	591	1,590	5,993
939	3,459	4,398	5,024
207	583	790	4,162
-	336	336	2,833
814	70	885	885
170,990	497,394	668,385	4,181,663
2,647	10,631	13,278	202,029
2,239	1,204	3,443	73,448
$ 175,876	$ 509,230	$ 685,106	$ 4,457,141

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	2018	2017
Cash Flows From Operating Activities		
Change in net assets	**$ 1,085,769**	$ 570,064
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**272,542**	275,477
Unrealized loss on investments	**10,526**	21,096
Increase (decrease) from changes in assets and liabilities		
Grants receivable	**56,427**	(305,504)
Pledges recievable	**(448,536)**	-
Inventory	**24,799**	26,559
Prepaid expenses and other current assets	**(3,326)**	13,007
Deposits and other assets	**(8,653)**	(8,257)
Accounts payable	**65,809**	51,866
Accrued expenses	**12,640**	26
Deposits payable	**(4,059)**	(3,672)
Deferred revenue	**(85,579)**	(17,309)
Net cash provided by operating activities	**978,359**	623,353
Cash Flows From Investing Activities		
Purchase of investments	**(353,801)**	(524,712)
Proceeds from sale and maturity of investments	**1,093**	254,190
Purchases of property and equipment	**(623,421)**	(468,930)
Transfers from restricted cash	**387,687**	108,738
Net cash used by investing activities	**(588,442)**	(630,714)
Cash Flows From Financing Activities		
Payments on long-term debt	**(12,967)**	(20,907)
Net cash used by financing activities	**(12,967)**	(20,907)
Net Increase (Decrease) in Cash and Cash Equivalents	**376,950**	(28,268)
Cash and Cash Equivalents, Beginning of Year	**1,045,796**	1,074,064
Cash and Cash Equivalents, End of Year	**$ 1,422,746**	$ 1,045,796
Supplemental Cash Flow Information		
Cash paid for interest	**$ 30,701**	$ 29,696

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, 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 emergency shelter 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.

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

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.

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. There are no permanently restricted net assets as of June 30, 2018 and 2017.

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.

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

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.

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, 2018 and 2017.

Certificates 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.

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

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.

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.

New Accounting Pronouncement. In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07. Fair Value Measurements (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) ("ASU 2015-07"), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments in ASU 2015-07 are effective for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. The amendments in ASU 2015-07 should be applied retrospectively to all periods presented. During the year ended June 30, 2018, management adopted ASU 2015-07.

Agency Funds. Various funds are received directly from grantors by EFAA, as fiscal agent for other entities, and they are disbursed as invoices presented from the agencies. EFAA serves as a pass-through agent for these grants and receives no benefit from the funds and, accordingly, the amounts held for the other agencies are not included in EFAA's Statements of Activities.

Pledges and Grants Receivable. Pledges and grants 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 or grantor. 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. An allowance of $51,900 for doubtful pledges receivable has been recorded at June 30, 2018. Management believes that all grants receivable are fully collectible at June 30, 2018 and 2017.

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

Inventory. EFAA maintains inventories of food and bus passes for distribution to clients. Food inventories are weighed when purchased or donated. During the years ended June 30, 2018 and 2017, an average price per pound of $1.73 and $1.67, respectively, was used to value food received and distributed to clients, and to value inventory on hand at year end. All 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, 2018 and 2017 was $272,542 and $275,477, respectively.

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, 2018 and 2017.

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.

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

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, 2018 and 2017, the donated professional services recognized in the financial statements were $25,807 and $18,958, 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, 2014 through the current year are open for examination. Penalties and interest may be assessed on income taxes that are delinquent.

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 25, 2018, 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, 2018:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 459,720	$ -	$ 459,720
Total Assets in FV Hierarchy	$ -	$ 459,720	$ -	$ 459,720
Investments Measured at NAV, Beneficial interest in assets held by The Community Foundation Serving Boulder County				433,894
Total Assets Valued at Fair Value				$ 893,614

The following table sets forth by level, within fair value hierarchy, EFAA's investments, at fair value, as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 475,043	$ -	$ 475,043
Total Assets in FV Hierarchy	$ -	$ 475,043	$ -	$ 475,043
Investments Measured at NAV, Beneficial interest in assets held by The Community Foundation Serving Boulder County				76,389
Total Assets Valued at Fair Value				$ 551,432

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
2018				
$ 433,894	N/A	Immediate	Redemptions will only be made upon written request of EFAA	None
2017				
$ 76,389	N/A	Immediate		None

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.

Note 2 – Fair Value Measurements and Investments (continued)

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, 2018 and 2017, there were no significant transfers in or out of fair value levels.

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

	2018	2017
Investment interest and dividends	**$ 1,501**	$ 2,241
Unrealized loss on investments	**(10,526)**	(21,096)
Net investment loss	**$ (9,025)**	$ (18,855)

Note 3 – Pledges Receivable

During 2017, EFAA commenced an endowment campaign to fund EFAA's major program initiatives in future years. Contributions receivable from the campaign, with expected collections, consisted of the following at June 30, 2018:

	Amount
Due in less than one year	**$ 202,033**
Due in one to four years	**317,012**
Valuation allowance	**(70,509)**
	$ 448,536

Note 4 – Note Payable

EFAA has a debt agreement with Vectra Bank with outstanding borrowings of $663,722 and $676,689 as of June 30, 2018 and 2017, respectively. The agreement is subject to a variable interest rate, which increased to 4.46% on November 1, 2017, and requires monthly principal and interest payments of $4,277, which are periodically adjusted, through June 2037. 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, 2018:

Year Ended June 30	Amount
2019	$ 29,291
2020	22,478
2021	23,502
2022	24,572
2023	25,690
Thereafter	538,189
	$ 663,722

Note 5 – Temporarily Restricted and Board Designated Endowment Net Assets

Temporarily restricted net assets consisted of the following:

	July 1, 2017 Balance	Receipts	Disbursements	June 30, 2018 Balance
North Boulder Property	$ 453,049	$ 31,410	$ (418,919)	$ 65,540
Pet Support	4,934	-	(2,644)	2,290
Centennial Endowment	-	448,536	-	448,536
Atwood Improvements	178	-	(178)	-
	$ 458,161	$ 479,946	$ (421,741)	$ 516,366

	July 1, 2016 Balance	Receipts	Disbursements	June 30, 2017 Balance
North Boulder Property	$ 479,956	$ -	$ (26,907)	$ 453,049
Pet Support	5,423	-	(489)	4,934
Garfield Improvements	45,151	-	(45,151)	-
Atwood Improvements	36,858	-	(36,680)	178
	$ 567,388	$ -	$ (109,227)	$ 458,161

The following summarizes the changes in endowment funds for the year ended June 30, 2018:

	Temporarily Restricted	Unrestricted Board Designated		
	Centennial Endowment	Centennial Endowment	Abigail Greer	Total Endowments
Endowment net assets, July 1, 2017	$ -	$ -	$ 30,615	$ 30,615
Contributions	448,536	353,801	-	802,337
Transfer of undesignated net assets	-	76,389	1,150	77,539
Interest and dividends	-	1,504	-	1,504
Net realized and unrealized losses	-	3,293	-	3,293
Investment advisory fees	-	(1,093)	-	(1,093)
Change in endowment net assets	448,536	433,894	1,150	883,580
Endowment net assets, June 30, 2018	$ 448,536	$ 433,894	$ 31,765	$ 914,195

Note 5 – Temporarily Restricted and Board Designated Endowment Net Assets (continued)

Changes in board-designated endowment net assets are as follows for the years ended June 30, 2017:

	Amount
Board-designated endowment net assets, beginning of year	$ 29,415
Transfers of undesignated net assets	1,200
Board-designated endowment net assets, end of year	$ 30,615

Centennial Endowment Investment and Spending and Policies. The Board of Directors has established an Endowment Committee to, among other responsibilities, consider proposals for fund withdrawals and for policy revisions, and to review investment strategy and performance. The Board of Directors must approve any recommendations of the Endowment Committee in order for any modifications to take effect.

Abigail Greer 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.

EFAA has adopted certain investment and spending policies. Specifically, these policies require that investments must first, provide security; second, retain required liquidity; and third, maximize yield. Investments are made with the approval of the Executive Director and reported to the Finance Committee on a quarterly basis and to the Board of Directors annually. Approved instruments of investment are obligations of the United States Government, money market funds, certificates of deposit with banks within the United States, deposits in savings banks within the United States, Federal savings and loans institutions, and credit unions located within the United States.

EFAA's policies also state that the earnings of the Abigail Greer endowment may be used to fund EFAA children's programs.

Note 6 – Non-Endowment Board Designated Net Assets

Current Needs. The Board of Directors has designated $710,000 and $670,000 of unrestricted net assets for current operating needs at June 30, 2018 and 2017, respectively. These funds are restricted designations imposed internally and are recorded as unrestricted assets.

Note 7 – Special Event

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

	2018	2017
Gross proceeds	**$ 463,173**	$ 459,362
Direct costs	**(86,913)**	(92,331)
Net proceeds	**$ 376,260**	$ 367,031

Note 8 – 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 $25,907 and $23,818 during the years ended June 30, 2018 and 2017, respectively.

Note 8 – Commitments

Operating Leases. 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 $746 and $6,978 for the years ended June 30, 2018 and 2017, respectively.

EFAA subleases multiple housing units to third parties on a month-to-month basis. Sublease income for the year ended June 30, 2017 totaled $5,500. EFAA discontinued subleasing in 2018.

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.

Note 9 – Contingencies (continued)

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.

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.

Note 9 – Contingencies (continued)

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, 2018 and 2017 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, 2018 and 2017, the fair market value of these funds was $20,194 and $19,174, 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, 2018 and 2017. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

Note 11 – Concentrations of Credit Risk

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