# Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

## Financial Statements

June 30, 2019 and 2018

# Emergency Family Assistance Association, Inc.

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BROCK AND COMPANY
Certified Public Accountants
Business Advisors
A PROFESSIONAL CORPORATION

900 S. Main Street Suit 200 Longmont Colorado 80501
(303) 776-2160 (303) 776 -2431 Fax
www.brockcpas.com

**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, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emergency Family Assistance Association, Inc. as of June 30, 2019 and 2018, 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 19, 2019

# Emergency Family Assistance Association, Inc.

## Statements of Financial Position

| June 30 | 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 931,122** | $ 1,422,746 |
| Investments, fair value | **491,285** | 459,720 |
| Grants receivable | **169,672** | 278,510 |
| Pledges receivable, current | **207,337** | 181,830 |
| Inventory | **96,598** | 67,229 |
| Prepaid expenses and other current assets | **75,595** | 55,417 |
| Total current assets | **1,971,609** | 2,465,452 |
| **Property and Equipment** | | |
| Land | **1,069,768** | 1,069,768 |
| Buildings and major improvements | **7,228,630** | 6,064,784 |
| Minor building improvements | **1,155,669** | 960,167 |
| Furniture and fixtures | **208,340** | 172,085 |
| Computers and electronics | **103,407** | 97,270 |
| Vehicles | **81,378** | 77,533 |
| Software | **22,474** | 22,474 |
| Construction in process | **-** | 1,026,902 |
| | **9,869,666** | 9,490,983 |
| Less accumulated depreciation | **(3,622,980)** | (3,312,361) |
| Net property and equipment | **6,246,686** | 6,178,622 |
| **Other Assets** | | |
| Deposits and other assets | **37,168** | 27,279 |
| Beneficial interest in assets held by The Community Foundation Serving Boulder County | **1,269,318** | 433,894 |
| Pledges receivable, net of current | **159,378** | 266,706 |
| Cash restricted for buildings and improvements | **-** | 65,540 |
| Cash restricted for bank note | **-** | 87,500 |
| Total other assets | **1,465,864** | 880,919 |
| Total assets | **$ 9,684,159** | $ 9,524,993 |

| | 2019 | 2018 |
|---|---|---|
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities** | | |
| Accounts payable | **$ 85,398** | $ 148,995 |
| Accrued expenses | **83,670** | 75,450 |
| Deposits payable | **26,464** | 28,451 |
| Deferred revenue | **53,415** | 119,937 |
| Note payable, current maturities | **-** | 29,291 |
| Total current liabilities | **248,947** | 402,124 |
| **Long-Term Liability** | | |
| Note payable, net of current maturities | **-** | 634,431 |
| Total liabilities | **248,947** | 1,036,555 |
| **Net Assets** | | |
| Without donor restrictions | | |
| Undesignated | **7,005,568** | 6,796,413 |
| Board-designated endowments | **1,301,234** | 465,659 |
| Board-designated, current needs | **710,000** | 710,000 |
| With donor restrictions | **418,410** | 516,366 |
| Total net assets | **9,435,212** | 8,488,438 |
| Total liabilities and net assets | **$ 9,684,159** | $ 9,524,993 |

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

# Emergency Family Assistance Association, Inc.

## Statements of Activities and Changes in Net Asssets

| Years ended June 30 | 2019 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| **Support, Other Revenue and Gains** | | | |
| **Support** | | | |
| Private donations | $ 2,819,816 | $ 285,564 | $ 3,105,380 |
| In-kind donations | 1,553,055 | - | 1,553,055 |
| Grants | 1,068,869 | - | 1,068,869 |
| Special event income | 477,102 | - | 477,102 |
| Special event expense | (86,087) | - | (86,087) |
| Net assets released from restrictions | 383,520 | (383,520) | - |
| Total support | 6,216,275 | (97,956) | 6,118,319 |
| **Other Revenue and Gains** | | | |
| Rental income | 229,299 | - | 229,299 |
| Unrealized gain on investments | 65,353 | - | 65,353 |
| Interest and dividends | 17,910 | - | 17,910 |
| Other revenue | 4,772 | - | 4,772 |
| Total other revenue and gains | 317,334 | - | 317,334 |
| Total support, other revenue and gains | 6,533,609 | (97,956) | 6,435,653 |
| **Functional Expenses and Loss** | | | |
| **Functional Expenses** | | | |
| Program services | | | |
| Basic needs | 3,052,125 | - | 3,052,125 |
| Short-term housing | 619,798 | - | 619,798 |
| Transitional housing | 647,507 | - | 647,507 |
| Family strengthening programs | 327,467 | - | 327,467 |
| Total program services | 4,646,897 | - | 4,646,897 |
| Supporting services | | | |
| General and administrative | 236,187 | - | 236,187 |
| Fundraising | 605,796 | - | 605,796 |
| Total supporting services | 841,982 | - | 841,982 |
| Total functional expenses | 5,488,879 | - | 5,488,879 |
| **Loss** | | | |
| Unrealized loss on investments | - | - | - |
| Total functional expenses and loss | 5,488,879 | - | 5,488,879 |
| **Change in Net Assets** | 1,044,730 | (97,956) | 946,774 |
| **Net Assets, Beginning of Year** | 7,972,072 | 516,366 | 8,488,438 |
| **Net Assets, End of Year** | $ 9,016,802 | $ 418,410 | $ 9,435,212 |

| 2018 | | |
|---|---|---|
| Without Donor Restrictions | With Donor Restrictions | Total |
| | | |
| $ 2,349,495 | $ 479,946 | $ 2,829,441 |
| 1,721,910 | - | 1,721,910 |
| 1,029,837 | - | 1,029,837 |
| 463,173 | - | 463,173 |
| (86,913) | - | (86,913) |
| 421,741 | (421,741) | - |
| 5,899,243 | 58,205 | 5,957,448 |
| | | |
| 203,581 | - | 203,581 |
| - | - | - |
| 1,501 | - | 1,501 |
| 4,418 | - | 4,418 |
| 209,500 | - | 209,500 |
| 6,108,743 | 58,205 | 6,166,948 |
| | | |
| 2,918,455 | - | 2,918,455 |
| 597,306 | - | 597,306 |
| 528,761 | - | 528,761 |
| 268,703 | - | 268,703 |
| 4,313,226 | - | 4,313,226 |
| | | |
| 177,684 | - | 177,684 |
| 579,743 | - | 579,743 |
| 757,427 | - | 757,427 |
| 5,070,653 | - | 5,070,653 |
| | | |
| 10,526 | - | 10,526 |
| 5,081,179 | - | 5,081,179 |
| | | |
| 1,027,564 | 58,205 | 1,085,769 |
| | | |
| 6,944,508 | 458,161 | 7,402,669 |
| | | |
| $ 7,972,072 | $ 516,366 | $ 8,488,438 |

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

# Emergency Family Assistance Association, Inc.

## Statement of Functional Expenses

Year ended June 30, 2019

| | Program Services | | | | |
|---|---|---|---|---|---|
| | Basic Needs | Short Term Housing | Transitional Housing | Family Strengthening Program | Total |
| Salaries | $ 436,827 | $ 197,006 | $ 155,231 | $ 210,245 | $ 999,310 |
| Payroll taxes | 35,364 | 17,177 | 14,050 | 11,698 | 78,288 |
| Employee benefits | 61,775 | 31,128 | 28,496 | 19,176 | 140,576 |
| Workers compensation insurance | 5,312 | 2,573 | 2,306 | 2,126 | 12,316 |
| Total personnel | 539,278 | 247,884 | 200,084 | 243,244 | 1,230,490 |
| Client aid | | | | | |
| In-kind | 1,387,748 | 665 | - | - | 1,388,413 |
| Purchased | 946,687 | 16,497 | 7,516 | 23,657 | 994,357 |
| Repairs and maintenance | 20,680 | 72,139 | 96,160 | 1,503 | 190,482 |
| Contracted services | 43,011 | 23,389 | 18,212 | 40,139 | 124,750 |
| Marketing and donor recognition | 298 | 156 | 60 | 144 | 658 |
| Rent | | | | | |
| In-kind | - | 112,430 | - | - | 112,430 |
| Purchased | 2,436 | - | 50 | 798 | 3,284 |
| Utilities | 11,591 | 46,187 | 48,791 | - | 106,569 |
| Computers and copiers | 16,727 | 9,988 | 8,594 | 2,867 | 38,176 |
| Supplies | 14,407 | 8,951 | 13,385 | 2,369 | 39,113 |
| Insurance | 8,299 | 11,381 | 21,720 | 726 | 42,126 |
| Interest expense | - | - | 30,450 | - | 30,450 |
| In-kind services | - | - | - | - | - |
| Staff development | 5,851 | 1,914 | 1,609 | 4,176 | 13,550 |
| Transportation | 4,142 | 2,262 | 2,850 | 4,399 | 13,653 |
| Miscellaneous expense | 1,898 | 884 | 2,699 | 1,504 | 6,985 |
| Telephone | 3,745 | 1,807 | 3,633 | 298 | 9,483 |
| Volunteer development | 4,329 | 628 | 726 | 671 | 6,354 |
| Postage | 173 | 24 | 28 | 26 | 251 |
| Work study program | 544 | 945 | 835 | 470 | 2,795 |
| Investment management fees | - | - | - | - | - |
| Total expenses before depreciation | 3,011,843 | 558,131 | 457,400 | 326,992 | 4,354,366 |
| Depreciation - major assets | 32,560 | 34,238 | 144,696 | - | 211,494 |
| Depreciation - minor assets | 7,722 | 27,429 | 45,411 | 475 | 81,037 |
| Total expenses | $ 3,052,125 | $ 619,798 | $ 647,507 | $ 327,467 | $ 4,646,897 |

| Supporting Services | | | Total |
|---|---|---|---|
| General and Administrative | Fundraising | Total | Expenses |
| $ 139,085 | $ 301,698 | $ 440,783 | $ 1,440,093 |
| 7,311 | 21,153 | 28,463 | 106,752 |
| 12,332 | 37,131 | 49,462 | 190,038 |
| 1,277 | 3,499 | 4,777 | 17,093 |
| 160,004 | 363,481 | 523,485 | 1,753,975 |
| - | - | - | 1,388,413 |
| - | - | - | 994,357 |
| 5,776 | 4,778 | 10,554 | 201,036 |
| 26,780 | 18,573 | 45,352 | 170,102 |
| - | 140,308 | 140,308 | 140,967 |
| - | - | - | 112,430 |
| - | - | - | 3,284 |
| 1,489 | 1,417 | 2,907 | 109,476 |
| 8,398 | 14,503 | 22,901 | 61,076 |
| 5,939 | 4,693 | 10,632 | 49,744 |
| 2,521 | 918 | 3,438 | 45,564 |
| - | 51 | 51 | 30,502 |
| 4,000 | 20,408 | 24,408 | 24,408 |
| 3,582 | 2,951 | 6,533 | 20,082 |
| 428 | 1,304 | 1,731 | 15,385 |
| 483 | 14,615 | 15,098 | 22,082 |
| 668 | 905 | 1,573 | 11,056 |
| 407 | 960 | 1,366 | 7,720 |
| 1,449 | 3,201 | 4,651 | 4,901 |
| - | - | - | 2,795 |
| 8,251 | 655 | 8,906 | 8,906 |
| 230,174 | 593,721 | 823,894 | 5,178,260 |
| 2,647 | 10,631 | 13,278 | 224,772 |
| 3,366 | 1,444 | 4,810 | 85,847 |
| $ 236,187 | $ 605,796 | $ 841,982 | $ 5,488,879 |

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 | Family Strengthening 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.

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

| Years ended June 30 | 2019 | 2018 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in net assets | **$ 946,774** | $ 1,085,769 |
| Adjustments to reconcile change in net assets | | |
| to net cash provided by operating activities | | |
| Depreciation | **310,619** | 272,542 |
| Unrealized (gain) loss on investments | **(65,353)** | 10,526 |
| Increase (decrease) from changes in assets and liabilities | | |
| Grants receivable | **108,838** | 56,427 |
| Pledges recievable | **81,821** | (448,536) |
| Inventory | **(29,369)** | 24,799 |
| Prepaid expenses and other current assets | **(20,178)** | (3,326) |
| Deposits and other assets | **(9,889)** | (8,653) |
| Accounts payable | **(63,597)** | 65,809 |
| Accrued expenses | **8,220** | 12,640 |
| Deposits payable | **(1,987)** | (4,059) |
| Deferred revenue | **(66,522)** | (85,579) |
| Net cash provided by operating activities | **1,199,377** | 978,359 |
| **Cash Flows From Investing Activities** | | |
| Purchase of investments | **(809,888)** | (353,801) |
| Proceeds from sale and maturity of investments | **8,252** | 1,093 |
| Purchases of property and equipment | **(378,683)** | (623,421) |
| Transfers from restricted cash | **153,040** | 387,687 |
| Net cash used by investing activities | **(1,027,279)** | (588,442) |
| **Cash Flows From Financing Activities** | | |
| Payments on long-term debt | **(663,722)** | (12,967) |
| Net cash used by financing activities | **(663,722)** | (12,967) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **(491,624)** | 376,950 |
| **Cash and Cash Equivalents, Beginning of Year** | **1,422,746** | 1,045,796 |
| **Cash and Cash Equivalents, End of Year** | **$ 931,122** | $ 1,422,746 |
| **Supplemental Cash Flow Information** | | |
| Cash paid for interest | **$ 30,502** | $ 30,701 |

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 family strengthening 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 Family Strengthening Programs provide community enrichment programs, as well as case management and activities for children of EFAA clients.

*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)

*Changes in Accounting Principles.* Commencing on July 1, 2018, the Organization adopted the provisions of FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which became effective. The update changes the presentation of net assets, required the presentation of the statement of functional expenses, modifies the presentation of cash flows, requires certain disclosures about liquidity and availability of resources, and provides for disclosures of investment return. The change in accounting principle has been retroactively applied to all periods presented.

*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 two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

> *Net Assets Without Donor Restrictions.* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> *Net Assets With Donor Restrictions.* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

*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.

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

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 net assets without donor restrictions 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.

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, 2019 and 2018.

*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.

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

*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.

*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. During the years ended June 30, 2019 and 2018, an allowance of $37,731 and $51,900, respectively, was used for doubtful pledges receivable. Management believes that all grants receivable are fully collectible at June 30, 2019 and 2018.

*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, 2019 and 2018, an average price per pound of $1.68 and $1.73, 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 $2,500, 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.

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

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, 2019 and 2018 was $310,619 and $272,542, 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, 2019 and 2018.

*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 the promise to give is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

*Contributed Services.* Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For each of the years ended June 30, 2019 and 2018, the donated professional services recognized in the financial statements were $24,408 and $25,807, 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.

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

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, 2016 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 19, 2019, the date at which the financial statements were available for release.

**Note 2 - Availability and Liquidity**

The following represents the Organization's financial assets for the years ended June 30:

| | **2019** | 2018 |
|---|---|---|
| Financial assets at year end | | |
| Cash and cash equivalents | **$ 931,122** | $ 1,422,746 |
| Investments | **491,285** | 459,720 |
| Grants receivable | **169,672** | 278,510 |
| Endowment funds available for appropriation | **380,796** | - |
| Total financial assets | **1,972,875** | 2,160,976 |
| Less amounts not available to be used within one year | | |
| Board designated, not including Centennial Endowment | **741,915** | 741,915 |
| With donor restrictions | **51,695** | 67,830 |
| | **793,610** | 809,745 |
| Financial assets available to meet general expenditures, current | **$ 1,179,265** | $ 1,351,231 |

### Note 2 - Availability and Liquidity (continued)

As of June 30, 2019, EFAA's board designated Centennial Endowment was $1,269,318. The endowment policy allows for $380,796, which is 30% of the corpus on June 30, 2019, to be available for appropriation. The Board of Directors must approve any recommendation and withdrawal requests of the endowment. The board expects, at some future date, to expend the funds available for appropriation.

EFAA's financial policy is to maintain financial assets in reserves to meet three months of operating expenses, as defined in the policy, which for the years ended June 30, 2019 and 2018 was $710,000. If necessary, the Board of Directors must approve any recommendation and withdrawal requests from the reserves.

During 2019, the Organization voluntarily retired an outstanding mortgage totaling $634,410 with the use of available funds.

### Note 3 – 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, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Certificates of deposit | $ - | $ 491,285 | $ - | $ 491,285 |
| Investments | | | | |
| Measured at net asset value | | | | |
| Beneficial interest in assets held by The Community Foundation Serving Boulder County | | | | 1,269,318 |
| Total assets valued at fair value | | | | $ 1,760,603 |

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 |
| Investments | | | | |
| Measured at net asset | | | | |
| Beneficial interest in assets held by The Community Foundation Serving Boulder County | | | | 433,894 |
| Total assets valued at fair value | | | | $ 893,614 |

**Note 3 – Fair Value Measurements and Investments (continued)**

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 |
|---|---|---|---|---|
| **2019** | | | | |
| **$ 1,269,318** | N/A | Immediate | Redemptions will only be made upon written request of EFAA | None |
| 2018 | | | | |
| $ 433,894 | 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.

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, 2019 and 2018, there were no significant transfers in or out of fair value levels.

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

| | **2019** | 2018 |
|---|---|---|
| Investment interest and dividends | **$ 17,910** | $ 1,501 |
| Unrealized gain (loss) on investments | **65,353** | (10,526) |
| Investment management fees | **(8,906)** | (1,244) |
| Net investment gain (loss) | **$ 74,357** | $ (10,269) |

**Note 4 – 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 for the years ended June 30:

| | **2019** | 2018 |
|---|---|---|
| Due in less than one year | **$ 227,843** | $ 202,033 |
| Due in one to three years | **190,019** | 317,012 |
| Valuation allowance | **(51,147)** | (70,509) |
| | **$ 366,715** | $ 448,536 |

### Note 5 – Note Payable

EFAA had a debt agreement with Vectra Bank with outstanding borrowings of $663,722 as of June 30, 2018. The debt was paid in full during the year ended June 30, 2019.

### Note 6 – Net Assets With Donor Restrictions and Board Designated Endowment Net Assets

The following summarizes the changes in net assets with donor restrictions:

| | July 1, 2018 Balance | Receipts | Releases | June 30, 2019 Balance |
|---|---|---|---|---|
| North Boulder Property | **$ 65,540** | **$ -** | **$ (65,540)** | **$ -** |
| Pet Support | **2,290** | **-** | **(595)** | **1,695** |
| Centennial Endowment | **448,536** | **235,564** | **(317,385)** | **366,715** |
| Daniels Fund | **-** | **50,000** | **-** | **50,000** |
| | **$ 516,366** | **$ 285,564** | **$ (383,520)** | **$ 418,410** |

| | July 1, 2017 Balance | Receipts | Releases | 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 |

The following summarizes the changes in endowment funds for the years ended June 30, 2019 and

| | With Donor Restrictions | Without Restrictions 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 6 – Net Assets With Donor Restrictions and Board Designated Endowment Net Assets (continued)**

| | With Donor Restrictions | Without Restrictions Board Designated | | |
|---|---|---|---|---|
| | Centennial Endowment | Centennial Endowment | Abigail Greer | Total Endowments |
| Endowment net assets, July 1, 2018 | $ 448,536 | $ 433,894 | $ 31,765 | $ 914,195 |
| Contributions | **235,564** | **795,200** | **-** | **1,030,764** |
| Transfer of undesignated net assets | **-** | **-** | **150** | **150** |
| Interest and dividends | **-** | **14,688** | **-** | **14,688** |
| Net realized and unrealized losses | **-** | **33,788** | **-** | **33,788** |
| Investment advisory fees | **-** | **(8,251)** | **-** | **(8,251)** |
| Released from restrictions | **(317,385)** | **-** | **-** | **(317,385)** |
| Change in endowment net assets | **(81,821)** | **835,425** | **150** | **753,754** |
| Endowment net assets, June 30, 2019 | **$ 366,715** | **$ 1,269,319** | **$ 31,915** | **$ 1,667,949** |

*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 family strengthening programs.

### Note 7 – Non-Endowment Board Designated Net Assets

*Current Needs.* The Board of Directors has designated $710,000 of net assets without donor restrictions for current operating needs at June 30, 2019 and 2018. These funds are restricted designations imposed internally and are recorded as net assets without donor restrictions.

### Note 8 – Special Event

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

| | **2019** | 2018 |
|---|---|---|
| Gross proceeds | **$ 477,102** | $ 463,173 |
| Direct costs | **(86,087)** | (86,913) |
| Net proceeds | **$ 391,015** | $ 376,260 |

### Note 9 – 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 $27,579 and $25,907 during the years ended June 30, 2019 and 2018, respectively.

### Note 10 – 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 $3,284 and $746 for the years ended June 30, 2019 and 2018, 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 11 – 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.

**Note 11 – Contingencies (continued)**

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.

*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.

**Note 11 – Contingencies (continued)**

*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, 2019 and 2018 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 Endowments and Concentration.* 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, 2019 and 2018, the fair market value of these funds was $21,145 and $20,194, respectively.

The Community Foundation Serving Boulder County Endowments also holds an agency endowment fund that is recorded in the Organization's financial statements . As of June 30, 2019 and 2018, the fair market value of these funds was $1,269,318 and $433,894, respectively.

**Note 12 – 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, 2019 and 2018. Claim payments based on actual claims ultimately filed could differ materially from these estimates.

**Note 13 – Concentrations of Credit Risk**

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