Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019, 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.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
September 29, 2020

Emergency Family Assistance Association, Inc.

Statements of Financial Position

June 30	**2020**	2019
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 3,243,372**	$ 931,122
Investments, fair value	**517,715**	491,285
Grants receivable	**71,550**	169,672
Pledges receivable, current	**106,386**	207,337
Inventory	**104,734**	96,598
Prepaid expenses and other current assets	**66,189**	75,595
Total current assets	**4,109,946**	1,971,609
Property and Equipment		
Land	**1,069,768**	1,069,768
Buildings and major improvements	**7,228,630**	7,228,630
Minor building improvements	**1,215,477**	1,155,669
Furniture and fixtures	**210,469**	208,340
Computers and electronics	**103,407**	103,407
Vehicles	**109,378**	81,378
Software	**22,474**	22,474
	9,959,603	9,869,666
Less accumulated depreciation	**(3,947,311)**	(3,622,980)
Net property and equipment	**6,012,292**	6,246,686
Other Assets		
Deposits and other assets	**38,625**	37,168
Beneficial interest in assets held by The Community Foundation Serving Boulder County	**1,582,831**	1,269,318
Pledges receivable, net of current	**22,125**	159,378
Total other assets	**1,643,581**	1,465,864
Total assets	**$ 11,765,819**	$ 9,684,159

	2020	2019
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 65,065**	$ 85,398
Accrued expenses	**94,578**	83,670
Deposits payable	**31,764**	26,464
Deferred revenue	**314,942**	53,415
Note payable, current maturities	**146,032**	-
Total current liabilities	**652,381**	248,947
Long-Term Liability		
Note payable, net of current maturities	**148,368**	-
Total liabilities	**800,749**	248,947
Net Assets		
Without donor restrictions		
Undesignated	**8,364,070**	7,005,568
Board-designated endowments	**1,615,896**	1,301,234
Board-designated, current needs	**820,000**	710,000
With donor restrictions	**165,104**	418,410
Total net assets	**10,965,070**	9,435,212
Total liabilities and net assets	**$ 11,765,819**	$ 9,684,159

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	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, Other Revenue and Gains			
Support			
Private donations	$ 4,673,232	$ 78,535	$ 4,751,767
In-kind donations	1,334,536	-	1,334,536
Grants	1,273,566	-	1,273,566
Special event income	442,523	-	442,523
Special event expense	(66,966)	-	(66,966)
Net assets released from restrictions	331,841	(331,841)	-
Total support	7,988,732	(253,306)	7,735,426
Other Revenue and Gains			
Rental income	183,114	-	183,114
Unrealized gain on investments	64,793	-	64,793
Interest and dividends	28,740	-	28,740
Other revenue	3,338	-	3,338
Total other revenue and gains	279,985	-	279,985
Total support, other revenue and gains	8,268,717	(253,306)	8,015,411
Functional Expenses			
Program services			
Basic needs	3,878,917	-	3,878,917
Short-term housing	613,129	-	613,129
Transitional housing	691,522	-	691,522
Family strengthening programs	372,167	-	372,167
Total program services	5,555,735	-	5,555,735
Supporting services			
General and administrative	273,033	-	273,033
Fundraising	656,785	-	656,785
Total supporting services	929,818	-	929,818
Total functional expenses	6,485,553	-	6,485,553
Change in Net Assets	1,783,164	(253,306)	1,529,858
Net Assets, Beginning of Year	9,016,802	418,410	9,435,212
Net Assets, End of Year	$ 10,799,966	$ 165,104	$ 10,965,070

2019		
Without Donor Restrictions	With Donor Restrictions	Total
$ 2,819,816	$ 285,564	$ 3,105,380
1,553,055	-	1,553,055
1,068,869	-	1,068,869
477,102	-	477,102
(86,087)	-	(86,087)
383,520	(383,520)	-
6,216,275	(97,956)	6,118,319
229,299	-	229,299
65,353	-	65,353
17,910	-	17,910
4,772	-	4,772
317,334	-	317,334
6,533,609	(97,956)	6,435,653
3,052,125	-	3,052,125
619,798	-	619,798
647,507	-	647,507
327,467	-	327,467
4,646,897	-	4,646,897
236,187	-	236,187
605,795	-	605,795
841,982	-	841,982
5,488,879	-	5,488,879
1,044,730	(97,956)	946,774
7,972,072	516,366	8,488,438
$ 9,016,802	$ 418,410	$ 9,435,212

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

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2020

	Program Services				
	Basic Needs	Short Term Housing	Transitional Housing	Family Strengthening Program	Total
Salaries	$ 558,856	$ 213,712	$ 187,724	$ 225,215	$ 1,185,507
Payroll taxes	32,855	14,379	17,149	19,164	83,547
Employee benefits	59,506	26,614	29,678	33,333	149,131
Workers compensation insurance	3,437	4,028	1,782	2,037	11,284
Total personnel	654,654	258,733	236,333	279,749	1,429,469
Client aid					
In-kind	1,205,716	112	24	-	1,205,852
Purchased	1,808,906	10,283	9,750	26,153	1,855,092
Contracted services	48,883	20,911	39,324	42,216	151,334
Repairs and maintenance	25,655	67,264	81,199	1,526	175,644
Marketing and donor recognition	1,754	183	166	236	2,339
Utilities	8,125	44,905	57,767	119	110,916
Rent					
In-kind	-	112,430	-	-	112,430
Purchased	3,379	36	36	79	3,530
Supplies	25,707	9,073	19,468	7,180	61,428
Computers and copiers	16,146	10,596	15,064	5,645	47,451
Insurance	7,510	13,384	21,146	15	42,055
Credit card fees	-	-	-	-	-
Miscellaneous expense	5,615	1,466	1,732	2,020	10,833
Investment management fees	-	-	-	-	-
Transportation	3,689	2,219	2,536	3,035	11,479
Staff development	4,021	1,652	1,551	1,496	8,720
Work study program	8,107	547	1,537	447	10,638
Telephone	3,881	1,259	2,904	551	8,595
In-kind services	-	-	-	-	-
Postage	661	-	19	38	718
Volunteer development	3,698	51	399	381	4,529
Total expenses before depreciation	3,836,107	555,104	490,955	370,886	5,253,052
Depreciation - major assets	32,560	33,340	151,162	-	217,062
Depreciation - minor assets	10,250	24,685	49,405	1,281	85,621
Total expenses	$ 3,878,917	$ 613,129	$ 691,522	$ 372,167	$ 5,555,735

Supporting Services			
General and Administrative	Fundraising	Total	Total Expenses
$ 169,243	$ 335,817	$ 505,060	$ 1,690,567
11,012	26,913	37,925	121,472
18,665	46,811	65,476	214,607
1,146	2,801	3,947	15,231
200,066	412,342	612,408	2,041,877
-	-	-	1,205,852
-	-	-	1,855,092
28,622	18,332	46,954	198,288
3,222	2,880	6,102	181,746
76	137,649	137,725	140,064
1,329	1,329	2,658	113,574
-	-	-	112,430
91	151	242	3,772
3,661	7,262	10,923	72,351
5,175	12,139	17,314	64,765
727	1,105	1,832	43,887
461	32,823	33,284	33,284
1,255	3,782	5,037	15,870
14,334	16	14,350	14,350
181	988	1,169	12,648
681	2,240	2,921	11,641
-	427	427	11,065
315	994	1,309	9,904
4,000	4,770	8,770	8,770
851	3,443	4,294	5,012
102	349	451	4,980
265,149	643,021	908,170	6,161,222
2,647	10,631	13,278	230,340
5,237	3,133	8,370	93,991
$ 273,033	$ 656,785	$ 929,818	$ 6,485,553

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	-	-	-	-	-
Miscellaneous expense	1,898	884	2,699	1,504	6,985
Staff development	5,851	1,914	1,609	4,176	13,550
Transportation	4,142	2,262	2,850	4,399	13,653
Telephone	3,745	1,807	3,633	298	9,483
Investment management fees	-	-	-	-	-
Volunteer development	4,329	628	726	671	6,354
Postage	173	24	28	26	251
Work study program	544	945	835	470	2,795
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			
General and Administrative	Fundraising	Total	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	30,501
4,000	20,408	24,408	24,408
483	14,615	15,098	22,082
3,582	2,951	6,533	20,082
428	1,304	1,731	15,385
668	905	1,573	11,056
8,251	655	8,906	8,906
407	960	1,366	7,720
1,449	3,201	4,651	4,901
-	-	-	2,795
230,174	593,720	823,894	5,178,260
2,647	10,631	13,278	224,772
3,366	1,444	4,810	85,847
$ 236,187	$ 605,795	$ 841,982	$ 5,488,879

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

Emergency Family Assistance Association, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash

Years ended June 30	**2020**	2019
Cash Flows From Operating Activities		
Change in net assets	**$ 1,529,858**	$ 946,774
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**324,331**	310,619
Unrealized gain on investments	**(64,793)**	(65,353)
Increase (decrease) from changes in assets and liabilities		
Grants receivable	**98,122**	108,838
Pledges receivable	**238,204**	81,821
Inventory	**(8,136)**	(29,369)
Prepaid expenses and other current assets	**9,406**	(20,178)
Deposits and other assets	**(1,457)**	(9,889)
Accounts payable	**(20,333)**	(63,597)
Accrued expenses	**10,908**	8,220
Deposits payable	**5,300**	(1,987)
Deferred revenue	**261,527**	(66,522)
Net cash provided by operating activities	**2,382,937**	1,199,377
Cash Flows From Investing Activities		
Purchase of investments	**(289,483)**	(809,888)
Proceeds from sale and maturity of investments	**14,333**	8,252
Purchases of property and equipment	**(89,937)**	(378,683)
Net cash used by investing activities	**(365,087)**	(1,180,319)
Cash Flows From Financing Activities		
Borrowings on long-term debt	**294,400**	-
Payments on long-term debt	**-**	(663,722)
Net cash provided (used) by financing activities	**294,400**	(663,722)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	**2,312,250**	(644,664)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	**931,122**	1,575,786
Cash, Cash Equivalents, and Restricted Cash, End of Year	**$ 3,243,372**	$ 931,122
Supplemental Cash Flow Information		
Cash paid for interest	**$ -**	$ 30,501

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)

Future Accounting Pronouncement. During May 2020, the Financial Accounting Standards Board issued ASU No. 2020-05, which allowed for the delay of implementing ASU No. 2014-09 (Topic 606) - *Revenue from Contracts With Customers*. Topic 606 provides guidance for revenue recognition that superseded previous guidance. The pronouncement was originally required to be implemented July 1, 2019. Under ASU 2014-09, revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. Management has not determined the effects of the adoption of the pronouncement. The new pronouncement requires substantially expanded disclosures for contract assets and liabilities.

Changes in Accounting Principles. Commencing on July 1, 2019, the Organization adopted the provisions of FASB ASU 2016-18, Statement of Cash Flows (*Topic 230) - Restricted Cash*, which became effective July 1, 2019. The pronouncement requires the statement of cash flows to reconcile all cash, with and without restrictions, rather than just unrestricted cash.

During the year ended June 30, 2019, the Organization released $153,040 of restricted board-designated cash by Board vote. There are no restrictions on cash at June 30, 2020 and 2019.

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.

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

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 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, 2020 and 2019.

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

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.

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, 2020 and 2019, an allowance of $21,101 and $37,731, respectively, was used for doubtful pledges receivable. Management believes that all grants receivable are fully collectible at June 30, 2020 and 2019.

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, 2020 and 2019, an average price per pound of $1.62 and $1.68, 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.

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

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.

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, 2020 and 2019 was $324,331 and $310,619, 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, 2020 and 2019.

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, 2020 and 2019, the donated professional services recognized in the financial statements were $8,770 and $24,408, 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, 2017 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 29, 2020, 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:

	2020	2019
Financial assets at year end		
Cash and cash equivalents	**$ 3,243,372**	$ 931,122
Investments	**517,715**	491,285
Grants receivable	**71,550**	169,672
Endowment funds available for appropriation	**474,849**	380,796
Total financial assets	**4,307,486**	1,972,875
Less amounts not available to be used within one year		
Board designated, not including Centennial Endowment	**853,065**	741,915
With donor restrictions	**520**	1,695
	853,585	743,610
Financial assets available to meet general expenditures, current	**$ 3,453,901**	$ 1,229,265

Note 2 - Availability and Liquidity (continued)

As of June 30, 2020 and 2019, EFAA's board designated Centennial Endowment was $1,582,831 and $1,269,319, respectively. The endowment policy allows for $474,849 and $380,796, which is 30% of the corpus on June 30, 2020 and 2019, respectively, 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, 2020 and 2019 was $820,000 and $710,000, respectively. If necessary, the Board of Directors must approve any recommendation and withdrawal requests from the reserves.

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, 2020:

	Level 1	**Level 2**	**Level 3**	**Total**
Certificates of deposit	**$ -**	**$ 517,715**	**$ -**	**$ 517,715**
Investments				
Measured at net asset value				
Beneficial interest in assets held by The Community Foundation Serving Boulder County				**1,582,831**
Total assets valued at fair value				**$ 2,100,546**

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				
Beneficial interest in assets held by The Community Foundation Serving Boulder County				1,269,318
Total assets valued at fair value				$ 1,760,603

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
2020				
$ 1,582,831	N/A	Immediate	Redemptions will only be made upon written request of EFAA	None
2019				
$ 1,269,318	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, 2020 and 2019, there were no significant transfers in or out of fair value levels.

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

	2020	2019
Investment interest and dividends	**$ 28,740**	$ 17,910
Unrealized gain on investments	**64,793**	65,353
Investment management fees	**(14,350)**	(8,906)
Net investment gain (loss)	**$ 79,183**	$ 74,357

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:

	2020	2019
Due in less than one year	**$ 127,485**	$ 227,843
Due in one to three years	**29,700**	190,019
Valuation allowance	**(28,674)**	(51,147)
	$ 128,511	$ 366,715

Note 5 – Note Payable

The Organization has a long-term note with the United States Small Business Administration under the Paycheck Protection Program (PPP). The PPP loan program provides for forgiveness of the loan if the Organization expends the proceeds for qualified purposes and complies with other requirements. The Organization has expended all funds as of June 30, 2020 and expects to meet the criteria and will apply for loan forgiveness. The loan, as structured at June 30, 2020, is due in monthly installments of $5,053, including interest of 1.00% beginning in November 2020. The loan is unsecured and matures in April 2022. The outstanding balance at June 30, 2020 is $294,400.

Scheduled maturities of the long-term note payable is as follows at June 30, 2020:

Year	Amount
2021	$ 146,032
2022	148,368
	$ 294,400

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, 2019 Balance	**Receipts**	**Releases**	**June 30, 2020 Balance**
Centennial Endowment	**$ 366,715**	**$ 23,741**	**$ (261,945)**	**$ 128,511**
Special Needs Fund	**-**	**29,794**	**(12,396)**	**17,398**
Medical Fund	**-**	**25,000**	**(6,325)**	**18,675**
Pet Support	**1,695**	**-**	**(1,175)**	**520**
Daniels Fund	**50,000**	**-**	**(50,000)**	**-**
	$ 418,410	**$ 78,535**	**$ (331,841)**	**$ 165,104**

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

Note 6 – Net Assets With Donor Restrictions and Board Designated Endowment Net Assets (continued)

The following summarizes the changes in endowment funds for the years ended June 30, 2020 and

	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 gains	-	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
Contributions	**23,741**	**261,945**	-	**285,686**
Transfer of undesignated net assets	-	**-**	**1,150**	**1,150**
Interest and dividends	-	**27,538**	-	**27,538**
Net realized and unrealized gains	-	**38,363**	-	**38,363**
Investment advisory fees	-	**(14,334)**	-	**(14,334)**
Released from restrictions	**(261,945)**	-	-	**(261,945)**
Change in endowment net assets	**(238,204)**	**313,512**	**1,150**	**76,458**
Endowment net assets, June 30, 2020	**$ 128,511**	**$ 1,582,831**	**$ 33,065**	**$ 1,744,407**

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.

Note 6 – Net Assets With Donor Restrictions and Board Designated Endowment Net Assets (continued)

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 $820,000 and $710,000 of net assets without donor restrictions for current operating needs at June 30, 2020 and 2019, respectively. These funds are restricted designations imposed internally and are recorded as net assets without donor

Note 8 – Special Event

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

	2020	2019
Gross proceeds	**$ 442,523**	$ 477,102
Direct costs	**(66,966)**	(86,087)
Net proceeds	**$ 375,557**	$ 391,015

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 $30,494 and $27,579 during the years ended June 30, 2020 and 2019, respectively.

Note 10 – Commitments

Operating Lease. EFAA leases office space in Nederland, Colorado in order to serve the mountain communities. The lease requires monthly payments of $212 and expires in December 2020. Future annual minimum lease payments required under the lease total $1,272 for the year ended June 30, 2021.

Total rent expense for operating lease, excluding in-kind rent, was $2,508 and $2,436 for the years ended June 30, 2020 and 2019, respectively.

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.

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.

Note 11 – Contingencies (continued)

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.

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.

Note 11 – Contingencies (continued)

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, 2020 and 2019, the fair market value of these funds was $21,891 and $21,145, 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, 2020 and 2019, the fair market value of these funds was $1,582,311 and $1,269,318, 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, 2020 and 2019. 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.

Note 14 – Uncertainty

During 2020, a health care pandemic has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. Certain parts of EFAA's operations, including fundraising, have been modified or were terminated to comply with the requirements and recommendations of governing agencies. The federal government has implemented various relief measures, including the Cares Act of 2020. The Organization plans to participate in the benefits available under the newly-enacted legislation. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.