Emergency Family Assistance Association, Inc.

(a nonprofit Colorado corporation)

Boulder, Colorado

Financial Statements

June 30, 2021 and 2020

Emergency Family Assistance Association, Inc.

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BROCK CPAs

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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, 2021 and 2020, 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, 2021 and 2020, 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
December 17, 2021

Emergency Family Assistance Association, Inc.

Statements of Financial Position

June 30	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 2,965,441**	$ 3,243,372
Investments, fair value	**542,176**	517,715
Grants receivable	**244,491**	71,550
Pledges receivable, current	**47,800**	106,386
Inventory	**80,157**	104,734
Prepaid expenses and other current assets	**45,705**	66,189
Total current assets	**3,925,770**	4,109,946
Property and Equipment		
Land	**1,069,768**	1,069,768
Buildings and major improvements	**8,010,139**	7,228,630
Minor building improvements	**1,274,672**	1,215,477
Furniture and fixtures	**224,165**	210,469
Computers and electronics	**115,133**	103,407
Vehicles	**117,313**	109,378
Software	**22,474**	22,474
	10,833,664	9,959,603
Less accumulated depreciation	**(4,277,799)**	(3,947,311)
Net property and equipment	**6,555,865**	6,012,292
Other Assets		
Deposits and other assets	**48,301**	38,625
Beneficial interest in assets held by The Community Foundation Serving Boulder County	**2,327,878**	1,582,831
Pledges receivable, net of current	**2,169**	22,125
Total other assets	**2,378,348**	1,643,581
Total assets	**$ 12,859,983**	$ 11,765,819

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

	2021	2020
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 101,765**	$ 65,065
Accrued expenses	**114,279**	94,578
Deposits payable	**37,680**	31,764
Refundable advances	**8,253**	314,942
Note payable, current maturities	**-**	146,032
Total current liabilities	**261,977**	652,381
Long-Term Liability		
Note payable, net of current maturities	**-**	148,368
Total liabilities	**261,977**	800,749
Net Assets		
Without donor restrictions		
Undesignated	**9,045,749**	8,364,070
Board-designated endowments	**2,361,093**	1,615,896
Board-designated, current needs	**1,070,000**	820,000
With donor restrictions	**121,164**	165,104
Total net assets	**12,598,006**	10,965,070
Total liabilities and net assets	**$ 12,859,983**	$ 11,765,819

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	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Support, Other Revenue and Gains						
Support						
Private donations	**$ 5,964,987**	**$ 446,528**	**$ 6,411,515**	$ 4,673,232	$ 78,535	$ 4,751,767
In-kind donations	**1,488,757**	**-**	**1,488,757**	1,334,536	-	1,334,536
Grants	**1,673,517**	**-**	**1,673,517**	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	**490,468**	**(490,468)**	**-**	331,841	(331,841)	-
Total support	**9,617,729**	**(43,940)**	**9,573,789**	7,988,732	(253,306)	7,735,426
Other Revenue and Gains						
Debt forgiveness, Paycheck Protection Program loan	**297,505**	**-**	**297,505**	-	-	-
Rental income	**200,912**	**-**	**200,912**	183,114	-	183,114
Unrealized gain on investments	**344,849**	**-**	**344,849**	64,793	-	64,793
Interest and dividends	**39,521**	**-**	**39,521**	28,740	-	28,740
Other revenue	**8,431**	**-**	**8,431**	3,338	-	3,338
Total other revenue and gains	**891,218**	**-**	**891,218**	279,985	-	279,985
Total support, other revenue and gains	**10,508,947**	**(43,940)**	**10,465,007**	8,268,717	(253,306)	8,015,411
Functional Expenses						
Program services						
Basic needs	**6,064,023**	**-**	**6,064,023**	3,878,917	-	3,878,917
Short-term housing	**614,607**	**-**	**614,607**	613,129	-	613,129
Transitional housing	**770,457**	**-**	**770,457**	691,522	-	691,522
Family strengthening programs	**354,876**	**-**	**354,876**	372,167	-	372,167
Total program services	**7,803,963**	**-**	**7,803,963**	5,555,735	-	5,555,735
Supporting services						
General and administrative	**327,465**	**-**	**327,465**	273,033	-	273,033
Fundraising	**700,643**	**-**	**700,643**	656,785	-	656,785
Total supporting services	**1,028,108**	**-**	**1,028,108**	929,818	-	929,818
Total functional expenses	**8,832,071**	**-**	**8,832,071**	6,485,553	-	6,485,553
Change in Net Assets	**1,676,876**	**(43,940)**	**1,632,936**	1,783,164	(253,306)	1,529,858
Net Assets, Beginning of Year	**10,799,966**	**165,104**	**10,965,070**	9,016,802	418,410	9,435,212
Net Assets, End of Year	**$ 12,476,842**	**$ 121,164**	**$ 12,598,006**	$ 10,799,966	$ 165,104	$ 10,965,070

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

Emergency Family Assistance Association, Inc.

Statement of Functional Expenses

Year ended June 30, 2021

	Program Services					Supporting Services			
	Basic Needs	Short Term Housing	Transitional Housing	Children, Youth, and Family Program	Total	General and Administrative	Fundraising	Total	Total Expenses
Salaries	$ 637,796	$ 193,731	$ 203,749	$ 230,782	$ 1,266,057	$ 198,166	$ 345,973	$ 544,139	$ 1,810,197
Payroll taxes	34,243	15,525	17,768	20,152	87,688	11,376	27,733	39,108	126,796
Employee benefits	73,947	34,779	41,329	41,950	192,006	24,279	58,595	82,874	274,880
Workers compensation insurance	4,283	1,904	2,221	2,538	10,946	1,428	3,490	4,918	15,864
Total personnel	750,269	245,938	265,067	295,422	1,556,698	235,249	435,790	671,039	2,227,737
Client aid									
Purchased	3,649,662	14,672	15,506	7,970	3,687,810	-	-	-	3,687,810
In-kind	1,384,571	-	-	-	1,384,571	-	-	-	1,384,571
Repairs and maintenance	79,634	68,677	131,736	4,554	284,601	5,527	5,727	11,254	295,855
Utilities	9,680	52,408	77,106	19	139,212	1,400	1,433	2,833	142,046
Contracted services	36,187	13,154	12,608	25,135	87,083	33,918	16,158	50,077	137,160
Marketing and donor recognition	589	-	-	-	589	-	133,164	133,164	133,753
Rent									
In-kind	-	112,430	-	-	112,430	-	-	-	112,430
Purchased	4,274	-	-	-	4,274	-	-	-	4,274
Computers and copiers	27,510	16,200	15,142	9,277	68,129	8,581	32,569	41,150	109,279
Supplies	43,058	8,067	12,472	3,807	67,404	4,669	4,834	9,503	76,907
Insurance	9,855	16,690	25,756	251	52,552	957	1,608	2,566	55,118
Credit card fees	-	-	-	-	-	-	43,806	43,806	43,806
Staff development	7,758	2,816	2,286	2,783	15,643	894	3,092	3,987	19,629
Investment management fees	-	-	-	-	-	18,739	37	18,777	18,777
Miscellaneous expense	5,186	2,553	2,394	2,852	12,985	942	3,106	4,047	17,032
Telephone	4,684	832	2,978	259	8,752	594	673	1,267	10,019
Postage	1,500	49	46	48	1,644	564	3,924	4,488	6,132
Transportation	1,004	1,728	1,286	333	4,351	140	82	222	4,573
Work study program	1,671	758	841	480	3,750	-	519	519	4,269
In-kind services	-	-	-	-	-	4,000	-	4,000	4,000
Volunteer development	2,485	7	307	265	3,064	17	218	236	3,299
Interest expense	-	-	-	-	-	3,105	-	3,105	3,105
Total expenses before depreciation	6,019,576	556,979	565,532	353,455	7,495,542	319,297	686,743	1,006,040	8,501,582
Depreciation - major assets	33,211	34,889	151,813	-	219,914	2,864	10,631	13,495	233,409
Depreciation - minor assets	11,235	22,738	53,112	1,421	88,507	5,304	3,269	8,573	97,080
Total expenses	$6,064,023	$ 614,607	$ 770,457	$ 354,876	$ 7,803,963	$ 327,465	$ 700,643	$ 1,028,108	$ 8,832,071

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					Supporting Services			
	Basic Needs	Short Term Housing	Transitional Housing	Children, Youth, and Family Program	Total	General and Administrative	Fundraising	Total	Total Expenses
Salaries	$ 558,856	$ 213,712	$ 187,724	$ 225,215	$ 1,185,507	$ 169,243	$ 335,817	$ 505,060	$ 1,690,567
Payroll taxes	32,855	14,379	17,149	19,164	83,547	11,012	26,913	37,925	121,472
Employee benefits	59,506	26,614	29,678	33,333	149,131	18,665	46,811	65,476	214,607
Workers compensation insurance	3,437	4,028	1,782	2,037	11,284	1,146	2,801	3,947	15,231
Total personnel	654,654	258,733	236,333	279,749	1,429,469	200,066	412,342	612,408	2,041,877
Client aid									
In-kind	1,205,716	112	24	-	1,205,852	-	-	-	1,205,852
Purchased	1,808,906	10,283	9,750	26,153	1,855,092	-	-	-	1,855,092
Contracted services	48,883	20,911	39,324	42,216	151,334	28,622	18,332	46,954	198,288
Repairs and maintenance	25,655	67,264	81,199	1,526	175,644	3,222	2,880	6,102	181,746
Marketing and donor recognition	1,754	183	166	236	2,339	76	137,649	137,725	140,064
Utilities	8,125	44,905	57,767	119	110,916	1,329	1,329	2,658	113,574
Rent									
In-kind	-	112,430	-	-	112,430	-	-	-	112,430
Purchased	3,379	36	36	79	3,530	91	151	242	3,772
Supplies	25,707	9,073	19,468	7,180	61,428	3,661	7,262	10,923	72,351
Computers and copiers	16,146	10,596	15,064	5,645	47,451	5,175	12,139	17,314	64,765
Insurance	7,510	13,384	21,146	15	42,055	727	1,105	1,832	43,887
Credit card fees	-	-	-	-	-	461	32,823	33,284	33,284
Miscellaneous expense	5,615	1,466	1,732	2,020	10,833	1,255	3,782	5,037	15,870
Investment management fees	-	-	-	-	-	14,334	16	14,350	14,350
Transportation	3,689	2,219	2,536	3,035	11,479	181	988	1,169	12,648
Staff development	4,021	1,652	1,551	1,496	8,720	681	2,240	2,921	11,641
Work study program	8,107	547	1,537	447	10,638	-	427	427	11,065
Telephone	3,881	1,259	2,904	551	8,595	315	994	1,309	9,904
In-kind services	-	-	-	-	-	4,000	4,770	8,770	8,770
Postage	661	-	19	38	718	851	3,443	4,294	5,012
Volunteer development	3,698	51	399	381	4,529	102	349	451	4,980
Total expenses before depreciation	3,836,107	555,104	490,955	370,886	5,253,052	265,149	643,021	908,170	6,161,222
Depreciation - major assets	32,560	33,340	151,162	-	217,062	2,647	10,631	13,278	230,340
Depreciation - minor assets	10,250	24,685	49,405	1,281	85,621	5,237	3,133	8,370	93,991
Total expenses	$3,878,917	$ 613,129	$ 691,522	$ 372,167	$ 5,555,735	$ 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.

Statements of Cash Flows

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

Years ended June 30	2021	2020
Cash Flows From Operating Activities		
Change in net assets	**$ 1,632,936**	$ 1,529,858
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**330,489**	324,331
Unrealized gain on investments	**(344,849)**	(64,793)
Debt forgiveness, Paycheck Protection Program loan	**(294,400)**	-
Increase (decrease) from changes in assets and liabilities		
Grants receivable	**(172,941)**	98,122
Pledges receivable	**78,542**	238,204
Inventory	**24,577**	(8,136)
Prepaid expenses and other current assets	**20,484**	9,406
Deposits and other assets	**(9,676)**	(1,457)
Accounts payable	**36,700**	(20,333)
Accrued expenses	**19,701**	10,908
Deposits payable	**5,916**	5,300
Refundable advances	**(306,689)**	261,527
Net cash provided by operating activities	**1,020,790**	2,382,937
Cash Flows From Investing Activities		
Purchase of investments	**(503,398)**	(289,483)
Proceeds from sale and maturity of investments	**78,739**	14,333
Purchases of property and equipment	**(874,062)**	(89,937)
Net cash used by investing activities	**(1,298,721)**	(365,087)
Cash Flows From Financing Activities		
Borrowings on long-term debt	**-**	294,400
Net cash provided by financing activities	**-**	294,400
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	**(277,931)**	2,312,250
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	**3,243,372**	931,122
Cash, Cash Equivalents, and Restricted Cash, End of Year	**$ 2,965,441**	$ 3,243,372

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

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Emergency Family Assistance Association, Inc. (EFAA) helps those in our community whose immediate needs for food, shelter and other basic necessities cannot adequately be met by other means, and supports their efforts toward financial stability or self-sufficiency.

EFAA was founded in 1918 as the Social Service Bureau, and was incorporated in 1961 under the laws of the State of Colorado. Funding for EFAA is primarily obtained through charitable contributions from interested parties. EFAA serves Boulder county and has four major types of programs: basic needs, short-term housing, transitional housing, and a children, youth, and family 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 participants in need. Participants 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. Participants stay an average of one year, but may stay up to two years. Caseworkers work with each family in an individualized way to help them increase their self-sufficiency and make progress toward obtaining permanent housing. The caseworkers help to arrange longer-term educational activities such as English as a second language, high school GED, and others.

EFAA owns or rents the property utilized in the Short-Term Housing and Transitional Housing Programs. Rent charges by EFAA to tenants are at rates substantially below market rental rates. While the difference between the market value rent and the discounted rent is not recorded in the accompanying statement of activities, the value of the discounted rent is an integral component of EFAA's services.

The Children, Youth, and Family Program provides community enrichment programs, as well as case management and activities for children of EFAA participants.

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. On July 1, 2020, the Organization adopted Financial Accounting Standards Board ("FASB") ASU No. 2014-09 (Topic 606) - *Revenue from Contracts With Customers*, which provides guidance for revenue recognition that superseded previous guidance. Under ASU 2014-09, revenue is 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. The Organization adopted ASU 2014-09 under the modified retrospective approach, applying the amendments to prospective reporting periods. Results from reporting periods beginning after July 1, 2020, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with previous guidance. The adoption would not have had any material effect on the change in net assets for the year ended June 30, 2020, or on net assets as of June 30, 2020.

On July 1, 2020, the Organization adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which became effective. The pronouncement clarifies and improves the scope of accounting guidance for contributions received and contributions made.

On July 1, 2020, the Organization adopted the provisions of FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements in FASB ASC 820. Certain amendments in ASU 2018-13 are applied prospectively and all others are applied retrospectively. The adoption did not have any material effect on the change in net assets for the year ended June 30, 2020, or on net assets as of June 30, 2020

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.

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

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated among program, general and administrative, and fundraising activities based on estimated relative usage of resources attributable to these activities.

Cash and Cash Equivalents. EFAA considers all highly liquid investments, including demand deposits and money market funds, with a maturity of three months or less, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments. EFAA's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. EFAA's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in 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.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value 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, 2021 and 2020.

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.

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, 2021 and 2020, an allowance of $13,900 and $21,101, respectively, was used for doubtful pledges receivable. Management believes that all grants receivable are fully collectible at June 30, 2021 and 2020.

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

Inventory. EFAA maintains inventories of food and bus passes for distribution to participants. Food inventories are weighed when purchased or donated. During the years ended June 30, 2021 and 2020, an average price per pound of $1.74 and $1.62, respectively, was used to value food received and distributed to participants, 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.

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, 2021 and 2020 was $330,489 and $324,331, 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, 2021 and 2020.

Revenue Recognition. The Organization's revenues from contracts with customers consist of rent. Revenue is recognized upon the transfer of services to customers in amount that reflects the consideration that is expected to be received in exchange for those services. Rental income is billed to tenants monthly, in advance, and is recognized ratably over the period to which the invoice applies as the Organization satisfies its performance obligation to provide housing. The invoice period is typically one month.

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.

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

Contributed Services. Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For each of the years ended June 30, 2021 and 2020, the donated professional services recognized in the financial statements were $4,000 and $8,770, respectively.

Income Taxes. EFAA is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

EFAA utilizes the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to EFAA, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to EFAA for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

Income taxes for all open years 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 December 17, 2021, 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:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	**$ 2,965,441**	$ 3,243,372
Investments	**542,176**	517,715
Grants receivable	**244,491**	71,550
Endowment funds available for appropriation	**698,363**	474,849
Total financial assets	**4,450,471**	4,307,486
Less amounts not available to be used within one year		
Board designated, not including Centennial Endowment	**1,103,215**	853,065
With donor restrictions	**121,164**	165,104
	1,224,379	1,018,169
Financial assets available to meet general expenditures, current	**$ 3,226,092**	$ 3,289,317

As of June 30, 2021 and 2020, EFAA’s board designated Centennial Endowment was $2,327,878 and $1,582,831, respectively. The endowment policy allows for $698,363 and $474,849, which is 30% of the corpus on June 30, 2021 and 2020, 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, 2021 and 2020 was $1,070,000 and $820,000, 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, 2021:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 542,176	$ -	**$ 542,176**
Investments				
Measured at net asset value				
Beneficial interest in assets held by The Community Foundation Serving Boulder County				**2,327,878**
Total investments valued at fair value				**$ 2,870,054**

Note 3 – Fair Value Measurements and Investments (continued)

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				
Beneficial interest in assets held by The Community Foundation Serving Boulder County				1,582,831
Total investments valued at fair value				$ 2,100,546

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
2021				
$ 2,327,878	N/A	Immediate	Redemptions will only be made upon written request of EFAA	None
2020				
$ 1,582,831	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, 2021 and 2020, there were no significant transfers in or out of fair value levels.

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

	2021	2020
Investment interest and dividends	**$ 39,521**	$ 28,740
Unrealized gain on investments	**344,849**	64,793
Investment management fees	**(18,777)**	(14,350)
Net investment gain (loss)	**$ 365,593**	$ 79,183

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:

	2021	2020
Due in less than one year	**$ 61,700**	$ 127,485
Due in one to three years	**10,000**	29,700
Valuation allowance	**(21,731)**	(28,674)
	$ 49,969	$ 128,511

Note 5 – Note Payable

The Organization had 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 received loan forgiveness in May 2021. The total loan amount and accrued interest, totaling $297,505, has been recognized as debt forgiveness in the statement of activities.

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, 2020 Balance	**Receipts**	**Releases**	**June 30, 2021 Balance**
Centennial Endowment	**$ 128,511**	**$ 335,816**	**$ (414,358)**	**$ 49,969**
Menstrual Hygiene Fund	**-**	**50,000**	**(4,516)**	**45,484**
Medical Fund	**18,675**	**25,000**	**(18,675)**	**25,000**
Special Needs Fund	**17,398**	**35,712**	**(52,399)**	**711**
Pet Support	**520**	**-**	**(520)**	**-**
	$ 165,104	**$ 446,528**	**$ (490,468)**	**$ 121,164**

	July 1, 2019 Balance	Receipts	Releases	June 30, 2020 Balance
Centennial Endowment	$ 366,715	$ 23,741	$ (261,945)	$ 128,511
Medical Fund	-	25,000	(6,325)	18,675
Special Needs Fund	-	29,794	(12,396)	17,398
Pet Support	1,695	-	(1,175)	520
Daniels Fund	50,000	-	(50,000)	-
	$ 368,410	$ 78,535	$ (331,841)	$ 165,104

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, 2021 and 2020:

	With Donor Restrictions	Without Restrictions Board Designated		
	Centennial Endowment	**Centennial Endowment**	**Abigail Greer**	**Total Endowments**
Endowment net assets, July 1, 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
Contributions	**335,816**	**414,358**	**-**	**750,174**
Transfer of undesignated net assets	**-**	**51,208**	**150**	**51,358**
Interest and dividends	**-**	**37,832**	**-**	**37,832**
Net realized and unrealized gains	**-**	**320,388**	**-**	**320,388**
Investment advisory fees	**-**	**(18,739)**	**-**	**(18,739)**
Released from restrictions	**(414,358)**	**(60,000)**	**-**	**(474,358)**
Change in endowment net assets	**(78,542)**	**745,047**	**150**	**666,655**
Endowment net assets, June 30, 2021	**$ 49,969**	**$ 2,327,878**	**$ 33,215**	**$ 2,411,062**

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 $1,070,000 and $820,000 of net assets without donor restrictions for current operating needs at June 30, 2021 and 2020, respectively. 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:

	2020
Gross proceeds	$ 442,523
Direct costs	(66,966)
Net proceeds	$ 375,557

The Celebration of Boulder Banquet was not held in 2021 due to COVID19 concerns.

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 $36,511 and $30,494 during the years ended June 30, 2021 and 2020, 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 2021. Future minimum annual payments are $1,272 for the year ended June 30, 2022. Total rent expense for operating lease, excluding in-kind rent, was $2,544 and $2,508 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 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 may transfer 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, 2021 and 2020, the fair market value of these funds was $26,465 and $21,891, 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, 2021 and 2020, the fair market value of these funds was $2,327,878 and $1,582,311, 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, 2021 and 2020. 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 – Subsequent Event and Contingecy

Subsequent to year end, management discovered fraudulent purchases by an individual employee. The amount is not material to the financial statements. The employee has been terminated, legal action has been taken, and changes have been made to strengthen internal controls.

Note 15 – Uncertainty

In March 2020, the World Health Organization declared the outbreak of the COVID19 pandemic. The pandemic has continued into 2021. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. Both the United States and the global economy have been negatively impacted. Significant uncertainties may arise with respect to potential shutdowns of operations or government orders to cease activities, loss of donors or funding, inability to operate, or employee shortages, claims for business interruption insurance, etc. At this time, no reliable estimate of the ultimate effect of the pandemic can be made.