

**PROJECT SELF-SUFFICIENCY  
OF LOVELAND – FORT COLLINS**

**FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
Project Self-Sufficiency of Loveland – Fort Collins  
Loveland, Colorado

### Independent Auditors' Report

#### Report on the Financial Statements

We have audited the accompanying financial statements of Project Self-Sufficiency of Loveland – Fort Collins, which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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 the 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 audit. 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 audit 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 Project Self-Sufficiency of Loveland – Fort Collins as of December 31, 2017 and 2016, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

August 31, 2018

## PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

## STATEMENT OF FINANCIAL POSITION

December 31, 2017 and 2016

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 462,189	\$ 482,884
Restricted Cash and Cash Equivalents	371,274	183,489
Accounts Receivable	46,863	-
Prepays	781	1,582
	<u>881,107</u>	<u>667,955</u>
<b>Noncurrent Assets</b>		
Investments in Community Foundation - Endowments and Quasi Endowment (Note 7)	1,168,968	891,140
Property and Equipment, Net of Accumulated Depreciation	<u>347,254</u>	<u>357,274</u>
Total Noncurrent Assets	<u>1,516,222</u>	<u>1,248,414</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,397,329</u>	<u>\$ 1,916,369</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued Salaries and Related Expenses	\$ 27,176	\$ 40,258
Accounts Payable	<u>9,477</u>	<u>8,369</u>
Total Current Liabilities	<u>36,653</u>	<u>48,627</u>
<b>NET ASSETS</b>		
Unrestricted		
Board Designated - Endowments and Quasi-Endowments (Note 7)	1,168,968	891,140
Unrestricted and Undesignated	845,675	821,510
Temporarily Restricted	328,633	137,692
Permanently Restricted	<u>17,400</u>	<u>17,400</u>
Total Net Assets	<u>2,360,676</u>	<u>1,867,742</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,397,329</u>	<u>\$ 1,916,369</u>

The accompanying notes are an integral part of the financial statements.

## PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Fundraising and Contributions	\$ 676,120	\$ 319,288	\$ -	\$ 995,408
United Way	90,502	7,500	-	98,002
Value of Cars Provided to Families	-	47,155	-	47,155
In-Kind Donations	19,389	25,381	-	44,770
Grants	368,738	146,275	-	515,013
Interest Income	17,159	193	-	17,352
Unrealized Gain/(Losses) on Investments	99,192	-	-	99,192
Other Income	364	-	-	364
Net Assets Released from Restriction	354,851	(354,851)	-	-
	<u>1,626,315</u>	<u>190,941</u>	<u>-</u>	<u>1,817,256</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>				
<b>EXPENSES</b>				
Program Services	1,047,657	-	-	1,047,657
<b>Supporting Services</b>				
General and Administrative	123,691	-	-	123,691
Fundraising	152,974	-	-	152,974
	<u>276,665</u>	<u>-</u>	<u>-</u>	<u>276,665</u>
<b>TOTAL EXPENSES</b>	<u>1,324,322</u>	<u>-</u>	<u>-</u>	<u>1,324,322</u>
<b>CHANGE IN NET ASSETS</b>	301,993	190,941	-	492,934
<b>NET ASSETS, Beginning</b>	<u>1,712,650</u>	<u>137,692</u>	<u>17,400</u>	<u>1,867,742</u>
<b>NET ASSETS, Ending</b>	<u>\$ 2,014,643</u>	<u>\$ 328,633</u>	<u>\$ 17,400</u>	<u>\$ 2,360,676</u>

The accompanying notes are an integral part of the financial statements.

## PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Fundraising and Contributions	\$ 649,941	\$ 172,869	\$ -	\$ 822,810
United Way	67,621	8,400	-	76,021
Value of Cars Provided to Families	-	60,537	-	60,537
In-Kind Donations	66,369	42,654	-	109,023
Grants	259,072	196,834	-	455,906
Interest Income	21,790	40	-	21,830
Unrealized Gain/(Losses) on Investments	43,575	-	-	43,575
Other Income	389	-	-	389
Net Assets Released from Restriction	453,543	(453,543)	-	-
	<u>1,562,300</u>	<u>27,791</u>	<u>-</u>	<u>1,590,091</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>				
<b>EXPENSES</b>				
Program Services	1,031,495	-	-	1,031,495
<b>Supporting Services</b>				
General and Administrative	153,197	-	-	153,197
Fundraising	169,018	-	-	169,018
	<u>322,215</u>	<u>-</u>	<u>-</u>	<u>322,215</u>
<b>TOTAL EXPENSES</b>	<u>1,353,710</u>	<u>-</u>	<u>-</u>	<u>1,353,710</u>
<b>CHANGE IN NET ASSETS</b>	208,590	27,791	-	236,381
<b>NET ASSETS, Beginning</b>	<u>1,504,060</u>	<u>109,901</u>	<u>17,400</u>	<u>1,631,361</u>
<b>NET ASSETS, Ending</b>	<u>\$ 1,712,650</u>	<u>\$ 137,692</u>	<u>\$ 17,400</u>	<u>\$ 1,867,742</u>

The accompanying notes are an integral part of the financial statements.

PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 492,934	\$ 236,381
Adjustments to reconcile change in net assets to net cash		
Net Cash Used by Operating Activities		
Depreciation Expense	5,035	10,020
Unrealized (Gain)/Loss on Investments	(99,192)	(43,575)
(Increase) in Accounts Receivable	(46,863)	85,500
Decrease in Prepaid Expense	801	(684)
Increase (Decrease) in Accrued Salaries and Related Expenses	(13,082)	(16,839)
Increase (Decrease) in Accounts Payable	1,108	12,217
	<u>340,741</u>	<u>283,020</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) Sale of Investments	<u>(178,636)</u>	<u>(80,189)</u>
	<u>(178,636)</u>	<u>(80,189)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	162,105	202,831
<b>CASH, Beginning</b>	<u>666,373</u>	<u>463,542</u>
<b>CASH, Ending</b>	<u>\$ 828,478</u>	<u>\$ 666,373</u>

The accompanying notes are an integral part of the financial statements.

PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and Benefits	\$ 458,800	\$ 95,684	\$ 88,724	\$ 643,208
Payroll Taxes	32,192	5,902	5,712	43,806
Program Direct Expenses for Participants/Families	424,542	-	-	424,542
Occupancy	35,315	3,716	3,521	42,552
Office Expenses	16,164	2,696	21,199	40,059
Contract Services	44,644	4,060	24,896	73,600
Insurance	6,924	563	533	8,020
Travel	3,266	347	1,422	5,035
Miscellaneous, Gifts in Kind	318	580	4,304	5,202
Recognition Activities -Staff, Volunteers, Donors	3,935	123	448	4,506
Depreciation	-	10,020	-	10,020
Special Event Expenses/Program Outreach	21,557	-	2,215	23,772
<b>TOTALS</b>	<b>\$ 1,047,657</b>	<b>\$ 123,691</b>	<b>\$ 152,974</b>	<b>\$ 1,324,322</b>

The accompanying notes are an integral part of the financial statements.



PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and Benefits	\$ 416,830	\$ 109,393	\$ 97,659	\$ 623,882
Payroll Taxes	27,428	6,588	6,462	40,478
Program Direct Expenses for Participants/Families	491,029	-	-	491,029
Occupancy	36,423	4,034	3,872	44,329
Office Expenses	11,933	3,253	40,533	55,719
Contract Services	25,804	6,892	7,972	40,668
Insurance	6,023	1,507	492	8,022
Travel	6,456	1,237	2,339	10,032
Miscellaneous, Gifts in Kind	7,142	1,635	8,747	17,524
Recognition Activities -Staff, Volunteers, Donors	2,427	1,161	942	4,530
Community Foundation Fees	-	7,477	-	7,477
Depreciation	-	10,020	-	10,020
TOTALS	<u>\$ 1,031,495</u>	<u>\$ 153,197</u>	<u>\$ 169,018</u>	<u>\$ 1,353,710</u>

The accompanying notes are an integral part of the financial statements.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Project Self-Sufficiency of Loveland – Fort Collins (the "Organization") began in 1986 as a national demonstration project of the U.S. Department of Housing and Urban Development. The project targeted 65 low-income parents in the Fort Collins and Loveland areas for an intensive interagency intervention to address the barriers preventing low-income single parents from achieving economic self-sufficiency. Today, the Organization serves approximately 160 single-parent families per year, as they pursue their educational and career goals.

The mission of the Organization is to assist low-income, single parents in their efforts to achieve economic independence and become free from community and government assistance while building and maintaining strong, healthy families.

Basis of Reporting – The Organization's financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. Funds held on behalf of the Organization at the Community Foundation of Northern Colorado are not restricted but are subject to the discretionary decision making of the Project Self-Sufficiency of Loveland -- Fort Collins Board of Directors and may require approval by the Foundation in some cases.

Cash and Cash Equivalents – For the financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments in Community Foundation – Endowments – The Organization's endowment and quasi- endowments implement the Board of Directors' decision to convert previously spendable assets to invested assets that will produce long-term spendable income. Endowments may be established with legally available, non-appropriated financial resources that are either unrestricted as to their use, or under compatible restrictions, and in situations where the principal of the endowment is designated by the Board of Directors to not be expended. Changes to the endowment, or expenditure of the principal of the endowment, require the approval of the Board of Directors. The Organization's endowments consist of several different funds held by the Community Foundation, as more fully disclosed in Note 7. Through the Community Foundation, the Organization invests in a managed portfolio that contains common stocks and bonds of publicly traded companies, U.S. Government obligations, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, credit and overall market volatility.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The fair value of investments in securities is based on the last reported sales price at December 31, 2017 and 2016. The Organization considers certificates of deposit with original maturities of more than three months to be investments.

The quasi endowment is considered to be a beneficial interest in the investments held by the Community Foundation. The investments held by the Community Foundation are recognized at fair value, determined by assuming a hypothetical transaction at the measurement date, as there is currently no market in which beneficial interests are traded and no observable exit price exists for a beneficial interest. The Organization determines the fair value of the beneficial interest by using the fair value of the assets contributed to the fund, adjusted by the changes in fair value and distribution of the assets held in the fund, as reported to the Organization by the Community Foundation.

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is recorded using the straight line method over estimated useful life of five years for both leasehold improvements and computers and 39 years for buildings. The Organization capitalizes all property and equipment with a useful life of more than one year. If donors stipulate the use of property and equipment, it is recorded as restricted.

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Estimates – Preparation of the Organization's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Subsequent Events – The management of Organization has performed an evaluation of subsequent events through August 31, 2018, and has considered any relevant matters in the preparation of the financial statements.

**NOTE 2: RESTRICTED CASH**

Restricted cash consists of funds received in prior years through December 31, 2017 that are restricted for child care and scholarships.

**NOTE 3: PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted to expenses specified by the Milton Goldstein Scholarship Fund.

**NOTE 4: TEMPORARILY RESTRICTED NET ASSETS**

For the year ended December 31, 2017, temporarily restricted net assets consist of donations designated for the Organization's Scholarship Fund, Child Care Fund, Transportation Fund, Housing Fund, Cool Kids Fund, Boundless Children's Fund, Mental Health Fund, Holiday Sponsorship Fund, and Participant Assistance Fund totaling \$328,633.

For the year ended December 31, 2016, temporarily restricted net assets consist of donations designated for the Organization's Scholarship Fund, Child Care Fund, Transportation Fund, Housing Fund, Cool Kids Fund, Boundless Children's Fund, Mental Health Fund, Holiday Sponsorship Fund, and Participant Assistance Fund totaling \$137,692.

**NOTE 5: NET ASSETS RELEASED FROM RESTRICTION**

During the year ended December 31, 2017 and 2016, respectively, temporarily restricted net assets of \$354,851 and \$453,543, were released from restriction because of the satisfaction of the donor requirements.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 6: IN KIND DONATIONS**

During the year ended December 31, 2017, the Organization received donated vehicles, which are contributed to qualified participants. The Organization also received donated computers, equipment, facilities and goods. For the year ended December 31, 2017 and 2016, the amount of these in-kind donations totaled \$91,925 and \$169,560, respectively. This amount is recorded as contribution revenue and expense in the financial statements.

A number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 7: INVESTMENTS IN COMMUNITY FOUNDATION – ENDOWMENTS AND QUASI ENDOWMENTS**

A variety of permanent endowment funds, operating reserve funds, permanent specific need Endowed Agency and Designated funds for program scholarships, and Board Discretionary funds have been established and are held by the Community Foundation of Northern Colorado (the “Foundation”) as follows:

<b>Fund Name</b>	<b>Designated Use</b>	<b>Purpose</b>	<b>Balance as of December 31, 2017</b>	<b>Balance as of December 31, 2016</b>
<b>Project Self-Sufficiency Endowment Fund</b>	Project Self-Sufficiency Long Term Stability & Sustainability	Long Term - Endowment Fund	\$774,342	\$647,805
<b>Project Self-Sufficiency Operating Reserve Fund (Tier 3)</b>	Emergency and Operational Needs	Not Endowed. Board Discretion Fund	\$76,490	\$68,277
<b>Project Self-Sufficiency Legacy Scholarship Fund</b>	Project Self-Sufficiency Participant Scholarships	Endowed Specific Use Agency Fund	\$36,026	\$31,858
<b>Nancy Agency Fund/Project Self-Sufficiency Scholarships</b>	Project Self-Sufficiency Participant Scholarships	Endowed Specific Use Agency Fund	\$44,505	\$36,845
<b>Project Self-Sufficiency JoEllen Thornton Scholarship Fund</b>	Project Self-Sufficiency Participant Scholarships	Endowed Specific Use Agency Fund	\$63,467	\$60,305
<b>Looper Family Project Self-Sufficiency Scholarship Fund</b>	Project Self-Sufficiency Participant Scholarships	Endowed Specific Use Agency Fund	\$174,138	\$46,050
		<b>TOTAL</b>	<b>\$1,168,968</b>	<b>\$891,140</b>

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

**NOTE 8: COMMITMENTS**

The Organization has entered into an operating lease for its office space. The lease requires monthly payments of \$1,519 with final payments due March 30, 2021.

The future minimum lease payments are as follows:

Year Ended  
December 31,

2018	<u>\$ 18,228</u>
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Total rent expense for the year ended December 31, 2017, for the lease was \$18,228.