

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

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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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, 2016 and 2015, and the related statements of activities, and cash flows for the year 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, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The statements of functional expenses listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

July 11, 2017

PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF FINANCIAL POSITION

December 31, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and Cash Equivalents	\$ 482,884	\$ 319,337
Restricted Cash and Cash Equivalents	183,489	144,205
Accounts Receivable	-	85,500
Prepays	1,582	898
Investments in Community Foundation	891,140	767,376
	<u>1,559,095</u>	<u>1,317,316</u>
Noncurrent Assets		
Property and Equipment, Net of Accumulated Depreciation	<u>357,274</u>	<u>367,294</u>
TOTAL ASSETS	<u>\$ 1,916,369</u>	<u>\$ 1,684,610</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 8,369	\$ 25,208
Accrued Salaries and Related Expenses	<u>40,258</u>	<u>28,041</u>
	<u>48,627</u>	<u>53,249</u>
NET ASSETS		
Unrestricted	1,712,650	1,477,018
Temporarily Restricted	137,692	136,943
Permanently Restricted	<u>17,400</u>	<u>17,400</u>
	<u>1,867,742</u>	<u>1,631,361</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,916,369</u>	<u>\$ 1,684,610</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
REVENUES, GAINS AND OTHER SUPPORT				
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>
TOTAL REVENUES, GAINS AND OTHER SUPPORT				
	<u>1,562,300</u>	<u>27,791</u>	<u>-</u>	<u>1,590,091</u>
EXPENSES				
Program Services	1,031,495	-	-	1,031,495
Supporting Services				
General and Administrative	153,197	-	-	153,197
Fundraising	169,018	-	-	169,018
	<u>322,215</u>	<u>-</u>	<u>-</u>	<u>322,215</u>
TOTAL EXPENSES	<u>1,353,710</u>	<u>-</u>	<u>-</u>	<u>1,353,710</u>
CHANGE IN NET ASSETS	208,590	27,791	-	236,381
NET ASSETS, Beginning	<u>1,504,060</u>	<u>109,901</u>	<u>17,400</u>	<u>1,631,361</u>
NET ASSETS, Ending	<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 ACTIVITIES

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Fundraising and Contributions	\$ 478,568	\$ 124,864	\$ -	\$ 603,432
United Way	74,860	6,605	-	81,465
Value of Cars Provided to Families	-	62,645	-	62,645
Grants	313,908	134,565	-	448,473
Interest Income	19,536	-	-	19,536
Unrealized Gain/(Losses) on Investments	(19,382)	-	-	(19,382)
Other Income	9,888	-	-	9,888
Net Assets Released from Restriction	355,721	(355,721)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,233,099</u>	<u>(27,042)</u>	<u>-</u>	<u>1,206,057</u>
EXPENSES	<u>851,728</u>	<u>-</u>	<u>-</u>	<u>851,728</u>
Program Services				
Supporting Services				
General and Administrative	151,591	-	-	151,591
Fundraising	147,336	-	-	147,336
Total Supporting Services	<u>298,927</u>	<u>-</u>	<u>-</u>	<u>298,927</u>
TOTAL EXPENSES	<u>1,150,655</u>	<u>-</u>	<u>-</u>	<u>1,150,655</u>
CHANGE IN NET ASSETS	82,444	(27,042)	-	55,402
NET ASSETS, Beginning	<u>1,421,616</u>	<u>136,943</u>	<u>17,400</u>	<u>1,575,959</u>
NET ASSETS, Ending	<u>\$ 1,504,060</u>	<u>\$ 109,901</u>	<u>\$ 17,400</u>	<u>\$ 1,631,361</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 236,381	\$ 55,402
Adjustments to reconcile change in net assets to net cash		
Net Cash Used by Operating Activities		
Depreciation Expense	10,020	10,020
Unrealized (Gain)/Loss on Investments	(43,575)	19,382
(Decrease) in Accounts Receivable	(85,500)	(70,418)
Increase (Decrease) in Prepaid Expense	684	(898)
Increase (Decrease) in Accounts Payable	(16,839)	4,776
Increase (Decrease) in Accrued Salaries and Related Expenses	12,217	(14,170)
	<u>113,388</u>	<u>4,094</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Sale of Investments	<u>50,159</u>	<u>(53,239)</u>
Net Cash Provided (Used) by Investing Activities	<u>50,159</u>	<u>(53,239)</u>
NET INCREASE (DECREASE) IN CASH	163,547	(49,145)
CASH, Beginning	<u>319,337</u>	<u>368,482</u>
CASH, Ending	<u><u>\$ 482,884</u></u>	<u><u>\$ 319,337</u></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, 2016 and 2015

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.

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 – Investments are reported at fair value.

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.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events – The management of Organization has performed an evaluation of subsequent events through July 11, 2017, 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, 2016 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, 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.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS (Continued)

For the year ended December 31, 2015, 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 \$109,901.

NOTE 5: NET ASSETS RELEASED FROM RESTRICTION

During the year ended December 31, 2016 and 2015, respectively, temporarily restricted net assets of \$453,543 and \$355,721, were released from restriction because of the satisfaction of the donor requirements.

NOTE 6: IN KIND DONATIONS

During the year ended December 31, 2016, 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, 2016 and 2015, the amount of these in-kind donations totaled \$169,560 and \$62,645, 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.

NOTE 7: ENDOWMENT FUNDS

A variety of endowment funds have been established and are held by the Community Foundation of Northern Colorado (the “Foundation”). During 2004, a scholarship endowment was created and named the Nancy Designated Fund/Project Self-Sufficiency Scholarships in honor of deceased Organization Board of Directors member Nancy Story Gunn. Earnings of the endowment are paid annually to the Organization in support of scholarships for program participants. Contributions were made directly to the Foundation and the endowment is not reported in the Organization’s financial statements. The balance of the endowment at December 31, 2016 and 2015 was \$102,739 and \$103,290 respectively.

During the years ended December 31, 2016 and 2015, the Organization received \$7,423 and \$7,294 respectively from the scholarship endowment. Any contributions sent to Project Self-Sufficiency of Loveland -- Fort Collins for the Nancy Fund are deposited at the Foundation in a Sister Fund. Distributions from both funds are made to the Organization annually for the purpose of scholarships.

PROJECT SELF-SUFFICIENCY OF LOVELAND – FORT COLLINS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 7: ENDOWMENT FUNDS (Continued)

During 2006, the Foundation established the Project Self-Sufficiency Designated (Sister) Fund with an initial donation of \$75,000 from the Bruce and Muriel Hach Family Fund. The Organization has access to both the principal and earnings of the fund for emergency purposes or special projects designated by the Organization's Board of Directors. The donation was made directly to the Foundation and the fund is not reported in the Organization's financial statements. During year ended December 31, 2016 and 2015, the Organization received \$6,863 and \$12,500 respectively in distributions from this fund. The balance of the fund at December 31, 2016 and 2015 was \$87,787 and \$88,518 respectively.

The Foundation holds additional funds on behalf of the Organization, including the Nancy Story Gunn Sister Fund, the Project Self-Sufficiency Endowment Fund, the Project Self-Sufficiency Operating Reserve Fund, the JoEllen Thornton Scholarship Fund, the Looper Family Scholarship Fund and the Project Self – Sufficiency Legacy Scholarship Fund.

These funds, in the amount of \$891,140 and \$767,376 for the years ended December 31, 2016 and 2015, are reported as Investment in Community Foundation in the financial statements.

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 <u>December 31,</u>	
2017	<u>\$ 18,228</u>

Total rent expense for the year ended December 31, 2016, for the lease was \$18,228.

SUPPLEMENTARY INFORMATION

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and Benefits	\$ 378,073	\$ 115,536	\$ 96,464	\$ 590,073
Payroll Taxes	25,430	7,393	7,086	39,909
Program Direct Expenses for Participants/Families	366,107	-	-	366,107
Occupancy	37,679	5,074	5,154	47,907
Office Expenses	8,696	3,318	26,479	38,493
Contract Services	13,983	6,452	7,703	28,138
Insurance	6,030	1,598	542	8,170
Travel	4,005	1,201	2,742	7,948
Miscellaneous	7,605	50	-	7,655
Recognition Activities -Staff, Volunteers, Donors	4,120	949	1,166	6,235
Depreciation	-	10,020	-	10,020
TOTALS	\$ 851,728	\$ 151,591	\$ 147,336	\$ 1,150,655

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