PROJECT SELF-SUFFICIENCY
OF LOVELAND – FORT COLLINS

FINANCIAL STATEMENTS

December 31, 2020 and 2019

PROJECT SELF-SUFFICIENCY
OF LOVELAND – FORT COLLINS

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succeed rlr LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

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, 2020, and the related statements of activities, functional expenses 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, as established by the Auditing Standards Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Project Self-Sufficiency of Loveland – Fort Collins' 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RLR, LLP

Fort Collins, Colorado
May 25, 2021

PROJECT SELF SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF FINANCIAL POSITION
As of December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 9)	$ 815,394	$ 669,807
Cash and cash equivalents - Operating Reserve Tier 1 (Note 9)	418,147	167,282
Beneficial interest in investments held at the Community Foundation of Northern Colorado - Operating Reserve Tier 3 (Notes 3 and 9)	231,739	83,251
Accounts receivable (Note 9)	23,506	22,951
Prepaid expenses	7,481	7,416
Total current assets	1,496,267	950,707
Noncurrent Assets		
Property and equipment	417,586	417,586
Less accumulated depreciation	(101,775)	(91,487)
Investments (Note 2)	21,832	21,029
Beneficial interest in investments held at the Community Foundation of Northern Colorado (Notes 3 and 9)	1,608,594	1,351,050
Total noncurrent assets	1,946,237	1,698,178
Total assets	$ 3,442,504	$ 2,648,885
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 34,930	$ 23,004
Accrued salaries and related expenses	47,168	35,389
Total liabilities	82,098	58,393
NET ASSETS		
Net assets without donor restrictions		
Undesignated	360,551	368,861
Board designated - housing pilot project	120,000	-
Board designated - operating reserves Tiers 1 and 3	649,886	250,533
Board designated - invested in property and equipment	315,811	326,099
Board designated - quasi-endowments (Note 3)	1,121,323	897,716
Net assets with donor restrictions		
Restricted for purpose (Note 6)	581,991	536,439
Restricted in perpetuity - endowment corpus (Note 6)	210,844	210,844
Total net assets	3,360,406	2,590,492
Total liabilities and net assets	$ 3,442,504	$ 2,648,885

See accompanying notes to financial statements

PROJECT SELF SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Public Support				
Fundraising and contributions	$ 942,821	$ 187,277	$ 1,130,098	$ 728,593
United Way	87,631	23,200	110,831	81,839
Value of cars provided to families	-	48,027	48,027	63,243
In-kind donations	34,221	17,388	51,609	89,039
Grants	339,376	131,515	470,891	515,937
COVID-19 relief funding (Note 5)	-	138,500	138,500	-
Net assets released from restrictions	549,618	(549,618)	-	-
Total public support	1,953,667	(3,711)	1,949,956	1,478,651
Special Event Report				
Special event revenue	71,003	7,969	78,972	60,036
Less direct benefit to donors	(37,591)	-	(37,591)	(43,844)
Total special event revenue	33,412	7,969	41,381	16,192
Other Revenue				
Interest income	26,940	6,611	33,551	32,784
Realized and unrealized gain on investments	125,559	34,683	160,242	160,510
Other income	857	-	857	439
Total other revenue	153,356	41,294	194,650	193,733
Total revenue, support, and gains	2,140,435	45,552	2,185,987	1,688,576
Expenses				
Program services	1,158,570	-	1,158,570	1,185,051
Management and general	125,295	-	125,295	143,346
Fundraising	132,208	-	132,208	147,272
Total expenses	1,416,073	-	1,416,073	1,475,669
Change in Net Assets	724,362	45,552	769,914	212,907
Net Assets, Beginning of Year	1,843,209	747,283	2,590,492	2,377,585
Net Assets, End of Year	$ 2,567,571	$ 792,835	$ 3,360,406	$ 2,590,492

See accompanying notes to financial statements

PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Salaries and benefits	$ 566,969	$ 104,485	$ 79,429	$ 750,883	$ 715,204
Payroll taxes	34,127	5,874	4,413	44,414	48,175
Program direct expenses for participants/families	470,829	-	-	470,829	528,561
Occupancy	33,793	3,144	2,358	39,295	44,974
Office expenses	13,821	1,916	35,461	51,198	45,485
Contract services	15,029	7,055	6,839	28,923	47,616
Insurance	6,186	596	415	7,197	7,389
Travel	1,262	186	240	1,688	6,610
Miscellaneous, gifts in kind	32	1,691	1,318	3,041	11,745
Recognition activities - staff, volunteers, and donors	6,234	348	1,735	8,317	8,775
Depreciation	10,288	-	-	10,288	11,135
Total Expenses	$ 1,158,570	$ 125,295	$ 132,208	$ 1,416,073	$ 1,475,669

PROJECT SELF-SUFFICIENCY OF LOVELAND - FORT COLLINS

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 769,914	$ 212,907
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	10,288	11,135
Unrealized (gain) on investments	(432)	(488)
Change in value of beneficial interest in investments	(191,216)	(189,300)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(555)	20,976
(Increase) in prepaid expense	(65)	(5,560)
Increase (decrease) in accrued salaries	11,779	(3,481)
Increase in accounts payable	11,926	16,734
Net cash provided by operating activities	611,639	62,923
Cash flows from investing activities		
Proceeds from sale of investments	-	1,037
Reinvestment of interest and dividends	(371)	(1,826)
Transfers to beneficial interest in investments	(230,338)	(57,710)
Distributions from beneficial interest in investments	15,522	16,000
Net cash (used) by investing activities	(215,187)	(42,499)
Net change in cash and cash equivalents	396,452	20,424
Cash and cash equivalents, beginning of year	837,089	816,665
Cash and cash equivalents, end of year	$ 1,233,541	$ 837,089
Supplemental disclosure of non-cash items		
Donation of vehicles, materials and services - operating activities	$ 99,636	$ 152,282

See accompanying notes to financial statements

Note 1. Principal Activity and Significant Accounting Policies

Nature of Activities

Project Self-Sufficiency of Loveland - Fort Collins (the "Organization") evolved from a HUD demonstration project in 1985 with the goal of coordinating and expanding services for low-income, single-parent families. Launched through a countywide task force, members pledged various resources, including staff and housing. The one-year pilot proved successful and continued as a program of Loveland Housing Authority, enrolling 65 families in the first year. In 1992, the program became its own independent nonprofit. Over time and through a growing body of research, the Organization determined that one of the most promising pathways out of poverty and homelessness includes access to higher education and employment training with wraparound support services. Today, the Organization serves approximately 140 families each year by providing professional case management and barrier removal supports, education, career planning and employment coaching to assist participants in accessing post-secondary education and training that leads to living wage employment.

The Organization's goal is to create a pathway out of poverty that is sustained for generations; the Organization's work has a multi-generational impact. Georgetown University (2016) found that, on average, college graduates earn $1,000,000 more over their lifetime than those without a degree. The National Institute of Health reports that the education level of a parent is a significant predictor of a child's educational achievements and behavioral outcomes. The U.S. National Center for Education Statistics (2016) shows that children of college-educated parents are much more likely to pursue and complete an undergraduate degree than are those with parents that did not attend college. The Organization's program graduates share stories of their children instilled with the confidence and skills necessary to find success, both in college and career.

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 Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net Assets Without Donor Restrictions—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization had $811,532 and $747,283 of net assets with donor restrictions at December 31, 2020 and 2019, respectively.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Note 1. Principal Activity and Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limit or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Operating Reserves

The Organization has an operating reserve policy to address their fiduciary duties and objectives when considering investment decisions. The Organization and its Board of Directors have identified three Tiers of operating reserves that are reported as board designated net assets on the statement of financial position:

- Tier 1 – one month of typical operating expenses will be kept in an FDIC insurance interest bearing bank account. This Tier receives first priority in funding if the balance is less than one month of typical operating expenses.
- Tier 2 – a second month of operating expenses will be kept in a brokerage or mutual fund account to be invested in interest bearing or short to intermediate bonds or bond funds. The Organization has opted to not segregate a Tier 2 reserve for the year ended December 31, 2020.
- Tier 3 – any excess reserves over the prescribed two months will be moved to higher earnings investments managed at the Community Foundation of Northern Colorado (the Community Foundation).

Fair Value

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 - Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

Note 1. Principal Activity and Significant Accounting Policies (continued)

Fair Value (continued)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

Contributions and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions Receivable

Unconditional contributions that are pledged, but not received, prior to year-end are recorded as contributions receivable at year-end. All contributions receivable are recorded as current income, however, if restrictions are attached to the funds to be received, they will be reported as restricted net assets in the statement of financial position. All contributions receivable are considered by management to be fully collectible, and no allowance for doubtful accounts has been accrued.

Donated Services

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are recorded using Level 3 inputs of the fair value hierarchy. Volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

Special Events

The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time.

Note 1. Principal Activity and Significant Accounting Policies (continued)

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation, using inputs of the fair value hierarchy. Thereafter, investments are reported at their fair value in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

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. The fair value of investments in securities is based on the last reported sales price at December 31, 2020 and 2019, using Level 1 inputs of the fair value hierarchy.

Beneficial Interest in Investments – Endowment and Quasi Endowment

The Organization's quasi endowment implements the Board of Directors' decision to convert previously spendable assets to a beneficial interest in invested assets held by the Community Foundation that will produce long-term spendable income. Quasi endowments may be established with legally available, non-appropriated financial resources of the Organization 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 quasi endowment, or expenditure of the principal of the quasi endowment, require the approval of the Board of Directors. This quasi endowment is held in an Endowment Fund by the Community Foundation in a commingled Fund with donor restricted endowments. Those donor restricted endowments will be held into perpetuity, as defined by the donor, and earnings on the investment may be used at the Organization's discretion.

Distributions from the quasi endowed portion of the fund are designated to be made available to the Organization at an annual rate established by the Community Foundation. The agreement states that the fund is not a separate trust, and that all assets of the fund are assets of the Community Foundation. The agreement also provides that the fund shall continue for as long as the Organization continues as a public charity, with the intent to make distributions to the Organization in accordance with the Organization's designations.

As the Organization has specified itself as the beneficiary of the fund and the transfer is not an equity transaction, the Organization has accounted for the fund as an asset in accordance with ASC 958-605-25-33, *Transfers that Are Not Contributions Because They Are Revocable, Repayable, or Reciprocal.* The quasi endowment fund is presented as beneficial interest in investments held by the Community Foundation of Northern Colorado on the Organization's statement of financial position.

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. Investments are exposed to various risks such as interest rate, credit and overall market volatility.

Beneficial Interest in Investments – Operating Reserve

The Organization has established an operating reserve policy to govern the financial assets obligated to the operating reserve. The Organization has established a cash account with limited investment earning potential to hold a balance equal to one month of operating expenses. The Organization has further established a second account with the Community Foundation to hold a balance equal to five additional months of operating expenses. The intention of the Organization is to have six months of reserves for challenging circumstances such as economic downturns, changes in legislation, and other factors that would affect the Organization's ability to continue to meet the needs of single-parent families in Larimer County.

Note 1. Principal Activity and Significant Accounting Policies (continued)

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation using the Level 3 inputs of the fair value hierarchy. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2020 and 2019.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs including fundraising activities and support services by estimating the relative attention and effort exerted towards specific functional areas. The allocated expenses include compensation, occupancy, and certain other expenses. Other expenses and support services that can be identified with a specific function are allocated directly according to their natural expenditure classification.

Income Taxes

The Organization is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

The Organization adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10-50. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes. The Organization's income tax filings are subject to audit by various taxing authorities.

In evaluating the Organization's tax provisions and accruals, interpretations and tax planning strategies are considered. The Organization believes their estimates are appropriate based on current facts and circumstances and have not recorded any reserves, or related accruals for interest and penalties for uncertainty in income taxes at December 31, 2020 and 2019.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020 and 2019 was $6 and $1,295, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Reclassifications

Certain reclassifications have been applied to conform to the current year presentation. These reclassifications have no effect on previously recorded results of operations or net assets.

Note 1. Principal Activity and Significant Accounting Policies (continued)

Subsequent Events

The Organization has evaluated subsequent events through May 25, 2021, the date the financial statements were available to be issued.

Note 2. Investments

The investment balance on the statement of financial position includes a $14,700 donor restricted endowment for the long term sustainability of the Organization at December 31, 2020 and 2019. That restricted corpus cannot be spent by the Organization. However, the earnings within the investment portfolio are unrestricted, and can be spent by the Organization immediately for any purpose the Organization chooses. The remaining investment balance consists of accumulated earnings which are donor restricted for the purpose of participant scholarships.

The Organization's investment assets are classified within Level 1 because they are comprised of securities with readily determinable fair values based on daily redemption values.

Investments at December 31, 2020 are presented in the statement of financial position at fair value and composed of the following:

Investments	Fair Value	Cost	Unrealized Gain/(Loss)
Equities	$ 1,015	$ 594	$ 421
Mutual funds	20,817	20,382	435
	$ 21,832	$ 20,976	$ 856

Investments at December 31, 2019 are presented in the statement of financial position at fair value and composed of the following:

Investments	Fair Value	Cost	Unrealized Gain/(Loss)
Equities	$ 967	$ 594	$ 373
Mutual funds	20,062	19,947	115
	$ 21,029	$ 20,541	$ 488

Note 3. Beneficial Interest in Investments Held at the Community Foundation of Northern Colorado

The fair values of beneficial interests in charitable and perpetual trusts are determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets, and are based on the fair values of trust investments as reported by the trustees. The fair value of the Organization's beneficial interest in investments held by the Community Foundation is based on the fair value of fund investments as reported by Community Foundation and are considered to be Level 3 measurements determined by assuming a hypothetical transaction at the measurement date.

Note 3. Beneficial Interest in Investments Held at the Community Foundation of Northern Colorado (continued)

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the state of Colorado enacted UPMIFA, which provides for net asset classification of donor-restricted endowment funds that are subject to UPMIFA as well as additional disclosure requirements for both donor-restricted and Board-designated endowments.

Under this guidance, the portion of an endowment that is perpetual in nature shall be disclosed as permanently restricted net assets with donor restrictions. The remaining portion of accumulations to donor-restricted endowment funds that is not disclosed as permanently restricted net assets is disclosed as dictated by the donor or, in absence of donor stipulation, as temporarily restricted net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund.
2) The purposes of the organization and the donor-restricted endowment fund.
3) General economic conditions.
4) The possible effect of inflation/deflation.
5) The expected total return from income and the appreciation of investments.
6) Other resources of the organization.
7) The investment policies of the organization.

The Organization uses a variety of funds held at the Community Foundation, as follows as of December 31, 2020:

Fund Name	Designated Use	Balance without Donor Restrictions	Balance with Donor Restrictions	
			Restricted in Perpetuity	Restricted for Time/Purpose
Operating Reserve Fund (Tier 3)	Emergency and Operational Needs	$ 231,739	$ -	$ -
Endowment Fund (Endowment and Quasi-Endowment)	Long Term Stability & Sustainability	$ 1,121,323	$ 98,342	$ -
Legacy Scholarship Fund	Participant Scholarships	$ -	$ 10,312	$ 53,601
Nancy Agency/ Project Self- Sufficiency Scholarships	Participant Scholarships	$ -	$ 17,490	$ 29,986
JoEllen Thornton Scholarship Fund	Participant Scholarships	$ -	$ 50,000	$ 11,158
Looper Family Scholarship Fund	Participant Scholarships	$ -	$ 20,000	$ 196,382
Total		$ 1,353,062	$ 196,144	$ 291,127

Note 3. Beneficial Interest in Investments Held at the Community Foundation of Northern Colorado (continued)

The Organization uses a variety of funds held at the Community Foundation, as follows as of December 31, 2019:

Fund Name	Designated Use	Balance without Donor Restrictions	Balance with Donor Restrictions: Restricted in Perpetuity	Balance with Donor Restrictions: Restricted for Time/Purpose
Operating Reserve Fund (Tier 3)	Emergency and Operational Needs	$ 83,251	$ -	$ -
Endowment Fund (Endowment and Quasi-Endowment)	Long Term Stability & Sustainability	$ 897,716	$ 98,342	$ -
Legacy Scholarship Fund	Participant Scholarships	$ -	$ 10,312	$ 44,826
Nancy Agency/ Project Self- Sufficiency Scholarships	Participant Scholarships	$ -	$ 17,490	$ 26,810
JoEllen Thornton Scholarship Fund	Participant Scholarships	$ -	$ 50,000	$ 9,504
Looper Family Scholarship Fund	Participant Scholarships	$ -	$ 20,000	$ 176,050
Total		$ 980,967	$ 196,144	$ 257,190

Note 4. Net Investment Return

Net investment return consists of the following for the year ended December 31, 2020 and 2019:

	2020	2019
Investments		
Interest and dividends	$ 2,145	$ 3,667
Net realized and unrealized gain (loss)	432	495
	2,577	4,162
Beneficial interest in Community Foundation		
Interest and dividends	31,406	29,117
Net realized and unrealized gain (loss)	172,332	171,117
Investment management fees	(12,522)	(10,744)
	$ 193,793	$ 193,652

Note 5. Paycheck Protection Program Loan and Subsequent Event

During the year ended December 31, 2020, the Organization received funds from the Federal Paycheck Protection Program through the CARES Act in the amount of $138,500. The Act provided initial funds as an unsecured loan agreement that bears interest of 1% per year. The Organization has elected to treat the funds as a conditional contribution in accordance with ASC 958-605, Not-for-Profit Entities: Revenue Recognition and has recognized contribution revenue as the qualifying expenses are incurred, shown as COVID-19 relief funding on the statement of activities. Subsequent to December 31, 2020, the Organization applied for loan forgiveness in accordance with the terms of the Paycheck Protection Program, which will require review and approval by the Small Business Administration and the financial institution.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019, consist of:

	2020	2019
Restricted by donors for		
Endowment – restricted in perpetuity	$ 210,844	$ 210,844
Scholarship Fund	359,865	358,547
Child Care Fund	170,689	98,241
Discover and Actualize Fund	-	18,697
Cool Kids Fund	29,163	35,851
Boundless Children's Fund	7,638	10,213
Holiday Sponsorship Fund	14,636	14,890
	$ 792,835	$ 747,283

Net assets were released from restrictions as follows during the year ended December 31, 2020 and 2019:

	2020	2019
Restricted by donors for		
Scholarship Fund	$ 197,715	$ 190,003
Transportation Fund	-	19,191
Value of cars provided to families	51,019	63,243
Child Care Fund	18,553	33,080
Cool Kids Fund	16,300	14,750
Boundless Children's Fund	4,061	4,587
Mental Health Fund	-	3,821
Discover and Actualize Fund	95,950	82,768
Holiday Sponsorship Fund	27,520	43,291
COVID-19 relief funding	138,500	-
	$ 549,618	$ 454,734

Note 7. Leases and Subsequent Event

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. Total rent expense relating to this lease was $18,228 for each of the years ended December 31, 2020 and 2019.

Subsequent to December 31, 2020, the Organization extended their lease for three years with the same requirements, with final payments due March 30, 2024.

The Organization's future minimum rental payments due in each years ending December 31, including the extended lease, are as follows:

	Amount
2021	$ 18,228
2022	18,228
2023	18,228
2024	4,557
	$ 59,241

Note 8. Retirement Plan

Employees are eligible to begin salary deferrals into the 401(k) plan on the first date of employment. The Organization with match up to 5% of deferrals made by employees. Employees are fully vested in contributions made by them and by the Organization. During the year ended December 31, 2020 and 2019, the Organization's contributions to the plan totaled $23,390 and $22,859, respectively.

Note 9. Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statements of financial position dates to fund expenses without limitations at December 31:

	2020	2019
Cash and cash equivalents	$ 815,394	$ 669,807
Cash and cash equivalents – Operating Reserve Tier 1	418,147	167,282
Investments held at Community Foundation of Northern Colorado – Operating Reserve Tier 3	231,739	83,251
Accounts receivable	23,506	22,951
	$ 1,488,786	$ 943,291

The Organization also has liquidity in beneficial interest investments held at Community Foundation of Northern Colorado with donor restrictions for scholarships in the amount of $291,127 and $257,190 as of December 31, 2020 and 2019, as well as Board designated quasi endowments in the amount of $1,121,323 and $897,716 as of December 31, 2020 and 2019, respectively (Note 3).

The supply of affordable housing continues to be a very significant barrier for the single-parent families being served by the Organization. In pursuit of innovative solutions, the Organization's Board of Directors has approved a pilot project in partnership with Loveland Housing Authority in which the Organization will subsidize affordable rents at a new tax credit property being constructed by Loveland Housing Authority. Rent subsidies will be paid from unrestricted endowment funds. The Board of Directors has allocated up to $40,000 annually for use toward rents for up to five units over three years, or $120,000 maximum. The pilot project is slated to begin in 2021.

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient contributions and other revenues, and by utilizing donor-restricted resources from current and prior years gifts as needed. The statement of cash flows identifies the sources and uses of the Organization's cash. The statement shows net cash and cash equivalents provided by operating activities of $611,639 and $62,923 for the year ending December 31, 2020 and 2019, respectively.

Note 10. Trends and Uncertainties

In 2020 and 2021, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The Organization may be adversely affected through lack of employee availability, interruptions in operations and ability to serve program participants, volatility in investment markets, and decreases in revenue. Management is currently evaluating the impact it will have on future operations.