The Adoption Exchange, Inc.

Financial Report

June 30, 2020

The Adoption Exchange, Inc.

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Independent Auditor's Report

To the Board of Directors
The Adoption Exchange, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Adoption Exchange, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, 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.

Auditor's 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 and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The Adoption Exchange, Inc. as of June 30, 2020 and the change in net assets, functional expenses, and 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 The Adoption Exchange, Inc.'s consolidated financial statements as of and for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors
The Adoption Exchange, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2020 on our consideration of The Adoption Exchange, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Adoption Exchange, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 5, 2020

The Adoption Exchange, Inc.

Statement of Financial Position

June 30, 2020
(with comparative totals for 2019)

	2020	2019
Assets		
Current Assets		
Cash	$ 1,714,852	$ 1,387,631
Current portion of receivables - Net	1,376,699	1,160,592
Prepaid expenses and other assets	112,578	20,469
Total current assets	3,204,129	2,568,692
Investments	768,867	760,523
Interest in Net Assets of Community First Foundation	45,595	46,180
Long-term Receivables - Net	187,816	430,963
Property and Equipment - Net	216,274	267,173
Total noncurrent assets	1,218,552	1,504,839
Total assets	**$ 4,422,681**	**$ 4,073,531**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 134,870	$ 33,262
Accrued liabilities	461,839	269,847
Deferred revenue	378,405	246,015
Total current liabilities	975,114	549,124
Net Assets		
Without donor restrictions	2,381,204	2,060,298
With donor restrictions	1,066,363	1,464,109
Total net assets	3,447,567	3,524,407
Total liabilities and net assets	**$ 4,422,681**	**$ 4,073,531**

See notes to financial statements.

The Adoption Exchange, Inc.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020
(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue, Gains, and Other Support				
Foundations	$ 2,131,510	$ 25,000	$ 2,156,510	$ 2,874,856
Corporations and individuals	381,742	90,475	472,217	384,667
In-kind donations	341,984	-	341,984	390,266
Government support	3,306,407	-	3,306,407	2,080,722
Special events - Net	604,151	-	604,151	982,588
Investment income - Net	19,216	28,042	47,258	42,331
Gain on sale of property and equipment	462,145	-	462,145	183,576
Other income	37,719	-	37,719	72,238
Total revenue, gains, and other support	7,284,874	143,517	7,428,391	7,011,244
Net Assets Released from Restrictions	541,263	(541,263)	-	-
Total revenue, gains, other support, and net assets released from restrictions	7,826,137	(397,746)	7,428,391	7,011,244
Expenses				
Program services:				
Media-based recruitment services	867,745	-	867,745	913,095
Intensive recruitment services	2,924,379	-	2,924,379	1,982,545
Mentoring program	259,859	-	259,859	188,164
Family support program	1,522,878	-	1,522,878	1,199,547
National systems change	402,244	-	402,244	422,721
Total program services	5,977,105	-	5,977,105	4,706,072
Support services:				
General and administration	710,142	-	710,142	630,669
Funds development	817,984	-	817,984	729,880
Total support services	1,528,126	-	1,528,126	1,360,549
Total expenses	7,505,231	-	7,505,231	6,066,621
Increase (Decrease) in Net Assets	320,906	(397,746)	(76,840)	944,623
Net Assets - Beginning of year	2,060,298	1,464,109	3,524,407	2,579,784
Net Assets - End of year	**$ 2,381,204**	**$ 1,066,363**	**$ 3,447,567**	**$ 3,524,407**

See notes to financial statements.

The Adoption Exchange, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020
(with comparative totals for 2019)

	Program Services						Support Services			Total	
	Media-based Recruitment Services	Intensive Recruitment Services	Mentoring Program	Family Support Program	National Systems Change	Total	General and Administration	Funds Development	Total	2020	2019
Compensation	$ 488,359	$ 2,396,262	$ 216,898	$ 1,130,554	$ 237,379	$ 4,469,452	$ 562,252	$ 612,154	$ 1,174,406	$ 5,643,858	$ 4,201,295
Professional services	6,202	25,704	7,941	20,663	91,804	152,314	71,953	56,249	128,202	280,516	268,324
Direct program costs	21,885	59,323	8,481	43,732	69	133,490	-	-	-	133,490	137,763
Travel	10,072	119,839	2,571	71,392	17,646	221,520	1,395	10,674	12,069	233,589	289,889
Conferences and meetings	1,050	3,699	558	12,672	34	18,013	9,644	2,511	12,155	30,168	33,821
Printing, publications, and postage	45,215	5,414	257	10,255	19,566	80,707	3,891	20,434	24,325	105,032	130,768
Information technology	26,366	129,652	8,062	64,858	17,589	246,527	21,790	58,118	79,908	326,435	293,224
Office expenses	9,563	42,504	3,084	21,721	13,945	90,817	18,579	13,905	32,484	123,301	86,628
Occupancy	16,230	76,860	4,318	35,036	260	132,704	8,727	13,043	21,770	154,474	116,848
Insurance	4,319	18,749	1,379	10,533	3,310	38,290	3,082	4,294	7,376	45,666	39,981
Miscellaneous	1,858	6,752	1,308	6,905	546	17,369	4,469	19,469	23,938	41,307	62,141
Interest	-	-	-	-	-	-	-	-	-	-	7,637
Depreciation	4,057	19,214	1,079	8,759	65	33,174	2,182	3,261	5,443	38,617	62,466
Bad debt	-	-	-	5,794	-	5,794	-	1,000	1,000	6,794	(54,430)
In-kind expenses	232,569	20,407	3,923	80,004	31	336,934	2,178	2,872	5,050	341,984	390,266
Total	867,745	2,924,379	259,859	1,522,878	402,244	5,977,105	710,142	817,984	1,528,126	7,505,231	6,066,621
Special event expenses netted against revenue	-	-	-	-	-	-	-	94,925	94,925	94,925	254,293
Total expenses	**$ 867,745**	**$ 2,924,379**	**$ 259,859**	**$ 1,522,878**	**$ 402,244**	**$ 5,977,105**	**$ 710,142**	**$ 912,909**	**$ 1,623,051**	**$ 7,600,156**	**$ 6,320,914**

See notes to financial statements.

The Adoption Exchange, Inc.

Statement of Cash Flows

Years Ended June 30, 2020
(with comparative totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
(Decrease) increase in net assets	$ (76,840)	$ 944,623
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation expense	38,617	62,466
Gain on disposal of property and equipment	(462,145)	(183,576)
Reversal of provision for doubtful accounts	-	(55,100)
Net realized and unrealized gains on investments	(27,500)	(35,616)
Contributions restricted for endowments	(5,475)	(5,100)
Changes in operating assets and liabilities that provided (used) cash:		
Receivables	27,040	(345,358)
Prepaid expenses and other assets	(92,109)	15,840
Accounts payable	101,608	(202,015)
Accrued liabilities	191,992	92,168
Deferred revenue	132,390	31,565
Net cash (used in) provided by operating activities	(172,422)	319,897
Cash Flows from Investing Activities		
Net sales (purchases) of investments	17,546	(7,619)
Distributions received from Community First Foundation	2,195	2,202
Purchases of property and equipment	(172,220)	(1,832)
Proceeds from sale of property and equipment	646,647	497,969
Net cash provided by investing activities	494,168	490,720
Cash Flows from Financing Activities		
Payments on note payable	-	(148,921)
Contributions restricted for endowments	5,475	5,100
Net cash provided by (used in) financing activities	5,475	(143,821)
Net Increase in Cash	327,221	666,796
Cash - Beginning of year	1,387,631	720,835
Cash - End of year	**$ 1,714,852**	**$ 1,387,631**
Supplemental Cash Flow Information - Cash paid for interest	$ -	$ 7,637

See notes to financial statements.

Note 1 - Nature of Organization

The Adoption Exchange, Inc. (the "Organization") was created to ensure all children have a family today and for the rest of their lives. The Organization is a nonprofit corporation incorporated in the state of Colorado and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization is headquartered in Denver, Colorado and maintains regional offices in Utah and Nevada.

Effective October 5, 2020, the Organization changed its name from The Adoption Exchange, Inc. to Raise The Future. This was done in concert with a larger rebranding effort with the shared goal of better communication of the value and importance of the Organization's efforts.

Program Services

The Organization assists thousands of youth in foster care each year and supports hundreds of families across the United States. The Organization offers resources to assist families before, during, and after adoption to ensure permanency for the child. Since inception, the Organization has helped connect over 10,000 children with permanent families.

Ultimately, the Organization measures success in terms of the number of children and youth who are connected with a permanent, loving family. During the year ended June 30, 2020, the Organization served 1,566 children waiting in foster care, including 348 children placed in loving adoptive homes and an additional 299 children who achieved legal permanency through adoption, guardianship, or other means. The children served by the Organization:

- Are older - 88 percent were aged nine or older

- Are ethnically diverse - 49 percent belonged to a minority ethnicity

- Have special needs - almost all had at least one special need

The Organization employs a strategic approach to achieve the goal of emptying the foster care system. Using an integrated permanency model, the Organization works to reduce the time youth spend in foster care, find a permanent connection for every youth in foster care before they leave the system, and make sure that relationship lasts.

The Organization's program services are as follows:

Media-based Recruitment Services

The Organization identifies and cultivates potential adoptive families for waiting children using child-centric recruitment methods and tools. Recruitment activities used to identify potential families include hosting adoption networking events, partnering with local news stations to broadcast WCF profiles, featuring registered children in the Children's Gallery on the Organization's website, conducting monthly adoption orientation and information classes, and using print and electronic media to create awareness of and support for the adoption of waiting children.

Additionally, the Organization works to help prospective adoptive families across the country understand the adoption process, connect with county human services agencies and child placement agencies to begin the adoption process, gain access to resources and professionals, and respond to questions and inquiries on specific children.

One of the most popular ways families learn more about waiting youth is through the Heart Gallery. The Heart Gallery is a collaborative photographic exhibit designed to increase the number of adoptive families for children needing homes in Colorado, Missouri, Nevada, and Utah. The Heart Gallery helps waiting youth find loving families and permanency through images that bring the children's personality and beauty into focus.

Note 1 - Nature of Organization (Continued)

In addition, small matching events are held that allow prospective families and waiting children to interact in small, facilitated events that include activities fun for all. During the year ended June 30, 2020, 114 Colorado, Missouri, Nevada, and Utah youth were featured at matching events; 37 of these children have found loving adoptive families.

Intensive Recruitment Services

Intensive recruitment services build positive, healthy relationships with youth to understand their strengths, interests, needs, and family preferences, which inevitably enhances the ability of the youth to find strength and feel empowered through the process. The program follows an evidence-based model that increases the likelihood of finding that parental resource by as much as three times. The model has been shown to be a net cost savings to the community, as the program reduces congregate care and foster care costs.

Mentoring Program

The signature mentoring program is CHOICE (Community, Happenings, Ownership by Youth, Involvement, Compassion, and Engagement). CHOICE is a hosting and mentorship program for youth in foster care between the ages of 12 and 18 that connects youth and host adults from the Colorado community to create lifelong relationships. This program builds on and replicates an evidence-informed recruitment, permanency, and family visit model. In this past year, 179 families and community members have expressed interest in the program. In total, 91 youth have been referred to the program from Adams, Denver, and Jefferson counties, and 35 families and youth have been matched into an active hosting relationship.

Family Support Program

Family preparation and support begins before a family has ever adopted. The family support program is geared toward education, support, and coaching. Hands-on, individualized, tailored, and supportive services are offered to families throughout their entire adoption journey. By developing relationships with families early, family commitment to adoption is maintained, and adoption disruptions are often minimized.

Classes and training opportunities are offered to families and professionals and are geared toward providing information, support, and guidance in creating healthy and stable adoptive relationships. All children have entered the foster care system as a result of trauma, abuse, or neglect. The goal of many trainings is to help parents understand how these events may impact children and to recognize behaviors as symptoms of those experiences. The ultimate outcome for many of the training courses is for families to have the knowledge and tools they need to help their children become securely attached, successful, and healthy adults. A total of 3,554 families and professionals benefited from over 20,247 hours of training and support through classes, webinars, and conferences that were offered during the year ended June 30, 2020. Other postadoption resources, including helpful articles and videos, were offered to adoptive families via bimonthly e-newsletters.

National Systems Change

The Organization works at a national level as a partner in the AdoptUSKids collaboration, helping states, tribes, and territories - and their private agency partners - build their capacity to recruit, engage, develop, and support foster, adoptive, and kinship families. During the year ended June 30, 2020, all 50 states, Washington D.C., Guam, Puerto Rico, the US Virgin Islands, American Samoa, the Northern Mariana Islands, and 10 tribes participated in system-specific capacity building services delivered by the Organization.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Summarized Comparative Information

The financial information presented for comparative purposes as of and for the year ended June 30, 2019 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's 2019 consolidated financial statements, from which the summarized information was derived.

Risks and Uncertainties

In early March 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus pandemic. First identified in late 2019 and now known as COVID 19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. As a result of the pandemic, the Organization has transitioned many of its employees to a remote working environment. The Organization has also experienced fluctuations in its investment portfolio due to ongoing market volatility. Due to the pandemic, the fundraising cycle for foundations, corporations, and individuals slowed down, and the Organization was forced to defer certain special events to the subsequent year. In response to the resulting decrease in revenue, the Organization applied for and was awarded a Paycheck Protection Program loan in the amount of $354,000 to supplement the decreased cash flow during the year ended June 30, 2020 (see Note 10). The extent of the impact of the ongoing pandemic on the Organization's future results of operations, cash flows, and financial condition is not known, but the Organization's position could be negatively impacted.

Cash

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Excluded from cash is cash held for reinvestment as part of the investment portfolio.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash accounts that may, during the year, exceed the federally insured limit set by the FDIC. At June 30, 2020 and at various points throughout the year, the Organization had deposits in excess of federally insured limits. The Organization reduces credit risk by placing its cash and temporary investments with creditworthy, high-quality financial institutions.

Contributions and Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Note 2 - Significant Accounting Policies (Continued)

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of receivables. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change and that losses ultimately incurred could differ materially from the amounts estimated in determining the allowance. As of June 30, 2020, the Organization has determined that no allowance for contributions receivable was necessary. In addition, the Organization received $354,000 through the Paycheck Protection Program (see Note 10).

Concentration of Receivables and Revenue

Revenue is predominately from foundations, individuals, corporations, and governmental agencies located principally in the United States. One donor and two governmental agencies accounted for 47 percent of total receivables as of June 30, 2020. Two governmental agencies accounted for approximately 27 percent of total contributions and government support for the year ended June 30, 2020. One foundation accounted for approximately 27 percent of total contributions and government support for the year ended June 30, 2020.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with unrealized gains and losses, dividends, interest, and investment management fees, which are included in investment income on the statement of activities and changes in net assets.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes all property and equipment with a cost or contributed fair value of $5,000 or greater. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives, ranging from 5 to 7 years. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Revenue

Revenue from the funds received for events that will take place in a future period and annual membership dues paid in advance of services performed is deferred and recognized as income over the period of the membership (usually one year) or when the event occurs.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

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, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition

Revenue from government grants, contracts, and fundraising events is recognized in the period in which the related services are rendered and expenses are incurred. Accounts receivable primarily consist of amounts due under government contracts and other miscellaneous receivables.

In-kind Goods and Services

Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value.

A number of volunteers have donated time to the Organization. During the year ended June 30, 2020, the Organization had 122 volunteers who provided approximately 2,045 hours of donated service; however, the value of these services is not reflected in the financial statements because the services are not recognizable under accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis using such methods as estimated usage, square footage, or periodic time and expense studies. Costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Adoption of New Accounting Pronouncement

Effective July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The adoption did not have a material impact on the financial statements, and the Organization's revenue recognition practices were substantially unchanged as a result of applying ASU No. 2018-08.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organization plans to use the modified retrospective method. The Organization is continuing to evaluate the provisions of this new guidance and the impact this standard may have on its financial statements.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Organization's financial statements as a result of the Organization's operating leases, as disclosed in Note 15, that will be reported on the statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which removes requirements to disclose (1) the valuation processes for Level 3 fair value measurements and (2) the changes in unrealized gains and losses for the period for recurring Level 3 fair value measurements, modifies the disclosure requirements for a roll-forward for Level 3 fair value measurements to instead require only the disclosure of transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, other changes not currently relevant to the Organization. The new guidance will be effective for the Organization's year ending June 30, 2021 and will be applied retrospectively to all periods presented. The Organization is currently assessing the impact this new standard will have on its financial statements.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 5, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2020:

Cash	$	1,714,852
Receivables - Net		1,564,515
Investments		768,867
Interest in net assets of the Community First Foundation		45,595
Financial assets - At June 30, 2020		4,093,829
Less those unavailable for general expenditures within one year due to - Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions		11,186
Contributions expected to be collected in greater than one year - Net		187,816
Investments of endowed assets		464,458
Financial assets available to meet cash needs for general expenditures within one year	$	3,430,369

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's board of directors (the "Board") meets regularly to adjust policies regarding liquidity as needed.

The Organization's finance committee makes decisions concerning the use, investment strategy, and allocation of the Organization's financial assets and monitors investment performance in compliance with the board-approved Investment Policy Statement.

The Organization has a committed line of credit in the amount of $400,000 at June 30, 2020, which it could draw upon if needed, as further described in Note 11.

Note 4 - Receivables

The following is the detail of receivables as of June 30, 2020:

Accounts receivable	$	819,116
Contributions receivable		745,399
Total	$	1,564,515

Note 5 - Contributions Receivable

Included in contributions receivable are several multiyear unconditional promises to give. They are included as follows:

Gross promises to give before unamortized discount	$	750,916
Less allowance for net present value discount		(5,517)
Net contributions receivable	$	745,399
Amounts due in:		
Less than one year	$	557,583
One to five years		193,333
Total	$	750,916

Note 6 - Investments

The details of the Organization's investments at June 30, 2020 are as follows:

Mutual funds	$	418,864
Government money market funds		350,003
Total	$	768,867

Net investment income consists of the following for the year ended June 30, 2020:

Dividends and interest	$	20,210
Net realized gain		26,556
Net unrealized gain		944
Investment management service fees		(452)
Total	$	47,258

Note 7 - Interest in Net Assets of Community First Foundation

The Organization participated in the nonprofit Preservation Challenge Grant Program established by the Community First Foundation (CFF). The purpose of this program is to assist charitable organizations with the formation of perpetual endowment funds. Under the terms and conditions of the grant award, the Organization made irrevocable transfers of donor-restricted funds to CFF, and CFF matched contributions received by the Organization.

CFF made distributions to the Organization of $2,195 during the year ended June 30, 2020. Funds held by CFF for the benefit of the Organization are recorded as interest in net assets of CFF on the statement of financial position. The Organization's interest in CFF, including contributions transferred, matching contributions, and investment earnings, totaled $45,595 as of June 30, 2020.

Note 8 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. The Organization's Level 3 investments are composed of funds held by the Community First Foundation. Values are reported to the Organization by CFF and corroborated by management using CFF's audited financial statements. The main input is the fair value of the underlying investments held at the CFF and includes Level 1, 2, and 3 classifications; however, the Organization's share of the pooled investments is not quoted in active markets and is, therefore, classified within Level 3 in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 8 - Fair Value Measurements (Continued)

The following table presents information about the Organization's assets measured at fair value on a recurring basis at June 30, 2020 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Mutual funds	$ 418,864	$ -	$ -	$ 418,864
Interest in net assets of CFF	-	-	45,595	45,595
Total assets	$ 418,864	$ -	$ 45,595	$ 464,459

Money market funds in the amount of $350,003 are not subject to fair value disclosures and, therefore, are not included in the above table.

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2020 are as follows:

Balance at July 1, 2019	$ 46,180
Investment earnings reinvested	1,017
Total realized losses	(1,169)
Total unrealized gains	2,214
Distributions	(2,195)
Investment management service fees	(452)
Balance at June 30, 2020	$ 45,595

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 9 - Property and Equipment

Property and equipment are summarized as follows:

Buildings and improvements	$ 40,896
Furniture and equipment	125,760
Software and website	197,310
Total cost	363,966
Accumulated depreciation	147,692
Net property and equipment	$ 216,274

Depreciation expense for 2020 was $38,617.

Note 10 - Paycheck Protection Program

During the year ended June 30, 2020, the Organization received $354,000 through the Paycheck Protection Program under the CARES Act. Under ASC 958-605, the Organization has elected to account for these funds as a conditional contribution. During the year ended June 30, 2020, the Organization has overcome all measurable barriers and, therefore, has recognized the funds received as government support on the statement of activities and changes in net assets.

Note 11 - Line of Credit

The Organization has a line of credit agreement with a bank that provides available borrowings of $400,000. The line of credit is secured by all assets of the Organization and matures on February 20, 2021. Interest is payable on outstanding borrowings at 1 percent above the prime rate (4.50 percent at June 30, 2020) with a floor of 4.50 percent. No amounts were outstanding under this line of credit at June 30, 2020.

Note 12 - Accrued Liabilities

The following is the detail of accrued liabilities:

Accrued vacation	$	251,518
Accrued payroll		171,879
Deferred rent		33,172
Other accrued liabilities		5,270
Total	$	461,839

Note 13 - Net Assets

Net assets with donor restrictions as of June 30, 2020 are available for the following purposes:

Subject to expenditures for a specified programmatic purpose	$	11,186
Subject to the passage of time:		
Multiyear contributions receivable without donor purpose restrictions		336,665
Contributions receivable with a specified programmatic purpose		254,054
Total subject to the passage of time		590,719
Endowment assets:		
Accumulated endowment earnings		95,898
Net assets to be held in perpetuity		368,560
Total endowment assets		464,458
Total	$	1,066,363

Note 14 - Donor-restricted Endowments

The Organization's endowments consist of two donor-restricted funds established for long-term support of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 14 - Donor-restricted Endowments (Continued)

Interpretation of Relevant Law

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008. Accordingly, the Organization follows FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.*

The Organization is subject to UPMIFA and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Invested Endowment Asset Composition by Type of Fund

The Organization's endowment net assets are composed of the following funds as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets subject to time or purpose restrictions	$ -	$ 95,898	$ 95,898
Net assets to be held in perpetuity	-	368,560	368,560
Total	$ -	$ 464,458	$ 464,458

Note 14 - Donor-restricted Endowments (Continued)

Changes in Invested Endowment Assets

Changes in endowment net assets for the year ended June 30, 2020 are composed of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 458,136	$ 458,136
Investment return:			
Investment income	-	565	565
Net appreciation (realized and unrealized)	-	27,477	27,477
Total investment return	-	28,042	28,042
Contributions	-	5,475	5,475
Appropriation of endowment assets for expenditure	-	(27,195)	(27,195)
Endowment net assets - End of year	$ -	$ 464,458	$ 464,458

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. There were no such deficiencies at June 30, 2020.

Investment Strategy and Return Objectives

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a long-term rate of return that is, net of spending, greater than the rate of inflation.

Certain endowment assets are kept at CFF. CFF has discretion in selecting the asset mix and managers for the endowments of the Organization. The target asset allocation is as follows: (a) 5 percent in money markets, (b) 45 percent in fixed income, and (c) 50 percent in equities. The remaining endowment assets are allocated based on the board-approved investment policy to satisfy its long-term rate-of-return objectives. That policy's target allocation is (a) 40 percent in equities and (b) 60 percent in fixed income.

Spending Policy

The Organization has a policy of appropriating for distribution each year no more than 5 percent of its endowment fund's monthly average fair value in any given year. In establishing this policy, the Organization considered the long-term expected rate of return on its endowment.

Note 15 - Operating Leases

The Organization is obligated under operating leases primarily for facilities and equipment, expiring at various dates through June 2027. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $78,580 for the year ended June 30, 2020. Amounts due under these leases are included in the table below.

Note 15 - Operating Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30		Amount
2021	$	346,140
2022		335,760
2023		341,472
2024		273,132
2025		272,789
Thereafter		554,064
Total	$	2,123,357

Note 16 - Retirement Plan

The Organization sponsors a 401(k) plan for eligible employees. The plan provides for the Organization to make a discretionary matching contribution. There were no employer contributions made during the year ended June 30, 2020.