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***THE DELORES PROJECT***

*FINANCIAL STATEMENTS*

*JUNE 30, 2022*

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## Independent Auditors' Report

Board of Directors  
The Delores Project  
Denver, Colorado

### *Opinion*

We have audited the financial statements of The Delores Project, which comprise the statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Delores Project as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis For Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of The Delores Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities Of Management For The Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Delores Project's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Delores Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Delores Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Report On Summarized Comparative Information***

We have previously audited The Delores Project's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 5, 2021. In our opinion, the summarized information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

November 21, 2022



**The Delores Project**  
TRANSFORMING LIVES THROUGH  
CREATIVE HOUSING SOLUTIONS

**The Delores Project Audit  
Narrative July 1, 2021 – June 30, 2022**

**Fiscal Year 2022 marked the second full year of operations during the COVID-19 pandemic, operating the shelter 24/7, and of our Rehousing Program. At the beginning of the fiscal year we decided things felt complex enough and made the decision to not add any new programs, positions, or make any significant programmatic or operational changes in an effort to help find some much-needed stability. With all staff, guests, and many supportive housing residents fully vaccinated by the beginning of the fiscal year, it started feeling safer to gather together again for meetings, classes, and events and staff got to work brainstorming creative ways to reengage community members. In Supportive Housing this meant a different wellness theme each month with corresponding goals and programming, a newsletter, and a weekly recovery group. In shelter, this meant yoga classes, the return of our Guest Advisory Committee, revisiting and redesigning our life skills programming, and starting to increase our bed capacity again. In rehousing we moved so many people into housing we had to hire a third Continued Care Case Manager to help support and stabilize those transitioning from shelter to their own home. As we reflect back on all we have accomplished together over the past fiscal year, in spite of the many curveballs that were thrown our way, we continue to be in awe of the talent, skill, teamwork, and commitment to mission each and every one of our staff members embodies. People working together to build community are the thing that sets Delores apart in so many ways and makes us a model for how sheltering and housing can and should be provided in the most dignified and hospitable ways. We have always been a community who values learning and growth and this last fiscal year provided so many opportunities for us to stretch ourselves individually and collectively.**

**Thank you to our volunteers, donors, funders, community members at large, and dedicated staff for being part of this continually unfolding journey of healing, hope, and community. The time for visioning anew is upon us and the capacity to increase our impact is real and waiting in the wings. We would not be who we are without you and we look forward to seeing all the ways we will continue to thrive in the future.**

**Emily Wheeland**  
*Interim Chief Executive Officer*

**Debra Ellis**  
*Board President*

**THE DELORES PROJECT**

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**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022 And 2021**

**Assets**

	2022	2021
<b>Current Assets</b>		
Cash and cash equivalents	\$ 157,526	\$ 239,333
Investments (Note 3)	1,652,293	1,570,269
Government contracts receivable	313,814	283,403
Contributions receivable (Note 4)	15,530	17,282
Prepaid expenses	23,964	20,679
Restricted cash (Note 8)	30,000	180,000
<b>Total Current Assets</b>	<b>2,193,127</b>	<b>2,310,966</b>
<b>Noncurrent Assets</b>		
Deposits	1,000	1,000
Investment in Arroyo Village LLC	6,430	6,430
Interest receivable (Note 11)	59,517	—
Note receivable (Note 11)	507,877	507,877
Net property and equipment (Note 6)	315,727	237,484
<b>Total Noncurrent Assets</b>	<b>890,551</b>	<b>752,791</b>
<b>Total Assets</b>	<b>\$ 3,083,678</b>	<b>\$ 3,063,757</b>

**Liabilities And Net Assets**

<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 20,169	\$ 38,633
Accrued payroll liabilities	58,889	125,646
Deferred revenue	—	6,500
<b>Total Liabilities</b>	<b>79,058</b>	<b>170,779</b>
<b>Net Assets</b>		
Without donor restrictions	2,974,620	2,712,978
With donor restrictions (Note 8)	30,000	180,000
<b>Total Net Assets</b>	<b>3,004,620</b>	<b>2,892,978</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 3,083,678</b>	<b>\$ 3,063,757</b>

# THE DELORES PROJECT

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For The Year Ended June 30, 2022 (With Summarized Comparative Totals For The Year Ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues And Other Support</b>				
Contributions:				
Corporate	\$ 33,595	\$ —	\$ 33,595	\$ 85,931
Faith community	17,200	—	17,200	32,390
Foundations	1,110,074	—	1,110,074	1,063,353
Individuals	581,941	—	581,941	501,167
Contributed nonfinancial assets (Note 5)	282,344	—	282,344	277,315
Grant revenue	—	—	—	190,800
Government revenue	1,300,596	—	1,300,596	869,474
Special event revenue	89,200	—	89,200	—
Less: Cost of direct benefit to donors	(93,532)	—	(93,532)	—
PSH revenue	86,004	—	86,004	190,932
Investment income (loss)	(196,731)	—	(196,731)	71,599
Other income (loss)	(10,455)	—	(10,455)	394
Net assets released from restrictions (Note 8)	150,000	(150,000)	—	—
<b>Total Revenues And Other Support</b>	<b>3,350,236</b>	<b>(150,000)</b>	<b>3,200,236</b>	<b>3,283,355</b>
<b>Expenses</b>				
Program services	2,491,331	—	2,491,331	1,957,282
Management and general	297,968	—	297,968	157,447
Fundraising	276,908	—	276,908	359,598
<b>Total Expenses</b>	<b>3,066,207</b>	<b>—</b>	<b>3,066,207</b>	<b>2,474,327</b>
<b>Change In Net Assets Before</b>				
<b>Depreciation Expense</b>	284,029	(150,000)	134,029	809,028
Depreciation expense	(22,387)	—	(22,387)	(9,545)
<b>Change In Net Assets</b>	<b>261,642</b>	<b>(150,000)</b>	<b>111,642</b>	<b>799,483</b>
<b>Net Assets At Beginning Of Year</b>	<b>2,712,978</b>	<b>180,000</b>	<b>2,892,978</b>	<b>2,093,495</b>
<b>Net Assets At End Of Year</b>	<b>\$ 2,974,620</b>	<b>\$ 30,000</b>	<b>\$ 3,004,620</b>	<b>\$ 2,892,978</b>

# THE DELORES PROJECT

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2022

(With Summarized Comparative Totals For The Year Ended June 30, 2021)

	2022				2021	
	Program Services	Support Services			Total	Total
		Management And General	Fundraising			
Staff support and training	\$ 38,533	\$ 3,633	\$ 3,995	\$ 46,161	\$ 37,180	
Business expenses and board development	—	28,927	—	28,927	21,671	
Contract staff	—	—	60,000	60,000	54,000	
Other outside service fees	—	77,216	—	77,216	29,116	
Contributed nonfinancial assets	282,344	—	—	282,344	281,754	
Dues, subscriptions and leases	28,271	2,665	2,931	33,867	25,665	
Equipment	54,783	5,165	5,680	65,628	58,464	
Food management and volunteer expenses	36,737	—	—	36,737	31,953	
Guest and resident expenses	115,467	—	—	115,467	42,969	
Guest and resident transportation	48,368	—	—	48,368	32,353	
HR and employee expense	—	16,310	—	16,310	18,899	
Rental and deposit assistance	127,286	—	—	127,286	16,204	
Maintenance	35,461	3,345	3,676	42,482	20,790	
Marketing	—	—	19,920	19,920	8,536	
Other expense	869	58	63	990	32,632	
Payroll taxes and benefits	256,220	24,154	26,564	306,938	252,075	
Printing and postage	—	—	3,967	3,967	6,938	
Program supplies, janitorial and laundry	19,107	—	—	19,107	20,484	
Salary expense	1,442,304	135,969	149,533	1,727,806	1,420,537	
Telephone	5,581	526	579	6,686	7,054	
Utilities	—	—	—	—	55,053	
<b>Total Expenses</b>	<b>\$ 2,491,331</b>	<b>\$ 297,968</b>	<b>\$ 276,908</b>	<b>\$ 3,066,207</b>	<b>\$ 2,474,327</b>	



# THE DELORES PROJECT

## STATEMENT OF CASH FLOWS For The Years Ended June 30, 2022 And 2021

	2022	2021
<b>Cash Flows From Operating Activities</b>		
Cash received from contributions and grants	\$ 1,714,151	\$ 1,451,354
Cash received from programs and events	1,375,768	1,020,106
Cash payments to suppliers and employees	(2,882,274)	(2,150,878)
Interest received	34,439	13,665
Miscellaneous income	10,455	394
<b>Net Cash Provided By Operating Activities</b>	<b>252,539</b>	<b>334,641</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(916,158)	(1,512,335)
Purchase of property and equipment	(111,635)	(68,789)
Sales of investments	543,447	—
<b>Net Cash Used In Investing Activities</b>	<b>(484,346)</b>	<b>(1,581,124)</b>
<b>Net Change In Cash, Cash Equivalents And Restricted Cash</b>	<b>(231,807)</b>	<b>(1,246,483)</b>
<b>Cash, Cash Equivalents And Restricted Cash At Beginning Of Year</b>	<b>419,333</b>	<b>1,665,816</b>
<b>Cash, Cash Equivalents And Restricted Cash At End Of Year</b>	<b>\$ 187,526</b>	<b>\$ 419,333</b>
<b>Reconciliation Of Change In Net Assets To Net Cash Provided By (Used In) Operating Activities</b>		
Change in net assets	\$ 111,642	\$ 799,483
Reconciling adjustments:		
Depreciation	22,387	9,545
Loss on sale of assets	11,005	—
Unrealized (gain) loss on investments	290,687	(57,934)
Forgiveness of PPP Loan	—	(190,800)
Changes in assets and liabilities:		
Government contracts receivable	(30,411)	(236,663)
Contributions receivable	1,752	5,176
Interest receivable	(59,517)	—
Prepaid expenses	(3,285)	(13,716)
Accounts payable	(18,464)	20,833
Accrued payroll liabilities	(66,757)	39,017
Deferred revenue	(6,500)	(40,300)
<b>Total Adjustments</b>	<b>140,897</b>	<b>(464,842)</b>
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 252,539</b>	<b>\$ 334,641</b>

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**THE DELORES PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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**1. Nature Of Activities And Significant Accounting Policies**

**Nature Of Activities**

The Delores Project (the Organization) was established in February 2000 for the purpose of providing safe, reliable shelter and personalized services to unaccompanied women and transgender individuals experiencing homelessness. In May 2004, the Organization was incorporated as a 501(c)(3) non-profit organization under the laws of the State of Colorado. In January 2015, the Organization entered into partnership with Rocky Mountain Communities to redevelop its original properties in the West Colfax neighborhood of Denver to create a full housing continuum of shelter, permanent supportive housing and workforce housing under one roof. The redevelopment project, Arroyo Village, broke ground in August 2017 and construction of a new 160,000+ square foot mixed-used project including a 60-bed shelter, 35 permanent supportive housing units, 95 workforce housing units, community courtyard and programming spaces was completed in late June 2019. The Organization took occupancy of the new, trauma-informed designed Delores Shelter in late March 2019. The Delores Project is supported primarily through donor contributions, government grants and foundations.

**Basis Of Accounting And Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) and reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## THE DELORES PROJECT

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### Notes To Financial Statements (*Continued*)

#### **Cash, Cash Equivalents And Restricted Cash**

For purposes of the statement of cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Company invests its cash in financial institutions with strong credit ratings. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits.

The following is a reconciliation between cash, cash equivalents and restricted cash reported within the balance sheet and the total cash, cash equivalents and restricted cash on the statement of cash flows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 157,526	\$ 239,333
Restricted cash	<u>30,000</u>	<u>180,000</u>
<b>Total Cash And Restricted Cash</b>	<b>\$ 187,526</b>	<b>\$ 419,333</b>

#### **Investments**

Investments in equity securities and mutual funds having a readily determinable fair value are carried at fair value. Basis for determining fair value is described in Note 12. Investment income (loss) includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value. Gains and losses on sales of investments are generally determined on a specific cost identification method.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of financial position.

Investment income (loss) is reflected in the statement of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

#### **Property And Equipment**

The Organization's policy is to capitalize property and equipment over \$1,500. Property and equipment is recorded at cost when purchased and fair value when donated. Property and equipment is depreciated using the straight-line method over the estimated useful life.

## **THE DELORES PROJECT**

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### Notes To Financial Statements (*Continued*)

The Organization reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated by the property and equipment, including the residual value. If property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There was no impairment loss recognized for the years ended June 30, 2022 or 2021.

#### **Investment In Arroyo Village LLC**

The Organization owns a 50% ownership interest in Arroyo Village LLC, which owns a 0.01% interest in Arroyo Village Apartments LLLP (the LLLP). The Organization accounts for the investment under the equity method. The Organization contributed \$6,430 to the LLLP through Arroyo Village LLC. The investment balance as of both June 30, 2022 and 2021 was \$6,430.

#### **Net Assets**

All financial transactions are recorded as with donor restrictions or without donor restrictions. Donor restrictions are made by donors who may stipulate limitations on the time a gift must be held, when it may be used or the purpose for which it may be used.

Net assets without donor restrictions include assets and liabilities that are available for the regular activities of the Organization and controlled by the Board of Directors (the Board) through the annual budget.

Net assets with donor restrictions include donor contributions that have either a time or purpose limitation. When the limitations on contributions expire through the passage of time or action of the Organization, donor-restricted net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are fully met in the year the contribution is received are reported as contributions without donor restrictions.

## **THE DELORES PROJECT**

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### Notes To Financial Statements (*Continued*)

#### **Revenue Recognition**

##### ***Contributions And Contributions Receivable***

The Organization conducts fundraising campaigns or may be the recipient of grant revenue. Contributions, including unconditional promises to give, are recorded as revenue in the period the contribution is received or the unconditional promise to give is made. Conditional promises to give are recorded as revenue when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions are available for unrestricted use unless specifically restricted by the donor.

Contributions receivable or unconditional promises to give are recorded at face value or net realizable value, which approximates fair value. An allowance for uncollectible contributions receivable is estimated using management's judgment of current economic conditions. A receivable is written off only when management has determined that it is unlikely to be collected. No discounts or allowances have been applied to contributions receivable at year end because the Organization expects these amounts to be fully collectible.

The Organization reports gifts of land, buildings and equipment as support without donor restrictions unless the 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 or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent donor stipulations regarding 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.

Contribution revenue recognition falls under the provisions of Accounting Standards Codification (ASC) Topic 958, and therefore not subject to the provisions of ASC Topic 606.

##### ***Government Contracts Receivable***

Government contracts receivable represent requests for reimbursement of expenses incurred before year end. No allowance has been applied to the receivable at year end because the Organization expects these amounts to be fully collectible within one year. Revenues from government contracts are recognized as a contribution under the provisions of ASC Topic 958, and therefore not subject to the provisions of ASC Topic 606.

## THE DELORES PROJECT

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### Notes To Financial Statements (*Continued*)

#### ***Contributed Nonfinancial Assets***

In-kind contributions may include donated property and equipment, services, space use, materials or supplies. All are valued at estimated fair value when recognized. The Organization recognizes the value of contributed services when they 1) create or enhance a nonfinancial asset or property and equipment or 2) require specialized skills and would otherwise need to be purchased. Recognition of in-kind contributions falls under the provisions of ASC Topic 958, and therefore not subject to the provisions of ASC Topic 606.

#### ***Permanent Supportive Housing (PSH) Revenue***

The Organization receives two forms of support through their partnership agreements in order to support their ongoing operations. Restricted development fees are reserved for the Organization being the ongoing service provider for the PSH operation. Restricted development fee revenue is recognized over time as the PSH services are rendered by the Organization. Unrestricted development fees are distributions from the partnership as additional support for the Organization's operations. As this revenue source is not directly related to a performance obligation for the Organization, and are highly dependent on any surplus cash flow from the partnership in a given year, this revenue source is considered a contribution under ASC Topic 958, and therefore not subject to the provisions of Topic 606.

The following table provides a disaggregation of the timing of recognition for those revenue streams subject to ASC Topic 606, *Revenue from Contracts with Customers*:

	<b>For The Years Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Services rendered over time	\$ 86,004	\$ 86,004
Contribution	—	104,928
<b>Total PSH Revenue</b>	<b>\$ 86,004</b>	<b>\$ 190,932</b>

#### **Deferred Revenue**

Deferred revenues are recorded when cash or receivables are recognized, but income is not yet earned. These amounts will be recognized in following periods when earned.

#### **Prepaid Expenses**

Prepaid expenses represent amounts paid for which there is a future benefit. These items are recognized as expenses in the period in which the benefit is received.

## THE DELORES PROJECT

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### Notes To Financial Statements (*Continued*)

#### **Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of costs was made on the following basis:

<u>Expense</u>	<u>Method Of Allocation</u>
Salaries and benefits	Time and effort
Equipment and maintenance	Time and effort
Occupancy and utilities	Time and effort
Professional services	Time and effort
Information technologies	Time and effort
Supplies	Time and effort
Other	Time and effort

#### **Paycheck Protection Program**

In 2020, the Organization obtained a loan under the Paycheck Protection Program (the PPP), which was fully forgiven during 2021. Pursuant to the provisions of ASC 2018-08, *Not-for-Profit Entities - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, management recognized the PPP loan in grant revenue once loan forgiveness was received.

#### **Income Taxes**

The Organization is exempt from income taxes under the Internal Revenue Code Section 501(c)(3) as a charitable organization. GAAP requires an entity to disclose material uncertain tax positions that management believes do not meet a “more-likely-than-not” standard of being sustained under an income tax audit. If disclosure is required, the entity must accrue a liability for any such taxes, penalties and interest. As of June 30, 2022, there is no taxable income from unrelated business activities, and management has not identified any uncertain tax positions requiring disclosure or accrual. Tax information returns for the periods ending June 30, 2018 and all subsequent years remain open and subject to Internal Revenue Service inquiry.

## THE DELORES PROJECT

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### Notes To Financial Statements (*Continued*)

#### **Summarized Prior-Year Information**

The statement of activities and changes in net assets includes certain prior-year summarized comparative information in total, but not by net asset class. The statement of functional expenses includes certain prior-year summarized comparative information in total, but not by program or supporting services. These statements do not include sufficient detail to constitute presentations in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

#### **Reclassifications**

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on net earnings.

#### **New Accounting Standards**

In September 2020, FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which was first effective and adopted by the Organization on a retrospective basis to all periods presented, as of, and for the year ended June 30, 2022. There was not significant change to the financial statements as a result of implementing the standard.

## **2. Liquidity**

The Organization strives to maintain liquid financial assets sufficient to cover at least 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in a reserve account at Citywide Bank without restrictions for withdrawal.



## THE DELORES PROJECT

### Notes To Financial Statements (Continued)

The following represents the Organization's financial assets available for general expenditures within one year of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 187,526	\$ 419,333
Investments	1,652,293	1,570,269
Government contracts receivable	313,814	283,403
Contributions receivable	15,530	17,282
<b>Total Financial Assets</b>	<b>2,169,163</b>	<b>2,290,287</b>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	30,000	180,000
Amounts to be released from restrictions within one year	(30,000)	(180,000)
Board-designated reserve	600,000	600,000
<b>Financial Assets Available To Meet General Expenditures Over The Next 12 Months</b>	<b>\$ 1,569,163</b>	<b>\$ 1,690,287</b>

As of June 30, 2022 and 2021, the Organization had \$1,569,163 and \$1,690,287, respectively, in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date.

### 3. Investments

Investments consist of the following:

	<u>2022</u>	<u>2021</u>
Exchange traded funds	\$ 1,652,293	\$ 1,570,269

### 4. Contributions Receivable

Contributions receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Individual and foundation gifts receivable	\$ 15,530	\$ 17,282
<b>Amounts Due In Less Than One Year</b>	<b>\$ 15,530</b>	<b>\$ 17,282</b>

## THE DELORES PROJECT

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### Notes To Financial Statements (Continued)

#### 5. Contributed Nonfinancial Assets

The Organization receives gifts in-kind, such as donated goods for residents, volunteer services and donated meals. Contributed nonfinancial asset revenue is recognized when the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gifts in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts in-kind and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. Contributions included in the statement of activities are comprised of the following:

	<u>2022</u>	<u>2021</u>
Donated meals	\$ 97,390	\$ 96,524
Donated professional services	6,000	3,000
Donated volunteer services	114,913	95,944
Donated goods	64,041	81,847
<b>Total</b>	<b>\$ 282,344</b>	<b>\$ 277,315</b>

Fair value techniques - goods for residents are valued using estimated retail prices of identical or similar products if purchased in the region. Donated meals are valued based on a price per pound (protein, starch, etc.) of identical or similar products if purchased in the region. Volunteer services are valued based on current rates provided by the Nonprofit Leadership Center multiplied by the number of volunteer hours worked and approved. Professionals services are valued based on current rates of information technology services provided by the firm.

Donor restrictions and use - contributed nonfinancial assets are not restricted. The Organization does not sell any of the contributions, and uses goods, meals, volunteer services or professional services in its program activities.

An approximate total of 650 volunteers donated 3,285 service hours to the Organization during the year ended June 30, 2022. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition. In-kind contributions may be used for program activities, fundraising or management and general purposes.

## THE DELORES PROJECT

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Notes To Financial Statements (*Continued*)

### 6. Property And Equipment

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 154,000	\$ 154,000
Building improvements	58,801	—
Furniture and equipment	67,866	152,801
Vehicles	63,109	63,109
<b>Total</b>	<b>343,776</b>	<b>369,910</b>
Less: Accumulated depreciation	<b>(28,049)</b>	<b>(132,426)</b>
<b>Net Property And Equipment</b>	<b>\$ 315,727</b>	<b>\$ 237,484</b>

The LLLP created 95 one-to-three-bedroom affordable housing units for individuals and families, and 35 one-bedroom units for former chronically homeless individuals who also have a disability. These 35 residents are supported by services and resources provided by the Organization to maintain their housing. In addition, a new shelter facility was created, allowing for improved and expanded programs for shelter guests in an environment consistent with the evidence-based best practices of trauma-informed care. The project was completed and occupied in early 2019.

In 2017, the Organization's previous building used for program and administrative purposes was demolished. The demolished building was financed with a \$700,000 grant from the City and County of Denver Office of Economic Development (the City). The Organization executed a promissory note and deed of trust for the grant with terms and conditions satisfactory to the City. The note requires repayment of the \$700,000 grant principal if the property ceases to be used for shelter and housing and to provide services for homeless persons prior to May 24, 2037. No balance sheet liability was recorded as it is the intent of the Board to continue to operate the new building as specified in the grant.

### 7. Board-Designated Net Assets

As of June 30, 2022 and 2021, the Organization had \$600,000 in Board-designated reserves intended to be used to buy out the property at the end of the tax credit period.

## THE DELORES PROJECT

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### Notes To Financial Statements (Continued)

#### 8. Donor-Restricted Net Assets

Donor-restricted net assets were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Tree fundraiser	\$ 30,000	\$ 30,000
Operating grant for fiscal year beginning July 1, 2021	—	150,000
<b>Total</b>	<b>\$ 30,000</b>	<b>\$ 180,000</b>

As of June 30, 2022, \$30,000 of these donor-restricted net assets were restricted for the Tree fundraiser efforts to be carried out by the Organization during 2022. Restricted cash of \$30,000 as of June 30, 2022 is also reflected on the accompanying financial statements.

Donor-restricted net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or being reallocated by the donor as follows:

	<u>2022</u>	<u>2021</u>
Operating grant	\$ 150,000	\$ —
COVID-19 response	—	12,528
<b>Total</b>	<b>\$ 150,000</b>	<b>\$ 12,528</b>

#### 9. Concentrations

The Organization generates substantially all of its support from contributions, grants and fundraising events. For the year ended June 30, 2022, 27% of support was from contributions including in-kind, 33% was from foundation gifts and 38% was from government support.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents deposited in selected brokerage accounts and federally insured financial institutions. At June 30, 2022, there were no uninsured cash balances. At June 30, 2021, there were \$168,743 in uninsured cash balances.

## **THE DELORES PROJECT**

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### Notes To Financial Statements (*Continued*)

#### **10. Commitments**

The Organization entered into partnership with another nonprofit organization, Rocky Mountain Communities, on January 9, 2015 to form Arroyo Village LLC, a Colorado limited liability company, which is the general partner in the LLLP, a Colorado limited liability limited partnership. The LLLP acquired leasehold interests in two contiguous parcels of land, each owned by one of the nonprofit organizations. The Organization and Rocky Mountain Communities are members of AV Development LLC and own 25% and 75%, respectively. On January 15, 2016, the LLLP entered into a consulting services agreement with BlueLine Development, Inc. (BlueLine). BlueLine acted as consultant for the LLLP project, managing all aspects of the planning, construction and completion, including supervision of financing, design, construction and compliance.

The LLLP project was approved in June 2016 for federal and state for low-income housing income tax credits. The sale of the tax credits provided the initial funding for the construction project, which commenced construction on August 24, 2017 and received final certificate of occupancy on September 20, 2019. The Organization operates the shelter and provides supportive service to residents of the permanent supportive housing units. During the year ended June 30, 2021, developer fees of \$104,928 were received. There were no developer fees received during the year ended June 30, 2022.

#### **11. Note Receivable**

The Organization has a \$507,877 note receivable with the LLLP. Interest accrues at 3% per annum. Interest and principal is payable annually from Cash Flow, with all payments applied first to accrued interest. Any unpaid principal and interest is payable on or before August 1, 2057. The note is secured by a deed of trust and is subordinate. As of June 30, 2022 and 2021, the Organization has advanced \$507,877, which remains outstanding. The Organization has accrued interest of \$59,517 related to the note as of June 30, 2022. There was no interest accrued on the note as of June 30, 2021.

## **12. Fair Value Measurement And Disclosures**

ASC Topic 820, *Fair Value Measurements* (Topic 820), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There are three general valuation techniques that may be used to measure fair value, as described below:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts

## **THE DELORES PROJECT**

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### Notes To Financial Statements *(Continued)*

#### **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and these securities are classified within Level 2 of the valuation hierarchy. All investments for the Organization as of June 30, 2022 and 2021 consist wholly of exchange traded funds, which are all classified as Level 1 investments.

#### **13. Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.