

# **SUN VALLEY YOUTH CENTER**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**SUN VALLEY YOUTH CENTER**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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July 21, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Sun Valley Youth Center  
Denver, Colorado

We have audited the accompanying financial statements of **Sun Valley Youth Center** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, 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.

***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. 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 Sun Valley Youth Center as of December 31, 2019, 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 previously audited Sun Valley Youth Center's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company P/C*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**SUN VALLEY YOUTH CENTER**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 194,552	\$ 212,225
Contracts receivable	15,726	12,891
Grants and contributions receivable	31,931	82,935
Prepaid expenses	5,636	5,242
Property and equipment (Note 3)	<u>222,519</u>	<u>228,707</u>
Total assets	<u><u>\$ 470,364</u></u>	<u><u>\$ 542,000</u></u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 10,347	\$ 7,379
Payroll liabilities	<u>15,798</u>	<u>14,449</u>
Total liabilities	<u>26,145</u>	<u>21,828</u>
Net assets		
Without donor restrictions		
Undesignated	221,700	263,328
Net investment in fixed assets	<u>222,519</u>	<u>228,707</u>
	444,219	492,035
With donor restrictions		
	<u>-</u>	<u>28,137</u>
Total net assets	<u>444,219</u>	<u>520,172</u>
Total liabilities and net assets	<u><u>\$ 470,364</u></u>	<u><u>\$ 542,000</u></u>

The accompanying notes are an integral part of these financial statements

**SUN VALLEY YOUTH CENTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations and nonprofit organizations	\$ 226,206	\$ -	\$ 226,206	\$ 343,293
Government contracts	185,900	-	185,900	194,624
Individuals	63,353	-	63,353	52,203
Corporations	10,733	-	10,733	7,455
Event parking income	1,924	-	1,924	4,146
Activity fees	1,418	-	1,418	1,764
Interest income	144	-	144	71
Other income	-	-	-	450
In-kind contributions (Note 4)	70,779	-	70,779	71,503
Net assets released from restrictions (Note 5)	28,137	(28,137)	-	
<b>Total revenue and other support</b>	<b>588,594</b>	<b>(28,137)</b>	<b>560,457</b>	<b>675,509</b>
<u>Expense</u>				
Program services	509,814	-	509,814	381,373
Supporting services				
Management and general	64,340	-	64,340	61,531
Fund-raising	62,256	-	62,256	36,302
<b>Total expense</b>	<b>636,410</b>	<b>-</b>	<b>636,410</b>	<b>479,206</b>
<b>Change in net assets</b>	<b>(47,816)</b>	<b>(28,137)</b>	<b>(75,953)</b>	<b>196,303</b>
Net assets, beginning of year	492,035	28,137	520,172	323,869
Net assets, end of year	<u>\$ 444,219</u>	<u>\$ -</u>	<u>\$ 444,219</u>	<u>\$ 520,172</u>

The accompanying notes are an integral part of these financial statements

**SUN VALLEY YOUTH CENTER**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
	<u>Supporting Services</u>				
	Program	Management	Fund-	Total	Total
	Services	And General	raising		
Salaries	\$ 214,803	\$ 24,874	\$ 19,899	\$ 259,576	\$ 184,861
Payroll taxes and benefits	21,254	3,941	3,153	28,348	15,838
Food and preparation	70,295	-	-	70,295	69,792
Supplies	68,464	-	-	68,464	48,601
Program activities	46,425	-	-	46,425	23,108
Grant writing	-	-	27,828	27,828	16,588
Contract services	24,900	1,635	-	26,535	28,330
Accounting fees	-	24,872	-	24,872	19,061
Insurance	14,470	2,067	689	17,226	12,152
Utilities	12,245	1,361	-	13,606	13,270
Staff development	10,044	1,116	-	11,160	13,664
Promotion and marketing	-	-	8,105	8,105	1,462
Repair and maintenance	7,689	405	-	8,094	4,334
Telephone	2,768	1,385	1,385	5,538	4,328
Dues and subscriptions	1,290	1,146	430	2,866	2,562
Office expenses	1,478	492	492	2,462	5,114
Gas and parking	2,100	-	-	2,100	2,675
Vehicle	1,987	-	-	1,987	2,722
Other	1,268	496	-	1,764	2,780
	<u>501,480</u>	<u>63,790</u>	<u>61,981</u>	<u>627,251</u>	<u>471,242</u>
Depreciation	8,334	550	275	9,159	7,964
Total expenses	<u>\$ 509,814</u>	<u>\$ 64,340</u>	<u>\$ 62,256</u>	<u>\$ 636,410</u>	<u>\$ 479,206</u>

The accompanying notes are an integral part of these financial statements

**SUN VALLEY YOUTH CENTER**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (75,953)	\$ 196,303
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	9,159	7,964
Donated fixed asset	-	(5,643)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in contracts receivable	(2,835)	1,524
Decrease(increase) in grants and contributions receivable	51,004	(78,800)
Decrease(increase) in prepaid expenses	(394)	(5,242)
Increase(decrease) in accounts payable	2,968	6,820
Increase(decrease) in payroll liabilities	1,349	10,109
Net cash provided(used) by operating activities	(14,702)	133,035
<u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	(2,971)	(9,078)
Net cash provided(used) by investing activities	(2,971)	(9,078)
Net increase in cash and cash equivalents	(17,673)	123,957
Cash and cash equivalents, beginning of year	212,225	88,268
Cash and cash equivalents, end of year	\$ 194,552	\$ 212,225

The accompanying notes are an integral part of these financial statements



**SUN VALLEY YOUTH CENTER**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES

Sun Valley Youth Center (Organization) was incorporated in 1999 as a Colorado nonprofit corporation. The Organization is committed to giving Denver's poorest neighborhood a hope for the future. The mission of the Organization is to empower youth, families and community to reach their highest potential. The Organization does this by focusing on transforming the lives of at-risk youth in this low-income, public housing neighborhood, Sun Valley Youth Center provides: day care, after-school care, teen life skills, youth development, mentoring, trauma informed life practices, and life essentials programs to help raise up the neighborhood's youth. The Organization is licensed to serve 90 children.

The Organization receives funding primarily from foundations and nonprofit organization contributions and governmental agencies under reimbursement arrangements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

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 that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

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

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

7. Functional Reporting of Expenses

For the year ended December 31, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries, payroll taxes and benefits which are allocated based on estimates of time and effort. All other significant expenses are assigned directly to the program or supporting function benefited.

8. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

9. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

10. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). The standards update 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 accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization does not believe the application of the provisions of the standards update materially changed the recognition of contributions received during the year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

11. Subsequent Events

Management has evaluated subsequent events through July 21, 2020, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Land, buildings, and improvements	\$ 299,696
Furniture and equipment	23,243
Vehicles	<u>18,108</u>
Total	341,047
Less: accumulated depreciation	<u>(118,528)</u>
Net property and equipment	<u>\$ 222,519</u>

Depreciation expense for the year was \$9,159.

NOTE 4 - IN-KIND CONTRIBUTIONS

During the year, recognized in-kind contributions received were as follows:

<u>Description</u>	<u>Amount</u>
Activity accommodations and admissions	\$ 19,600
Food and beverages	18,603
Thanksgiving baskets and Christmas gifts	13,000
Grant writer services	10,436
Shoes and other supplies	<u>9,140</u>
Total	<u>\$ 70,779</u>

During the year, the Organization also received in-kind donations such as sporting event tickets and suites, activity admissions, lodging accommodations and donated volunteer services. The estimated value of these donations was approximately \$114,000. These donations were not recognized as they did not meet the accounting requirements for recognition.

NOTE 5 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

<u>Description</u>	<u>Amount</u>
Exercise programming cost	\$ 24,000
Camera system and mural	4,000
Scholarships	<u>137</u>
Total	<u>\$ 28,137</u>

NOTE 6 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year at December 31, 2019:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 194,552
Contracts receivable	15,726
Grants and contributions receivable	<u>31,931</u>
Total financial assets available to meet cash needs for general operating expenditures within one year	<u>\$ 242,209</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization's general operating expenditures are anticipated to be \$650,000 to \$700,000 for the upcoming year.

NOTE 7 - SUBSEQUENT EVENT

On January 30, 2020 the World Health Organization declared the COVID-19 outbreak a public health emergency and subsequently a pandemic on March 11, 2020. The Organization continues to assess the potential impact of the COVID-19 pandemic upon the Organization. At this time an estimate of the impact upon the Organization's future financial statements cannot be made.

The Organization submitted a loan application under the Paycheck Protection Program (Program) to cover payroll and benefits costs and utilities. On April 20, 2020, the Organization received loan proceeds of approximately \$55,700. The Program provides for loan forgiveness if the Organization is able to meet certain employee retention and salary and utility payment requirements.