

SUN VALLEY YOUTH CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

SUN VALLEY YOUTH CENTER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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May 25, 2021

Independent Auditor's Report

Board of Directors
Sun Valley Youth Center
Denver, Colorado

Opinion

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sun Valley Youth Center 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 these 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 Sun Valley Youth Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Sun Valley Youth Center'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 aggregative, that raise substantial doubt about Sun Valley Youth Center'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 previously audited Sun Valley Youth Center's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | 2020 | 2019 |
|--|------------|------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 341,065 | \$ 194,552 |
| Contracts receivable | 26,973 | 15,726 |
| Grants and contributions receivable (Note 3) | 91,840 | 31,931 |
| Prepaid expenses | 7,563 | 5,636 |
| Property and equipment (Note 4) | 213,490 | 222,519 |
| Total assets | \$ 680,931 | \$ 470,364 |
| <u>Liabilities and net assets</u> | | |
| Accounts payable | \$ 7,999 | \$ 10,347 |
| Accrued payroll liabilities | 26,579 | 15,798 |
| Paycheck Protection Program loan (Note 5) | 55,700 | - |
| Total liabilities | 90,278 | 26,145 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 307,666 | 221,700 |
| Net investment in fixed assets | 213,490 | 222,519 |
| | 521,156 | 444,219 |
| With donor restrictions (Note 6) | 69,497 | - |
| Total net assets | 590,653 | 444,219 |
| Total liabilities and net assets | \$ 680,931 | \$ 470,364 |

The accompanying notes are an integral part of these financial statements

SUN VALLEY YOUTH CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | 2020 | | | 2019 |
|--|-------------------------------|----------------------------|-------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| <u>Revenue and other support</u> | | | | |
| Foundations and nonprofit organizations | \$ 416,480 | \$ 67,392 | \$ 483,872 | \$ 226,206 |
| Government contracts | 154,639 | - | 154,639 | 185,900 |
| Individuals | 144,467 | 4,000 | 148,467 | 63,353 |
| Corporations | 12,911 | - | 12,911 | 10,733 |
| Activity fees | 1,031 | - | 1,031 | 1,418 |
| Interest income | 27 | - | 27 | 144 |
| Event parking income | - | - | - | 1,924 |
| In-kind contributions (Note 7) | 44,215 | - | 44,215 | 70,779 |
| Net assets released from restrictions (Note 8) | 1,895 | (1,895) | - | |
| Total revenue and other support | 775,665 | 69,497 | 845,162 | 560,457 |
| <u>Expense</u> | | | | |
| Program services | 568,296 | - | 568,296 | 509,814 |
| Supporting services | | | | |
| Management and general | 49,339 | - | 49,339 | 64,340 |
| Fund-raising | 81,093 | - | 81,093 | 62,256 |
| Total expense | 698,728 | - | 698,728 | 636,410 |
| Change in net assets | 76,937 | 69,497 | 146,434 | (75,953) |
| Net assets, beginning of year | 444,219 | - | 444,219 | 520,172 |
| Net assets, end of year | \$ 521,156 | \$ 69,497 | \$ 590,653 | \$ 444,219 |

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | 2020 | | | 2019 | |
|----------------------------|----------------------------|------------------|------------------|-------------------|-------------------|
| | <u>Supporting Services</u> | | | | |
| | Program | Management | Fund- | Total | Total |
| | Services | And General | raising | | |
| Salaries | \$ 326,222 | \$ 13,911 | \$ 25,294 | \$ 365,427 | \$ 259,576 |
| Payroll taxes and benefits | 54,049 | 2,653 | 4,087 | 60,789 | 28,348 |
| Supplies | 63,390 | - | - | 63,390 | 68,464 |
| Grant writing | - | - | 40,737 | 40,737 | 27,828 |
| Accounting and auditing | - | 24,499 | - | 24,499 | 24,872 |
| Contract services | 20,236 | 1,272 | 2,417 | 23,925 | 26,535 |
| Insurance | 17,083 | 2,441 | 814 | 20,338 | 17,226 |
| Food and preparation | 19,408 | - | - | 19,408 | 70,295 |
| Program activities | 16,969 | - | - | 16,969 | 46,425 |
| Staff development | 12,847 | - | 1,895 | 14,742 | 11,160 |
| Utilities | 10,992 | 1,221 | - | 12,213 | 13,606 |
| Repair and maintenance | 8,536 | 449 | - | 8,985 | 8,094 |
| Dues and subscriptions | 4,364 | 546 | 546 | 5,456 | 2,866 |
| Telephone | 2,700 | 1,351 | 1,351 | 5,402 | 5,538 |
| Promotion and marketing | - | - | 3,518 | 3,518 | 8,105 |
| Vehicle | 2,463 | - | - | 2,463 | 1,987 |
| Office expenses | 489 | 163 | 163 | 815 | 2,462 |
| Gas and parking | 242 | - | - | 242 | 2,100 |
| Other | 90 | 291 | - | 381 | 1,764 |
| | <u>560,080</u> | <u>48,797</u> | <u>80,822</u> | <u>689,699</u> | <u>627,251</u> |
| Depreciation | 8,216 | 542 | 271 | 9,029 | 9,159 |
| Total expenses | <u>\$ 568,296</u> | <u>\$ 49,339</u> | <u>\$ 81,093</u> | <u>\$ 698,728</u> | <u>\$ 636,410</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | 2020 | 2019 |
|---|------------|-------------|
| <u>Cash flows from operating activities</u> | | |
| Change in net assets | \$ 146,434 | \$ (75,953) |
| Adjustments to reconcile change in net assets to net cash provided(used) by operating activities | | |
| Depreciation | 9,029 | 9,159 |
| <u>Changes in operating assets and liabilities</u> | | |
| Decrease(increase) in contracts receivable | (11,247) | (2,835) |
| Decrease(increase) in grants and contributions receivable | (59,909) | 51,004 |
| Decrease(increase) in prepaid expenses | (1,927) | (394) |
| Increase(decrease) in accounts payable | (2,348) | 2,968 |
| Increase(decrease) in accrued payroll liabilities | 10,781 | 1,349 |
| Net cash provided(used) by operating activities | 90,813 | (14,702) |
| <u>Cash flows from investing activities</u> | | |
| (Purchase) of fixed assets | - | (2,971) |
| Net cash provided(used) by investing activities | - | (2,971) |
| <u>Cash flows from financing activities</u> | | |
| Proceeds from Paycheck Protection Program loan | 55,700 | - |
| Net cash provided(used) by financing activities | 55,700 | - |
| Net increase in cash and cash equivalents | 146,513 | (17,673) |
| Cash and cash equivalents, beginning of year | 194,552 | 212,225 |
| Cash and cash equivalents, end of year | \$ 341,065 | \$ 194,552 |

The accompanying notes are an integral part of these financial statements

SUN VALLEY YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 implemented a number of program changes in response to the COVID-19 pandemic. Some of the programmatic pivots included switching to virtual then hybrid programming; providing weekly sanity packs for participants that are filled with snacks and materials to augment online instruction; ensuring all local, remote-based students could access their online learning, including students who don't attend the Organization's programs; providing hotspots and devices; and offering basic needs assistance in the form of gift cards, rent assistance, etc.

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.

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

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.

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. Government contracts

The Organization has agreements with several local governmental agencies under which it provides services on a reimbursement basis.

8. Functional Reporting of Expenses

For the year ended December 31, 2020, 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.

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, 2019, from which the summarized information was derived.

10. Subsequent Events

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

NOTE 3 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable is primarily comprised of two foundation grants totaling \$70,000. The classification balance is anticipated to be collected during 2021. Management has evaluated the receivables and does not believe an allowance for doubtful accounts is needed.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| <u>Description</u> | <u>Amount</u> |
|--------------------------------|-------------------|
| Buildings and improvements | \$ 159,696 |
| Land | 140,000 |
| Furniture and equipment | 23,243 |
| Vehicles | <u>18,108</u> |
| Total | 341,047 |
| Less: accumulated depreciation | <u>(127,557)</u> |
| Net property and equipment | <u>\$ 213,490</u> |

Depreciation expense for the year was \$9,029.

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a \$55,700 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The loan is being treated as a refundable advance of a conditional contribution until such time that the loan has been explicitly forgiven by the SBA. At such time that the loan is forgiven, the conditions will be considered met and the Organization will recognize contribution revenue in the amount of the loan forgiveness.

In the case that the loan is not forgiven in its entirety, the outstanding balance is payable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 1, 2022. The loan is unsecured, and interest is charged at 1% per annum.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following program purposes:

| <u>Description</u> | <u>Amount</u> |
|---|------------------|
| Executive Director sabbatical and related costs | \$ 59,997 |
| Golf cart | 5,500 |
| Cycling studio | <u>4,000</u> |
| Total | <u>\$ 69,497</u> |

NOTE 7 - IN-KIND CONTRIBUTIONS

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

| <u>Description</u> | <u>Amount</u> |
|--|------------------|
| Thanksgiving baskets and Christmas gifts | \$ 17,500 |
| Grant writer services | 16,695 |
| Program supplies | 7,930 |
| Food and beverages | <u>2,090</u> |
| Total | <u>\$ 44,215</u> |

During the year, the Organization also received in-kind donated volunteer services. The estimated value of these donations was approximately \$9,000. These donations were not recognized as they did not meet the accounting requirements for recognition.

NOTE 8 - 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> |
|---|-----------------|
| Executive Director sabbatical and related costs | <u>\$ 1,895</u> |

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC nor a related entity. At year-end, the Organization's checking and savings account balances with the institution was approximately \$345,000. Management has evaluated its banking needs and the strength of the financial institution and believes that it is in the best long-term interest of the Organization to continue its existing relationship.

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year on December 31, 2020:

| <u>Description</u> | <u>Amount</u> |
|---|-------------------|
| Cash and cash equivalents | \$ 341,065 |
| Contracts receivable | 26,973 |
| Grants and contributions receivable | <u>91,840</u> |
| Total financial assets available to meet cash needs for general operating expenditures within one year | <u>\$ 459,878</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 \$725,000 to \$775,000 for the upcoming year.