

OUTREACH UNITED RESOURCE CENTER, INC.
FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

OUTREACH UNITED RESOURCE CENTER, INC.

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**MIDDLEMIST
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& COMPANY, CPA's PC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors:
Outreach United Resource Center, Inc.
Longmont, Colorado

We have audited the accompanying financial statements of Outreach United Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Outreach United Resource Center, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by program on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MIDDLEMIST, CROUCH & CO., CPA's, P.C.

Middlemist Crouch & Company, CPA's PC
Boulder, Colorado
August 15, 2021

FINANCIAL STATEMENTS

OUTREACH UNITED RESOURCE CENTER, INC.
Statements of Financial Position
JUNE 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,542,026	\$ 1,446,331
Unconditional promises to give, with donor restriction	258,568	260,104
Inventory	114,123	120,755
Other assets	30,118	45,739
Total Current Assets	<u>2,944,835</u>	<u>1,872,929</u>
PROPERTY AND EQUIPMENT		
Land, building and improvements	6,070,481	6,032,551
Furniture, fixtures and equipment	53,261	53,261
Total property and equipment	<u>6,123,742</u>	<u>6,085,812</u>
Less: Accumulated depreciation	(1,403,415)	(1,245,858)
Total Property & Equipment	<u>4,720,327</u>	<u>4,839,954</u>
OTHER ASSETS		
Investments - Endowment	54,703	48,374
Restricted Cash for COPE program	33,023	30,632
Total Other Assets	<u>87,726</u>	<u>79,006</u>
TOTAL ASSETS	<u><u>\$ 7,752,888</u></u>	<u><u>\$ 6,791,889</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 36,048	\$ 31,931
Accrued expenses	50,156	45,074
PPP loan	-	283,300
Current portion of long-term debt	52,888	28,289
Total Current Liabilities	<u>139,092</u>	<u>388,594</u>
LONG-TERM LIABILITIES		
Note payable	278,696	829,593
Total long-term liabilities	<u>278,696</u>	<u>829,593</u>
NET ASSETS		
Without donor restriction	6,774,385	4,982,321
With donor restriction	560,715	591,381
Total Net Assets	<u>7,335,100</u>	<u>5,573,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,752,888</u></u>	<u><u>\$ 6,791,889</u></u>

See accompanying notes to financial statements

OUTREACH UNITED RESOURCE CENTER, INC.
Statements of Activities and Changes in Net Assets
For the years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
In-kind donations	\$ 2,267,421	\$ -	\$ 2,267,421	\$ 2,138,956	\$ -	\$ 2,138,956
Contributions	1,659,522	-	1,659,522	1,163,770	-	1,163,770
Grant revenue	2,478,336	198,756	2,677,092	1,565,146	234,626	1,799,772
Service fees and contracts	438,607	-	438,607	381,409	-	381,409
Special events, net of expenses of \$1,257 and \$16,670	43,836	-	43,836	62,879	-	62,879
Investment income	6,521	-	6,521	2,078	-	2,078
Other income	4,259	-	4,259	18,730	-	18,730
Net assets released from restriction	229,422	(229,422)	-	188,740	(188,740)	-
Total support and revenue	<u>7,127,924</u>	<u>(30,666)</u>	<u>7,097,258</u>	<u>5,521,708</u>	<u>45,886</u>	<u>5,567,594</u>
EXPENSES						
Program services						
Basic Needs	1,847,237	-	1,847,237	3,344,717	-	3,344,717
Child Care	508,655	-	508,655	554,184	-	554,184
Community Closet	42,605	-	42,605	42,637	-	42,637
Community Market	1,159,682	-	1,159,682	11,779	-	11,779
Hospitality Center	1,348,608	-	1,348,608	222,353	-	222,353
Soft Voices	7,500	-	7,500	9,844	-	9,844
Adult Learning	36,156	-	36,156	-	-	-
Fundraising	143,244	-	143,244	177,110	-	177,110
General and administrative	525,473	-	525,473	602,190	-	602,190
Total expenses and losses	<u>5,619,160</u>	<u>-</u>	<u>5,619,160</u>	<u>4,964,814</u>	<u>-</u>	<u>4,964,814</u>
CHANGE IN NET ASSETS BEFORE PPP LOAN FORGIVENESS	1,508,764	(30,666)	1,478,098	556,894	45,886	602,780
PPP Loan forgiveness	283,300	-	283,300	-	-	-
CHANGE IN NET ASSETS	<u>1,792,064</u>	<u>(30,666)</u>	<u>1,761,398</u>	<u>556,894</u>	<u>45,886</u>	<u>602,780</u>
NET ASSETS--BEGINNING OF YEAR	<u>4,982,321</u>	<u>591,381</u>	<u>5,573,702</u>	<u>4,425,427</u>	<u>545,495</u>	<u>4,970,922</u>
NET ASSETS--END OF YEAR	<u><u>\$ 6,774,385</u></u>	<u><u>\$ 560,715</u></u>	<u><u>\$ 7,335,100</u></u>	<u><u>\$ 4,982,321</u></u>	<u><u>\$ 591,381</u></u>	<u><u>\$ 5,573,702</u></u>

See accompanying notes to financial statements

OUTREACH UNITED RESOURCE CENTER, INC.
Statement of Functional Expenses
For the year ended June 30, 2021

	Program Services						Supporting Services			2021 Total		
	Basic Needs	Child Care	Community Closet	Community Café	Community Market	Soft Voices	Adult Learning	Total	General & Admin		Fundraising	Total
Salaries	\$ 438,858	\$ 334,976	\$ 28,780	\$ 67,294	\$ 51,987	\$ 5,178	\$ 24,770	\$ 951,843	\$ 155,807	\$ 106,049	\$ 261,856	\$ 1,213,699
Employee benefits	35,304	30,596	5,431	6,467	7,020	61	4,219	89,098	17,716	9,413	27,129	116,227
Payroll taxes	32,878	25,288	2,058	4,964	3,917	396	1,790	71,291	37,590	7,941	45,531	116,822
Total salaries and expenses	507,040	390,860	36,269	78,725	62,924	5,635	30,779	1,112,232	211,113	123,403	334,516	1,446,748
In-kind expenses												
Food	-	-	-	1,223,648	1,047,625	-	-	2,271,273	-	-	-	2,271,273
Supplies	-	2,779	-	-	-	-	-	2,779	-	-	-	2,779
Bad debt	-	426	-	-	-	-	-	426	-	-	-	426
Contract and temporary labor	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	23,565	-	-	-	-	-	-	55,392	-	55,392	55,392
Direct marketing	3,668	245	-	826	110	-	-	23,565	133,991	-	133,991	157,556
Dues and subscriptions	1,464	245	-	200	-	-	-	4,849	-	19,841	19,841	24,690
Food	-	6,968	-	17,194	23,183	-	-	1,909	2,040	-	2,040	3,949
Insurance	14,018	5,747	966	2,352	5,572	258	856	47,345	-	-	-	47,345
Interest expense	-	-	-	-	-	-	-	-	67,159	-	67,159	96,928
Investment expense/bank fees	11,663	1,307	3	1,693	2,143	-	-	16,809	25,583	-	25,583	25,583
Licenses and permits	474	1,053	-	-	-	-	-	1,527	9,574	-	9,574	26,383
Miscellaneous	-	793	-	-	-	-	-	793	10	-	10	1,537
Postage and delivery	3,748	-	-	-	14	-	-	-	1,789	-	1,789	793
Advertising and printing	1,167	410	41	-	290	-	-	3,762	1,789	-	1,789	5,551
Professional services	10	-	-	-	-	-	-	1,908	5,577	-	5,577	7,485
Program-DFA expense	1,134,078	-	2,938	-	-	-	-	10	1,050	-	1,050	1,060
Program expense	3,300	-	-	-	-	154	3,549	1,137,016	-	-	-	1,137,016
Repairs and maintenance	64,278	35,933	-	2,893	7,490	-	-	7,003	-	-	-	7,003
Supplies and equipment	24,952	19,048	2,388	20,116	9,900	1,453	762	110,594	1,555	-	1,555	112,149
Telephone and internet	9,786	3,773	-	991	3	-	210	78,619	9,605	-	9,605	88,224
Training and development	10,984	5,889	-	-	147	-	-	14,763	-	-	-	14,763
Travel and Transportation	569	120	-	(30)	281	-	-	17,020	771	-	771	17,791
Utilities	56,038	9,494	-	-	-	-	-	940	264	-	264	1,204
								65,532	-	-	-	65,532
Total expenses	\$ 1,847,237	\$ 508,655	\$ 42,605	\$ 1,348,608	\$ 1,159,682	\$ 7,500	\$ 36,156	\$ 4,950,443	\$ 525,473	\$ 143,244	\$ 668,717	\$ 5,619,160
% of total	32.87%	9.05%	0.76%	24.00%	20.64%	0.13%	0.64%	88.10%	9.35%	2.55%	11.90%	100.00%

See accompanying notes to financial statements

OUTREACH UNITED RESOURCE CENTER, INC.

Statement of Functional Expenses

For the year ended June 30, 2020

	Program Services					Supporting Services				2020 Total
	Basic Needs	Child Care	Community Closet	Community Café	Community Market	Soft Voices	Total	General & Admin	Fundraising	Total
Salaries	\$ 376,116	\$ 337,043	\$ 28,635	\$ 148,834	\$ -	\$ 8,478	\$ 899,106	\$ 225,424	\$ 125,917	\$ 351,341
Employee benefits	31,262	35,659	4,311	21,105	-	-	92,337	21,287	13,123	34,410
Payroll taxes	27,660	25,528	2,094	10,511	-	649	66,442	19,253	8,448	27,701
Total salaries and expenses	435,038	398,230	35,040	180,450	-	9,127	1,057,885	265,964	147,488	413,452
In-kind expenses										
Food	2,025,859	-	-	-	-	-	2,025,859	-	-	-
Clothing	123,408	-	-	-	-	-	123,408	-	-	-
Services	188	-	-	-	-	-	188	-	-	-
Bad debt	-	-	-	-	-	-	-	-	-	-
Charitable contributions	-	-	-	-	-	-	-	400	-	400
Contract and temporary labor	20,439	10,810	-	-	-	-	31,249	67,553	-	67,553
Depreciation	-	24,769	-	-	-	-	24,769	135,212	-	135,212
Direct marketing	1,719	-	-	-	-	-	1,719	-	17,960	17,960
Dues and subscriptions	690	178	-	500	-	-	1,368	4,839	-	4,839
Food	-	5,847	-	7,849	277	-	13,973	-	-	-
Insurance	12,759	6,117	1,104	4,955	-	350	25,285	67,721	-	67,721
Interest expense	-	-	-	-	-	-	-	33,086	-	33,086
Investment expense/bank fees	-	-	-	-	-	-	-	35	11,662	11,697
Miscellaneous	1,125	666	-	-	-	-	1,791	3,830	-	3,830
Postage and delivery	3,878	-	-	-	-	-	3,878	247	-	247
Advertising and printing	1,407	621	-	-	-	-	2,028	3,199	-	3,199
Professional services	701	1,188	64	256	-	64	2,273	1,801	-	1,801
Program-DFA expense	559,122	-	-	-	5,489	-	564,611	-	-	-
Program expense	9,606	303	1,571	-	-	-	11,480	-	-	-
Repairs and maintenance	49,000	74,473	455	7,079	1,913	6	132,926	3,434	-	3,434
Supplies and equipment	23,143	14,683	4,343	18,095	4,015	78	64,357	11,301	-	11,301
Telephone and internet	9,043	3,773	-	1,761	-	219	14,796	1,040	-	1,040
Training and development	11,892	2,725	-	1,000	-	-	15,617	135	-	135
Travel and Transportation	1,756	331	60	408	85	-	2,640	2,393	-	2,393
Utilities	53,944	9,470	-	-	-	-	63,414	-	-	-
Total expenses	\$3,344,717	\$ 554,184	\$ 42,637	\$ 222,353	\$ 11,779	\$ 9,844	\$4,185,514	\$ 602,190	\$ 177,110	\$ 779,300
% of total	67.37%	11.16%	0.86%	4.48%	0.24%	0.20%	84.30%	12.13%	3.57%	15.70%
										100.00%

See accompanying notes to financial statements

OUTREACH UNITED RESOURCE CENTER, INC.
Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,761,398	\$ 602,780
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	157,556	159,981
Forgiveness of PPP Loan	(283,300)	-
Changes in assets and liabilities		
Unconditional promises to give	1,536	(28,611)
Pledges receivable	-	200
Inventory	6,633	10,498
Other assets	15,621	(12,441)
Accounts payable	4,117	(5,437)
Accrued expenses	5,082	12,766
Net cash provided (used) by operating activities	<u>1,668,643</u>	<u>739,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(37,930)	(12,180)
Investments - Endowment	(6,329)	22,685
Net cash (used) by investing activities	<u>(44,259)</u>	<u>10,505</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(2,391)	(21,084)
Proceeds from PPP loan	-	283,300
Principal payments on long-term debt	(526,298)	(31,104)
Net cash (used) by financing activities	<u>(528,689)</u>	<u>231,112</u>
NET INCREASE (DECREASE) IN CASH	1,095,695	981,353
CASH-BEGINNING OF YEAR	1,446,331	464,978
CASH-END OF YEAR	<u>\$ 2,542,026</u>	<u>\$ 1,446,331</u>
Supplemental Cash Flow Information		
Cash paid during the year for interest	\$ 25,583	\$ 32,888

See accompanying notes to financial statements

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Outreach United Resource Center, Inc. (the "Center") is a non-profit community service organization that provides assistance to families and individuals in the St. Vrain School District area who are in need of food, housing, childcare, and other basic living expenses.

The Center's major program activities are described below:

Program Services:

Basic Needs – To provide families and individuals with emergency or temporary basic needs assistance. After an intake interview, professional caseworkers and trained volunteers provide emergency food, transportation, utilities, minor medical prescriptions, referrals for emergency shelter, and homeless-prevention help, including rent and utility assistance. Although services in the Basic Needs Program are typically provided in times of crisis, agency staff work in partnership with families to help them regain self-sufficiency.

Child Care – The Aspen Center for Child Development offers excellent care and child development programs for children six weeks to six years old from families of all income levels.

Clothing Bank – The Clothing Bank provides good donated clothing, bed linens and kitchenware to those in need. Volunteers sort thousands of donated items each week, and local businesses generously donate new clothing. Items such as scout uniforms and sports equipment are set aside for low-income groups. The Clothing Bank assists over 276 families each month.

Hospitality Center – The Hospitality Center provides a free breakfast (weekdays) and hot lunch (7 days a week) for individuals and families who are going through difficult transitions and who need fellowship as well as food.

Adult Learning – The Family Resource Center provides classes, services, and programs including Financial Skills Classes, Nutrition Classes, Adult Education via Computer Lab, Parenting Support, Getting Ahead Classes, Self-Sufficiency Classes, and the Family Leadership Training Institute.

Soft Voices – The Soft Voices program creates a safe place for adults to focus on mental wellness, create community, empower themselves and express creativity through art.

Supporting Services:

General and Administrative – Includes functions necessary to administer the programs and other financial and corporate governing of the center.

Fundraising – To encourage and secure public and private financial support from individuals, foundations, corporations, and government agencies.

Basis of Presentation

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, Audits of Not-for-Profit Organizations. Accordingly, the financial statements are prepared on an accrual basis of accounting. The significant accounting policies followed are described below.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – these net assets generally result from revenues generated by receiving donations that have no donor restrictions and investment income from operating investments, less expenses incurred in providing program related services and performing administrative functions.

Net Assets with Donor Restrictions – these net assets result from donations that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash and Cash Equivalents

For financial statement purposes, the Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The Center determines an allowance for uncollectible accounts based upon management's judgment about such factors as prior collection history, type of contribution, and nature of fundraising activity. An allowance for doubtful accounts is determined based upon the review and analysis of each outstanding account. As of June 30, 2021 and 2020, the allowance for doubtful accounts was \$0 and \$0, respectively.

Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets and reported in the Statement of Activities as net assets released from restrictions.

Inventory

The Center maintains an inventory of bulk food for distribution to clients. Food inventories are valued at cost if purchased and fair market value if donated. A price of \$ 1.74 and \$1.70 per pound was used to value food distributed to clients and inventory on hand at June 30, 2021 and 2020, respectively, which is equal to the value established by the U.S. Department of Agriculture.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Service Fee Revenue

Service fee revenues are primarily generated from providing services to private individuals or contract services to government agencies. Revenues are recorded when the service has been provided.

Income Taxes

No provision for taxes on earnings has been made in the financial statements as the Organization has qualified as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code.

The Organization recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The assessment of the technical merits of a tax position is a matter of judgment. The Organization believes that all its tax positions are more likely than not to be sustained upon examination.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

Advertising

Accounting Standards Executive Committee issued Statement of Position 93-7, *Reporting on Advertising Costs*. The statement requires direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. The Center does not currently use direct response advertising; hence, advertising costs are expensed with incurred.

During the years ended June 30, 2021 and 2020, the Center incurred \$7,485 and \$3,199, respectively, in advertising expenses.

In-Kind Donations

In-kind donations received by the Center include donated materials, supplies, property and equipment, and services. In-kind donations are recorded as follows:

Materials, and Supplies – Donated materials, and supplies are recorded at the estimated fair values on the date of donation.

Property and Equipment – Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Services – Donated services are recognized if the services received either create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

In-Kind Donations-continued

Additionally, volunteers have donated significant amounts of time to the Center in various capacities. However, these services have not been reflected in the financial statements since they neither require specialized skills nor would they have typically been purchased had they not been donated. The value of these services is not readily determinable.

Expense Allocation

The Center allocates its expenses on a functional basis among its various programs including general and administrative supporting services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on square footage.

Use of 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.

Property and Equipment

Property and equipment are recorded at cost or fair value if donated. The Center capitalizes purchases greater than \$500. Depreciation expense totaled \$157,556 and \$159,981 for the years ended June 30, 2021 and 2020, respectively. Depreciation is computed using the straight-line method with estimated useful lives as follows:

<u>Property</u>	<u>Years</u>
Land, building and improvements	15-31
Furniture, fixtures and equipment	5-7

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of the expected discounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds its fair value. Management does not believe that any impairment has occurred as of June 30, 2021 or 2020.

New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* in fiscal year 2019. Key elements of the ASU include a reduction in the number of net asset categories from three to two, several new requirements related to expense presentation and disclosure, and new required disclosures communicating information useful in assessing liquidity and availability of resources.

The Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting guidance for Contributions Received and Contributions Made*, clarifying the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 2- FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value and applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis. Accordingly, the Organization classifies its investments according to the following fair value hierarchy:

- Level 1 - Securities traded in an active market for which quoted market prices are observable. This level includes mutual funds.
- Level 2 – Securities not traded in an active market, but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction.
- Level 3 – Securities not traded in an active market and for which no significant observable market inputs are available.

The following tables present the assets measured at fair value on a recurring basis as of June 30 and are categorized using the three levels of fair value hierarchy:

As of June 30, 2021:	Level 1	Level 2	Level 3
Current assets; Mutual Funds	\$ 54,703	-	-

As of June 30, 2020:	Level 1	Level 2	Level 3
Current assets; Mutual Funds	\$ 48,374	-	-

NOTE 3- LINES OF CREDIT

The Center obtained a line of credit in the amount of \$300,000 with FirstBank. Interest rate is variable at the Wall Street Journal U.S. prime rate, currently 3.25%, on the outstanding balance and is payable monthly. The line of credit is securitized by a second deed of trust on the OUR Center Building located at 220 Collyer Street, Longmont, Co 80504. The principal and remaining interest is due at maturity on April 7, 2024. As of June 30, 2021, the outstanding balance was \$0.

The Center did not renew its line of credit in the amount of \$150,000 with Independent Bank when it expired in February 2021.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 4-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Center's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$2,542,026	\$1,446,331
Promises to give	<u>258,568</u>	<u>260,104</u>
Total Financial Assets	2,800,594	1,706,435
Less those unavailable for general expenditure within one year due to:		
Donor restricted	(560,715)	(591,381)
Board designated for operating reserves	(800,034)	(100,604)
Board designated for capital expenditures	<u>(200,878)</u>	<u>(61,068)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,238,967</u>	<u>\$ 953,382</u>

NOTE 5- UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at net realizable value and are expected to be collected in one year. In addition, no allowance was considered necessary by management as, historically, the funds are utilized in the specified award year or an extension of the award can be obtained

NOTE 6- RETIREMENT PLAN

The Center's Board of Directors adopted a retirement plan effective January 1, 2000, covering substantially all employees under Section 403(b) of the Internal Revenue Code. The Center elected to make contributions of \$9,006 and \$8,926, respectively for the years ended June 30, 2021 and 2020.

NOTE 7- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give	\$ 258,568	\$ 260,104
Program restriction	<u>302,147</u>	<u>331,277</u>
Total	<u>\$ 560,715</u>	<u>\$ 591,381</u>

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 8- BOARD DESIGNATED RESERVES

The Board of Directors has instructed Management to set aside cash reserves for operating and capital expenditures. The designated cash reserves have been placed in a conservative, highly liquid money market accounts.

	2021	2020
Operating reserves	\$ 800,034	\$ 100,604
Capital reserves	200,878	61,068
Total	<u>\$ 1,000,912</u>	<u>\$ 161,672</u>

NOTE 9- CONTRIBUTED SERVICES

At June 30, 2021 and 2020, contributed services for general and administrative expenses were \$0 and \$0 respectively.

NOTE 10- IN-KIND DONATIONS

The Center received in-kind donations as follows for the years ended June 30:

	2021	2020
Clothing	\$ -	\$ 123,408
Food	2,264,642	2,015,360
Supplies	2,779	188
Total	<u>\$ 2,267,421</u>	<u>\$ 2,138,956</u>

The in-kind donations are offset by like amounts included in program services expenses for food, clothing and supplies.

NOTE 11- RESTRICTED CASH

At June 30, 2021 and 2020, the Center had restricted cash in the amount of \$33,023 and \$30,632, respectively. The City of Longmont requires the Center to have a separate bank account for the automatic deposits made in to the account by the City of Longmont. The account is used to help clients in need of utility services.

NOTE 12- CONCENTRATIONS AND CONTINGENCIES

Revenue and Support – The Center receives a substantial amount of its total revenues and other support from various governmental agencies. A significant reduction in the level of such support may have an adverse affect on the Center's programs and activities.

The Center has received 5 grants from Boulder County's Worthy Cause Funds for purchase, renovations and capital improvements of its facilities as follows:

2006	\$45,000
2010	35,000
2011	665,000
2015	350,000
2017	175,000
	<u>\$1,270,000</u>

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 12- CONCENTRATIONS AND CONTINGENCIES-continued

Each grant is a Principal Grant which means the amount disbursed to the Center does not appreciate with the real estate and the amount remains static for 99 years. The agreements require liens on the Center's real estate that expire between 2105 and 2116. The agreements also require the repayment of the entire amount if the property is sold or is no longer used for its exempt purpose. Management has no plans to sell this real estate or to stop using it for the exempt purpose, therefore, there is no liability recorded for these liens.

The first grant in the amount of \$45,000 was originally an Appreciated Grant but was amended to be a Principal Grant, therefore, the \$45,000 Deed of Trust was removed from the statement of financial position as a prior period adjustment.

NOTE 13- INVENTORY

Inventory consists of donated bulk food. An inventory observation was made for the years ended June 30, 2021 and 2020. Inventory on hand included \$114,123 and \$120,755 of donated food for the years ended June 30, 2021 and 2020.

NOTE 14 – COMPENSATED ABSENCES

Employees of the Center are entitled to paid time off including vacation and sick leave depending on length of service and other factors. At June 30, 2021 and 2020, the values of accumulated compensated absences are estimated at \$48,620 and \$43,918, respectively.

NOTE 15-CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2021:

	Balance 6/30/20	Increases	Decreases	Balance 6/30/21
Land	\$ 216,594	\$ -	\$ -	\$ 216,594
Other capital assets:				
Buildings	5,632,571	-	-	5,632,571
Machinery and equipment	53,261	-	-	53,261
Improvements	183,386	37,930	-	221,316
Total	6,085,812	-	-	6,123,742
Accumulated depreciation	(1,245,858)	(157,557)	-	(1,403,415)
Net book value	<u>\$ 4,839,954</u>	<u>\$ (119,627)</u>	<u>\$ -</u>	<u>\$ 4,720,327</u>

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 15-CAPITAL ASSETS AND DEPRECIATION-continued

Capital assets activity for the year ended June 30, 2020:

	Balance 6/30/19	Increases	Decreases	Balance 6/30/20
Land	\$ 216,594	\$ -	\$ -	\$ 216,594
Other capital assets:				
Buildings	5,632,571	-	-	5,632,571
Machinery and equipment	53,261	-	-	53,261
Improvements	171,206	12,180	-	183,386
Total	6,073,632	-	-	6,085,812
Accumulated depreciation	(1,085,877)	(159,981)	-	(1,245,858)
Net book value	<u>\$ 4,987,755</u>	<u>\$ (147,801)</u>	<u>\$ -</u>	<u>\$ 4,839,954</u>

NOTE 16- CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Center to concentrations of credit risk consist primarily of cash and cash equivalents. The Center maintains their cash and cash equivalents in commercial banks that, at times, may exceed federally insured limits. However, the Center's cash accounts have been placed with high credit quality financial institutions, and they have not experienced, nor do they anticipate, any losses with respect to such accounts. At June 30, 2021 and 2020, the Center's uninsured cash balance totaled approximately \$1,889,500 and \$925,000.

NOTE 17- OPERATING LEASE

On October 4, 2011, the Center signed a lease agreement with the First Evangelical Lutheran Church to lease an individual apartment in the amount of \$350 per month. The agreement began October 1, 2012, and expires on July 31, 2021. A lease renewal is currently in negotiation.

NOTE 18- ENDOWMENT FUNDS

The Center's endowment consists of net assets with donor restrictions. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center's management has interpreted the State of Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restriction the original value of gifts donated to the endowment. The remaining portion of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 18- ENDOWMENT FUNDS-continued

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

1. Duration and preservation of the fund
2. Purposes of the Center and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Center
7. Investment policies of the Center

As of June 30, 2021, the endowment fund consisted of net assets with donor restrictions of \$54,703, which are classified as Level 1 using fair value measurements.

Changes in endowment net asset for the year ended June 30, were:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 48,374	\$ 71,059
Withdrawal	-	(20,000)
Investment Return	6,329	(2,685)
Endowment net assets, end of year	<u>\$ 54,703</u>	<u>\$ 48,374</u>

The Center's Investment Committee is authorized to engage the services of investment managers who possess the necessary specialized research facilities and skills to meet the investment objectives of the asset categories in the Endowment Fund. The Committee requires that any investment manager be duly registered under the Investment Advisor's Act of 1940 as amended.

The Committee requires investment managers to adhere to the "prudent investor rule" under such federal or state laws as now apply or may apply in the future, apply to the investment of any assets subject to their control. Fixed income and equity investment permissibility should generally be governed by the Prudent Investor Rule. Interest from the Endowment will be re-invested until an Endowment Committee decided amount is accumulated, after which the interest can be distributed to the Center. Principal amounts can be used for:

- Capital building or improvement needs of the Center
- Loans to the Center with a pre-set repayment schedule
- For any other purposed voted by $\frac{3}{4}$ of the Center Board and a Majority of the Endowment Committee.

OUTREACH UNITED RESOURCE CENTER, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 19- NOTES PAYABLE

On May 25, 2017, the Center obtained a mortgage for its facility at 220 Collyer Street in Longmont, Colorado. Interest at 3.75%. Monthly payments of \$5,332 began on July 7, 2017, with a balloon payment of all principal and interest due on February 7, 2022. The Center made additional principal payments of \$497,813 during the year ended June 30, 2021 and refinanced the loan on April 7, 2021. Loan balance as of June 30, 2021 was \$0.

The new mortgage is with FirstBank. The principal amount of the loan was \$340,132, interest at 3%, maturity date April 10, 2027, monthly payments of \$5,175.91 began on May 10, 2021.

Future minimum payments are as follows:

Year End June 30:	
2022	\$52,888
2023	54,496
2024	56,154
2025	57,862
2026	59,622
2027	50,562

NOTE 20- PAYCHECK PROTECTION PROGRAM

On April 15, 2020, the Center received loan proceeds in the amount of \$283,300 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Center received forgiveness of its PPP loan in March of 2021.

NOTE 21- SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2021, which was the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

OUTREACH UNITED RESOURCE CENTER, INC.
Schedule of Activities by Program
For the year ended June 30, 2021

	Other Programs	Aspen Center	Total
SUPPORT AND REVENUE			
In-kind donations	\$ 2,267,421	\$ -	\$ 2,267,421
Contributions	1,659,522	-	1,659,522
Grant revenue	2,677,092	-	2,677,092
Service fees and contracts	57,198	381,409	438,607
Special events, net of expenses of \$52,975	43,836	-	43,836
Capital contributions	-	-	-
Investment income	6,521	-	6,521
Other income	4,259	-	4,259
Total support and revenue	<u>6,715,849</u>	<u>381,409</u>	<u>7,097,258</u>
EXPENSES			
Salaries	616,867	334,976	951,843
Employee benefits	58,502	30,596	89,098
Payroll taxes	46,003	25,288	71,291
Total salaries and expenses	<u>721,372</u>	<u>390,860</u>	<u>1,112,232</u>
In-kind expenses			
Food	2,271,273	-	2,271,273
Clothing	-	-	-
Supplies	-	2,779	2,779
Bad debt	-	426	426
Contract and temporary labor	-	-	-
Depreciation	-	23,565	23,565
Direct marketing	4,604	245	4,849
Dues and subscriptions	1,664	245	1,909
Food	40,377	6,968	47,345
Insurance	24,022	5,747	29,769
Investment and bank fees	15,502	1,307	16,809
Licenses and permits	474	1,053	1,527
Miscellaneous	-	793	793
Postage and delivery	3,762	-	3,762
Printing and advertising	1,498	410	1,908
Professional fees	10	-	10
Program-DFA expense	1,137,016	-	1,137,016
Program expenses	7,003	-	7,003
Repairs and maintenance	74,661	35,933	110,594
Supplies and equipment	59,571	19,048	78,619
Telephone	10,990	3,773	14,763
Training and development	11,131	5,889	17,020
Travel and Transportation	820	120	940
Utilities	56,038	9,494	65,532
Total program expenses	<u>4,441,788</u>	<u>508,655</u>	<u>4,950,443</u>
Supporting Services			
Fundraising	143,244	-	143,244
General and administrative	525,473	-	525,473
Total supporting services expenses	<u>668,717</u>	<u>-</u>	<u>668,717</u>
Total expenses	<u>5,110,505</u>	<u>508,655</u>	<u>5,619,160</u>
CHANGE IN NET ASSETS BY PROGRAM	<u>\$ 1,605,344</u>	<u>\$ (127,246)</u>	<u>\$ 1,478,098</u>

See accompanying notes to financial statements