



Jeffco Action Center, Inc.

June 30, 2015 and 2014
with
Independent Auditors' Report

Jeffco Action Center, Inc.

Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3-4
Statements of Activities	5-6
Statement of Functional Expenses	7
Statements of Cash Flows	8-9
Notes to Financial Statements	10-26



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jeffco Action Center, Inc.
Lakewood, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Jeffco Action Center, Inc. which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets and cash flows for the years then ended and the related notes to 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 of 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 Jeffco Action Center, Inc. as of June 30, 2015 and 2014 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.

BiggsKofford, P.C.

Colorado Springs, Colorado
November 9, 2015

Jeffco Action Center, Inc.

Statements of Financial Position
June 30, 2015 and 2014
(See Independent Auditors' Report)

	<u>Assets</u>	
	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents:		
Unrestricted	\$ 19,879	\$ 1,191,169
Restricted	731,540	-
Accounts receivable	65,942	95,330
Unconditional promises to give, net of allowance for doubtful accounts (\$36,866 - 2015; \$33,960 - 2014)	392,359	581,662
Prepaid expenses and other	28,629	30,264
Total current assets	<u>1,238,349</u>	<u>1,898,425</u>
Property, equipment and improvements, at cost:		
Buildings and improvements	6,474,839	4,194,778
Furniture and fixtures	378,266	244,037
Land	494,082	494,082
Vehicles	130,383	135,723
	<u>7,477,570</u>	<u>5,068,620</u>
Accumulated depreciation and amortization	<u>(1,518,163)</u>	<u>(1,380,810)</u>
Sub-total	5,959,407	3,687,810
Construction in progress	<u>-</u>	<u>528,992</u>
Total property, equipment and improvements, net	<u>5,959,407</u>	<u>4,216,802</u>
Other assets:		
Unconditional promises to give, net of current portion	641,147	430,987
Investments:		
Board designated endowment	262,584	422,659
Community First Foundation	165,391	170,342
Permanently restricted endowment	4,000	4,000
Other assets	32,259	32,259
Total other assets	<u>1,105,381</u>	<u>1,060,247</u>
Total assets	<u>\$ 8,303,137</u>	<u>\$ 7,175,474</u>

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Statements of Financial Position
June 30, 2015 and 2014
(See Independent Auditors' Report)

Liabilities and Net Assets

	<u>2015</u>	<u>2014</u>
Current liabilities:		
Notes payable:		
Bank	\$ 43,394	\$ 44,711
Line of credit	228,882	65,000
Current portion of obligation under capital lease	15,697	13,597
Accounts payable:		
Trade and other accrued expenses	46,827	61,231
Construction	-	208,572
Payroll taxes and related liabilities	74,523	70,091
Retainage payable	-	38,495
Tenant deposits	4,749	14,291
Total current liabilities	<u>414,072</u>	<u>515,988</u>
Long-term liabilities, net of current portion:		
Note payable, bank	1,772,530	1,816,142
Obligation under capital lease	53,935	72,672
Total long-term liabilities	<u>1,826,465</u>	<u>1,888,814</u>
Total liabilities	<u>2,240,537</u>	<u>2,404,802</u>
Net assets:		
Unrestricted:		
Operating	(221,099)	(27,357)
Net investment in property, equipment and improvements	4,073,851	2,022,613
Board designated:		
Endowment	262,584	422,659
Facilities reserve	20,000	20,000
Technology reserve	9,550	10,000
Total unrestricted	4,144,886	2,447,915
Temporarily restricted	1,772,839	2,177,882
Permanently restricted	144,875	144,875
Total net assets	<u>6,062,600</u>	<u>4,770,672</u>
Total liabilities and net assets	<u>\$ 8,303,137</u>	<u>\$ 7,175,474</u>

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Statement of Activities
Year Ended June 30, 2015
(See Independent Auditors' Report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>
Revenue and other support:				
Contributions:				
In-kind	\$ 11,095,535	\$ -	\$ -	\$ 11,095,535
Promises to give	75,001	1,253,577	-	1,328,578
Jeffco Prosperity Project	-	694,022	-	694,022
Other	1,486,003	787,795	-	2,273,798
Government grants and contracts	424,263	-	-	424,263
Special projects and events, net of costs of \$33,552	92,979	-	-	92,979
Interest and dividend income	12,517	-	-	12,517
Other revenue	89,618	-	-	89,618
Rental revenue, net	67,475	-	-	67,475
Unrealized gain on investments	1,036	-	-	1,036
Net assets released from restriction	3,140,437	(3,140,437)	-	-
Total revenue and other support	<u>16,484,864</u>	<u>(405,043)</u>	<u>-</u>	<u>16,079,821</u>
Expenses:				
Programs:				
Program services	4,740,888	-	-	4,740,888
Food programs	7,524,447	-	-	7,524,447
Shelter programs	1,267,386	-	-	1,267,386
Total program services expense	<u>13,532,721</u>	<u>-</u>	<u>-</u>	<u>13,532,721</u>
Supporting services:				
Management and general	201,643	-	-	201,643
Fundraising	534,566	-	-	534,566
Capital campaign	419,622	-	-	419,622
Jeffco Prosperity Project	99,341	-	-	99,341
Total supporting services expense	<u>1,255,172</u>	<u>-</u>	<u>-</u>	<u>1,255,172</u>
Total expenses	<u>14,787,893</u>	<u>-</u>	<u>-</u>	<u>14,787,893</u>
Increase (decrease) in net assets	1,696,971	(405,043)	-	1,291,928
Net assets, beginning of year	<u>2,447,915</u>	<u>2,177,882</u>	<u>144,875</u>	<u>4,770,672</u>
Net assets, end of year	<u>\$ 4,144,886</u>	<u>\$ 1,772,839</u>	<u>\$ 144,875</u>	<u>\$ 6,062,600</u>

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Statement of Activities
Year Ended June 30, 2014
(See Independent Auditors' Report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Revenue and other support:				
Contributions:				
In-kind	\$ 10,040,074	\$ -	\$ -	\$ 10,040,074
Promises to give	303,901	191,618	-	495,519
Jeffco Prosperity Project	-	132,200	-	132,200
Other	1,592,642	583,571	-	2,176,213
Government grants and contracts	630,285	-	-	630,285
Special projects and events, net of costs of \$33,541	90,335	-	-	90,335
Interest and dividend income	15,462	-	-	15,462
Other revenue	9,405	-	-	9,405
Rental revenue, net	167,443	-	-	167,443
Unrealized gain on investments	70,068	-	-	70,068
Net assets released from restriction	924,470	(924,470)	-	-
Total revenue and other support	<u>13,844,085</u>	<u>(17,081)</u>	<u>-</u>	<u>13,827,004</u>
Expenses:				
Programs:				
Program services	5,194,806	-	-	5,194,806
Food programs	6,320,186	-	-	6,320,186
Shelter programs	1,057,843	-	-	1,057,843
Total program services expense	<u>12,572,835</u>	<u>-</u>	<u>-</u>	<u>12,572,835</u>
Supporting services:				
Management and general	218,050	-	-	218,050
Fundraising	443,424	-	-	443,424
Capital campaign	255,509	-	-	255,509
Jeffco Prosperity Project	8,012	-	-	8,012
Total supporting services expense	<u>924,995</u>	<u>-</u>	<u>-</u>	<u>924,995</u>
Total expenses	<u>13,497,830</u>	<u>-</u>	<u>-</u>	<u>13,497,830</u>
Increase (decrease) in net assets	346,255	(17,081)	-	329,174
Net assets, beginning of year	<u>2,101,660</u>	<u>2,194,963</u>	<u>144,875</u>	<u>4,441,498</u>
Net assets, end of year	<u>\$ 2,447,915</u>	<u>\$ 2,177,882</u>	<u>\$ 144,875</u>	<u>\$ 4,770,672</u>

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2015
(with comparative totals for 2014)
(See Independent Auditors' Report)

	Program Services			Supporting Services					Total Support Services	Total 2015	Total 2014
	Program Services	Food Programs	Shelter Programs	Total Programs	Management and General	Fundraising	Capital Campaign	JPP			
Personal services:											
Salaries and benefits	\$ 880,745	\$ 358,713	317,654	\$ 1,557,112	\$ 145,341	\$ 229,226	\$ 165,864	\$ -	\$ 540,431	\$ 2,097,543	\$ 1,956,027
Donated services	189,740	227	217	190,184	75	159	-	-	234	190,418	161,641
Total personal	1,070,485	358,940	317,871	1,747,296	145,416	229,385	165,864	-	540,665	2,287,962	2,117,668
Operating expense	126,024	77,029	36,711	239,764	34,869	95,030	120,093	-	249,992	489,756	517,910
Facilities costs	66,114	19,585	34,250	119,950	15,176	37,265	120,209	-	172,650	292,600	263,617
Direct assistance:											
Donated materials	2,906,631	7,000,658	838,142	10,745,431	-	159,686	-	-	159,686	10,905,117	9,878,433
Direct program	512,408	29,727	22,446	564,581	-	-	-	-	-	564,581	582,600
Jeffco Prosperity Project (JPP)	-	-	-	-	-	-	-	99,341	99,341	99,341	8,012
Total	3,611,177	7,126,999	931,549	11,669,726	50,045	291,981	240,302	99,341	681,669	12,351,395	11,250,572
Total expenses before depreciation	4,681,663	7,485,940	1,249,419	13,417,022	195,461	521,366	406,166	99,341	1,222,334	14,639,357	13,368,240
Depreciation	59,225	38,507	17,967	115,699	6,182	13,200	13,456	-	32,838	148,536	129,590
Total expenses	\$ 4,740,888	\$ 7,524,447	\$ 1,267,386	\$ 13,532,721	\$ 201,643	\$ 534,566	\$ 419,622	\$ 99,341	\$ 1,255,172	\$ 14,787,893	\$ 13,497,830

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Statements of Cash Flows
Years Ended June 30, 2015 and 2014
(See Independent Auditors' Report)

	2015	2014
Cash flows from operating activities:		
Cash received from contributions, grants, contracts, events and other sources	\$ 5,038,109	\$ 3,067,050
Cash paid to suppliers and employees	(3,742,278)	(3,213,776)
Interest paid	(121,636)	(109,482)
Net cash provided (used) by operating activities	1,174,195	(256,208)
Cash flows from investing activities:		
Acquisition of property, equipment and improvements	(1,885,298)	(173,344)
Acquisition of construction in progress	-	(281,926)
Purchase (sale) of investments, net	(165,026)	13,643
Refund of tenant deposits	(9,542)	(1,109)
Net cash used by investing activities	(2,059,866)	(442,736)
Cash flows from financing activities:		
Proceeds from note payable, line of credit, net	163,882	65,000
Repayment of note payable, bank	(44,929)	(42,334)
Obligation under capital lease:		
Proceeds	-	89,298
Repayments	(16,637)	(3,029)
Collection of pledges receivable	343,605	1,346,039
Net cash provided by financing activities	445,921	1,454,974
Net increase (decrease) in cash and cash equivalents	(439,750)	756,030
Cash and cash equivalents, beginning	1,191,169	435,139
Cash and cash equivalents, ending	\$ 751,419	\$ 1,191,169

(continued)

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Statements of Cash Flows (continued)
 Years Ended June 30, 2015 and 2014
 (See Independent Auditors' Report)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 1,291,928	\$ 329,174
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized gain on investments	(1,036)	(70,068)
Net endowment reinvestment activity	(12,517)	(16,375)
Increase (decrease) in allowance for doubtful accounts on unconditional promises to give	2,720	(11,940)
Depreciation and amortization	142,693	129,592
(Increase) decrease in:		
Accounts receivable	29,388	(52,193)
Unconditional promises to give	(23,577)	(576,113)
Prepaid expenses and other	1,637	(13,474)
Increase (decrease) in:		
Accounts payable:		
Trade and other accrued expenses	(14,404)	7,850
Construction in progress	(208,572)	-
Payroll taxes and related liabilities	4,432	22,470
Retainage payable	(38,495)	-
Deferred revenue	-	(5,131)
	\$ 1,174,197	\$ (256,208)

(See Notes to Financial Statements)

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Jeffco Action Center, Inc. dba The Action Center (the "Organization") is a nonprofit Colorado charitable corporation. The Organization's mission is to provide an immediate response to basic human needs and to promote pathways to self-sufficiency. The Organization serves clients who reside or are homeless in Jefferson County, Colorado.

The Organization's major programs include Program Services, Food Programs and Shelter Programs detailed as follows:

- **Program Services:** Provides case management and support, including financial assistance, health assistance, tenant-landlord counseling, a clothing bank, and other programs to meet immediate, basic needs of individuals seeking help through the Organization.
- **Food Programs:** Instituted for the purpose of alleviating food insecurity concerns for needy individuals.
- **Shelter Programs:** Provides a shelter for the homeless in Jefferson County that allows residents to work to advance their employment and/or education status while in the program. Upon successful completion of the program, residents transition to the After Care Program that provides case management, bi-weekly support groups, and a peer mentor for six months.

The primary funding sources of the Organization include private contributions of cash and in-kind goods and services from individuals, churches, businesses and foundations. The Organization also receives revenue from special events and grants from governmental sources.

Basis of presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's financial position and activities are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are temporarily subject to donor-imposed stipulations.

Permanently Restricted Net Assets – Net assets that are permanently subject to donor stipulations.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Functional allocation of expenses

Expenses by function have been allocated among programs and supporting services classifications on the basis of employee time allocation forms and square feet occupied.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The Organization maintains cash in bank deposit accounts at various financial institutions in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

The operating accounts of the Organization are held at institutions that are provided insurance up to \$250,000 per FDIC-insured depository institution. Topic 825 of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), *Financial Instruments*, identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk. Risk related to deposits held outside of institutions participating in the above program is managed by maintaining deposits with high quality financial institutions and monitoring cash such that balances are rarely, if ever, in excess of any applicable FDIC insurance limits that may be in place. In addition, management does not believe that the Organization is exposed to any significant risk related to cash and cash equivalents. Cash and cash equivalents balances as of June 30, 2015 and 2014 are considered unrestricted.

Accounting for certain investments

The Organization records its investments at fair value in the statement of financial position, with any unrealized gains or losses reported in the statement of activities.

Property, equipment and improvements

The Organization capitalizes the cost of all expenditures in excess of \$2,500 for property, equipment and improvements. Property, equipment and improvements are recorded at acquisition cost with donated property and equipment recorded at estimated fair market value. When items are disposed, the cost and related depreciation and amortization are removed from the accounts, with gains or losses on disposal recorded. Depreciation and amortization are computed by the straight-line method, over the estimated useful lives of the assets ranging from three to forty years.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Construction in progress and related capital campaign

During 2012, the Organization initiated a capital campaign to raise funds to be used toward the renovation of one of the buildings owned by the Organization. As of June 30, 2014, construction in progress consists of the design, architecture and construction costs related to the renovation.

Contributions

Under the FASB ASC Topic 958, Subtopic 605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 explicit donor stipulations about 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind contributions

Donated goods and professional services are reflected as "In-kind" contributions in the accompanying statements at their estimated values at the date of service, with a corresponding entry to "In-kind" goods and services.

Use of estimates in the preparation of financial statements

The preparation of financial statements in the conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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. For the years ended June 30, 2015 and 2014, the related expenses are anticipated to exceed rental revenues. Therefore, the financial statements for the years ended June 30, 2015 and 2014 do not reflect any potential income tax liability or expense.

Fair value measurements

During 2008, the Organization adopted FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. FASB ASC Topic 820 establishes a single authoritative definition of fair value and sets a hierarchy for measuring fair value. The adoption of FASB ASC Topic 820 has no impact on the Organization's accounting policies for investments, but requires additional disclosures about fair value measurement. The hierarchy for measuring fair value prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices for securities traded in active markets (level 1) and the lowest priority to unobservable inputs (level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization has also entered into an agreement with Community First Foundation (the "Foundation"), a 501(c)(3) organization, to manage a portion of its investments. The Organization makes periodic transfers to the Foundation, and the Foundation bundles these investments with other similar organization investments. The combined transfers from the various organizations are invested in various income-earning investments. Income earned is proportionately allocated to participating organizations and is reduced by fees from the Foundation. The Organization may liquidate a portion of its holdings with the Foundation at any time without withdrawal penalties. A portion of the assets held by the Foundation are permanently restricted.

The hierarchies for measuring fair value under FASB ASC Topic 820 are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

As required by FASB ASC Topic 820, the Organization's portfolio investments as of June 30, 2015 were classified as follows, based on the lowest level of input that is significant to the fair value measurement:

Description	Level 1	Level 2	Level 3	Total
Designated Endowment Assets:				
Cash and money market funds	\$ 72,538	\$ -	\$ -	\$ 72,538
Corporate stocks	194,046	-	-	194,046
Community First Foundation:				
Common investment funds	-	165,391	-	165,391
	<u>\$ 266,584</u>	<u>\$ 165,391</u>	<u>\$ -</u>	<u>\$ 431,975</u>

As required by FASB ASC Topic 820, the Organization's portfolio investments as of June 30, 2014 were classified as follows, based on the lowest level of input that is significant to the fair value measurement:

Description	Level 1	Level 2	Level 3	Total
Designated Endowment Assets:				
Cash and money market funds	\$ 37,172	\$ -	\$ -	\$ 37,172
Corporate stocks	389,487	-	-	389,487
Community First Foundation:				
Common investment funds	-	170,342	-	170,342
	<u>\$ 426,659</u>	<u>\$ 170,342</u>	<u>\$ -</u>	<u>\$ 597,001</u>

Valuation techniques used to measure assets at fair value include net asset value of shares held by the Organization at year end and closing prices reported on the active markets in which securities held by the Organization are traded.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

2. Promises to Give

Unconditional promises to give for years ending after June 30, 2015 and 2014 are reflected as either current or non-current assets based on the terms of the commitment by the individual donors. The allowance for uncollectible amounts is determined by management based on the evaluation of collectability of the pledges outstanding. The following is a summary of unconditional promises to give at June 30, 2015 and 2014:

	2015	2014
Amounts Due In:		
Less than one year	\$ 392,359	\$ 581,662
One to five years	628,287	407,263
Greater than five years	12,860	23,724
	\$ 1,033,506	\$ 1,012,649
Promises to give	\$ 1,099,043	\$ 1,060,860
Less: Allowance for uncollectible amounts	(36,866)	(33,960)
Less: Discount to present value	(28,671)	(14,251)
Net unconditional promises to give	\$ 1,033,506	\$ 1,012,649

The above amounts are presented in the statements of financial position as follows:

	2015	2014
Current:		
Operations	\$ 300,103	\$ 262,144
Capital Campaign	92,256	319,518
Total current	392,359	581,662
Long-term:		
Operations	607,215	373,554
Capital Campaign	33,932	57,433
Total long-term	641,147	430,987
Net unconditional promises to give	\$ 1,033,506	\$ 1,012,649

Unconditional promises to give in more than one year are reflected at the present value of estimated future cash flows using a discount rate of between 0.28% and 3.11% (2014 – 0.11% and 3.34%) based on the treasury note rates at June 30, 2015 for similar terms.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

3. Donated Materials and Services

The Organization records in-kind revenues relating to contributed materials and services.

Materials

The Organization records the estimated fair value of goods that are received and distributed to clients during the year as in-kind contributions revenue and donated goods expense. The amounts of donated materials reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property, equipment and improvements.

Tangible goods donated to the Organization during the years ended June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Food	\$ 7,527,975	\$ 6,310,343
Clothing	2,122,831	2,511,612
Emergency shelter	310,824	244,255
Toys	294,865	318,782
School supplies	299,135	180,843
Capital campaign construction	159,686	-
Household goods	89,093	151,543
Personal items	77,518	113,459
Baby care items	23,189	47,595
	<u>\$ 10,905,116</u>	<u>\$ 9,878,432</u>

Services

Services are recognized at fair value if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization recognized in-kind contribution revenue for certain services received at the estimated fair value of those services. Most services were valued using 2015 volunteer rates published by the Independent Sector or rates per the appropriate occupation code published by the Bureau of Labor Statistics. The Organization also received donations of direct intangible aid to its clients. These donations are reported at fair value on the date of donation as in-kind contribution revenue offset by like amounts included in in-kind expenses.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

3. Donated Materials and Services (continued)

Services (continued)

Donated services and intangible items include the following for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Client services - counseling	\$ 99,503	\$ 76,853
Tenant/Landlord - counseling	89,553	59,289
Organizational development consulting	-	8,125
Construction services & consulting	-	17,375
Other	628	-
Information technology services	735	-
	<u>\$ 190,419</u>	<u>\$ 161,642</u>

The total in-kind contributions for the years ended June 30, 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
In-kind materials	\$ 10,905,116	\$ 9,878,432
In-kind services	190,419	161,642
	<u>\$ 11,095,535</u>	<u>\$ 10,040,074</u>

The Organization received additional contributed services that did not meet the requirements for recognition in the financial statements. Those services include the following:

	<u>2015</u>	<u>2014</u>
Client services in-take desk	\$ 326,547	\$ 310,587
Administrative services	108,858	118,623
Telephone receptionist	53,774	51,806
Shelter assistance	70,569	62,549
Funds development	21,982	22,766
Other	23,626	11,421
	<u>\$ 605,356</u>	<u>\$ 577,752</u>

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

3. Donated Materials and Services (continued)

Services (continued)

In addition to the services noted previously, hundreds of other individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fund-raising events, and various committee assignments. The Organization received more than 71,600 and 71,400 additional volunteer hours during the years ended June 30, 2015 and 2014, respectively.

4. Rental Income

The Organization currently has three lease agreements for space with tenants in buildings owned by the Organization with lease terms from 1 to 3 years and one agreement that is month to month. The monthly base rents vary from \$890 to \$1,502. Total rental revenue for the year ended June 30, 2015 and 2014 totaled approximately \$67,500 and \$258,200, respectively.

The following represents future minimum lease receipts to be received by the Organization under the existing lease agreements:

<u>Years Ending June 30,</u>		
2016	\$	32,158
2017		16,100
2018		9,870
2019		<u>8,225</u>
	<u>\$</u>	<u>66,353</u>

5. Note Payable, Bank

The Organization entered into a mortgage note payable in the amount of \$1,975,000 with a lender in July 2011 that requires monthly installments of \$12,313 through July 2016 and monthly payments of \$12,976 from August 2016 to June 2021. Interest is based on the five-year U.S. Treasury Index, plus 2%. The loan is secured by a deed of trust on three buildings owned by the Organization.

In August 2015, the Organization refinanced the mortgage with the same lender for a total of \$2,100,000, the proceeds of which were used to pay-off the existing mortgage and the then outstanding balance on the line of credit. The interest rate on the new mortgage is 5.0% with monthly payments of \$12,368 through maturity in August 2025 when all remaining principal and interest is due.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

5. Note Payable, Bank (continued)

The balance due as of June 30, 2015 was \$1,860,853. Scheduled future payments on the mortgage note payable as of June 30, 2015 are as follows:

Years Ending June 30,		
2016	\$	43,394
2017		46,300
2018		48,669
2019		51,159
2020		53,776
Thereafter		<u>1,572,626</u>
	\$	<u>1,815,924</u>

6. Note Payable Line of Credit

The Organization entered into a line of credit agreement with a lender in September 2012 that allowed for a maximum borrowing of \$250,000. Outstanding balances bear interest at 1.0% over the Wall Street Journal prime rate with a floor of 5.0%. The line, which matures on September 15, 2015, is secured through deeds of trust on three properties owned by the Organization and is subject to certain covenants. As of June 30, 2015 and 2014, there was an outstanding balance on the line of credit of \$228,882 and \$65,000, respectively. The balance of the line of credit was paid in full as part of the mortgage refinance agreement in August 2015 as detailed in Note 5.

7. Obligation under Capital Lease

The Organization entered into a capital lease agreement for a vehicle in January 2014. The lease agreement requires regular monthly fixed payments of \$1,915 and a variable payment based on mileage incurred, which is considered part of the monthly minimum payment.

The asset and liability under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The vehicle is depreciated over the lesser of the related lease term or its estimated useful life. The interest rate on the lease is 14.4%, representing the lessor's implicit rate of return.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

7. Obligation under Capital Lease (continued)

Future minimum payments under the lease, including the present value of such payments, for years ending after June 30, 2015 are as follows:

Years Ending June 30,	
2016	\$ 25,180
2017	25,180
2018	25,180
2019	<u>18,965</u>
	94,505
Less amount representing interest	<u>(24,873)</u>
Present value of future minimum lease payments	69,632
Less current portion	<u>(15,697)</u>
	<u><u>\$ 53,935</u></u>

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Betty Proctor Fund	\$ 79,828	\$ 95,740
Capital campaign:		
Payments received and unused	-	1,051,514
Promises to give: current	92,256	319,518
Promises to give: long-term	33,933	57,433
Donations to various Action Center funds	111,775	73,275
Energy Outreach of Colorado	42,039	5,322
Evergreen Partners Shelter After-Care	17,468	27,956
J-Help	13,692	14,816
Jeffco Prosperity Project	718,869	124,188
Lutheran Legacy	36,687	26,888
Operations		
Promises to give: long-term	607,215	373,554
Other	19,077	7,678
Total temporarily restricted net assets	<u>\$ 1,772,839</u>	<u>\$ 2,177,882</u>

9. Permanently Restricted and Board Designated Net Assets

Permanently restricted net assets consist of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Endowment for Homeless Shelter	\$ 140,875	\$ 140,875
Martha Edwards Donor Restricted Fund	4,000	4,000
	<u>\$ 144,875</u>	<u>\$ 144,875</u>

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

9. Permanently Restricted and Board Designated Net Assets (continued)

The Organization's endowment consists of several funds established for various purposes. The Organization's Board has restricted \$262,584 for a general endowment fund. Separate donors have permanently restricted \$140,875 to support the Organization's homeless shelter and \$4,000 to be maintained by the Organization. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The organization follows the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), as enacted by the State of Colorado in 2008, and its own governing documents. UPMIFA requires the preservation of the historical dollar amount of a donor-restricted endowment fund. The Organization's donors have not placed restrictions on the use of investment income or net appreciation resulting from the donor-restricted endowment funds.

The Board has determined that the majority of the Organization's contributions are subject to the terms of its governing documents. Certain received contributions are subject to specific agreements with the Organization. Under the terms of the governing documents of the Organization, the Board is able to distribute the original principal, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

The Board has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of these endowment assets over the long term.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

9. Permanently Restricted and Board Designated Net Assets (continued)

Endowment-related net asset activity for the years ended June 30, 2015 and 2014 was as follows:

	Permanently Restricted Net Assets	Board Designated Endowment
Balance at June 30, 2013	\$ 144,875	\$ 365,130
Investment income:		
Interest and dividends	-	9,435
Unrealized gain	-	55,032
Net investment activity	<u>-</u>	<u>(6,938)</u>
Balance at June 30, 2014	144,875	422,659
Investment income:		
Interest and dividends	-	6,516
Unrealized gain	-	1,509
Net investment (withdraw) activity	<u>-</u>	<u>(168,100)</u>
Balance at June 30, 2015	<u>\$ 144,875</u>	<u>\$ 262,584</u>

Interest and dividend income for the years ended June 30, 2015 and 2014 is net of fees and expenses of approximately \$8,000 and \$6,300, respectively.

10. Joint Ventures

The Organization participates in two joint ventures, the Estes Street Community Clinic (the "Clinic") and J-Help. The Clinic is a joint venture with Metro Community Providers Network ("MCPN") and Exempla/Lutheran Medical Center (the "Hospital") to provide a four-exam room clinic, located in one of the buildings owned by the Organization. The Organization's role is to provide physical space and case management services to refer clients to become patients at the Clinic. MCPN is the medical services provider and operates the Clinic under its medical standards and insurance requirements. The Hospital provides financial assistance for the operation of the Clinic. Both MCPN and Exempla are separate legal entities and are not included in the financial statements of the Organization.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

10. Joint Ventures (continued)

J-Help is a joint venture with Volunteers of America ("VOA") to extend VOA's Meals on Wheels program to clients under the age of 60. These clients are not eligible for the Meals on Wheels program because of their age, but have the same physical need for the service. The Organization raises money to purchase the J-Help meals. VOA is a separate legal entity and is not included in the financial statements of the Organization.

In March 2014, the Organization entered into an agreement with two other community agencies to form the Jeffco Prosperity Project ("JPP") whose purpose is to leverage services of the participating agencies and other community service providers in helping families develop economic self-sufficiency. The Organization is the fiscal agent for the JPP, responsible for the accounting and administration of funds contributed and expended toward the JPP. The Organization receives 8.5% of all funds contributed to the JPP to cover administrative costs incurred.

The following is a summary of revenue, expenses and related net assets of JPP as of and for the years ended June 30, 2015 and 2014:

	2015	2014
Revenue:		
Contributions	\$ 1,650	\$ 6,850
Grants	692,257	125,250
Other	115	100
	<u>694,022</u>	<u>132,200</u>
Total revenue		
Expenses:		
Employee benefits	6,285	-
Miscellaneous	3,767	175
Professional fees	6,512	7,837
Program services	6,741	-
Salaries	71,030	-
Taxes, payroll	5,006	-
	<u>99,341</u>	<u>8,012</u>
Total expenses		
Net increase	594,681	124,188
Net assets, beginning	<u>124,188</u>	<u>-</u>
Net assets, ending	<u>\$ 718,869</u>	<u>\$ 124,188</u>

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

11. Net Assets Released from Donor or Board Restrictions

Net assets released from restrictions of \$3,140,437 for the year ended June 30, 2015 represents funds released related to costs for the construction and renovation as discussed in Note 1, and amounts related to the use of other temporarily restricted programs.

Net assets released from restrictions of \$924,470 for the year ended June 30, 2014 represents funds released related to costs for the construction and renovation as discussed in Note 1, and amounts related to the use of other temporarily restricted programs.

12. Retirement Plan

The Organization has a 401(k) employee salary reduction savings plan (the "Plan"). The Plan allows for employee contributions up to the maximum allowable by the Internal Revenue Code. All employees are eligible to enroll in the Plan immediately after employment. The Organization does not contribute to the Plan.

13. Commitments

Office, equipment and warehouse leases

The Organization leases warehouse space in Lakewood, Colorado under two lease agreements both commenced in January 2011 and expired in January 2013 and were month-to-month until new leases were signed in August, 2013 expiring in September 2015. The first agreement requires monthly payments of \$880 in addition to applicable property taxes, insurance and utilities for the space. The second agreement requires monthly payments of \$1,755 and similar terms related to taxes, insurance and utilities.

The following is a summary of the minimum annual commitments under the terms of these leases as they currently exist for years ending after June 30, 2015:

<u>Years Ending June 30,</u>	
2016	<u>\$ 5,270</u>

Rent expense for the years ended June 30, 2015 and 2014 was approximately \$72,100 and \$159,100, respectively.

Jeffco Action Center, Inc.

Notes to Financial Statements
June 30, 2015 and 2014
(See Independent Auditors' Report)

14. Income Taxes

The Organization is organized as a not-for-profit entity in the state of Colorado. The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a qualified tax-exempt organization, the Organization must operate in conformity with the Internal Revenue Code in order to maintain its tax-exempt status. The Organization is also exempt from state corporate income tax.

The Organization follows the guidance contained in ASC Topic 740-10-25, *Accounting for Uncertainty in Income Taxes*. ASC Topic 740-10-25 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken. Based on its evaluation, the Organization concluded that there are no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

15. Subsequent Events

As more fully described in Note 5, the Organization refinanced their mortgage in August 2015 which included the payment of the outstanding balance on the line of credit.

The Organization has evaluated subsequent events through the report date, the date which the financial statements were available to be issued.