

# **Integrated Family Community Services**

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**Financial Statements and Report  
of  
Independent Certified Public Accountants**

**August 31, 2018**

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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## Report of Independent Certified Public Accountants

Board of Directors  
Integrated Family Community Services

We have audited the accompanying financial statements of Integrated Family Community Services (a nonprofit organization) which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Integrated Family Community Services as of August 31, 2018, 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.

Littleton, Colorado  
January 23, 2019



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**Integrated Family Community Services**  
**Statement of Financial Position**  
**As of August 31, 2018**

**Assets**

Current Assets

Cash & cash equivalents	\$ 28,361
Investments	104,178
Prepaid expenses	2,068
Gift certificates	<u>12,490</u>

Total Current Assets	<u>147,097</u>
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Property and Equipment—net (Note 4)	59,156
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Total Assets	<u><u>\$ 206,253</u></u>
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**Liabilities and Net Assets**

Current Liabilities

Accounts Payable	\$ 4,810
Accrued payroll liabilities	11,144
Deferred revenue (Note 5)	12,150
Current portion of capital lease obligation	<u>4,941</u>

Total Current Liabilities	<u>33,045</u>
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Capital Lease Obligation (Note 7)	<u>17,491</u>
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Net Assets

Unrestricted — undesignated	152,077
— designated (Note 11)	<u>3,640</u>
Total Unrestricted Net Assets	<u>155,717</u>

Temporarily restricted net assets	<u>-</u>
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Total Net Assets	<u>155,717</u>
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Total Liabilities and Net Assets	<u><u>\$ 206,253</u></u>
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The accompanying notes are an integral part of these financial statements.

**Integrated Family Community Services**  
**Statement of Activities**  
**For the Year Ended August 31, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Individual contributions	\$ 98,614	\$ -	\$ 98,614
Memorial contributions	2,050	-	2,050
Community organizations	15,440	-	15,440
Corporate contributions	7,799	-	7,799
Foundation grants	57,236	-	57,236
Energy Outreach Colorado	45,150	-	45,150
County and municipal governments	173,345	-	173,345
Government grants - homeless prevention programs	50,531	-	50,531
18th Judicial District - VALE income	55,000	-	55,000
Fundraising events (net of \$44,676 expenses)	176,439	-	176,439
Reimbursement income	2,666	-	2,666
Miscellaneous income	18,618	-	18,618
Interest income	5,047	-	5,047
Gain (loss) on investment	15,056	-	15,056
Clothing sales	1,900	-	1,900
Release from restrictions	1,283	(1,283)	-
	<u>726,174</u>	<u>(1,283)</u>	<u>724,891</u>
Total Revenue			
In-kind contributions (Note 9)	700,380	-	700,380
Total Support and Revenue	<u>1,426,554</u>	<u>(1,283)</u>	<u>1,425,271</u>
<b>Expenses</b>			
Program services	1,284,818	-	1,284,818
Management and general	22,144	-	22,144
Fundraising	227,914	-	227,914
Total Expenses	<u>1,534,876</u>	<u>-</u>	<u>1,534,876</u>
Change in Net Assets	(108,322)	(1,283)	(109,605)
Net Assets, beginning of period	<u>264,039</u>	<u>1,283</u>	<u>265,322</u>
Net Assets, end of period	<u>\$ 155,717</u>	<u>\$ -</u>	<u>\$ 155,717</u>

The accompanying notes are an integral part of these financial statements.

**Integrated Family Community Services**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2018**

**Increase (Decrease) in Cash**

Cash Flows from Operating Activities:

Cash received from donors	\$ 571,314
Cash paid to suppliers	(704,365)
Interest and dividends received	<u>5,047</u>

Net Cash From Operating Activities (128,004)

Cash Flows from Investing Activities:

Purchase of furniture and equipment	(6,844)
Sale of investments	<u>114,531</u>

Net Cash From Investing Activities 107,687

**Net Change in Cash** (20,317)

Cash—beginning of year 48,678

Cash—end of year \$ 28,361

Presented on Statement of Financial Position as:

Cash and cash equivalents \$ 28,361

**Reconciliation of Change in Net Assets**

**Net Cash From Operating Activities:**

Change in Net Assets \$(109,605)

Adjustments to reconcile change in net assets to net cash from operating activities:

Depreciation 12,744

Unrealized gain(loss) (15,056)

Changes in assets and liabilities:

Change in accounts receivable	7,790
Change in grants receivable	-
Change in prepaid expenses	4,940
Change in gift certificates	1,038
Change in accounts payable	(24,042)
Change in accrued payroll liabilities	(761)
Change in deferred grants	(305)
Change in lease commitments	<u>(4,747)</u>

Total Adjustments (18,399)

**Net Cash From Operating Activities** \$ (128,004)

**Supplementary Cash Flow Information**

\$700,380 of in-kind donations and expenditures have been eliminated from cash received from donors and paid to suppliers.

The accompanying notes are an integral part of these financial statements.

**Integrated Family Community Services**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2018**

	<b>Program Services</b>		<b>Total</b>
	<b>General Assistance</b>	<b>Enrichment Programs</b>	<b>Program Services</b>
Salaries	\$ 254,666	\$ -	\$ 254,666
Payroll taxes and Workmen's Comp.	21,194	-	21,194
Employee benefits	23,559	-	23,559
Total salaries and related expenses	299,419	-	299,419
General and medical assistance	139,526	-	139,526
Food and clothing	439,284	262,610	701,894
Recruitment, training & development	15	-	15
Meetings and mileage	13	-	13
Utilities	7,037	-	7,037
Accounting and auditing	6,505	-	6,505
Advertising, promotion & printing	207	-	207
Postage	1,131	-	1,131
Insurance	-	-	-
Dues and subscriptions	10	-	10
Operating supplies	1,753	-	1,753
Maintenance and repairs	8,626	-	8,626
Vehicle costs	2,752	-	2,752
Interest expense	-	-	-
Equipment expenses	5,828	-	5,828
Computer expenses	13,636	-	13,636
Contract services	-	-	-
TVI expenses	-	-	-
Miscellaneous	6,055	-	6,055
Telephone	6,734	-	6,734
Overhead allocation	83,677	-	83,677
Total expenses before depreciation	1,022,208	262,610	1,284,818
Depreciation	-	-	-
Total expenses	<u>\$ 1,022,208</u>	<u>\$ 262,610</u>	<u>\$ 1,284,818</u>

The accompanying notes are an integral part of these financial statements.

**Integrated Family Community Services**  
**Statement of Functional Expenses (continued)**  
**For the Year Ended August 31, 2018**

	<u>Supporting Services</u>		<u>Total</u>
	<u>Management &amp; General</u>	<u>Development/ Fundraising</u>	<u>Expenses</u>
Salaries	\$ 62,081	\$ 117,476	\$ 434,223
Payroll taxes and Workmen's Comp.	9,254	9,327	39,775
Employee benefits	12,195	4,402	40,156
Total salaries and related expenses	83,530	131,205	514,154
General and medical assistance	-	-	139,526
Food and clothing	-	-	701,894
Recruitment, training & development	-	12	27
Meetings and mileage	-	1,548	1,561
Utilities	826	-	7,863
Accounting and auditing	18,515	-	25,020
Advertising, promotion & printing	33	5,021	5,261
Postage	77	1,040	2,248
Insurance	5,515	4,768	10,283
Dues and subscriptions	1,455	369	1,834
Operating supplies	274	47	2,074
Maintenance and repairs	2,255	-	10,881
Vehicle costs	-	-	2,752
Interest expense	-	-	-
Equipment expenses	(4,193)	308	1,943
Computer expenses	-	8,196	21,832
Contract services	-	31,508	31,508
TVI expenses	1,897	-	1,897
Miscellaneous	21,098	3,302	30,455
Telephone	108	2,277	9,119
Overhead allocation	(121,990)	38,313	-
Total expenses before depreciation	9,400	227,914	1,522,132
Depreciation	12,744	-	12,744
Total expenses	<u>\$ 22,144</u>	<u>\$ 227,914</u>	<u>\$ 1,534,876</u>

The accompanying notes are an integral part of these financial statements.

# **Integrated Family Community Services**

## **Notes to Financial Statements**

### **August 31, 2018**

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#### **1. Organization**

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Integrated Family Community Services (IFCS) was incorporated in 1968 for the general purpose of alleviation of poverty and the conditions of poverty in western and unincorporated Arapahoe and northern Douglas Counties, through support from individuals, local businesses, churches, governments, and civic groups. This purpose is accomplished through IFCS' Homeless Prevention Programs, Financial Assistance Programs, Hunger Prevention Program, Enrichment Programs, Senior Programs, and other assistance.

#### **2. Summary of Significant Accounting Policies**

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##### **Basis of Presentation**

The Organization prepares its financial statements on the accrual basis of accounting.

##### **Property and Equipment**

Property and equipment are stated at cost for purchased items and at fair market value at date of gift for donated items, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred, while expenditures for major improvements and purchases of property and equipment over \$1,000 are capitalized. Gains and losses from retirement or replacement of property and equipment are reflected in operations.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. These useful lives range from five to fifteen years for furniture and equipment, and five to forty years for building and related improvements.

##### **Income Taxes**

IFCS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. During 2018, IFCS had no unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. IFCS's federal tax return (Form 990) for 2018 is subject to examination by the IRS, generally for three years after it is filed.

# **Integrated Family Community Services**

## **Notes to Financial Statements**

### **August 31, 2018**

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## **2. Summary of Significant Accounting Policies (continued)**

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### **Use of Estimates**

The preparation of these financial statements requires the use of estimates and assumptions. The estimates and assumptions result in approximate rather than exact amounts.

### **Cash and Cash Equivalents**

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

### **Accounts Receivable**

Accounts receivable are stated at unpaid balances, less any allowances for doubtful accounts. Allowances are based on experience and other circumstances that may affect the ability of donors to meet obligations. As of August 31, 2018, management has determined that no allowance is necessary.

### **Fair Value of Financial Instruments**

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, certificates of deposit, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

### **Program Services**

The Organization's program services are made up of two categories:

General assistance: provides qualifying families assistance with utilities, rent and mortgages along with a transitional housing program designed to move families from homelessness to permanent affordable housing.

Enrichment program: provides eligible families and seniors Thanksgiving and Christmas meals through their Holiday program. They also provide K-8 children in low income families with the necessary school supplies in the Ready, Set, School! program.

### **Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on time, usage and other methods.

# Integrated Family Community Services

## Notes to Financial Statements

### August 31, 2018

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## 2. Summary of Significant Accounting Policies (continued)

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### Subsequent Events

Management has evaluated subsequent events through February 1, 2018, the date which the financial statements were available to be issued.

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## 3. Investments

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Accounting standards for investments provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Investments are carried at fair value as of August 31, 2018 as follows:

### Level 1

Stocks	\$ 34,145
Mutual funds	<u>70,033</u>
Total Investments	<u>\$ 104,178</u>

Unrealized investment gains for the year ending August 31, 2018 amounted to \$15,056 and are recorded as Gain on Investment on the Statement of Activities.

**Integrated Family Community Services**  
**Notes to Financial Statements**  
**August 31, 2018**

**4. Property and Equipment**

Property and equipment consisted of the following items at August 31, 2018:

Building and improvements	\$ 226,997
Furniture and fixtures	8,945
Computer and office equipment	<u>54,952</u>
Total	290,894
Less accumulated depreciation	<u>(231,738)</u>
Net property and equipment	<u>\$ 59,156</u>

Depreciation expense for the year ended August 31, 2018 was \$12,744.

**5. Deferred Revenue**

Total deferred revenue (revenue received during the fiscal year but applicable to other than fiscal year operations) recorded as of August 31, 2018, are summarized as follows:

	<u>Deferred Event Funds</u>
Nibbles and Sips	\$ 6,000
Boo A Thon	<u>6,150</u>
Total	<u>\$ 12,150</u>

**6. Commitments & Contingencies**

Effective December 1, 2015, IFCS entered into an operating lease for credit card processing equipment with a 48 month term. The lease calls for monthly payments of \$38. IFCS also entered into a 36 month operating lease for a postage meter in January 2016. The lease requires monthly payments of \$40. Total expenses related to these leases for the year ended August 31, 2018 were \$934. The future minimum annual lease payments as of August 31, 2018, are as follows:

<u>Year ending August 31,</u>		
2019		\$ 615
2020		<u>114</u>
		<u>\$ 729</u>

**Integrated Family Community Services**  
**Notes to Financial Statements**  
**August 31, 2018**

**7. Capital Lease Obligation**

In August 2017, the Organization ended an operating lease arrangement and entered into a new capital lease arrangement for a copier. The capital lease requires monthly payments of \$479 per month, through November 2022. The gross amount of the asset capitalized under this arrangement was \$27,179. The lease has an imputed interest rate of 4%.

Total future minimum lease payments	\$ 24,429
Less: interest	<u>(1,997)</u>
Present value of minimum lease payments	22,432
Less: Current obligation under capital leases	<u>(4,941)</u>
Long-term obligations under capital leases	<u>\$ 17,491</u>

Future annual maturities of capital lease obligations outstanding as of August 31, 2018, are as follows:

<u>Year ending August 31,</u>	
2019	\$ 4,941
2020	5,142
2021	5,351
2022	5,570
2023	<u>1,428</u>
	<u>\$ 22,432</u>

**8. Related-Party Transactions**

Board members participated in various volunteer and fundraising activities. In addition, board members contributed financially to IFCS. Unrestricted cash contributions of \$11,190 were made by the board members for the year ended August 31, 2018.

# Integrated Family Community Services

## Notes to Financial Statements

### August 31, 2018

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#### 9. In-Kind Contributions

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IFCS receives donated materials, furniture and equipment, services, and facility usage in substantial amounts in furtherance of various programs. These items are recorded in the financial records as they relate to ongoing activities of IFCS and an objective value can be assigned. The following amounts have been recorded in the accompanying financial statements for the year ended August 31, 2018:

Food and clothing	\$ 420,716
Mother's Day	6,960
Ready, Set, School	89,250
Holiday programs	166,400
Gift certificates	<u>17,054</u>
Total in-kind contributions	<u>\$ 700,380</u>

A substantial amount of volunteer time has been donated by community organizations and individuals in furtherance of IFCS programs, fund raising campaigns, and activities which do not meet financial statement recognition criteria. Valued at minimum wage, these volunteer hours have been estimated to be worth \$185,212.

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#### 10. Employee Benefit Plan

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Any full-time, year-round employee is eligible to participate in a 403(b) employee benefit program. IFCS contributes up to 9 percent of an eligible employee's gross salary toward the plan. Employees are fully vested upon participation in the program. Employees are not eligible to receive a cash distribution in lieu of the amount contributed by IFCS. Total contributions by IFCS for employees for the year ended August 31, 2018 was \$11,271.

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#### 11. Board Designated Funds

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The board has designated \$3,640 in unrestricted net assets for capital reserves as of August 31, 2018.