



THE PLACE

Financial Statements

For the Year Ended September 30, 2020

And

Independent Auditors' Report

THE PLACE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Place
Colorado Springs, Colorado

We have audited the accompanying financial statements of The Place (a non-profit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 auditors' 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 The Place as of September 30, 2020 and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Stockman Kast Ryan + Co. LLP

September 14, 2021

THE PLACE

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2020

ASSETS

Cash and cash equivalents	\$ 262,962
Grants and pledges receivable	238,258
Due from related party	85,698
Prepaid expenses and other assets	26,586
Property and equipment, net	<u>537,439</u>
TOTAL ASSETS	<u>\$ 1,150,943</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 30,555
Accrued expenses	116,328
Notes payable	<u>250,230</u>
Total liabilities	\$ 397,113

NET ASSETS

Without donor restriction	\$ 614,080
With donor restriction	<u>139,750</u>
Total net assets	<u>753,830</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,150,943</u>

See notes to financial statements.

THE PLACE

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT			
Contributions	\$ 816,288	123,250	\$ 939,538
Net assets contributed by Urban Peak	707,754	97,333	805,087
Federal grants	722,603		722,603
State and other grants	573,017		573,017
Fundraising revenues, net	130,856		130,856
In-kind contributions	28,826		28,826
Other	1,670		1,670
Net assets released from restrictions:			
Satisfaction of restrictions	<u>80,833</u>	<u>(80,833)</u>	<u></u>
Total revenues and other support	<u>3,061,847</u>	<u>139,750</u>	<u>3,201,597</u>
EXPENSES			
Program services:			
Housing services	796,255		796,255
Overnight shelter	526,185		526,185
Outreach	322,845		322,845
Program oversight and evaluation	72,062		72,062
Education and employment	<u>51,227</u>	<u></u>	<u>51,227</u>
Total program services	1,768,574	—	1,768,574
Support services:			
Management and general	459,988		459,988
Fundraising	<u>219,205</u>	<u></u>	<u>219,205</u>
Total support services	679,193	—	679,193
Total expenses	<u>2,447,767</u>	<u></u>	<u>2,447,767</u>
CHANGE IN NET ASSETS	614,080	139,750	753,830
NET ASSETS, Beginning of year	<u>—</u>	<u>—</u>	<u>—</u>
NET ASSETS, End of year	<u>\$ 614,080</u>	<u>\$ 139,750</u>	<u>\$ 753,830</u>

See notes to financial statements.

THE PLACE

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services						Support Services			TOTAL
	Housing Services	Overnight Shelter	Outreach	Program oversight and evaluation	Education and Employment	Total	Management and General	Fundraising	Total	
Salaries and benefits	\$ 346,505	\$ 451,974	\$ 221,381	\$ 59,277	\$ 50,553	\$ 1,129,690	\$ 222,339	\$ 155,191	\$ 377,530	\$ 1,507,220
Direct client assistance	387,260	33,545	95,446	138	311	516,700	29,507		29,507	546,207
Depreciation							40,785		40,785	40,785
Utilities, phone, and internet	4,681	15,085	1,641	1,190	154	22,751	13,050	911	13,961	36,712
Office and computer supplies	12,505	2,689	1,867	1,959	209	19,229	15,614	1,758	17,372	36,601
Audit and legal							35,704		35,704	35,704
Office rent	23,429					23,429	6,996	2,150	9,146	32,575
Information technology services	1,550		463			2,013	27,695	855	28,550	30,563
Contract services		630	218	4,740		5,588	11,961	11,357	23,318	28,906
Printing, postage, dues and subscriptions	2,667	1,254	8	2,710		6,639	4,889	17,077	21,966	28,605
Advertising								20,975	20,975	20,975
Insurance			36			36	17,155		17,155	17,191
Building maintenance and supplies	1,123	12,348	260			13,731	13		13	13,744
Travel, food, and lodging	8,768	1,376	1,382	58		11,584	78	2	80	11,664
Recruitment and training	895	2,911	104	702		4,612	6,698	321	7,019	11,631
Payroll service							10,840		10,840	10,840
Miscellaneous	6,872	4,373	39	1,288		12,572	16,664	8,608	25,272	37,844
Total	<u>\$ 796,255</u>	<u>\$ 526,185</u>	<u>\$ 322,845</u>	<u>\$ 72,062</u>	<u>\$ 51,227</u>	<u>\$ 1,768,574</u>	<u>\$ 459,988</u>	<u>\$ 219,205</u>	<u>\$ 679,193</u>	<u>\$ 2,447,767</u>
Percent of total costs	32%	21%	13%	3%	2%	72%	19%	9%	28%	100%

See notes to financial statements.

THE PLACE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

OPERATING ACTIVITIES	
Change in net assets	\$ 753,830
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net assets contributed by Urban Peak	(805,087)
Depreciation	40,785
Changes in operating assets and liabilities:	
Grants and pledges receivable	(148,155)
Due from related parties	(87,469)
Prepaid expenses	(22,386)
Accounts payable	29,995
Accrued expenses	<u>24,053</u>
Net cash used in operating activities	<u>(214,434)</u>
INVESTING ACTIVITIES	
Net cash used in investing activities-	
Purchases of property and equipment	<u>(19,995)</u>
FINANCING ACTIVITIES	
Cash contributed by Urban Peak	247,161
Proceeds from notes payable	<u>250,230</u>
Net cash provided by financing activities	<u>497,391</u>
INCREASE IN CASH AND CASH EQUIVALENTS	262,962
CASH AND CASH EQUIVALENTS, Beginning of year	<u>—</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 262,962</u>

See notes to financial statements.

THE PLACE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization — The Place was incorporated in October 2019 as a tax-exempt, charitable organization formed to serve youth experiencing homelessness and at risk of becoming homeless. The Place is a full-service agency, providing a continuum of services that range from street outreach, case management, an overnight shelter, healthcare, education and job services, day-time drop-in center, and housing programs for homeless youth and youth at risk of becoming homeless in Colorado Springs, Colorado.

Basis of Presentation — The Place reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets available for use in general operations - not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates — The preparation of the financial statements in 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 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.

Cash and Cash Equivalents — The Place considers all highly liquid investments with a maturity of three months or less, and which are not held for long-term investment purposes, to be cash and cash equivalents. At the purchase date to be cash and cash equivalents. At times during the year, The Place's cash accounts may exceed Federal Deposit Insurance Corporation insured limits. The Place has not experienced any losses in such accounts.

Grants and Pledges Receivable — Grants receivable represent amounts due from governmental agencies. The Place also receives pledges of support from various individuals and organizations. Unconditional promises to give are recorded as revenue when the pledge is received at the net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as pledges until the conditions are substantially met. There were approximately \$7,100 in pledges receivable at September 30, 2020.

The allowance for doubtful accounts is based on past experience and analysis of the collectability of current accounts receivable. Accounts are written off when deemed uncollectable. Credit risk with respect to receivables is considered low because a substantial portion is due from federal and state governmental agencies. At September 30, 2020, management considers all accounts to be collectable and accordingly, no allowance for doubtful accounts has been recorded at September 30, 2020.

Property and Equipment — Property and equipment are stated at cost or, if donated, at the fair market value at the date of the donation. Acquisitions of property and equipment in excess of \$1,000 and having a useful life exceeding one year and expenditures, repairs, maintenance, renewals, and betterments that materially prolong the useful life of the assets are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Building	30 years
Building improvements	5 - 30 years
Equipment	3 - 7 years

Contributions — Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

In-Kind Contributions — Donated services and materials are recorded as value-in-kind contribution revenues at their estimated fair values. Contributions of services are recognized only if the services received create or enhance non-financial assets or required specialized skills from individuals possessing those skills and would typically need to be purchased if not provided by donations.

Government Grants — The Place receives certain revenue from contracts with governmental agencies. The disbursement of funds received under these contracts generally requires compliance with the terms and conditions specified in the contracts and are subject to audit by the granting agencies and, as a result of such audit, adjustments could be required. Support funded by government grants is recognized as The Place performs the contracted services or incurs eligible expenditures for reimbursement under the grant agreements.

The Place receives a substantial amount of its support from federal and state governments. If a significant reduction in the level of this support occurs, it may have an impact on The Place's programs and activities. During the year ended September 30, 2020, approximately 40% of revenues came from federal and state governments.

Advertising — Advertising expense is expensed when incurred. For the year ended September 30, 2020, advertising expense was \$20,975.

Income Tax Status — The Place is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, The Place qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Place believes that it does not have any uncertain tax positions that are material to the financial statements.

Subsequent Events — The Place has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects The Place's financial assets as of September 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

Cash and cash equivalents	\$ 262,962
Grants and pledges receivable	238,258
Due from related party	<u>85,698</u>
Total	<u>586,918</u>
Less amounts unavailable for general expenditures within one year:	
Net assets with donor restrictions	<u>(139,750)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 447,168</u>

As part of The Place's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Place's policy to manage an emergency cash flow need is to obtain bank financing. The Place operates with a board approved 12-month balanced budget, with regular monitoring of cash flow through quarterly budget reports and projections.

3. PROPERTY AND EQUIPMENT

Property and equipment is as follows at September 30, 2020:

Building and improvements	\$ 515,766
Land	45,600
Equipment	<u>16,858</u>
	578,224
Less accumulated depreciation	<u>(40,785)</u>
Total	<u>\$ 537,439</u>

Depreciation expense for the year ended September 30, 2020 totaled \$40,875.

4. NOTES PAYABLE

During 2020, The Place obtained a loan issued by a bank bearing interest at 1.00% in the amount of approximately \$250,000 pursuant to the Paycheck Protection Program (the PPP), of the CARES Act. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Subsequent to year-end, The Place met the eligibility and forgiveness criteria, and the loan was forgiven in June 2021.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions may be expended for the following purposes at September 30, 2020:

Capacity building	\$ 46,500
Housing	32,000
Shelter	26,250
Employment and education	20,000
Substance abuse and healthcare	<u>15,000</u>
Total	<u>\$ 139,750</u>

6. LEASE COMMITMENTS

The Place leases an administrative office under a non-cancellable operating lease expiring in 2022. As of September 30, 2020, future minimum lease payments under this operating lease are as follows:

2021	\$ 30,720
2022	<u>32,256</u>
Total	<u>\$ 62,976</u>

Rental expense for the operating lease during the year ended September 30, 2020 totaled approximately \$32,575.

7. GRANT CONTINGENCIES

Federal grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

8. FUNCTIONAL ALLOCATION OF EXPENSES

The Place allocated its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program category (housing services, overnight shelter, outreach, program oversight and evaluation, and education and employment) or support services are allocated directly, according to their nature expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of the percentage of total expense incurred and estimates made by management.

9. TRANSACTIONS WITH RELATED PARTIES

The Place began operations on October 1, 2019 after a spin-off transaction from its former parent organization, Urban Peak Denver. Net assets contributed by Urban Peak Denver were contributed to The Place at their fair value and were composed of the following assets and liabilities at October 1, 2019:

Cash	\$ 247,161
Grants and pledges receivable	90,103
Prepaid expenses and other assets	4,200
Property and equipment	558,229
Accounts payable and accrued expenses	<u>(94,606)</u>
Net assets contributed by Urban Peak	<u>\$ 805,087</u>

After the spin-off transaction, The Place and Urban Peak Denver remained related parties due to the sharing of certain federal and state government support. As of September 30, 2020, The Place was owed \$85,698 by Urban Peak Denver.

10. SUBSEQUENT EVENTS

Subsequent to year-end, The Place obtained \$125,000 in emergency short-term financing from a foundation to resolve an immediate operational need. The loan is due December 31, 2021, and management expects to have the balance paid in full by that date. As of the date of this report, the outstanding balance on this loan was \$35,000.