



**THE PLACE**

**Financial Statements**

**For the Year Ended September 30, 2021**

**And**

**Independent Auditors' Report**

# THE PLACE

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Place  
Colorado Springs, Colorado

### **Opinion**

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Place as of September 30, 2021 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stockman Kast Ryan + Co. LLP*

June 21, 2022

## THE PLACE

### STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2021 (with comparative totals for 2020)

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	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 317,808	\$ 262,962
Grants and pledges receivable	275,066	238,258
Due from related party	14,274	85,698
Prepaid expenses and other assets	25,018	26,586
Property and equipment, net	<u>517,504</u>	<u>537,439</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,149,670</u></b>	<b><u>\$ 1,150,943</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 35,975	\$ 30,555
Accrued expenses	98,509	116,328
Notes payable	<u>35,000</u>	<u>250,230</u>
Total liabilities	<u>169,484</u>	<u>397,113</u>
 <b>NET ASSETS</b>		
Without donor restriction	424,686	614,080
With donor restriction	<u>555,500</u>	<u>139,750</u>
Total net assets	<u>980,186</u>	<u>753,830</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,149,670</u></b>	<b><u>\$ 1,150,943</u></b>

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See notes to financial statements.

## THE PLACE

### STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021 (with comparative totals for 2020)

	Without Donor Restriction	2021 With Donor Restriction	Total	2020 Total
<b>REVENUES AND SUPPORT</b>				
Contributions	\$ 891,372	\$ 525,000	\$ 1,416,372	\$ 939,538
Federal grants	716,243		716,243	722,603
State and other grants	446,580		446,580	573,017
Fundraising revenues, net	204,608		204,608	130,856
In-kind contributions	112,267		112,267	28,826
Net assets contributed by Urban Peak				805,087
Other	248,080		248,080	1,670
Net assets released from restrictions:				
Satisfaction of restrictions	<u>109,250</u>	<u>(109,250)</u>		
Total revenues and other support	<u>2,728,400</u>	<u>415,750</u>	<u>3,144,150</u>	<u>3,201,597</u>
<b>EXPENSES</b>				
Program services:				
Housing services	947,618		947,618	796,255
Overnight shelter	766,189		766,189	526,185
Outreach	287,962		287,962	322,845
Program oversight and evaluation	96,060		96,060	72,062
Education and employment	<u>50,677</u>		<u>50,677</u>	<u>51,227</u>
Total program services	2,148,506	—	2,148,506	1,768,574
Support services:				
Management and general	434,043		434,043	459,988
Fundraising	<u>335,245</u>		<u>335,245</u>	<u>219,205</u>
Total support services	769,288	—	769,288	679,193
Total expenses	<u>2,917,794</u>	<u>—</u>	<u>2,917,794</u>	<u>2,447,767</u>
CHANGE IN NET ASSETS	(189,394)	415,750	226,356	753,830
NET ASSETS, Beginning of year	<u>614,080</u>	<u>139,750</u>	<u>753,830</u>	<u>—</u>
NET ASSETS, End of year	<u>\$ 424,686</u>	<u>\$ 555,500</u>	<u>\$ 980,186</u>	<u>\$ 753,830</u>

See notes to financial statements.

# THE PLACE

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2021 (with comparative totals for 2020)

	2021										2020 TOTAL
	Program Services						Support Services				
	Housing Services	Overnight Shelter	Outreach	Program oversight and evaluation	Education and Employment	Total	Management and General	Fundraising	Total	TOTAL	
Salaries and benefits	\$ 399,395	\$ 532,982	\$ 213,028	\$ 85,986	\$ 48,789	\$ 1,280,180	\$ 230,602	\$ 272,433	\$ 503,035	\$ 1,783,215	\$ 1,507,220
Direct client assistance	508,924	161,507	63,046	69	336	733,882	326	42	368	734,250	546,207
Audit and legal	1,670	1,400				3,070	59,832		59,832	62,902	35,704
Information technology services	12,397	16,700	6,533	2,736	1,501	39,867	4,832	3,624	8,456	48,323	30,563
Depreciation							45,392		45,392	45,392	40,785
Utilities, phone, and internet	4,878	18,945	2,716	1,105		27,644	10,620	933	11,553	39,197	36,712
Office rent	4,402	7,986	201	1,238		13,827	9,580	9,337	18,917	32,744	32,575
Printing, postage, dues and subscriptions	663	1,755	80	1,283		3,781	8,730	20,206	28,936	32,717	28,605
Recruitment and training	1,699	3,010	1,250	952		6,911	10,628	13,597	24,225	31,136	11,631
Insurance							19,299		19,299	19,299	17,191
Office and computer supplies	3,700	523	251	829	51	5,354	6,547	6,430	12,977	18,331	36,601
Building maintenance and supplies	342	17,086	322	14		17,764	213	82	295	18,059	13,744
Contract services	1,760	2,799		1,320		5,879	872	7,799	8,671	14,550	28,906
Payroll service							14,203		14,203	14,203	10,840
Travel, food, and lodging	7,686	180	535	88		8,489	113	39	152	8,641	11,664
Advertising											20,975
Miscellaneous	102	1,316		440		1,858	12,254	723	12,977	14,835	37,844
<b>Total</b>	<b>\$ 947,618</b>	<b>\$ 766,189</b>	<b>\$ 287,962</b>	<b>\$ 96,060</b>	<b>\$ 50,677</b>	<b>\$ 2,148,506</b>	<b>\$ 434,043</b>	<b>\$ 335,245</b>	<b>\$ 769,288</b>	<b>\$ 2,917,794</b>	
Percent of total costs	32%	26%	10%	3%	2%	73%	18%	9%	27%	100%	
Comparative totals - 2020	<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 totals - 2020	32%	21%	13%	3%	2%	71%	20%	9%	29%		100%

See notes to financial statements.



## THE PLACE

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2021 (with comparative totals for 2020)

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ 226,356	\$ 753,830
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net assets contributed by Urban Peak		(805,087)
Depreciation	45,392	40,785
Changes in operating assets and liabilities:		
Grants and pledges receivable	(36,808)	(148,155)
Due from related parties	71,424	(87,469)
Prepaid expenses	1,568	(22,386)
Accounts payable	5,420	29,995
Accrued expenses	(17,819)	24,053
Net cash provided by (used in) operating activities	<u>295,533</u>	<u>(214,434)</u>
INVESTING ACTIVITIES		
Net cash used in investing activities-		
Purchases of property and equipment	<u>(25,457)</u>	<u>(19,995)</u>
FINANCING ACTIVITIES		
Proceeds from borrowings	125,000	250,230
Cash contributed by Urban Peak		247,161
Forgiveness on notes payable	(250,230)	
Payments on borrowings	<u>(90,000)</u>	
Net cash (used in) provided by financing activities	<u>(215,230)</u>	<u>497,391</u>
INCREASE IN CASH AND CASH EQUIVALENTS	54,846	262,962
CASH AND CASH EQUIVALENTS, Beginning of year	<u>262,962</u>	
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 317,808</u>	<u>\$ 262,962</u>

See notes to financial statements.

# THE PLACE

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$1,000 and \$7,100 in pledges receivable at September 30, 2021 and 2020, respectively.

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, 2021, management considers all accounts to be collectable and accordingly, no allowance for doubtful accounts has been recorded.

**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, 2021 and 2020, approximately 37% and 40% of revenues came from federal and state governments, respectively.

**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, 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 donor restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 317,808	\$ 262,962
Grants and pledges receivable	275,066	238,258
Due from related party	<u>14,274</u>	<u>85,698</u>
Total	<u>607,148</u>	<u>586,918</u>
Less amounts unavailable for general expenditures within one year:		
Net assets with donor restrictions	<u>(555,500)</u>	<u>(139,750)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 51,648</u>	<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, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Buildings and improvements	\$ 515,766	\$ 515,766
Land	45,600	45,600
Equipment	<u>42,317</u>	<u>16,858</u>
Total	603,683	578,224
Less accumulated depreciation	<u>(86,179)</u>	<u>(40,785)</u>
Total	<u>\$ 517,504</u>	<u>\$ 537,439</u>

Depreciation expense for the year ended September 30, 2021 and 2020 totaled \$45,392 and \$40,785, respectively.

### 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.

During 2021, The Place obtained a note payable from an organization totaling \$125,000 bearing no interest with maturity date of December 31, 2021, with payments to be made in quarterly installments. As of September 30, 2021, the balance on this payable was \$35,000.

### 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions may be expended for the following purposes at September 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Capacity Building, Housing and Equity	\$ 400,000	
Healthcare & Drop-In Center Support	80,000	
Capacity building	75,500	\$ 46,500
Housing		32,000
Shelter		26,250
Employment and education		20,000
Substance abuse and healthcare	<u>                    </u>	<u>15,000</u>
Total	<u>\$ 555,500</u>	<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, 2021, future minimum lease payments under this operating lease are \$32,256.

Rental expense for the operating lease during the year ended September 30, 2021 and 2020 totaled approximately \$32,745 and \$32,575, respectively.

**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>

As of September 30, 2021 and 2020, The Place was owed \$14,274 and \$85,698 by Urban Peak Denver, respectively.