



THE PLACE

Financial Statements

For the Year Ended September 30, 2022

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, 2022, 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, 2022 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 Place 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 Place'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 Place'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 Place'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 Place's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2022. 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 26, 2023

THE PLACE

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2022 (with comparative totals for 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 777,136	\$ 317,808
Grants and pledges receivable	487,056	275,066
Due from related party		14,274
Prepaid expenses and other assets	23,534	25,018
Property and equipment, net	<u>471,292</u>	<u>517,504</u>
TOTAL ASSETS	<u><u>\$ 1,759,018</u></u>	<u><u>\$ 1,149,670</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 30,869	\$ 35,975
Accrued expenses	418,259	98,509
Notes payable		<u>35,000</u>
Total liabilities	<u>449,128</u>	<u>169,484</u>
 NET ASSETS		
Without donor restriction	657,962	424,686
With donor restriction	<u>651,928</u>	<u>555,500</u>
Total net assets	<u>1,309,890</u>	<u>980,186</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,759,018</u></u>	<u><u>\$ 1,149,670</u></u>

See notes to financial statements.

THE PLACE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022 (with comparative totals for 2021)

	2022			2021 Total
	Without Donor Restriction	With Donor Restriction	Total	
REVENUES AND SUPPORT				
Contributions	\$ 1,092,524	\$ 425,000	\$ 1,517,524	\$ 1,414,222
State and other grants	1,153,170		1,153,170	446,580
Federal grants	792,639		792,639	716,243
Fundraising revenues, net	184,222		184,222	204,608
In-kind contributions	101,187		101,187	112,267
PPP loan forgiveness				250,230
Net assets released from restrictions:				
Satisfaction of restrictions	328,572	(328,572)		
Total revenues and other support	<u>3,652,314</u>	<u>96,428</u>	<u>3,748,742</u>	<u>3,144,150</u>
EXPENSES				
Program services:				
Housing services	1,086,130		1,086,130	947,618
Overnight shelter	697,048		697,048	766,189
Outreach	321,426		321,426	287,962
Program oversight and evaluation	152,238		152,238	96,060
Education and employment	63,652		63,652	50,677
Total program services	<u>2,320,494</u>	<u>—</u>	<u>2,320,494</u>	<u>2,148,506</u>
Support services:				
Management and general	735,173		735,173	434,043
Fundraising	363,371		363,371	335,245
Total support services	<u>1,098,544</u>	<u>—</u>	<u>1,098,544</u>	<u>769,288</u>
Total expenses	<u>3,419,038</u>	<u>—</u>	<u>3,419,038</u>	<u>2,917,794</u>
CHANGE IN NET ASSETS	233,276	96,428	329,704	226,356
NET ASSETS, Beginning of year	<u>424,686</u>	<u>555,500</u>	<u>980,186</u>	<u>753,830</u>
NET ASSETS, End of year	<u>\$ 657,962</u>	<u>\$ 651,928</u>	<u>\$ 1,309,890</u>	<u>\$ 980,186</u>

See notes to financial statements.

THE PLACE

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2022 (with comparative totals for 2021)

	2022										2021
	Program Services					Support Services					
	Housing Services	Overnight Shelter	Outreach	Program Oversight and Evaluation	Education and Employment	Program Services Total	Management and General	Fundraising	Support Services Total	Expenses Total	
Salaries and benefits	\$ 470,065	\$ 525,673	\$ 202,922	\$ 144,423	\$ 49,572	\$ 1,392,655	\$ 292,965	\$ 259,270	\$ 552,235	\$ 1,944,890	\$ 1,783,215
Direct client assistance	513,401	81,621	43,272		80	638,374	101,154	526	101,680	740,054	734,250
Recruitment and training	6,413	10,622	6,216	3,572	14,000	40,823	30,797	53,973	84,770	125,593	31,136
Office rent	31,220	10,518	22,859	2,091		66,688	13,338	10,518	23,856	90,544	32,744
Contract services	1,350	475	1,200			3,025	58,274	13,800	72,074	75,099	14,550
Audit and legal	2,932					2,932	71,054		71,054	73,986	62,902
Utilities, phone and internet	29,606	26,015	6,231	935		62,787	7,615	1,000	8,615	71,402	39,197
Insurance	225					225	46,265		46,265	46,490	19,299
Depreciation							46,212		46,212	46,212	45,392
Building maintenance and supplies	3,475	28,940	6,514			38,929	3,367	1,610	4,977	43,906	18,059
Information technology services	6,651	5,292	9,790	866		22,599	15,238	3,543	18,781	41,380	48,323
Office and computer supplies	6,318	3,821	4,259	251		14,649	10,026	5,432	15,458	30,107	18,331
Printing, postage, dues and subscriptions	816	1,301	175	30		2,322	9,603	12,550	22,153	24,475	32,717
Advertising			15,498			15,498	1,639	736	2,375	17,873	
Travel, food, and lodging	12,875	185	2,465	15		15,540	1,002	61	1,063	16,603	8,641
Payroll service	24					24	14,580		14,580	14,604	14,203
Miscellaneous	759	2,585	25	55		3,424	12,044	352	12,396	15,820	14,835
Total	\$ 1,086,130	\$ 697,048	\$ 321,426	\$ 152,238	\$ 63,652	\$ 2,320,494	\$ 735,173	\$ 363,371	\$ 1,098,544	\$ 3,419,038	
Percent of totals	32%	20%	9%	4%	2%	67%	22%	11%	33%	100%	
Comparative totals - 2021	<u>\$ 947,618</u>	<u>\$ 766,189</u>	<u>\$ 287,962</u>	<u>\$ 96,060</u>	<u>\$ 50,677</u>	<u>\$ 2,148,506</u>	<u>\$ 434,043</u>	<u>\$ 335,245</u>	<u>\$ 769,288</u>		<u>\$ 2,917,794</u>
Percent of totals - 2021	32%	26%	10%	3%	2%	73%	18%	9%	27%		100%

See notes to financial statements.

THE PLACE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2022 (with comparative totals for 2021)

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ 329,704	\$ 226,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,212	45,392
Changes in operating assets and liabilities:		
Grants and pledges receivable	(211,990)	(36,808)
Due from related parties	14,274	71,424
Prepaid expenses	1,484	1,568
Accounts payable	(5,106)	5,420
Accrued expenses	319,750	(17,819)
Net cash provided by operating activities	<u>494,328</u>	<u>295,533</u>
INVESTING ACTIVITIES		
Net cash used in investing activities-		
Purchases of property and equipment	<u>—</u>	<u>(25,457)</u>
FINANCING ACTIVITIES		
Proceeds from borrowings		125,000
Forgiveness on notes payable		(250,230)
Payments on borrowings	<u>(35,000)</u>	<u>(90,000)</u>
Net cash used in financing activities	<u>(35,000)</u>	<u>(215,230)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	459,328	54,846
CASH AND CASH EQUIVALENTS, Beginning of year	<u>317,808</u>	<u>262,962</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 777,136</u>	<u>\$ 317,808</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-imposed, 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 \$30,000 and \$1,000 in pledges receivable at September 30, 2022 and 2021, 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, 2022, 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, 2022 and 2021, approximately 52% and 37% 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, 2022 and 2021, 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.

	2022	2021
Cash and cash equivalents	\$ 777,136	\$ 317,808
Grants and pledges receivable	487,056	275,066
Due from related party	<u> </u>	<u>14,274</u>
Total	1,264,192	607,148
Less amounts unavailable for general expenditures within one year:		
Net assets with donor restrictions	<u>(651,928)</u>	<u>(555,500)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 612,264</u>	<u>\$ 51,648</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 are as follows at September 30:

	2022	2021
Buildings and improvements	\$ 515,766	\$ 515,766
Land	45,600	45,600
Equipment	<u>42,317</u>	<u>42,317</u>
Total	603,683	603,683
Less accumulated depreciation	<u>(132,391)</u>	<u>(86,179)</u>
Total	<u>\$ 471,292</u>	<u>\$ 517,504</u>

Depreciation expense for the year ended September 30, 2022 and 2021 totaled \$46,212 and \$45,392, 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. This loan was paid off during the fiscal year 2022.

5. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Capacity building, housing and equity	\$ 191,625	\$ 400,000
Launchpad	150,000	
Food and shelter	125,635	
Healthcare and Drop-In Center support	76,778	80,000
Capacity building	42,000	75,500
Substance abuse and healthcare	35,960	
Housing	<u>29,930</u>	
Total	<u>\$ 651,928</u>	<u>\$ 555,500</u>

6. 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.

7. 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.