BOYS HOPE – GIRLS HOPE
OF COLORADO, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022

Crady, Puca & Associates
Certified Public Accountants & Consultants

BOYS HOPE – GIRLS HOPE OF COLORADO, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Boys Hope – Girls Hope of Colorado, Inc.

Opinion

We have audited the accompanying financial statements of Boys Hope – Girls Hope of Colorado, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 Boys Hope – Girls Hope of Colorado, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys Hope – Girls Hope of Colorado, Inc. 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 the 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 Boys Hope – Girls Hope of Colorado, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's 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 Boys Hope – Girls Hope of Colorado, Inc.'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 Boys Hope – Girls Hope of Colorado, Inc.'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 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Aurora, Colorado
October 31, 2022

BOYS HOPE - GIRLS HOPE OF COLORADO, INC.
Statement of Financial Position
June 30, 2022
(With Summarized Financial Information As of June 30, 2021)

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 420,274	$ 312,535
Investments	822,718	855,086
Contributions receivable, net of allowance for doubtful accounts of $8,000 and $8,000, respectively	141,921	240,818
Other receivables	4,000	-
Prepaid expenses	4,981	4,216
Total current assets	1,393,894	1,412,655
Non-Current Assets:		
Contributions receivable, net of discount of $11,534 and $19,915, respectively	22,666	32,077
Other assets	1,001	1,001
Beneficial interest in assets held by others	101,487	124,238
Total non-current assets	125,154	157,316
TOTAL ASSETS	$ 1,519,048	$ 1,569,971
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 79,621	$ 68,584
Deferred revenue	-	10,200
Total current liabilities	79,621	78,784
Total liabilities	79,621	78,784
NET ASSETS		
Without donor restrictions		
Undesignated	929,353	891,149
Board designated for operating reserve	250,000	250,000
	1,179,353	1,141,149
With donor restrictions	260,074	350,038
Total net assets	1,439,427	1,491,187
TOTAL LIABILITIES AND NET ASSETS	$ 1,519,048	$ 1,569,971

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

BOYS HOPE - GIRLS HOPE OF COLORADO, INC.
Statement of Activities
For the Year Ended June 30, 2022
(With Summarized Financial Information For the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Operating Revenues:				
Contributions	$ 320,948	$ 260,229	$ 581,177	$ 425,593
Government grants	-	-	-	123,727
Special events, net	78,554	140,599	219,153	218,192
In-kind contributions	824	-	824	3,092
Miscellaneous income	500	-	500	-
Net assets released from restrictions -				
Satisfaction of time and purpose restrictions	473,464	(473,464)	-	-
Total Operating Revenues	874,290	(72,636)	801,654	770,604
Operating Expenses:				
Program services -				
Educational assistance	558,926	-	558,926	475,353
Supporting services -				
Management and general	92,888	-	92,888	83,180
Fundraising	152,668	-	152,668	146,608
Total supporting services	245,556	-	245,556	229,788
Total Operating Expenses	804,482	-	804,482	705,141
Change in net assets before nonoperating activities	69,808	(72,636)	(2,828)	65,463
Nonoperating activity:				
Investment income (loss), net	(31,604)	-	(31,604)	6,237
Change in value of beneficial interest	-	(17,328)	(17,328)	21,913
Total Nonoperating activity	(31,604)	(17,328)	(48,932)	28,150
Change in net assets	38,204	(89,964)	(51,760)	93,613
Net assets, beginning of year	1,141,149	350,038	1,491,187	1,397,574
Net assets, end of year	$ 1,179,353	$ 260,074	$ 1,439,427	$ 1,491,187

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

BOYS HOPE - GIRLS HOPE OF COLORADO, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Financial Information For the Year Ended June 30, 2021)

	Program Services	Supporting Services				
	Educational Assistance	Management & General	Fundraising	Total	2022 Total	2021 Total
Payroll and related expenses						
Salaries	$ 308,334	$ 38,459	$ 84,880	$ 123,339	$ 431,673	$ 410,902
Payroll taxes and employee benefits	63,343	7,896	17,477	25,373	88,716	80,394
Total payroll and related expenses	371,677	46,355	102,357	148,712	520,389	491,296
Other operating expenses						
Assistance to youth	113,703	-	-	-	113,703	72,051
Transportation	605	-	-	-	605	1,987
Occupancy	10,153	1,266	2,801	4,067	14,220	12,195
Marketing and advertising	1,487	320	410	730	2,217	1,059
Office related expenses	9,657	2,902	11,047	13,949	23,606	19,982
Bad debt expense	-	-	3,167	3,167	3,167	1,144
Professional fees	-	9,004	-	9,004	9,004	8,782
Contract services	-	26,100	10,460	36,560	36,560	32,714
Insurance	31,368	1,651	-	1,651	33,019	25,747
Training and meetings	-	2,803	-	2,803	2,803	457
Direct event expenses	-	-	70,505	70,505	70,505	46,278
Other event expenses	-	-	16,425	16,425	16,425	9,523
Administrative services expenses	19,949	2,487	5,504	7,991	27,940	25,112
Contributed:						
Goods	327	-	-	-	327	1,400
Services	-	-	497	497	497	1,692
	558,926	92,888	223,173	316,061	874,987	751,419
Less: direct event expenses	-	-	(70,505)	(70,505)	(70,505)	(46,278)
Total expenses	$ 558,926	$ 92,888	$ 152,668	$ 245,556	$ 804,482	$ 705,141

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

BOYS HOPE - GIRLS HOPE OF COLORADO, INC.
Statement of Cash Flows
For the Year Ended June 30, 2022
(With Summarized Financial Information For the Year Ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (51,760)	$ 93,613
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debt expense	3,167	1,144
Realized/unrealized (gains) losses on investments	38,271	1,757
Change in beneficial interest in assets held by others	17,328	(21,913)
(Increase) decrease in operating assets:		
Contributions receivable	105,141	(38,120)
Prepaid expenses	(765)	9,255
Other receivables	(4,000)	1,974
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	11,037	9,989
Deferred revenue	(10,200)	10,200
Net cash provided by operating activities	108,219	67,899
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments	(5,903)	(856,843)
Distributions of assets held by others	5,423	5,316
Net cash (used in) investing activities	(480)	(851,527)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	107,739	(783,628)
Cash and cash equivalents - beginning of the year	312,535	1,096,163
Cash and cash equivalents - end of the year	$ 420,274	$ 312,535
Supplemental cash flow information:		
Interest paid	$ -	$ 10

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

1. Summary of Significant Accounting Policies

Nature of the Organization

Boys Hope – Girls Hope of Colorado, Inc., (the "Organization"), was formed in April 1993 and is a nonprofit organization. The Organization's purpose is to nurture, and guide motivated young people in need to become well-educated, career-ready men and women for others.

The majority of the Organization's revenue is derived from contributions and fundraising events.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared in accordance with generally accepted accounting principles in the United States (US GAAP), on the accrual basis, and accordingly, reflect all significant receivables, payables, and other liabilities.

Prior-Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications made in prior year have no impact on total net assets or in changes in net assets.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

1. Summary of Significant Accounting Policies (continued)

Investments and Investment Return

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest, dividends, and realized and unrealized gains and losses, less investment expenses.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Contributions receivable are written off when deemed uncollectible.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash, money market accounts and contributions receivable.

The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Such account balances may, at times, exceed the federally insured limit. At June 30, 2022, the amount at risk was approximately $160,000.

The Organization holds its investments with a high-quality brokerage firm. The bank deposit program accounts are insured by FDIC up to $250,000. All other accounts at the brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000. SIPC does not protect against decline in security value. At June 30, 2022, the amount in excess of SIPC was approximately $323,000 and no deposit amounts were in excess of FDIC. The Organization has investments in mutual funds and money market funds and is therefore subject to concentrations of credit risk. Investments are made and monitored by the management of the Organization pursuant to an investment policy adopted by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Organization.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the individuals from whom the amounts are due.

1. Summary of Significant Accounting Policies (continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's board of directors.

Net Assets with Donor Restrictions – Net assets subject to donor-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 restricted contributions, other than conditional government grants, are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Conditional government grants that have their performance requirements met in the period received, will be shown as net assets without donor restrictions.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been substantially met. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Special events revenue is equal to the cost of the direct benefit to donors and contribution revenue for the difference. All goods and services are transferred when the event takes place.

Donated Goods and Services

Donated goods and services meeting the criteria for recognition in the financial statements are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with fundraising events, but these were not recognized in the financial statements because they did not meet the criteria for recognition under US GAAP.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1. Summary of Significant Accounting Policies (continued)

Income Tax Status

As part of the national organization, Boys Hope Girls Hope, Inc. ("Network Headquarters"), the Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and accordingly, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Therefore, no provision for federal income tax is recorded in the accompanying financial statements. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have unrelated business income subject to tax during the year ended June 30, 2022.

Recent Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The objective of this standard is to better meet the needs of financial statement users by improving accounting and financial reporting for lease payments and receipts. The standard is effective for reporting periods beginning after December 15, 2021. The Organization has not yet determined the effect of this pronouncement.

Date of Management's Review

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on October 31, 2022, and this is the date through which subsequent events were evaluated.

2. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2022:

Contributions receivable	$ 184,121
Less: Unamortized discount for contributions due in more than one year	(11,534)
	172,587
Less: Allowance for doubtful accounts	(8,000)
	$ 164,587

Amounts due in:	
Less than one year	$ 141,921
One to five years	22,666
More than five years	--
Total	$ 164.587

2. Contributions Receivable (continued)

Amounts due in the future have been discounted to their present values using discount rates ranging from approximately 4.25 – 7.5%.

During the year ended June 30, 2020, the Organization received a promise to give of $195,000 which was conditional upon raising matching funds in scheduled increments over the next three years. At June 30, 2022, $65,000 of this promise to give remains conditional.

3. Investments

Investments are recorded in the following net asset accounts at June 30, 2022:

Net assets without donor restrictions	$	822,718
Net assets with donor restrictions		101,487
	$	924,205

Investments are stated at fair value and consist of the following at June 30, 2022:

Mutual funds – fixed income	$	822,718
Beneficial interest in assets held by others		101,487
	$	924,205

4. Beneficial Interest in Assets Held by Others

In July 2009, the Organization created an Endowment Fund (the “Fund”) at the Community First Foundation (the “Foundation”) with an irrevocable gift of $25,000. This gift was matched by the Foundation with an additional $25,000. During fiscal year 2010, an additional $25,000 was transferred to the Fund from the Organization. The Fund agreement provides that assets of the Organization may be commingled with the investments of the Foundation for investment purposes. The Foundation shall track the Fund’s share of any commingled investments and the Fund shall be credited with the appropriate earnings on a quarterly basis. In addition, the Fund will be charged an administrative fee, based on Fund value, on a monthly basis. Distributions from the Fund will be based on the spending policy of the Foundation.

As part of the Fund agreement, the Organization granted variance power over these funds to the Foundation. Should the Organization cease to exist or the purpose for which the Fund was set up becomes undesirable, the Foundation would have the right to distribute the funds or combine the funds with an existing fund of the Foundation.

At June 30, 2022, the Organization’s funds so invested have a carrying value of $101,487, which is reported in the Statement of Financial Position as beneficial interest in assets held by others.

4. Beneficial Interest in Assets Held by Others (continued)

The Organization believes the fair value of the future cash flows to be received from its beneficial interest in assets held by the Foundation approximates fair value of the underlying assets held by the Foundation. The fair value of the Organization's interest in the Fund is based on a percentage interest in the endowment fund's fair value as represented by the Fund's management. Based on the valuation method and nonredeemable nature of the assets, the measurement of the fair value of the beneficial interest is categorized as Level 3 (note 5).

The Fund is not subject to the State Uniform Prudent Management of Institutional Funds Act (UPMIFA) because the Board does not have the ability to control the investments, or the spending policy of the Foundation as discussed above.

5. Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturities of these financial instruments. The fair value of contributions receivable is estimated by discounting the future cash flows using the risk-adjusted rate of the Organization ranging from approximately 4.25-7.5%.

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

5. Fair Value Measurements (continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity. These inputs into the determination of fair value require significant management judgment or estimation and are based upon the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level of input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the transparency of the asset and liability and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The following table summarizes the valuation of the Organization's investments by the above fair value hierarchy levels at June 30, 2022:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds – fixed income	$ 822,718	$ 822,718	$ --	$ --
Beneficial interest	101,487	--	--	101,487
Total	$ 924,205	$ 822,718	$ --	$ 101,487

There were no changes in the Organization's valuation techniques during the year. The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

June 30, 2021 balances	$ 124,238
Income and gains	14,155
Losses and fees	(31,483)
Distributions	(5,423)
June 30, 2022 balances	$ 101,487

6. Net Assets with Donor Restrictions

At June 30, 2022, net assets with donor restrictions consisted of the following:

Subject to the passage of time -		
Contributions receivable	$	154,837
Subject to expenditure for specified purpose -		
Summer program		3,750
Beneficial interest in assets held by others		101,487
Total	$	260,074

7. Liquidity and Funds Available

The following represents the Organization's financial assets at June 30, 2022:

Financial assets at year-end:		
Cash and cash equivalents	$	420,274
Contributions receivable		164,587
Investments		822,718
Beneficial interest in assets held by others		101,487
Total financial assets		1,509,066
Less amounts not available to be used within one year:		
Board designated operating reserve		(250,000)
Contributions receivable due after one year		(22,666)
Beneficial interest in assets held by others		(101,487)
Financial assets available to meet general expenditures within one year	$	1,134,913

The Organization adopted an Operating Reserves policy in June 2019, which was further refined in June 2022, to build and maintain an adequate level of net assets without restriction to support the Organization's day-to-day operations in the event of unforeseen shortfalls. The Organization's Operating Reserves policy has a target minimum of three months of average recurring operating costs, which is approximately $250,000 currently.

8. Related Party Transactions

Affiliation Fees

As of October 2019, the Organization has an updated affiliation agreement with Network Headquarters. First, Network Headquarters President & CEO shall have the right as a Non-Voting Participant of the Organization's board of directors and executive committee thereof: (i) to attend (by electronic means or in-person, at the Organization's discretion) and to participate at all meetings of the Organization's board of directors and the executive committee thereof; and (ii) to receive all notices, communications, invitations, documentation, and reports distributed to the Organization's board of directors and executive committee thereof. The Organization will continue to use administrative services described above. The agreement requires the Organization to pay quarterly affiliation fees based on average operating revenue for the last three completed fiscal years. After a base fee of $10,000, the Organization is charged 2.6% of income up to $799,000 and 1.9% of income from $800,000 to $1,199,999, with accommodations for affiliates impacted by more than a 30% increase for three years starting in Fiscal Year 2020.

During the year ended June 30, 2022, the Organization paid affiliation fees of $27,940 and other expenses including insurance of $9,446. There were no amounts due at year end under this agreement.

9. Special Events

Special events for the year ended June 30, 2022 consisted of:

Income	$ 289,658
Less: direct expenses	(70,505)
Total	$ 219,153

10. Retirement Plan

The Organization has adopted a 401(k) plan covering all full-time employees who meet certain eligibility requirements. The plan provides for a discretionary contribution to be determined at the time of the contribution and a mandatory match of 100% of the first 3% of eligible employee contributions. For the year ended June 30, 2022, the Organization's matching expense was $7,266.

11. Concentrations of Risk

The majority of the Organization's contributions are received from individuals, foundations and corporations located in the greater Denver metropolitan area. As such, the Organization's ability to generate resources via contributions is dependent upon the economic health of that area.

At June 30, 2022, 38% of the outstanding contributions receivable balance is due from two donors.

12. Lease Commitments

In May 2021, the Organization renewed its office lease for 24 months through May 31, 2023. The monthly rent at this location is $1,085.

Future minimum lease payments under the operating lease are as follows:

Year Ending June 30,	
2023	$ 11,935
Total	$ 11,935

Total rent expense for the year ended June 30, 2022 was $14,220.

13. Functionalized Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses are charged to programs and supporting services based on specific identification when applicable. Salary expenses that relate to more than one program or support activity are allocated based on the estimated number of hours each employee spends on each of the program and supporting service activities. Other expenses, such as rent, office expenses, and insurance, which relate to more than one program or support activity are allocated based on salary expenses.