BOYS HOPE – GIRLS HOPE
OF COLORADO, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023

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, 2023, 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, 2023, 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 2022 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crady, Puca & Associates

Aurora, Colorado
November 9, 2023

BOYS HOPE - GIRLS HOPE OF COLORADO, INC.
Statement of Financial Position
June 30, 2023
(With Summarized Financial Information As of June 30, 2022)

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 199,570	$ 420,274
Investments	961,688	822,718
Contributions receivable, net of allowance for doubtful accounts of $6,750 and $8,000, respectively	207,499	141,921
Government receivables	23,148	-
Other receivables	1,710	4,000
Prepaid expenses	1,163	4,981
Total current assets	1,394,778	1,393,894
Non-Current Assets:		
Contributions receivable, net of discount of $19,695 and $11,534, respectively	57,608	22,666
Deposits	1,001	1,001
Right of use asset, net - operating	24,524	-
Beneficial interest in assets held by others	102,150	101,487
Total non-current assets	185,283	125,154
TOTAL ASSETS	$ 1,580,061	$ 1,519,048
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 64,364	$ 79,621
Lease liability, current portion	11,682	-
Total current liabilities	76,046	79,621
Non-Current Liabilities:		
Lease liability - operating	12,842	-
Total liabilities	88,888	79,621
NET ASSETS		
Without donor restrictions		
Undesignated	900,250	929,353
Board designated for operating reserve	250,000	250,000
	1,150,250	1,179,353
With donor restrictions	340,923	260,074
Total net assets	1,491,173	1,439,427
TOTAL LIABILITIES AND NET ASSETS	$ 1,580,061	$ 1,519,048

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, 2023
(With Summarized Financial Information For the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Operating Revenues:				
Contributions	$ 273,633	$ 325,249	$ 598,882	$ 581,177
Government grants	40,911	-	40,911	-
Special events, net	87,012	128,206	215,218	219,153
In-kind contributions	538	-	538	824
Miscellaneous income	-	-	-	500
Net assets released from restrictions -				
Satisfaction of time and purpose restrictions	379,075	(379,075)	-	-
Total Operating Revenues	781,169	74,380	855,549	801,654
Operating Expenses:				
Program services -				
Educational assistance	603,185	-	603,185	558,926
Supporting services -				
Management and general	94,074	-	94,074	92,888
Fundraising	156,470	-	156,470	152,668
Total supporting services	250,544	-	250,544	245,556
Total Operating Expenses	853,729	-	853,729	804,482
Change in net assets before nonoperating activities	(72,560)	74,380	1,820	(2,828)
Nonoperating activity:				
Investment income (loss), net	43,457	-	43,457	(31,604)
Change in value of beneficial interest	-	6,469	6,469	(17,328)
Total Nonoperating activity	43,457	6,469	49,926	(48,932)
Change in net assets	(29,103)	80,849	51,746	(51,760)
Net assets, beginning of year	1,179,353	260,074	1,439,427	1,491,187
Net assets, end of year	$ 1,150,250	$ 340,923	$ 1,491,173	$ 1,439,427

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, 2023
(With Summarized Financial Information For the Year Ended June 30, 2022)

	Program Services	Supporting Services				
	Educational Assistance	Management & General	Fundraising	Total	2023 Total	2022 Total
Payroll and related expenses						
Salaries	$ 330,937	$ 40,214	$ 84,830	$ 125,044	$ 455,981	$ 431,673
Payroll taxes and employee benefits	66,232	8,028	16,968	24,996	91,228	88,716
Total payroll and related expenses	397,169	48,242	101,798	150,040	547,209	520,389
Other operating expenses						
Assistance to youth	124,326	-	-	-	124,326	113,703
Transportation	383	-	-	-	383	605
Occupancy	10,353	1,255	2,653	3,908	14,261	14,220
Marketing and advertising	1,050	127	643	770	1,820	2,217
Office related expenses	7,955	921	13,202	14,123	22,078	19,762
Bad debt expense	-	-	-	-	-	3,167
Professional fees	-	9,111	-	9,111	9,111	9,004
Contract services	-	25,690	6,985	32,675	32,675	36,560
IT related expenses	3,716	450	952	1,402	5,118	3,844
Insurance	38,240	2,013	-	2,013	40,253	33,019
Training and meetings	-	3,842	-	3,842	3,842	2,803
Direct event expenses	-	-	101,501	101,501	101,501	70,505
Other event expenses	-	-	24,577	24,577	24,577	16,425
Administrative services expenses	19,993	2,423	5,122	7,545	27,538	27,940
Contributed:						
Goods	-	-	-	-	-	327
Services	-	-	538	538	538	497
	603,185	94,074	257,971	352,045	955,230	874,987
Less: direct event expenses	-	-	(101,501)	(101,501)	(101,501)	(70,505)
Total expenses	$ 603,185	$ 94,074	$ 156,470	$ 250,544	$ 853,729	$ 804,482

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, 2023
(With Summarized Financial Information For the Year Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 51,746	$ (51,760)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Bad debt expense	-	3,167
Realized/unrealized (gains) losses on investments	(20,420)	38,271
Change in beneficial interest in assets held by others	(6,469)	17,328
(Increase) decrease in operating assets:		
Contributions receivable	(100,520)	105,141
Government receivables	(23,148)	-
Other receivables	2,290	(4,000)
Prepaid expenses	3,818	(765)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(15,257)	11,037
Deferred revenue	-	(10,200)
Net cash provided by (used in) operating activities	(107,960)	108,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments	(432,113)	(5,903)
Proceeds from sale of investments	313,563	-
Distributions of assets held by others	5,806	5,423
Net cash (used in) investing activities	(112,744)	(480)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,704)	107,739
Cash and cash equivalents - beginning of the year	420,274	312,535
Cash and cash equivalents - end of the year	$ 199,570	$ 420,274
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
ROU operating lease asset obtained in exchange for lease obligation	$ 25,650	$ -

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, 2022, 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, 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 in total 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, 2023, there were no amounts at risk.

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, 2023, the amount in excess of SIPC was approximately $461,688 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)

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions. At June 30, 2023, the Organization recognized grant receivables of $23,148 for such 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.

1. Summary of Significant Accounting Policies (continued)

Contributions of Nonfinancial Assets

Contributions of goods and services are recorded at their estimated fair value. Contributed services are only recorded if the services create or enhance a nonfinancial asset or require specialized skills that the Organization would need to otherwise purchase.

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.

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, 2023.

Recently Adopted Accounting Standards

In 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases,* which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative year (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized a right-of-use asset of $25,650 and a lease liability of $25,650 in its statement of financial position as of June 1, 2023, the date of the new lease agreement. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

As of July 1, 2022, the Organization retrospectively adopted Financial Accounting Standards Board (FASB) Accounting Standards Update No 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard enhances the disclosures related to contributions of nonfinancial assets (i.e., in-kind contributions).

1. Summary of Significant Accounting Policies (continued)

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 November 9, 2023, and this is the date through which subsequent events were evaluated.

2. Contributions Receivable

Contributions receivable consisted of the following at June 30, 2023:

Contributions receivable	$ 291,552
Less: Unamortized discount for contributions due in more than one year	(19,695)
	271,857
Less: Allowance for doubtful accounts	(6,750)
	$ 265,107

Amounts due in:	
Less than one year	$ 207,499
One to five years	57,608
More than five years	--
Total	$ 265,107

Amounts due in the future have been discounted to their present values using discount rates ranging from approximately 4.25% – 8.0%.

During the year ended June 30, 2023, the Organization received a promise to give of $195,000 which is conditional upon raising matching funds in scheduled increments over the next three years.

3. Investments

Investments are recorded in the following net asset accounts at June 30, 2023:

Net assets without donor restrictions	$ 961,688
Net assets with donor restrictions	102,150
	$ 1,063,838

3. Investments (continued)

Investments are stated at fair value and consist of the following at June 30, 2023:

Mutual funds – fixed income	$	698,755
Mutual funds – equity funds		262,933
Beneficial interest in assets held by others		102,150
	$	1,063,838

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, 2023, the Organization’s funds so invested have a carrying value of $102,150, which is reported in the Statement of Financial Position as beneficial interest in assets held by others.

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% - 8.0%.

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.

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.

5. Fair Value Measurements (continued)

The following table summarizes the valuation of the Organization's investments by the above fair value hierarchy levels at June 30, 2023:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds – fixed income	$ 698,755	$ 698,755	$ --	$ --
Mutual funds – equity funds	262,933	262,933	--	--
Beneficial interest	102,150	--	--	102,150
Total	$ 1,063,838	$ 961,688	$ --	$ 102,150

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, 2022 balances	$ 101,487
Income and gains	7,451
Losses and fees	(982)
Distributions	(5,806)
June 30, 2023 balances	$ 102,150

6. Net Assets with Donor Restrictions

At June 30, 2023, net assets with donor restrictions consisted of the following:

Subject to the passage of time -	
Contributions receivable	$ 236,530
Subject to expenditure for specified purpose -	
Summer program	2,243
Beneficial interest in assets held by others	102,150
Total	$ 340,923

7. Liquidity and Funds Available

The following represents the Organization's financial assets at June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	$ 199,570
Contributions receivable	265,107
Grants and other receivables	24,858
Investments	961,688
Beneficial interest in assets held by others	102,150
Total financial assets	1,553,373
Less amounts not available to be used within one year:	
Board designated operating reserve	(250,000)
Contributions receivable due after one year	(57,608)
Beneficial interest in assets held by others	(102,150)
Financial assets available to meet general expenditures within one year	$ 1,143,615

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, 2023, the Organization paid affiliation fees of $27,538 and other expenses including insurance of $14,395. There were no amounts due at year end under this agreement.

9. Special Events

Special events for the year ended June 30, 2023 consisted of:

Income	$ 316,719
Less: direct expenses	(101,501)
Total	$ 215,218

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, 2023, the Organization's matching expense was $6,333.

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, 2023, 70% of the outstanding contributions receivable balance is due from one donor.

12. Leases

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Organization's right to use the underlying asset for the lease term, and the lease liability represents the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from the operating lease, were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate the lease liability as of June 30, 2023, was 9.5%.

The Organization's operating lease consists of a real estate lease for office space in Aurora, CO. The 24-month lease began June 1, 2023 and expires May 31, 2025. The lease contains no extensions or rent escalations. Monthly payments are $1,126.

For the year ended June 30, 2023, total operating lease cost was $1,126. As of June 30, 2023, the weighted average remaining lease term was 1.9 years.

Cash paid for the operating lease for the year ended June 30, 2023 was $1,126. In addition, the Organization paid $11,935 in lease payments under an operating lease that expired in May 2023.

12. Leases (continued)

The following summarizes the line items in the statement of financial position which include amounts for the operating lease as of June 30, 2023:

ROU operating asset	$	25,650
Accumulated amortization		(1,126)
ROU operating asset, net	$	24,524

Future maturities of the lease liability are presented in the following table, for the years ending June 30:

2024	$	13,512
2025		13,512
Total lease payments		27,024
Less: present value discount		(2,500)
Total lease obligation		24,524
Less: current portion		(11,682)
Long-term portion	$	12,842

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, IT, insurance, payroll taxes and other employee benefits, which relate to more than one program or support activity are allocated based on salary expenses.