

**THE BLUE BENCH**

Financial Statements  
As Of December 31, 2022  
(With Summarized Financial Information  
As Of December 31, 2021)

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Blue Bench:

### **Opinion**

We have audited the accompanying financial statements of The Blue Bench (the “Organization”), which comprise the statement of financial position as of December 31, 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 Organization as of December 31, 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 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 audits. 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.

#### *Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax

### Independent Auditors' Report (Continued)

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' 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 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.

Independent Auditors' Report (Continued)

We are required to communicate to 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.

**Reporting on Summarized Comparative Information**

The financial statements of the Organization as of December 31, 2021, was audited by other auditors, whose report dated February 10, 2023, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*JDS Professional Group*

January 4, 2024

## THE BLUE BENCH

### Statement Of Financial Position

As Of December 31, 2022

(With Summarized Financial Information As Of December 31, 2021)

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<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 371,312	\$ 210,321
Promises to give	278,825	115,690
Government grants receivable	237,336	217,982
Other assets	880	7,648
Investments held at Rose Community Foundation	547,059	811,828
Beneficial interest in assets held by the Rose Community Foundation	37,928	43,263
Property and equipment, net	432,654	75,823
<b>Total Assets</b>	<b><u>\$1,905,994</u></b>	<b><u>\$ 1,482,555</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 56,024	\$ 31,966
Accrued liabilities	38,973	44,448
Lease liabilities	440,771	67,193
<b>Total Liabilities</b>	<b><u>535,768</u></b>	<b><u>143,607</u></b>
Net Assets:		
Without Donor Restrictions		
Undesignated	542,179	789,995
Board designated - operating reserve	390,000	390,000
<b>Total Net Assets Without Donor Restrictions</b>	<b><u>932,179</u></b>	<b><u>1,179,995</u></b>
With Donor Restrictions	438,047	158,953
<b>Total Net Assets</b>	<b><u>1,370,226</u></b>	<b><u>1,338,948</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$1,905,994</u></b>	 <b><u>1,482,555</u></b>

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

## THE BLUE BENCH

### Statement Of Activities

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Support And Revenue:</b>				
Contributions	\$ 534,699	\$ 130,693	\$ 665,392	\$ 767,235
Government grants	1,151,050		1,151,050	1,254,324
Foundation grants	139,121	281,556	420,677	53,871
Program service revenues	29,960		29,960	28,487
Special events, net of direct benefit to donor	1,053		1,053	36,901
Investment income	(102,531)		(102,531)	80,424
Miscellaneous income	5,833		5,833	
Change in value of beneficial interest in assets held by Rose Community Foundation		(5,336)	(5,336)	8,147
Contributions of nonfinancial assets	58,721		58,721	71,343
Net assets released from restrictions	127,819	(127,819)		
<b>Total Support And Revenue</b>	<b>1,945,725</b>	<b>279,094</b>	<b>2,224,819</b>	<b>2,300,732</b>
<b>Expenses:</b>				
<b>Program Services</b>				
Therapy/Advocacy	1,370,746		1,370,746	1,341,207
Canvass/Community Outreach	86,380		86,380	144,193
Sexual Violence Prevention Education	364,923		364,923	259,203
<b>Total Program Services</b>	<b>1,822,049</b>		<b>1,822,049</b>	<b>1,744,603</b>
<b>Supporting Services -</b>				
General and administrative	179,477		179,477	156,191
Fundraising	192,015		192,015	189,590
<b>Total Supporting Services</b>	<b>371,492</b>		<b>371,492</b>	<b>345,781</b>
<b>Total Expenses</b>	<b>2,193,541</b>		<b>2,193,541</b>	<b>2,090,384</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>(247,816)</b>	<b>279,094</b>	<b>31,278</b>	<b>210,348</b>
Net Assets, Beginning Of Year,	1,179,995	158,953	1,338,948	1,128,600
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 932,179</b>	<b>\$ 438,047</b>	<b>\$1,370,226</b>	<b>\$ 1,338,948</b>

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

# THE BLUE BENCH

## Statement Of Functional Expenses For The Year Ended December 31, 2022 (With Summarized Totals for the Year Ended December 31, 2021)

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	Program Services				Supporting Services			2021 Total
	Therapy Advocacy	Cavass/ Community Outreach	Sexual Violence Prevention Education		General Administration	Fundraising	2022 Total	
			Total	Administration				
Salaries	\$ 812,707	\$ 62,819	\$ 265,385	\$ 1,140,911	\$ 84,391	\$ 131,471	\$ 1,356,773	\$ 1,262,729
Payroll taxes and employee benefits	118,446	9,155	38,678	166,279	12,299	19,161	197,739	202,365
Total employee related expenses	931,153	71,974	304,063	1,307,190	96,690	150,632	1,554,512	1,465,094
Lease expense	57,785	4,467	18,869	81,121	6,000	9,348	96,469	179,167
Counseling interns (in-kind)	58,721			58,721			58,721	71,343
Technology	52,741	4,076	17,222	74,039	5,477	8,534	88,050	79,795
Other expenses	29,724	649	2,743	33,116	872	12,589	46,577	74,572
Professional services	153,964			153,964	63,433		217,397	101,181
Telephone	32,280	1,290	5,450	39,020	1,733	2,700	43,453	29,433
Depreciation	15,007	1,160	4,900	21,067	1,558	2,428	25,053	33,136
Insurance	7,306	565	2,386	10,257	759	1,182	12,198	17,539
Supplies	10,628	821	3,470	14,919	1,104	1,719	17,742	24,189
Mileage and vehicles	6,637	513	2,167	9,317	689	1,074	11,080	2,559
Contract counselors	3,614			3,614			3,614	3,218
Staff development	11,186	865	3,653	15,704	1,162	1,809	18,675	9,158
Total	\$ 1,370,746	\$ 86,380	\$ 364,923	\$ 1,822,049	\$ 179,477	\$ 192,015	\$ 2,193,541	\$ 2,090,384

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

## THE BLUE BENCH

### Statement Of Cash Flows

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 31,278	\$ 210,348
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of right-of-use assets	90,392	
Depreciation	25,053	33,136
Forgiveness of PPP		(315,000)
Net (gain) loss on investments	109,768	(73,250)
Change in value of beneficial interest in assets held by the Rose Community Foundation	5,336	(8,147)
Changes in assets and liabilities -		
(Increase) in government grant receivables	(19,354)	(67,890)
(Increase) in promises to give	(163,135)	(17,016)
Decrease in prepaid expenses and other assets		36,915
Decrease in other assets	6,768	2,280
Increase in accounts payable	31,916	4,951
(Decrease) in accrued liabilities	(5,474)	(31,649)
(Decrease) in lease liability	(89,314)	
Net cash provided by (used in) operating activities	<u>23,234</u>	<u>(225,322)</u>
Cash flows from investing activities:		
Sales of investments held by the Rose Community Foundation	155,000	
Purchases of investments held by the Rose Community Foundation		(1,138)
Net cash flows provided by (used in) investing activities	<u>155,000</u>	<u>(1,138)</u>
Cash flows from financing activities:		
Payments on finance lease liability	(17,243)	
Net cash flows (used in) financing activities	<u>(17,243)</u>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	160,991	(226,460)
Cash And Cash Equivalents, Beginning Of Year	<u>210,321</u>	<u>436,781</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 371,312</u></u>	<u><u>\$ 210,321</u></u>

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



# THE BLUE BENCH

Notes To Financial Statements  
For The Year Ended December 31, 2022 and 2021

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(1) **Nature Of The Organization**

The Blue Bench (the “Organization”) was established in 1983 with the mission to eliminate sexual assault and diminish the impact it has on individuals, their loved ones, and the community. In its 39-year history, the Organization has supported more than 450,000 people of all gender identities as they transition from victim to survivor. Serving 9 counties in metro-Denver, the Organization offers high quality, culturally competent comprehensive support, therapy and case management services as well as scientifically supported, community-wide, prevention programming with age-appropriate curricula.

In Colorado, 1 in 3 women and 1 in 6 men will be the victim of an attempted or completed sexual assault; meanwhile 77% of assaults go unreported. Feelings of shame, guilt, fear or retaliation, and not being believed factor into this frustrating reality. To increase reporting rates, perpetrator accountability and community support, education, and access to resources are key.

In 2022, The Blue Bench staff and volunteers of The Blue Bench responded to 2,103 hotline calls, accompanied 223 survivors to the hospital and provided crisis response and/or ongoing case management services to 788 survivors. A total of 264 survivors participated in individual therapy and 138 participated in group therapy sessions. The Pathway to Prevention program presented 169 programs to more than 3,339 youth and adults in 2022.

The Organization is supported primarily through individual contributions, foundation funds and government contracts. It operates the following major programs:

- **Therapy/Advocacy:** The Organization’s support services are offered in English and Spanish, and translations services are available for many other spoken languages. Programs provide accompaniment by case managers to help clients navigate the often overwhelming criminal justice system. Post-Conviction Victim Advocacy provides guidance and information to survivors following offender sentencing. A team of therapists provide counseling in both one-on-one and group settings including art and trauma-informed yoga options. The Organization also offers group support for the loved ones of sexual assault survivors.
- **Sexual Violence Prevention Education:** Ending sexual violence in our community is not just about providing support in the aftermath of an assault, it is about empowering community members to shift the way they think and talk about the issue. The Blue Bench provides scientifically-supported prevention education programming beginning in middle school, with a goal of developing skills necessary to help young people challenge rape culture and become active bystanders. Programs are offered at schools, prisons, detention centers, bars, music venues, community organizations, and more. The Organization also provides prevention programming for parents and Safety & Empowerment Skills training for female-identified participants age 13+.

(2) **Summary Of Significant Accounting Policies**

**Method Of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

**Recently Adopted Accounting Standard**

In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required 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 period. 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 and a lease liability of \$371,161 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported on the statement of activities for the year ended December 31, 2022.

**Basis Of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

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

**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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents may include all cash, demand deposits, and investments with original maturities of three months or less.

Supplemental cash flow information relating to leases:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 92,845
Operating cash flows from finance leases	<u>\$ 1,861</u>
Finance cash flows from finance leases	<u><u>\$ 17,243</u></u>

Contributions And Grants Receivable

Contributions and grants receivable are unconditional promises to give in future periods. The Organization uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management has determined that all amounts are collectible for the years ended December 31, 2021.

Government Grants Receivable

Government grants receivable include amounts owed from the federal government for amounts owed on grants. No allowance for uncollectible receivables is considered necessary based on management's assessment of the account.

Fair Value Measurements

The Organization follows *Fair Value Measurements* which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Beneficial interests in assets held by Rose Community Foundation:* Valued as reported by Rose Community Foundation.

*Investment held by Rose Community Foundation:* Valued as reported by Rose Community Foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, government grants receivable, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

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Property And Equipment

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	7 years
Office equipment	3 to 5 years
Vehicles	3 to 5 years

All assets with a useful life of more than one year and a cost of more than \$3,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenses currently.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in property and equipment and lease liabilities on 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. At lease commencement, lease liabilities are recognized based on the present value of the remaining payments and discounted using the Organization's incremental borrowing rate. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease 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.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Revenue And Revenue Recognition

Special events revenues are recognized as the events are held. Sponsorships are recognized as a contribution as the Organization does not provide any material benefits to the sponsors. Program service revenues are reported at the time that reflects the considerations to which the Organization expected to be entitled in exchange for providing case management services. These revenues are recognized when the services are provided. Such revenue is reflected at a point-in-time.

The Organization recognizes contributions when cash, securities or other assets, or an unconditional

promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of December 31, 2022, promises to give are expected to be collected within one year.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. The Organization did not have any unconditional promises to give as of December 31, 2022.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization was awarded cost-reimbursable grants in which \$66,798 has not been recognized as of December 31, 2022, because qualifying expenditures have not yet been incurred.

Donated goods are reflected as contributions in the financial statements at their estimated fair values at the date of donation. Contributions of services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Many individuals volunteer their time and perform a variety of tasks for the Organization. No amounts have been reflected in the financial statements for these donated services because they do not meet the criteria for recognition.

#### Methods Used For Allocation Of Expenses From Management And General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization and therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including salaries, payroll taxes, and related benefits, insurance, postage, printing, telephone, technology, supplies, mileage and vehicles, depreciation, other expenses, staff development, and office and equipment rent, which were allocated to a functional category based on the estimate of time and effort. All remaining costs are charged directly to the functions benefitted.

#### Compensated Absences

The Organization accrues for the costs of compensated absences to the extent that the employee's right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated.

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Comparative Financial Information

The financial statements include certain prior period summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Reclassifications

Certain amounts have been reclassified in the prior year for comparative purposes.

Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events through January 4, 2024, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

The Organization has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A). Accordingly, the accompanying financial statements contain no provision for income taxes.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Organization is no longer subject to U.S. federal and state tax audits on its Form 990 by taxing authorities for years prior to December 31, 2019. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

**(4) Investments And Concentration Of Credit Risk**

The following tables present the valuation of the Organization's investments by the above fair value hierarchy levels for the year ended December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments held by the Rose Community Foundation	\$	\$	\$ 547,059	\$ 547,059
Beneficial interest in assets held by the Rose Community Foundation			37,928	37,928
Total	<u>\$</u>	<u>\$</u>	<u>\$ 584,987</u>	<u>\$ 584,987</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the year ended December 31, 2022:

Balance as of December 31, 2021	\$ 855,091
Distributions	(155,000)
Realized/unrealized gains, net	(107,867)
Investment management fees	<u>(7,237)</u>
Balance as of December 31, 2022	<u>\$ 584,987</u>

The Organization has invested funds with the Rose Community Foundation (the "Foundation"). The Foundation commingles these funds with the funds of other entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management. The Organization may withdraw all or any portion of the funds in such amounts and manner as deemed appropriate by the Organization. As of December 2022, the fair value of the assets held by the Foundation, not designated or restricted for the endowment, totaled \$547,059.

The current investment allocation guidelines elected for the investments held by the Foundation are 70% in equities, 28% in fixed income securities, and 2% in money markets.

The Organization's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2022, the Organization's deposits did not exceed the FDIC limit.

During the year ended December 31, 2022, the Organization received approximately 36% of its support from one governmental agency.



(5) **Beneficial Interest In Assets Held By The Rose Community Foundation**

In August 2015, the Organization entered into an agreement with the Rose Community Foundation (the “Foundation”) to establish The Blue Bench Endowment Fund (Note 8). The purpose of this endowment fund is to support the operations of the Foundation. Under the terms of the agreement, the Foundation agreed to match up to \$10,000 of Organization deposits into the fund. The Organization granted variance power to the Foundation which gives the Foundation the authority to modify any donor recommendation or condition on distributions from a fund or any specified charitable purpose or to any specified organization, if in the sole judgment of the Foundation, such recommendation or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation. In the unlikely event the Foundation is required to exercise its variance power with respect to the fund, it will endeavor to exercise that power so that the modifications conform in a manner as near as possible to the original intent of the fund.

Rose Community Foundation has sole power to invest and reinvest all monies held in this endowment fund in such a manner as Rose Community Foundation determines, in compliance with the Rose Community Foundation’s current Investment and Endowment policies and in accordance with the standard of conduct set forth in Colorado law. Rose Community Foundation, at the request of the Organization, may pay an annual distribution of up to 5% of the market value of this endowment based on the previous year’s value. As of December 31, 2022, the fair value of the assets held by the Foundation for the endowment for the year ended December 31, 2022, totaled \$37,928.

(6) **Endowment**

General

The Organization’s endowment is held with Rose Community Foundation, as discussed in Note 5.

Interpretation Of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Organization has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization

has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) investment policies of the Organization.

	With Donor Restrictions
Balance, December 31, 2021	\$ 43,264
Investment earnings, net	<u>(5,336)</u>
Balance, December 31, 2022	<u>\$ 37,928</u>

Underwater Funds

As of December 31, 2022, no funds were underwater.

Return Objectives And Risk Parameters

The Organization follows the investment and spending policies adopted by Rose Community Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

Strategies Employed For Achieving Objectives

To satisfy its long-term objectives for long-term objectives for the Endowment Fund, the Organization relies on the Rose Community Foundation investment policy and strategy, as discussed in Note 5.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization can receive annual distributions of the lessor of five percent of the monthly average balance of the endowment funds during the preceding year, or the net investment income of the endowment funds, reduced by fees and investment management expense, as discussed in Note 5. During the year ended December 31, 2022, the spending policy was followed.

**(7) Property And Equipment**

As of December 31, 2022, property and equipment consisted of the following:

Office equipment	\$ 68,195
Operating lease right-of-use asset	461,665
Finance lease right-of-use asset	76,330
Less: accumulated depreciation and amortization	(173,536)
Total	<u>\$ 432,654</u>

**(8) Lease Liabilities**

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 an operating lease and a finance lease, were calculated based on the present value of the future minimum lease payments over the lease term. The Organization made an accounting policy election to use a risk-free rate in lieu of its current incremental borrowing rate to discount future lease payments.

The Organization's finance lease is a noncancellable lease for a copier commencing in December 2020 through March 2026. The Organization's operating lease is a noncancellable lease for office space commencing October 1, 2021 through September 30, 2026.

There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

Components of lease cost:		
Operating lease cost	\$	94,285
Finance lease cost:		
Amortization of right-of-use assets		17,960
Interest on lease liabilities		2,008
Total finance lease cost		19,968
Total lease cost	\$	<u>114,253</u>
Supplemental statement of financial position information related to leases:		
		Operating      Finance
ROU assets	\$	461,665      \$ 76,330
Accumulated amortization		(90,392)      (17,960)
	\$	<u>371,273      \$ 58,370</u>
Lease liabilities	\$	<u>381,684      \$ 59,087</u>
Weighted average remaining lease term:		3.84 years      3.25 years
Weighted average discount rate:		3%      3%
Future maturities of the lease liabilities are as follows:		
2023	\$	102,831      \$ 19,104
2024		97,225      19,104
2025		97,726      19,104
2026		99,766      4,776
2027		8,327
Total lease payments		<u>405,875      62,088</u>
Less present value discount		(24,191)      (3,001)
Total lease obligation	\$	<u>381,684      \$ 59,087</u>

(10) **Liquidity And Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following for the year ended December 31, 2022:

Cash and cash equivalents	\$ 371,312
Promises to give	278,825
Government grants receivable	237,336
Investments held by Rose Community Foundation	<u>547,059</u>
Total financial assets	1,434,532
Less:	
Board designations - operating reserve	<u>(390,000)</u>
Total financial assets available for general expenditures	<u><u>\$ 1,044,532</u></u>

The Organization had board-designated funds totaling \$390,000 for the year ended December 31, 2022. Although the Organization does not intend to spend from these board-designated funds other than for the designated purpose, these amounts could be made available if necessary.

The Organization does not have a formal liquidity policy. The Organization invests its financial assets in a manner consistent with the concept of prudent money management, seeking maximum returns within reasonable levels of risk.

(11) **Net Assets**

For the year ended December 31, 2022, the Organization had board designated net assets of \$390,000 designated for operating reserves.

Net assets with donor restrictions consisted of the following:

<u>Subject to the passage of time:</u>	
Promises to give	\$ 130,692
<u>Subject to expenditure for specified purpose:</u>	
Denver mental health programs	269,427
<u>Endowment:</u>	
Beneficial interest in assets held by the Rose Community Foundation	<u>37,928</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 438,047</u></u>

**(12) Contributed Nonfinancial Assets**

The Organization received gifts-in-kind for the year ended December 31, 2022:

Counseling services	<u>\$ 58,721</u>
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During the year ended December 31, 2022, all gifts-in-kind were utilized to carry out the mission of the Organization. The professional services were valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

All gifts-in-kind received by the Organization for the year ended December 31, 2022, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

**(13) Expenses**

Total expenses incurred for the year ended December 31, 2022, were the following:

	<u>Total</u> <u>Expenses</u>	<u>Less Direct</u> <u>Costs</u>	<u>Total Expenses</u> <u>Reported By</u> <u>Function</u>
Program services	\$ 1,822,049	\$	\$ 1,822,049
Fundraising	192,015		192,015
Direct benefit to donor	18,566	(18,566)	
General administration	179,477		179,477
	<u>\$ 2,212,107</u>	<u>\$ (18,566)</u>	<u>\$ 2,193,541</u>