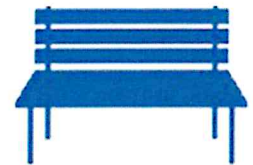


The Blue Bench

Financial Statements

Year Ended December 31, 2019

(Together with Independent Auditor's Report)



the blue bench

Putting an end to sexual assault
through prevention and care.

WIPFLI

THE BLUE BENCH
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Blue Bench
Denver, Colorado

We have audited the accompanying financial statements of The Blue Bench (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Blue Bench as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

Report on Summarized Prior Year Comparative Information

We have previously audited The Blue Bench's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

Wipfli LLP
Denver, Colorado

May 29, 2020

THE BLUE BENCH

Statements of Financial Position December 31, 2019

(With Summarized Totals for December 31, 2018)

<u>ASSETS</u>		
	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 321,068	\$ 387,423
Beneficial interest in assets held by the Rose Community Foundation	691,165	692,046
Contributions and grants receivable	93,784	71,751
Government grants and contracts receivable	166,271	97,622
Prepaid expenses and other assets	31,301	39,964
Rent deposits	9,928	9,928
Net property and equipment	43,544	49,498
Total Assets	\$ 1,357,061	\$ 1,348,232
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable	\$ 32,468	\$ 24,094
Accrued payroll costs	37,940	36,678
Rent payable	25,333	28,562
Total Liabilities	95,741	89,334
<u>Net Assets</u>		
Net assets without donor restrictions:		
Undesignated	746,163	769,677
Board designated - Operating Reserve	390,000	390,000
Board designated - Endowment	21,373	17,470
Total Net Assets Without Donor Restrictions	1,157,536	1,177,147
Net assets with donor restrictions		
Restricted by time	93,784	71,751
Restricted in perpetuity	10,000	10,000
Total Net Assets With Donor Restrictions	103,784	81,751
Total Net Assets	1,261,320	1,258,898
Total Liabilities and Net Assets	\$ 1,357,061	\$ 1,348,232

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

THE BLUE BENCH

Statements of Activities Year Ended December 31, 2019 (With Summarized Totals for the Year Ended December 31, 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions	\$ 1,191,420	\$ 93,784	\$ 1,285,204	\$ 1,529,403
Government grants and contracts	786,461	-	786,461	566,878
Foundation grants	159,000	-	159,000	166,485
Program service revenues	57,420	-	57,420	58,034
Special events, net	77,692	-	77,692	53,429
Change in value of beneficial interest in assets held by the Rose Community Foundation	99,119	-	99,119	(55,296)
In-Kind contributions	140,816	-	140,816	109,939
Net assets released from restrictions	71,751	(71,751)	-	-
Total Support and Revenue	<u>2,583,679</u>	<u>22,033</u>	<u>2,605,712</u>	<u>2,428,872</u>
Expenses				
Program Services:				
Therapy/Advocacy	1,242,651	-	1,242,651	978,114
Canvass/Community Outreach	474,744	-	474,744	579,484
Sexual Violence Prevention Education	409,529	-	409,529	290,197
Total Program Services	<u>2,126,924</u>	<u>-</u>	<u>2,126,924</u>	<u>1,847,795</u>
Supporting Services:				
Management and general	134,317	-	134,317	144,826
Fundraising	342,049	-	342,049	348,744
Total Supporting Services	<u>476,366</u>	<u>-</u>	<u>476,366</u>	<u>493,570</u>
Total Expenses	<u>2,603,290</u>	<u>-</u>	<u>2,603,290</u>	<u>2,341,365</u>
Change in Net Assets	(19,611)	22,033	2,422	87,507
NET ASSETS, Beginning of Year	<u>1,177,147</u>	<u>81,751</u>	<u>1,258,898</u>	<u>1,171,391</u>
NET ASSETS, End of Year	<u>\$ 1,157,536</u>	<u>\$ 103,784</u>	<u>\$ 1,261,320</u>	<u>\$ 1,258,898</u>

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

THE BLUE BENCH

Statements of Functional Expenses Year Ended December 31, 2019 (With Summarized Totals for the Year Ended December 31, 2018)

	Program Services			Supporting Services		Total	Total	
	Therapy/ Advocacy	Canvass/ Community Outreach	Sexual Violence Prevention Education	Total Program Services	Management and General	Fund- Raising	Year Ended December 31, 2019	Year Ended December 31, 2018
Salaries	\$ 692,753	\$ 88,892	\$ 306,763	\$ 1,088,408	\$ 84,116	\$ 117,948	\$ 1,290,472	\$ 1,044,172
Commissions - field canvass	-	260,429	-	260,429	-	111,613	372,042	487,286
Payroll taxes and benefits	89,483	45,122	39,625	174,230	10,865	29,653	214,748	193,172
Total Employee Costs	782,236	394,443	346,388	1,523,067	94,981	259,214	1,877,262	1,724,630
Office and equipment rent	145,093	18,710	30,312	194,115	14,952	20,836	229,903	183,802
Counseling interns (in-kind)	140,816	-	-	140,816	-	-	140,816	109,939
All other	30,560	18,296	3,363	52,219	3,953	4,733	60,905	52,480
Cost of direct benefit to donors	-	-	-	-	-	56,546	56,546	72,259
Professional services	23,690	2,377	1,188	27,255	1,686	25,981	54,922	51,827
Technology	37,443	4,030	4,214	45,687	2,640	3,232	51,559	39,047
Field canvass expenses	-	20,534	-	20,534	-	8,790	29,324	38,640
Depreciation	10,847	2,408	2,408	15,663	1,691	6,748	24,102	18,491
Supplies	12,376	2,165	6,327	20,868	1,050	1,671	23,589	17,075
Mileage and vehicles	6,386	5,964	6,254	18,604	740	2,680	22,024	24,359
Telephone	19,291	692	346	20,329	461	711	21,501	22,035
Insurance	11,545	2,165	1,082	14,792	1,443	1,804	18,039	18,261
Education	4,336	-	4,263	8,599	7,171	-	15,770	14,296
Printing	8,907	1,388	694	10,989	1,200	2,701	14,890	9,878
Postage	4,138	1,530	324	5,992	606	1,860	8,458	10,147
Staff development	517	42	2,366	2,925	1,743	51	4,719	1,473
Contract counselors	4,470	-	-	4,470	-	-	4,470	3,601
Annual campaign	-	-	-	-	-	1,037	1,037	1,384
Total expenses by function	1,242,651	474,744	409,529	2,126,924	134,317	398,595	2,659,836	2,413,624
Less: expenses included with revenues on the statements of activities								
Cost of direct benefit to donors	-	-	-	-	-	(56,546)	(56,546)	(72,259)
Total expenses included in the expense section on the statements of activities	<u>\$ 1,242,651</u>	<u>\$ 474,744</u>	<u>\$ 409,529</u>	<u>\$ 2,126,924</u>	<u>\$ 134,317</u>	<u>\$ 342,049</u>	<u>\$ 2,603,290</u>	<u>\$ 2,341,365</u>

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

THE BLUE BENCH

Statements of Cash Flows Year Ended December 31, 2019

(With Summarized Totals for the Year Ended December 31, 2018)

	2019	2018
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 2,422	\$ 87,507
Adjustments to reconcile net income to net cash net cash flows from operating activities:		
Depreciation	24,102	18,491
Change in value of beneficial interest in assets held by the Rose Community Foundation	(99,119)	55,296
Changes in assets and liabilities:		
Receivables	(90,682)	(13,054)
Prepaid expenses and other assets	8,663	(34,643)
Accounts payable	8,374	2,026
Accrued payroll costs	1,262	(554)
Rent payable	(3,229)	3,280
Net Cash Flows From Operating Activities	(148,207)	118,349
<u>Cash Flows From Investing Activities</u>		
Purchase of property and equipment	(18,148)	(17,157)
Purchase of assets held by the Rose Community Foundation	(100,000)	-
Sale of assets held by the Rose Community Foundation	200,000	-
Net Cash Flows From Investing Activities	81,852	(17,157)
<u>Net Change in Cash and Cash Equivalents</u>	(66,355)	101,192
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	387,423	286,231
<u>CASH AND CASH EQUIVALENTS, end of year</u>	\$ 321,068	\$ 387,423

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

1. Organization and Summary of Significant Accounting Policies

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 37-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-specific 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 of 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 2019, The Blue Bench staff and volunteers of The Blue Bench responded to 2,071 hotline calls, accompanied 274 survivors to the hospital and provided crisis response and/or ongoing case management services to 570 survivors. A total of 339 survivors participated in individual therapy and 238 participated in group therapy sessions.

The Pathway to Prevention program presented to more than 9,386 youth and adults in 2019. The Organization's canvass outreach staff spoke in-person to approximately 95,000 people in metro-Denver to educate them about sexual violence and provide them with resources. An additional 1,382 community members attended community events and received information about The Blue Bench and its mission.

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 at low or no cost to clients including a 24/7 hotline and hospital accompaniment, case managers to help clients navigate the often overwhelming criminal justice system, a Post-Conviction Victim Advocate to provide guidance and information to survivors following offender sentencing, and therapists who 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's 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+.

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

- Canvass/Community Outreach – Door-to-door contact to distribute hotline cards and information, engage the community in conversation, and request donations.

Basis of Presentation

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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. The governing board has designated, from net assets without donor restrictions, funds to be held for an operating reserve and endowment.

Net assets with donor restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) 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 reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The statements of functional expenses report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based upon estimations of time and effort. Indirect costs such as occupancy and office related expenses are allocated based upon time spent, utilization, and square footage.

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a) of the Code. Accordingly, donors are entitled to a charitable deduction for their contributions to The Blue Bench. The financial statements do not include a provision for income taxes.

The Organization evaluates whether there are any uncertain tax positions taken or expected to be taken in a tax return. During the years ended December 31, 2019 and 2018, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and contributions and grants receivable. The Organization places its cash and cash equivalents with high credit quality financial institutions. At various times during the fiscal year, the Organization's cash balances exceeded the federally insured limits. The Organization has never experienced any losses related to these balances.

Credit risk with respect to contributions and grants receivable is limited due to the number and creditworthiness of the entities from which the amounts are due.

The Organization receives virtually all its revenues from public support and government contracts. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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 expensed currently.

1. Organization and Summary of Significant Accounting Policies (continued)

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 as of December 31, 2019 and 2018.

Government Grants and Contracts Receivable

Government grants and contracts receivable consist of amounts due under agreements with Federal and State agencies reduced by the estimated portion that is expected to be uncollectible. The Organization uses the allowance method to record uncollectible government grants and contracts receivable. The allowance is based on prior years' experience and management's analysis of specific amounts. Management has determined that all receivables are collectible as of December 31, 2019 and 2018.

The Organization's government grant and contract revenues are derived from federal and state grants and contracts, 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 or contract provisions. The Organization received grants and contracts totaling \$764,766 that have not been recognized at December 31, 2019, because qualifying expenditures have not yet been incurred.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

1. Organization and Summary of Significant Accounting Policies (continued)

Program Service Revenues

Program service revenues are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing case management services. These revenues are recognized when the services are provided.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Contributed Goods and Services

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.

Investment Expenses

Investment management and administrative fees, amounted to \$7,788 and \$7,432, for 2019 and 2018, respectively, and are included as a reduction in the change in value of beneficial interest in assets held by the Rose Community Foundation in the accompanying statements of activities.

Summarized 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, 2018, from which the summarized information was derived.

1. Organization and Summary of Significant Accounting Policies (continued)

Change in Accounting Policy

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 - Revenue From Contracts with Customers (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis. The adoption of this guidance had no effect on its recognition of revenue from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. The Organization adopted this guidance as of January 1, 2019, with no effect on its recognition of contributions and grants received.

New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied on a modified retrospectively basis. The Organization is currently evaluating the impact of ASU Topic 842.

THE BLUE BENCH
Notes to Financial Statements
December 31, 2019 and 2018

2. Liquidity and Availability

Financial assets available for general expenditure, 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 as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 321,068	\$ 387,423
Contributions and grants receivable	93,784	71,751
Government grants and contracts receivables	166,271	97,622
Beneficial interest in assets held by the Rose Community Foundation	<u>691,165</u>	<u>692,046</u>
Total financial assets	<u>1,272,288</u>	<u>1,248,842</u>
Less:		
Board designations – Operating Reserve	(390,000)	(390,000)
Board designations – Endowment	(21,373)	(17,470)
Restricted endowment investments	<u>(10,000)</u>	<u>(10,000)</u>
	<u>(421,373)</u>	<u>(417,470)</u>
Total financial assets available for general expenditure	<u>\$ 850,915</u>	<u>\$ 831,372</u>

The Organization had board-designated funds totaling \$390,000 for operating reserves and \$21,373 and \$17,470 for a Board designated endowment as of December 31, 2019 and 2018, respectively. 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.

3. Beneficial Interest in Assets held by the Rose Community Foundation

In July 2015, the Organization transferred \$730,000 to 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 31, 2019 and 2018, the fair value of the assets held by the Foundation, not designated or restricted for the endowment, totaled \$659,792 and \$664,576, respectively.

In August 2015, the Organization entered into an agreement with the Foundation to establish The Blue Bench Endowment Fund (Note 8). Under the terms of the agreement, the Foundation agreed to match up to \$10,000 of Organization deposits into the fund. As of December 31, 2019 and 2018, the fair value of the assets held by the Foundation for the endowment totaled \$31,373 and \$27,470, respectively.

THE BLUE BENCH
Notes to Financial Statements
December 31, 2019 and 2018

4. Property and Equipment

At December 31, 2019 and 2018, property and equipment consisted of the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Office Equipment	\$ 95,872	\$ 85,967
Leasehold Improvements	29,273	21,029
Vehicles	<u>23,790</u>	<u>23,790</u>
Total	148,935	130,786
Less: Accumulated depreciation	<u>105,391</u>	<u>81,288</u>
 Total	 <u>\$ 43,544</u>	 <u>\$ 49,498</u>

5. Operating Leases

The Organization has entered into an agreement, as amended, to lease office space under a non-cancelable operating lease scheduled to expire on December 31, 2021. The agreement includes two months of “free” rent and annual rent increases. In accordance with GAAP, the Organization is recognizing rent expense on a straight-line basis over the term of the lease. As a result of the difference between the calculated straight-line lease expense and cash payments made under the agreement, the Organization has recorded rent payable of \$25,333 and \$28,562, at December 31, 2019 and 2018, respectively.

The Organization also leases auxiliary office space and office equipment under operating leases expiring at various times through September 2023. Approximate minimum rent payments due under all operating leases are as follows:

Year Ending December 31:	
2020	\$ 205,100
2021	196,300
2022	27,700
2023	<u>12,600</u>
	 <u>\$ 441,700</u>

Rent expense under all operating leases totaled \$195,195 and \$162,917, for 2019 and 2018, respectively.

THE BLUE BENCH
Notes to Financial Statements
December 31, 2019 and 2018

6. In-Kind Contributions

Donated goods and services are reflected in the accompanying financial statements at their estimated values at the date of receipt. Donated goods and services consisted of the following for the years ended December 31, 2019 and 2018:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Counseling services	<u>\$ 140,816</u>	<u>\$ 109,939</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise. The Organization generally pays for services requiring specific expertise. However, volunteers donated 21,580 and 21,945 hours of service to the Organization in 2019 and 2018, respectively.

7. Net Assets

As of December 31, 2019 and 2018, the Organization had board designated net assets of \$390,000, for both years, designated for operating reserves.

As of December 31, 2019 and 2018, the Organization had net assets of \$21,373 and \$17,470, respectively, designated for endowment.

Net assets with donor restrictions consisted of the following:

<u>As of December 31,</u>	<u>2019</u>	<u>2018</u>
<u>Subject to the passage of time:</u>		
Contributions and grants receivable	\$ 93,784	\$ 71,751
<u>Endowment:</u>		
Beneficial interest in assets held by the Rose Community Foundation	<u>10,000</u>	<u>10,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 103,784</u>	<u>\$ 81,751</u>

Net assets totaling \$71,751 and \$61,671, were released from net assets with donor restrictions for the years ending December 31, 2019 and 2018, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes.

8. Endowment

The Organization's endowment consists of funds held by The Rose Community Foundation (the Foundation). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Fund is held by the Foundation under the terms of an Endowment Fund Agreement. While accounting for the Organization's funds as a separate entity, the Foundation commingles these monies with the deposits of other entities for investment in order to achieve beneficial economies of scale and provide cost-effective access to professional investment management.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA) to allow, subject to the specific intent of a donor expressed in the gift instrument, for the appropriation or accumulation of so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Such appropriation may take place even though an endowment is "under water" (i.e., the market value of the fund is less than the historical dollar value (HDV) of the fund), and the Organization is not required to utilize other Organization resources to bring the value of the endowment fund up to HDV.

The Board acknowledges that donors to an endowment fund intend that the principal of the endowment fund shall be preserved in perpetuity. In making a determination to appropriate or accumulate, the Organization shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) The duration and preservation of the fund;
- (2) The purpose 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 Organization resources;
- (7) The investment policies of the Organization.

8. Endowment (continued)

The following are the changes in the endowment net assets for the years ended December 31, 2019 and 2018:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance, December 31, 2017	\$ 19,665	\$ 10,000	\$ 29,665
Investment (losses)	<u>(2,195)</u>	<u>-</u>	<u>(2,195)</u>
Balance, December 31, 2018	17,470	10,000	27,470
Investment earnings	<u>3,903</u>	<u>-</u>	<u>3,903</u>
Balance, December 31, 2019	<u>\$ 21,373</u>	<u>\$ 10,000</u>	<u>\$ 31,373</u>

Spending Policy

Disbursements from the endowment are determined by a spending policy established by the Endowment Fund Agreement. The spending policy allows for annual disbursements of up to 5% of the market value of the fund.

Investment Return Objectives

The Organization follows the investment policies adopted by the Foundation for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on the Foundation's investment policies and strategies.

9. Fair Value Measurements

The Organization utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. In general, the Organization determines fair values as follows:

Level 1 – Inputs utilizing quoted market prices in active markets.

Level 2 – Inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves.

Level 3 – Valued using unobservable inputs.

9. Fair Value Measurements (continued)

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. There were no changes in the valuation techniques used during the year.

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

Beneficial interest in assets held by the Rose Community Foundation: Represents funds held by the Foundation, the fair value of which is based on the market value of the underlying assets, consisting mainly of equity and fixed income securities which are valued based on quoted market prices.

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

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 at least 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 following tables present the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2019 and 2018:

<u>December 31, 2019</u>	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by the Rose Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,165</u>	<u>\$ 691,165</u>
<u>December 31, 2018</u>	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by the Rose Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,046</u>	<u>\$ 692,046</u>

THE BLUE BENCH
Notes to Financial Statements
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9. Fair Value Measurements (continued)

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the years ended December 31, 2019 and 2018:

	<u>Rose Community Foundation</u>
Balance as of December 31, 2017	\$ 747,342
Realized/unrealized (losses), net	(47,864)
Investment management fees	<u>(7,432)</u>
Balance as of December 31, 2018	692,046
Contributions	100,000
Distributions	(200,000)
Realized/unrealized gains, net	106,907
Investment management fees	<u>(7,788)</u>
Balance as of December 31, 2019	<u>\$ 691,165</u>

10. Subsequent Events

Subsequent Events

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 Blue Bench's financial statements were available to be issued on May 29, 2020, and this is the date through which subsequent events were evaluated.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic." First identified in late 2019 and known now as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

COVID-19 will impact various segments of the Organization's 2020 operations and financial results. Management believes that the Organization is taking appropriate actions to mitigate the negative impact. However, the full effects of the COVID-19 pandemic is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

On April 10, 2020, the Organization received a loan under the Paycheck Protection Program of the CARES Act from Alpine Bank in the amount of \$315,000 at an interest rate of 1%, maturing on April 10, 2022. This loan will be forgiven if the funding is used to pay for qualifying expenditures under the program.

