



Memo Regarding 2013-14 Financial Statements
For Fiscal Year Beginning Ending June 30, 2014

Please Note:

- An endowment gift of \$50,000 shows as income for the year but has been transferred to the Endowment Fund at the Community Foundation and is not available for operating expenses. Also transferred to the foundation was \$7,656 in endowment gifts from a variety of donors. This amount is also included in income for the year.
- The value of donated vehicles that go to PS-S families are included in both the income and expense sections and noted in the narrative section of the audit. This year that amount comes to \$107,589.
- This year a reserve fund was created for improvements to the Fort Collins office suite that was donated to PS-S in June, 2013. This property became tax exempt on 10-1-14 when PS-S began using the space for charitable purposes. Property taxes will be due for a three month period during which the use was not tax exempt.
- Also during 2014, Project Self-Sufficiency transferred \$30,000 to reserve funds to replace some of the funds used from reserves in earlier years.

PROJECT SELF-SUFFICIENCY

FINANCIAL STATEMENTS

June 30, 2014 and 2013

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JOHN CUTLER & ASSOCIATES

Board of Directors
Project Self-Sufficiency
Loveland, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Project Self-Sufficiency, which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activities, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Project Self-Sufficiency as of June 30, 2014 and 2013, 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 of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The statement of functional expenses listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole.

John Luttrell & Associates, LLC

January 28, 2015

PROJECT SELF-SUFFICIENCY

STATEMENT OF FINANCIAL POSITION

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 312,714	\$ 300,478
Restricted Cash and Cash Equivalents	131,800	112,292
Prepaid Expense	4,343	2,000
Investments in Community Foundation	702,628	566,047
	<u>1,151,485</u>	<u>980,817</u>
Noncurrent Assets		
Property and Equipment, Net of Accumulated Depreciation	<u>382,324</u>	<u>392,175</u>
TOTAL ASSETS	<u>\$ 1,533,809</u>	<u>\$ 1,372,992</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 3,751	\$ 2,876
Accrued Salaries and Related Expenses	33,339	28,763
	<u>37,090</u>	<u>31,639</u>
NET ASSETS		
Unrestricted	1,337,546	1,231,508
Temporarily Restricted	141,773	92,445
Permanently Restricted	17,400	17,400
	<u>1,496,719</u>	<u>1,341,353</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,533,809</u>	<u>\$ 1,372,992</u>

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

PROJECT SELF-SUFFICIENCY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Fundraising and Contributions	\$ 536,579	\$ 13,000	\$ -	\$ 549,579
United Way	78,254	-	-	78,254
Value of Cars Provided to Families	107,589	-	-	107,589
Grants	355,626	-	-	355,626
Scholarships and Childcare Assistance	-	207,206	-	207,206
Other Income	5,359	-	-	5,359
Interest Income	16,887	-	-	16,887
Unrealized Gain on Investments	74,569	-	-	74,569
Net Assets Released from Restriction	170,878	(170,878)	-	-
	<u>1,345,741</u>	<u>49,328</u>	<u>-</u>	<u>1,395,069</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT				
	<u>1,345,741</u>	<u>49,328</u>	<u>-</u>	<u>1,395,069</u>
EXPENSES				
Program Services	935,276	-	-	935,276
Supporting Services				
General and Administrative	227,846	-	-	227,846
Fundraising	76,581	-	-	76,581
	<u>304,427</u>	<u>-</u>	<u>-</u>	<u>304,427</u>
TOTAL EXPENSES	<u>1,239,703</u>	<u>-</u>	<u>-</u>	<u>1,239,703</u>
CHANGE IN NET ASSETS	106,038	49,328	-	155,366
NET ASSETS, Beginning	<u>1,231,508</u>	<u>92,445</u>	<u>17,400</u>	<u>1,341,353</u>
NET ASSETS, Ending	<u>\$ 1,337,546</u>	<u>\$ 141,773</u>	<u>\$ 17,400</u>	<u>\$ 1,496,719</u>

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

PROJECT SELF-SUFFICIENCY

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Fundraising and Contributions	\$ 280,636	\$ 92,445	\$ -	\$ 373,081
United Way	86,867	-	-	86,867
Value of Cars Provided to Families	47,747	-	-	47,747
Grants	383,178	-	-	383,178
Scholarships and Childcare Assistance	213,812	-	-	213,812
In-Kind Contributions	390,971	-	-	390,971
Interest Income	14,845	-	356	15,201
Unrealized Gain on Investments	40,291	-	-	40,291
	<u>1,458,347</u>	<u>92,445</u>	<u>356</u>	<u>1,551,148</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT				
EXPENSES				
Program Services	810,474	-	-	810,474
Supporting Services				
General and Administrative	227,148	-	-	227,148
Fundraising	56,089	-	-	56,089
	<u>283,237</u>	<u>-</u>	<u>-</u>	<u>283,237</u>
TOTAL EXPENSES	<u>1,093,711</u>	<u>-</u>	<u>-</u>	<u>1,093,711</u>
CHANGE IN NET ASSETS	364,636	92,445	356	457,437
NET ASSETS, Beginning	866,872	-	17,044	883,916
NET ASSETS, Ending	<u>\$ 1,231,508</u>	<u>\$ 92,445</u>	<u>\$ 17,400</u>	<u>\$ 1,341,353</u>

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

PROJECT SELF-SUFFICIENCY

STATEMENT OF CASH FLOWS

June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 155,366	\$ 457,437
Adjustments to Reconcile Changes in Net Assets to		
Depreciation Expense	10,930	905
Donated Assets	-	(390,971)
Net Cash Used by Operating Activities		
Unrealized Gain on Investments	(74,569)	(40,291)
(Increase) Decrease in Prepaid Expense	(2,343)	-
Decrease in Accounts Payable	875	788
Decrease in Accrued Salaries and Related Expenses	4,576	(24,659)
	<u>94,835</u>	<u>3,209</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Sale of Investments	<u>(62,012)</u>	<u>18,548</u>
	<u>(62,012)</u>	<u>18,548</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Property and Equipment	<u>(1,079)</u>	<u>-</u>
	<u>(1,079)</u>	<u>-</u>
NET INCREASE IN CASH	31,744	21,757
CASH, Beginning	<u>412,770</u>	<u>391,013</u>
CASH, Ending	<u>\$ 444,514</u>	<u>\$ 412,770</u>

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

PROJECT SELF-SUFFICIENCY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Project Self-Sufficiency (the "Organization") began in 1986 as a national demonstration project of the U.S. Department of Housing and Urban Development. The project targeted 65 low-income parents in the Fort Collins and Loveland areas for an intensive interagency intervention to address the barriers preventing low-income single parents from achieving economic self-sufficiency.

The mission of the Organization is to assist low-income single parents in their efforts to achieve economic independence and become free from community and government assistance while building and maintaining strong, healthy families. The Organization ended its demonstration period in April 1988, and continues to serve Larimer County as a private non-profit entity.

Basis of Reporting – The Organization's financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. Funds held on behalf of the Organization at the Community Foundation of Northern Colorado are not restricted but are subject to the discretionary decision making of the Project Self-Sufficiency Board of Directors and may require approval by the Foundation in some cases.

Cash and Cash Equivalents – For the financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments – Investments are reported at fair value.

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is recorded using the straight line method over estimated useful life of five years for both leasehold improvements and computers and 39 years for buildings. The Organization capitalizes all property and equipment with a useful life of more than one year. If donors stipulate the use of property and equipment, it is recorded as restricted.

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

PROJECT SELF-SUFFICIENCY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Estimates – Preparation of the Organization's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The management of Organization has performed an evaluation of subsequent events through January 28, 2015, and has considered any relevant matters in the preparation of the financial statements.

NOTE 2: RESTRICTED CASH

Restricted cash consists of funds received in prior years through June 30, 2014 that are restricted for child care.

NOTE 3: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to expenses specified by the Milton Goldstein Scholarship Fund.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2014, temporarily restricted net assets consist of donations designated for the Organization's Child Care Fund and the Organization's Scholarship Fund in the amounts of \$106,111 and \$35,662, respectively.

For the year ended June 30, 2013, temporarily restricted net assets consist of donation designated for the Child Care Program.

PROJECT SELF-SUFFICIENCY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 5: IN KIND DONATIONS

During the year ended June 30, 2013, the Organization received donated vehicles and a donation of an office suite. During the year ended June 30, 2014, the Organization received donated vehicles. The vehicles are contributed to qualified participants and the Organization began using the office building effective October 1, 2013. For the year ended June 30, 2014 and 2013, the amount of these in-kind donations totaled \$107,589 and \$438,718, respectively. These amounts are recorded as contribution revenue and expense in the financial statements.

The Organization received property tax exemption for the donated office suite, as of October 1, 2013. The Organization was required to pay property tax from July 1, 2013 – September 30, 2013 while the office was not occupied by the Organization.

A number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

NOTE 6: ENDOWMENT FUNDS

During 2004, an endowment was created at the Community Foundation of Northern Colorado (the "Foundation") in honor of deceased Organization Board of Directors member Nancy Story Gunn. Earnings of the endowment are paid annually to the Organization in support of scholarships for program participants. Contributions were made directly to the Foundation and the endowment is not reported in the Organization's financial statements. The balance of the endowment at June 30, 2014 and 2013 was \$117,582 and \$103,171, respectively. During the year ended June 30, 2014, the Organization did not receive any funds from the endowment. Any contributions sent to Project Self-Sufficiency for the Nancy Fund are deposited at the Foundation in a Sister Fund. Distributions from both funds are made to the Organization annually for the purpose of scholarships.

During 2006, the Foundation established the Project Self-Sufficiency Designated Agency Fund with an initial donation of \$75,000 from the Bruce and Muriel Hach Family Fund. The Organization has access to both the principal and earnings of the fund for emergency purposes or special projects designated by the Organization's Board of Directors. The donation was made directly to the Foundation and the fund is not reported in the Organization's financial statements. During year ended June 30, 2014, the Organization did not receive any distributions from this fund. The balance of the fund at June 30, 2014 and 2013 was \$88,378 and \$77,353.

PROJECT SELF-SUFFICIENCY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 6: ENDOWMENT FUNDS (Continued)

The Foundation holds additional funds on behalf of the Organization, including the Nancy Story Gunn Sister Fund, the Project Self-Sufficiency Endowment Fund, the Project Self-Sufficiency Operating Reserve Fund, and the JoEllen Thornton Scholarship Fund. These funds, which combined total in the amount of \$702,628 and \$566,057, for the years ended June 30, 2014 and 2013, respectively, are reported as Investment in Community Foundation in the financial statements. The Organization did not request a distribution from the Nancy Story Gunn Sister Fund for the years ended June 30, 2014 and 2013.

NOTE 7: COMMITMENTS

The Organization has entered into two operating leases for its office space. The leases require monthly payments of \$1,571 and \$1,519 with final payments due October 2013 and March 2015, respectively.

The future minimum lease payments are as follows:

Year Ended	
<u>June 30,</u>	
2015	<u>\$ 13,671</u>

Total rent expense for the year ended June 30, 2014 and 2013, for these leases were \$26,030 and \$35,835, respectively.

NOTE 8: SUBSEQUENT EVENTS

The Organization has elected to change from a fiscal year ending June 30 to a calendar year ending December 31. This change will be effective December 31, 2014.

SUPPLEMENTARY INFORMATION

PROJECT SELF-SUFFICIENCY

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2014

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Grants to Program Participants	\$ 421,522	\$ -	\$ -	\$ 421,522
Salaries	331,394	129,574	30,334	491,302
Payroll Taxes	27,423	9,689	2,758	39,870
Pension Plan Contributions	14,410	5,392	1,552	21,354
Other Employee Benefits	56,495	19,034	2,986	78,515
Office Expense	9,589	11,259	28,089	48,937
Contract Services	16,182	20,656	6,382	43,220
Travel	3,217	1,045	912	5,174
Participant Activities	7,351	-	-	7,351
Recognition Activities -Staff, Volunteers, Donors	2,853	1,442	2,132	6,427
Occupancy	29,855	16,026	1,064	46,945
Liability Insurance	5,723	1,148	141	7,012
Depreciation	-	10,930	-	10,930
Miscellaneous	9,262	1,651	231	11,144
TOTALS	<u>\$ 935,276</u>	<u>\$ 227,846</u>	<u>\$ 76,581</u>	<u>\$ 1,239,703</u>

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

PROJECT SELF-SUFFICIENCY

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2013

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Grants to Program Participants	\$ 342,490	\$ -	\$ 4,288	\$ 346,778
Salaries	304,291	114,893	19,062	438,246
Payroll Taxes	16,409	14,004	1,585	31,998
Pension Plan Contributions	12,074	8,387	1,000	21,461
Other Employee Benefits	52,073	38,701	4,017	94,791
Office Expense	10,499	15,430	18,552	44,481
Contract Services	17,568	15,009	6,881	39,458
Travel	3,211	682	668	4,561
Participant Activities	10,780	-	-	10,780
Recognition Activities -Staff, Volunteers, Donors	2,812	1,239	36	4,087
Occupancy	29,696	13,252	-	42,948
Liability Insurance	3,174	4,169	-	7,343
Miscellaneous	5,397	1,382	-	6,779
TOTALS	\$ 810,474	\$ 227,148	\$ 56,089	\$ 1,093,711

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