THE DELORES PROJECT

FINANCIAL STATEMENTS

JUNE 30, 2023

Contents

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
The Delores Project
Denver, Colorado

Opinion

We have audited the financial statements of The Delores Project, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Delores Project as of June 30, 2023, and the results of its operations 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 Delores Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Delores Project's ability to continue as a going concern for 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Delores Project'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 Delores Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Report On Summarized Comparative Information

We have previously audited The Delores Project's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 21, 2022. In our opinion, the summarized information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

November 8, 2023

The Delores Project
TRANSFORMING LIVES THROUGH CREATIVE HOUSING SOLUTIONS

The Delores Project Audit Narrative
July 1, 2022- June 30, 2023

Fiscal Year 2023 ushered in an ongoing transition out of the survival mode of the past two fiscal years as a result of the COVID-19 pandemic. Across our programs, staff and community members were able to fully gather again and our focus on community-building returned to pre-pandemic levels.

The most exciting organizational transition of fiscal year 2023 was the launch of our new Behavioral Health and Wellness team which was made possible by support from Colorado's Office of Behavioral Health and the Caring for Denver Foundation. Collectively this new team provides one-on-one counseling, group programming, telehealth and connection to medical case management and psychiatry for community members in our shelter, supportive housing, and continued care programs. Homelessness is often the result of trauma and always the cause of it and we have known since our founding that increased mental health support is a great need among the community of people we serve. To be able to provide this type of wrap-around support on-site meets a desperate need in our community and contributes towards greater stability and permanent resolution of homelessness for those we serve. Present during day, evening, and weekend hours, this team provides an additional level of support for not only those we serve but for our front-line staff members.

Financially, fiscal year 2023 was a challenging year, with several past funding sources no longer available or changing their priorities away from shelter and rehousing. With the onboarding of a new Chief Executive Officer and an entirely new Development team during the year, the organization is mindfully strategizing more fiscally reliable sources of funding to support the ongoing success and impact of our programs and services. In addition, fiscal year 2023 also included the start of a new strategic planning focus which has been inclusive of staff at all levels of the organization, guests and residents, as well as community partners and funders and we look forward to finalizing this work and our vision for a more impactful path forward in the coming fiscal year.

As always, the work we do in helping our unhoused neighbors transition into permanent housing would not be possible without the skill and dedication and teamwork of our staff at every level and position of the organization. We look forward to next year and continuing to positively impact the Denver community and lives of those we serve and inviting even more partners along with us as we enact our vision of all people having the community of support and housing stability they need to reach their potential.

Onward!

Emily Wheeland

Emily Wheeland
Chief Executive Officer

Nevine Nagji

Nevine Nagji
Board President

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THE DELORES PROJECT

STATEMENT OF FINANCIAL POSITION
June 30, 2023 And 2022

Assets

		2023		2022
Current Assets				
Cash and cash equivalents	$	**62,182**	$	157,526
Investments (Note 3)		**1,375,377**		1,652,293
Government contracts receivable		**298,654**		313,814
Contributions receivable		—		15,530
Prepaid expenses		**12,656**		23,964
Restricted cash (Note 7)		**140,144**		30,000
Total Current Assets		**1,889,013**		2,193,127
Noncurrent Assets				
Deposits		**1,000**		1,000
Investment in Arroyo Village LLC		**6,430**		6,430
Interest receivable (Note 10)		**74,730**		59,517
Note receivable (Note 10)		**507,877**		507,877
Net property and equipment (Note 5)		**325,960**		315,727
Total Noncurrent Assets		**915,997**		890,551
Total Assets	$	**2,805,010**	$	3,083,678

Liabilities And Net Assets

		2023		2022
Liabilities				
Current Liabilities				
Accounts payable	$	**25,501**	$	20,169
Accrued payroll liabilities		**73,653**		58,889
Total Liabilities		**99,154**		79,058
Net Assets				
Without donor restrictions		**2,565,712**		2,974,620
With donor restrictions (Note 7)		**140,144**		30,000
Total Net Assets		**2,705,856**		3,004,620
Total Liabilities And Net Assets	$	**2,805,010**	$	3,083,678

THE DELORES PROJECT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Year Ended June 30, 2023
(With Summarized Comparative Totals For The Year Ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues And Other Support				
Contributions:				
Corporate	$ 115,127	$ —	$ 115,127	$ 33,595
Faith community	17,136	—	17,136	17,200
Foundations	523,567	10,214	533,781	1,110,074
Individuals	477,082	99,930	577,012	581,941
Contributed nonfinancial assets (Note 4)	254,960	—	254,960	167,431
Government revenue	1,236,291	—	1,236,291	1,300,596
Special event revenue	13,986	—	13,986	89,200
Less: Cost of direct benefit to donors	(16,065)	—	(16,065)	(93,532)
PSH revenue	86,004	—	86,004	86,004
Investment income (loss)	119,304	—	119,304	(196,731)
Other income (loss)	41,021	—	41,021	(10,455)
Total Revenues And Other Support	2,868,413	110,144	2,978,557	3,085,323
Expenses				
Program services	2,636,947	—	2,636,947	2,376,418
Management and general	376,699	—	376,699	297,968
Fundraising	232,546	—	232,546	276,908
Total Expenses	3,246,192	—	3,246,192	2,951,294
Change In Net Assets Before Depreciation Expense	(377,779)	110,144	(267,635)	134,029
Depreciation expense	(31,129)	—	(31,129)	(22,387)
Change In Net Assets	(408,908)	110,144	(298,764)	111,642
Net Assets At Beginning Of Year	2,974,620	30,000	3,004,620	2,892,978
Net Assets At End Of Year	$ 2,565,712	$ 140,144	$ 2,705,856	$ 3,004,620

THE DELORES PROJECT

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2023
(With Summarized Comparative Totals For The Year Ended June 30, 2022)

	2023				2022
		Support Services			
	Program Services	Management And General	Fundraising	Total	Total
Staff support and training	$ 39,931	$ 4,903	$ 2,377	$ 47,211	$ 46,161
Business expenses and board development	—	22,070	—	22,070	28,927
Contract staff	—	—	70,000	70,000	60,000
Other outside service fees	—	32,829	—	32,829	77,216
Contributed nonfinancial assets	258,203	—	—	258,203	282,344
Dues, subscriptions and leases	23,301	2,861	1,387	27,549	33,867
Equipment	49,024	6,020	2,919	57,963	65,628
Food management and volunteer expenses	50,770	—	—	50,770	36,737
Guest and resident expenses	39,474	—	—	39,474	115,467
Guest and resident transportation	39,290	—	—	39,290	48,368
HR and employee expense	—	65,196	—	65,196	16,310
Rental and deposit assistance	124,046	—	—	124,046	127,286
Maintenance	55,080	6,764	3,279	65,123	42,482
Marketing	—	—	27,823	27,823	19,920
Other expense	6,764	831	403	7,998	990
Payroll taxes and benefits	322,280	39,575	19,187	381,042	306,938
Printing and postage	—	—	10,312	10,312	3,967
Program supplies, janitorial and laundry	35,500	—	—	35,500	19,107
Salary expense	1,550,282	190,370	92,298	1,832,950	1,727,806
Telephone	10,346	1,270	617	12,233	6,686
Utilities	32,656	4,010	1,944	38,610	—
Total Expenses	$ 2,636,947	$ 376,699	$ 232,546	$ 3,246,192	$ 3,066,207

THE DELORES PROJECT

STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2023 And 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from contributions and grants	$ **1,273,746**	$ 1,714,151
Cash received from programs and events	**1,320,216**	1,375,768
Cash payments to suppliers and employees	**(2,959,828)**	(2,882,274)
Interest received	**83,742**	34,439
Miscellaneous income	**41,021**	10,455
Net Cash Provided By (Used In) Operating Activities	**(241,103)**	252,539
Cash Flows From Investing Activities		
Purchase of investments	**(69,397)**	(916,158)
Purchase of property and equipment	**(86,590)**	(111,635)
Sales of investments	**411,890**	543,447
Net Cash Provided By (Used In) Investing Activities	**255,903**	(484,346)
Net Change In Cash, Cash Equivalents And Restricted Cash	**14,800**	(231,807)
Cash, Cash Equivalents And Restricted Cash At Beginning Of Year	**187,526**	419,333
Cash, Cash Equivalents And Restricted Cash At End Of Year	$ **202,326**	$ 187,526
Reconciliation Of Change In Net Assets To Net Cash Provided By (Used In) Operating Activities		
Change in net assets	$ **(298,764)**	$ 111,642
Reconciling adjustments:		
Depreciation	**31,129**	22,387
Loss on sale of assets	**45,228**	11,005
Unrealized (gain) loss on investments	**(65,577)**	290,687
Changes in assets and liabilities:		
Government contracts receivable	**15,160**	(30,411)
Contributions receivable	**15,530**	1,752
Interest receivable	**(15,213)**	(59,517)
Prepaid expenses	**11,308**	(3,285)
Accounts payable	**5,332**	(18,464)
Accrued payroll liabilities	**14,764**	(66,757)
Deferred revenue	—	(6,500)
Total Adjustments	**57,661**	140,897
Net Cash Provided By (Used In) Operating Activities	$ **(241,103)**	$ 252,539

1. Nature Of Activities And Significant Accounting Policies

Nature Of Activities

The Delores Project (the Organization) was established in February 2000 for the purpose of providing safe, reliable shelter and personalized services to unaccompanied women and transgender individuals experiencing homelessness. In May 2004, the Organization was incorporated as a 501(c)(3) non-profit organization under the laws of the State of Colorado. In January 2015, the Organization entered into partnership with Rocky Mountain Communities to redevelop its original properties in the West Colfax neighborhood of Denver to create a full housing continuum of shelter, permanent supportive housing and workforce housing under one roof. The redevelopment project, Arroyo Village, broke ground in August 2017 and construction of a new 160,000+ square foot mixed-used project including a 60-bed shelter, 35 permanent supportive housing units, 95 workforce housing units, community courtyard and programming spaces was completed in late June 2019. The Organization took occupancy of the new, trauma-informed designed Delores Shelter in late March 2019. The Delores Project is supported primarily through donor contributions, government grants and foundations.

Basis Of Accounting And Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). Financial statement presentation follows the recommendations of the Financial Accounting Standards Board and reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash, Cash Equivalents And Restricted Cash

For purposes of the statement of cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization invests its cash in financial institutions with strong credit ratings. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits.

The following is a reconciliation between cash, cash equivalents and restricted cash reported within the balance sheet and the total cash, cash equivalents and restricted cash on the statement of cash flows as of December 31:

	2023	2022
Cash and cash equivalents	**$ 62,182**	$ 157,526
Restricted cash	**140,144**	30,000
Total Cash And Restricted Cash	**$ 202,326**	$ 187,526

Investments

Investments in equity securities and mutual funds having a readily determinable fair value are carried at fair value. Basis for determining fair value is described in Note 11. Investment income (loss) includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value. Gains and losses on sales of investments are generally determined on a specific cost identification method.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the statement of financial position.

Investment income (loss) is reflected in the statement of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property And Equipment

The Organization’s policy is to capitalize property and equipment over $1,500. Property and equipment is recorded at cost when purchased and fair value when donated. Property and equipment is depreciated using the straight-line method over the estimated useful life.

The Organization reviews its investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated by the property and equipment, including the residual value. If property and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property and equipment. There was no impairment loss recognized for the years ended June 30, 2023 or 2022.

Investment In Arroyo Village LLC

The Organization owns a 50% ownership interest in Arroyo Village LLC, which owns a 0.01% interest in Arroyo Village Apartments LLLP (the LLLP). The Organization accounts for the investment under the equity method. The Organization contributed $6,430 to the LLLP through Arroyo Village LLC. The investment balance for the years ended June 30, 2023 and 2022 was $6,430.

Net Assets

All financial transactions are recorded as with donor restrictions or without donor restrictions. Donor restrictions are made by donors who may stipulate limitations on the time a gift must be held, when it may be used or the purpose for which it may be used.

Net assets without donor restrictions include assets and liabilities that are available for the regular activities of the Organization and controlled by the Board of Directors (the Board) through the annual budget.

Net assets with donor restrictions include donor contributions that have either a time or purpose limitation. When the limitations on contributions expire through the passage of time or action of the Organization, donor restricted net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are fully met in the year the contribution is received are reported as contributions without donor restrictions.

Revenue Recognition

Contributions And Contributions Receivable

The Organization conducts fundraising campaigns or may be the recipient of grant revenue. Contributions, including unconditional promises to give, are recorded as revenue in the period the contribution is received or the unconditional promise to give is made. Conditional promises to give, that is, those with measurable performance or other barriers, are recognized as support when the conditions upon which they depend are met. Contributions of assets other than cash are recorded at estimated fair value. Contributions are available for unrestricted use unless specifically restricted by the donor.

Contributions receivable or unconditional promises to give are recorded at face value or net realizable value, which approximates fair value. An allowance for uncollectible contributions receivable is estimated using management's judgment of current economic conditions. A receivable is written off only when management has determined that it is unlikely to be collected. No discounts or allowances have been applied to contributions receivable at year end because the Organization expects these amounts to be fully collectible.

The Organization reports gifts of land, buildings and equipment as support without donor restrictions unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contribution revenue recognition falls under the provisions of Accounting Standards Codification (ASC) Topic 958-605, and therefore not subject to the provisions of ASC Topic 606.

Government Contracts Receivable

Government contracts receivable represent requests for reimbursement of expenses incurred before year end. No allowance has been applied to the receivable at year end because the Organization expects these amounts to be fully collectible within one year. Revenues from government contracts are recognized as a contribution under the provisions of ASC Topic 958-605, and therefore not subject to the provisions of ASC Topic 606.

Contributed Nonfinancial Assets

In-kind contributions may include donated property and equipment, services, space use, materials or supplies. All are valued at estimated fair value when recognized. The Organization recognizes the value of contributed services when they 1) create or enhance a nonfinancial asset or property and equipment or 2) require specialized skills and would otherwise need to be purchased. Recognition of in-kind contributions falls under the provisions of ASC Topic 958-605, and therefore not subject to the provisions of ASC Topic 606.

Permanent Supportive Housing (PSH) Revenue

The Organization receives two forms of support through our partnership agreements in order to support our ongoing operations. Restricted development fees are reserved for the Organization being the ongoing service provider for the PSH operation. Restricted development fee revenue is recognized over time as the PSH services are rendered by the Organization. Unrestricted development fees are distributions from the partnership as additional support for the Organization's operations. As this revenue source is not directly related to a performance obligation for the Organization, and are highly dependent on any surplus cash flow from the partnership in a given year, this revenue source is considered a contribution under ASC Topic 958-605, and therefore not subject to the provisions of Topic 606. There were no unrestricted development fees received in either 2023 or 2022, and therefore all PSH revenue presented for both 2023 and 2022 in the statement of activities was revenue for services rendered over time under the provisions of Topic 606.

Special Event Revenue

Revenue from special event fees are deferred and recognized over the periods in which the events occur. The transaction price is allocated to each event and is the amount of consideration to which the Organization expects to be entitled in exchange for transferring services to the customer. All revenue is recognized at the point in time in which the services are provided to the customer, and each service represents a single performance obligation. Special event revenue is presented as gross revenues from special events less the costs directly related to the event. No consideration is variable as there are no price changes for volume purchasing and any increases or decreases in services are at stand-alone selling prices of those goods or services.

Deferred Revenue

Deferred revenue is recorded when cash or receivables are recognized, but income is not yet earned. These amounts will be recognized in following periods when earned.

Prepaid Expenses

Prepaid expenses represent amounts paid for which there is a future benefit. These items are recognized as expenses in the period in which the benefit is received.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of costs was made on the following basis:

Expense	Method Of Allocation
Salaries and benefits	Time and effort
Equipment and maintenance	Time and effort
Occupancy and utilities	Time and effort
Professional services	Time and effort
Information technologies	Time and effort
Supplies	Time and effort
Other	Time and effort

Income Taxes

The Organization is exempt from income taxes under the Internal Revenue Code Section 501(c)(3) as a charitable organization. GAAP requires an entity to disclose material uncertain tax positions that management believes do not meet a "more-likely-than-not" standard of being sustained under an income tax audit. If disclosure is required, the entity must accrue a liability for any such taxes, penalties and interest. For the years ended June 30, 2023 and 2022, there was no taxable income from unrelated business activities, and management has not identified any uncertain tax positions requiring disclosure or accrual. Tax information returns for the periods ending June 30, 2019 and all subsequent years remain open and subject to Internal Revenue Service inquiry.

Summarized Prior-Year Information

The statement of activities and changes in net assets includes certain prior-year summarized comparative information in total, but not by net asset class. The statement of functional expenses includes certain prior-year summarized comparative information in total, but not by program or supporting services. These statements do not include sufficient detail to constitute presentations in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

2. Liquidity

The Organization strives to maintain liquid financial assets sufficient to cover at least 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in a reserve account at Citywide Bank without restrictions for withdrawal.

The following represents the Organization's financial assets available for general expenditures within one year as of June 30, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	**$ 202,326**	$ 187,526
Investments	**1,375,377**	1,652,293
Government contracts receivable	**298,654**	313,814
Contributions receivable	**—**	15,530
Total Financial Assets	**1,876,357**	2,169,163
Less amounts not available to be used within one year:		
Net assets with donor restrictions	**140,144**	30,000
Amounts to be released from restrictions within one year	**(10,214)**	—
Board-designated reserve	**600,000**	600,000
Financial Assets Available To Meet General Expenditures Over The Next 12 Months	**$ 1,146,427**	$ 1,539,163

As of June 30, 2023 and 2022, the Organization had $1,146,427 and $1,569,163, respectively, in financial assets available to meet operating cash needs for general expenditures within one year of the statement of financial position date.

3. Investments

Investments are held by a brokerage firm, with investments insured by the Securities Investor Protection Corporation to a maximum of $500,000 per eligible account.

The ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This topic also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organizations have 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 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.

The methods 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 the 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 statement of financial position.

Investments consisted of the following and are valued at fair value as noted:

June 30, 2023

	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds	$ 1,375,377	$ 1,375,377	$ —	$ —
Total	$ 1,375,377	$ 1,375,377	$ —	$ —

June 30, 2022

	Fair Value	Level 1	Level 2	Level 3
Exchange traded funds	$ 1,652,293	$ 1,652,293	$ —	$ —
Total	$ 1,652,293	$ 1,652,293	$ —	$ —

4. Contributed Nonfinancial Assets

Contributed nonfinancial asset revenue is recognized when the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gifts in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts in-kind and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Gifts in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. Contributions included in the statement of activities are comprised of the following:

	2023	2022
Donated meals	**$ 107,375**	$ 97,390
Donated professional services	**6,000**	6,000
Donated goods	**141,585**	64,041
Total	**$ 254,960**	$ 167,431

Fair value techniques - goods for residents are valued using estimated retail prices of identical or similar products if purchased in the region. Donated meals are valued based on a price per pound (protein, starch, etc.) of identical or similar products if purchased in the region. Professional services are valued based on current rates of information technology services provided by the firm.

Donor restrictions and use - contributed nonfinancial assets are not restricted. The Organization does not sell any of the contributions, and uses goods, meals, volunteer services or professional services in its program activities.

An approximate total of 691 volunteers donated 6,430 service hours to the Organization during the year ended June 30, 2023, and an approximate total of 650 volunteers donated 3,285 service hours to the Organization during the year ended June 30, 2022. In-kind contributions may be used for program activities, fundraising or management and general purposes.

5. Property And Equipment

Property and equipment consist of the following:

	2023	2022
Land	**$ 154,000**	$ 154,000
Building improvements	**83,444**	58,801
Furniture and equipment	**67,866**	67,866
Vehicles	**61,947**	63,109
Total	**367,257**	343,776
Less: Accumulated depreciation	**(41,297)**	(28,049)
Net Property And Equipment	**$ 325,960**	$ 315,727

The LLLP created 95 one-to-three-bedroom affordable housing units for individuals and families, and 35 one-bedroom units for former chronically homeless individuals who also have a disability. These 35 residents are supported by services and resources provided by the Organization to maintain their housing. In addition, a new shelter facility was created, allowing for improved and expanded programs for shelter guests in an environment consistent with the evidence-based best practices of trauma-informed care. The project was completed and occupied in early 2019.

In 2017, the Organization's previous building used for program and administrative purposes was demolished. The demolished building was financed with a $700,000 grant from the City and County of Denver Office of Economic Development (the City). The Organization executed a promissory note and deed of trust for the grant with terms and conditions satisfactory to the City. The note requires repayment of the $700,000 grant principal if the property ceases to be used for shelter and housing and to provide services for homeless persons prior to May 24, 2037. No balance sheet liability was recorded as it is the intent of the Board to continue to operate the new building as specified in the grant.

6. Board-Designated Net Assets

As of June 30, 2023 and 2022, the Organization had $600,000 in Board-designated reserves intended to be used to buy out the property at the end of the tax credit period.

7. Donor Restricted Net Assets

Donor restricted net assets were as follows at June 30:

	2023	2022
Tree fundraiser	$ 129,930	$ 30,000
Colorado Health Foundation grant	10,214	—
Total	$ 140,144	$ 30,000

As of June 30, 2023, $129,930 of donor restricted net assets were restricted for the Tree fundraiser efforts to be set aside to pay off the shelter, and an additional $10,214 was restricted for mental health services and support groups through a Colorado Health Foundation grant. The restricted cash balance of $140,144 as of June 30, 2023 reflects these amounts set aside for restriction on the accompanying financial statements.

As of June 30, 2022, $30,000 of donor restricted net assets were restricted for the Tree fundraiser efforts to be set aside to pay off the shelter. The restricted cash balance of $30,000 as of June 30, 2022 reflects this amount set aside for restriction on the accompanying financial statements.

Donor restricted net assets were released from restrictions by incurring expenses satisfying restricted purposes as follows:

	2023	2022
Operating grants	$ —	$ 150,000

8. Concentrations

The Organization generates substantially all of its support from contributions, grants and fundraising events. For the year ended June 30, 2023, 31% of support was from contributions including in-kind, 19% was from foundation gifts and 44% was from government support. For the year ended June 30, 2022, 27% of support was from contributions including in-kind, 33% was from foundation gifts and 38% was from government support.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents deposited in selected brokerage accounts and federally insured financial institutions. At June 30, 2023 and 2022, there were no uninsured cash balances.

9. Commitments

The Organization entered into partnership with another nonprofit organization, Rocky Mountain Communities, on January 9, 2015 to form Arroyo Village LLC, a Colorado limited liability company, which is the general partner in the LLLP, a Colorado limited liability limited partnership. The LLLP acquired leasehold interests in two contiguous parcels of land, each owned by one of the nonprofit organizations. The Organization and Rocky Mountain Communities are members of AV Development LLC and own 25% and 75%, respectively. On January 15, 2016, the LLLP entered into a consulting services agreement with BlueLine Development, Inc. (BlueLine). BlueLine acted as consultant for the LLLP project, managing all aspects of the planning, construction and completion, including supervision of financing, design, construction and compliance.

The LLLP project was approved in June 2016 for federal and state for low-income housing income tax credits. The sale of the tax credits provided the initial funding for the construction project, which commenced construction on August 24, 2017 and received final certificate of occupancy on September 20, 2019. The Organization operates the shelter and provides supportive service to residents of the permanent supportive housing units. There were no developer fees received during the years ended June 30, 2023 and 2022.

10. Note Receivable

The Organization has a $507,877 note receivable with the LLLP. Interest accrues at 3% per annum. Interest and principal is payable annually from Cash Flow, with all payments applied first to accrued interest. Any unpaid principal and interest is payable on or before August 1, 2057. The note is secured by a deed of trust and is subordinate. As of June 30 2023 and 2022, the Organization has advanced $507,877, which remains outstanding. The Organization has accrued interest of $74,730 and $59,517 related to the note as of years ended June 30, 2023 and 2022, respectively.

11. Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

12. Restatement Of Prior Year In-Kind Revenues And Expenses

The Organization included non-specialized volunteer services in the prior year. The omission resulted in an overstatement of revenue and expenses but had no impact on prior net assets.

The restatement had the following impact on previously reported balances:

	2022 As Previously Stated	In-kind Adjustment	2022 Restated
Contributed nonfinancial assets	$ 282,344	$ (114,913)	$ 167,431
Program services	2,491,331	(114,913)	2,376,418