

Family Tree, Inc.

Independent Auditor's Reports and Financial Statements

June 30, 2021 and 2020

Family Tree, Inc.
June 30, 2021 and 2020

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Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors
Family Tree, Inc.
Wheat Ridge, Colorado

We have audited the accompanying financial statements of Family Tree, Inc. (Family Tree) which comprise the statement of financial position as of June 30, 2021, 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 of America; 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 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.

Board of Directors
Family Tree, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Tree as of June 30, 2021 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, consisting of the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 28, 2021 on our consideration of Family Tree's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Tree's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Tree's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
October 28, 2021

Family Tree, Inc.
Statement of Financial Position
Year Ended June 30, 2021
(With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 2,324,589	\$ 2,252,068
Receivables, net of allowance	1,120,762	1,287,745
Investments	1,535,278	892,232
Inventory	25,986	16,745
Prepayments and other	27,188	33,306
Property and equipment, net	2,477,663	2,503,125
Donated building, net	2,634,031	2,704,585
Beneficial interest in Community First Foundation	292,974	253,835
	<u>292,974</u>	<u>253,835</u>
Total assets	<u>\$ 10,438,471</u>	<u>\$ 9,943,641</u>
Liabilities		
Accounts payable	\$ 132,165	\$ 227,054
Accrued liabilities	592,453	536,451
Other liabilities	2,164	3,195
Deferred revenue	16,180	69,195
Refundable advance	-	904,200
Notes payable	383,015	404,710
	<u>383,015</u>	<u>404,710</u>
Total liabilities	<u>1,125,977</u>	<u>2,144,805</u>
Net Assets		
Without donor restrictions		
Undesignated	4,952,333	4,559,215
Designated by Board for Strategic Investments	1,100,000	-
	<u>1,100,000</u>	<u>-</u>
Net assets without donor restrictions	<u>6,052,333</u>	<u>4,559,215</u>
With donor restrictions		
Perpetual in nature	174,917	174,917
Time restricted for future periods	2,634,031	2,704,585
Purpose restrictions	451,213	360,119
	<u>451,213</u>	<u>360,119</u>
Net assets with donor restrictions	<u>3,260,161</u>	<u>3,239,621</u>
Total net assets	<u>9,312,494</u>	<u>7,798,836</u>
Total liabilities and net assets	<u>\$ 10,438,471</u>	<u>\$ 9,943,641</u>

Family Tree, Inc.
Statement of Activities
Year Ended June 30, 2021
(With Summarized Financial Information for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Financial Information
Revenues				
Contributions and grants				
Federal government grants	\$ 3,182,990	\$ -	\$ 3,182,990	\$ 2,716,741
Other government grants	1,293,081	-	1,293,081	2,113,905
Foundations grants	662,218	70,000	732,218	611,877
Corporation and individual contributions	807,158	66,687	873,845	497,395
In-kind contributions	300,471	-	300,471	260,158
Mile High United Way	75,000	-	75,000	75,000
PPP Loan Forgiveness	904,200	-	904,200	-
Special events, net of direct benefit to donors	124,288	-	124,288	113,633
	<u>7,349,406</u>	<u>136,687</u>	<u>7,486,093</u>	<u>6,388,709</u>
Program service fees	2,309,165	-	2,309,165	2,153,496
Rental and other income	137,662	-	137,662	85,134
Treasure Trunk Thrift Store	208,131	-	208,131	223,269
Investment return, net	143,750	-	143,750	23,368
Change in beneficial interest in net assets of Community First Foundation	-	51,675	51,675	8,966
	<u>10,148,114</u>	<u>188,362</u>	<u>10,336,476</u>	<u>8,882,942</u>
Net assets released from restrictions	<u>167,822</u>	<u>(167,822)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>10,315,936</u>	<u>20,540</u>	<u>10,336,476</u>	<u>8,882,942</u>
Expenses				
Program services				
Housing and family stabilization services	4,105,449	-	4,105,449	3,459,740
Domestic violence services	1,702,104	-	1,702,104	1,793,846
Child and youth services	1,249,431	-	1,249,431	1,281,230
Integrated Services	509,530	-	509,530	527,699
Total program services	<u>7,566,514</u>	<u>-</u>	<u>7,566,514</u>	<u>7,062,515</u>
Supporting services				
General and administration	735,397	-	735,397	726,439
Funds development	520,907	-	520,907	470,032
Total supporting services	<u>1,256,304</u>	<u>-</u>	<u>1,256,304</u>	<u>1,196,471</u>
Total expenses	<u>8,822,818</u>	<u>-</u>	<u>8,822,818</u>	<u>8,258,986</u>
Change in Net Assets From Operations	1,493,118	20,540	1,513,658	623,956
Gain on Disposal of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,823</u>
Change in Net Assets	1,493,118	20,540	1,513,658	692,779
Net Assets, Beginning of Year	<u>4,559,215</u>	<u>3,239,621</u>	<u>7,798,836</u>	<u>7,106,057</u>
Net Assets, End of Year	<u>\$ 6,052,333</u>	<u>\$ 3,260,161</u>	<u>\$ 9,312,494</u>	<u>\$ 7,798,836</u>

Family Tree, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021
(With Summarized Financial Information for 2020)

	Program Services				Supporting Services			2020 Total Expenses	
	Housing and Family Stabilization Services	Domestic Violence Services	Child and Youth Services	Integrated Services	Total Program Expenses	General and Administration	Funds Development		
Salaries and benefits	\$ 1,704,759	\$ 1,272,903	\$ 1,040,667	\$ 549,066	\$ 4,567,395	\$ 836,106	\$ 319,484	\$ 5,722,985	\$ 5,418,318
Contract services	27,640	56,750	14,616	9,323	108,329	84,031	26,745	219,105	380,982
Direct client costs	1,798,334	83,062	65,191	14,519	1,961,106	-	-	1,961,106	1,572,253
Travel	6,659	1,244	11,452	3,274	22,629	865	884	24,378	59,511
Building lease and rent	100	-	-	77,756	77,856	-	-	77,856	79,708
Utilities	59,616	16,843	-	28,277	104,736	-	-	104,736	99,866
Repairs and maintenance	102,593	41,751	-	47,726	192,070	7	96	192,173	129,384
Supplies and printing	30,631	10,259	4,629	5,042	50,561	15,375	18,929	84,865	63,693
Telephone and postage	18,620	14,442	7,260	3,498	43,820	2,601	3,657	50,078	47,498
Insurance	34,423	15,156	6,422	11,255	67,256	10,979	2,382	80,617	87,657
Staff development, meetings and recruitment	6,544	3,839	2,621	1,426	14,430	3,576	1,716	19,722	31,560
Merchant fees, other fees and dues	8,691	6,074	1,630	4,422	20,817	12,036	14,472	47,325	38,261
Volunteer and Board	-	-	-	-	-	105	2,172	2,277	763
Outreach	-	-	935	282	1,217	-	6,133	7,350	8,601
Special event expense	-	-	-	-	-	-	35,968	35,968	26,309
Interest and other	7,310	6,726	764	(873)	13,927	24,716	7	38,650	72,322
Facilities and indirect allocations	172,820	140,565	93,244	(272,752)	133,877	(255,000)	121,123	-	-
Expenses before depreciation and amortization	3,978,740	1,669,614	1,249,431	482,241	7,380,026	735,397	553,768	8,669,191	8,116,686
Depreciation and amortization	55,911	32,490	-	27,289	115,690	-	3,107	118,797	98,055
Depreciation - donated buildings	70,798	-	-	-	70,798	-	-	70,798	70,554
Total expenses	4,105,449	1,702,104	1,249,431	509,530	7,566,514	735,397	556,875	8,858,786	8,285,295
Less: Special event expense	-	-	-	-	-	-	(35,968)	(35,968)	(26,309)
Total expenses to the Statement of Activities	<u>\$ 4,105,449</u>	<u>\$ 1,702,104</u>	<u>\$ 1,249,431</u>	<u>\$ 509,530</u>	<u>\$ 7,566,514</u>	<u>\$ 735,397</u>	<u>\$ 520,907</u>	<u>\$ 8,822,818</u>	<u>\$ 8,258,986</u>

Family Tree, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 1,513,658	\$ 692,779
Items not requiring (providing) cash		
Net realized and unrealized gain on investments	(136,557)	(5,152)
Depreciation and amortization	189,595	168,609
Change in beneficial interest in Community First Foundation	(51,675)	(8,966)
Gain on disposal of property	-	(68,823)
Changes in		
Receivables	166,983	(646,344)
Inventory	(9,241)	8,814
Prepayments and other	6,118	(2,308)
Accounts payable and accrued liabilities	98,660	264,062
Other liabilities and deferred revenue	(54,046)	(18,250)
Refundable advance (PPP loan)	(904,200)	904,200
	<u>819,295</u>	<u>1,288,621</u>
Net cash provided by operating activities		
Investing Activities		
Purchase of investments	(746,489)	(707,735)
Proceeds from sale of investments	240,000	180,000
Acquisitions of property and equipment	(231,126)	(898,056)
Net distribution from beneficial interest		
in Community First Foundation	12,536	12,221
Proceeds from disposal of property	-	187,682
	<u>(725,079)</u>	<u>(1,225,888)</u>
Net cash used in investing activities		
Financing Activities		
Payments on notes payable	(21,695)	(19,409)
	<u>(21,695)</u>	<u>(19,409)</u>
Net cash used in financing activities		
Change in Cash and Cash Equivalents	72,521	43,324
Cash and Cash Equivalents, Beginning of Year	<u>2,252,068</u>	<u>2,208,744</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,324,589</u>	<u>\$ 2,252,068</u>
Supplemental Disclosure of Cash Flow Information		
Property and equipment in accounts payable	<u>\$ -</u>	<u>\$ 137,547</u>
Interest paid	<u>\$ 18,341</u>	<u>\$ 23,353</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The mission of Family Tree, Inc. (Family Tree) is to partner with all people to prevent and overcome the interconnected issues of child abuse, domestic violence and homelessness to promote safety, healing and stability across generations. Family Tree was founded in 1976 as a cooperative effort with local government, civic, and private agencies to coordinate existing human service resources, and to identify and develop innovative responses for youth and families in Jefferson County. Due to its high-quality services, along with expanding community needs, Family Tree broadened its service area to include the entire seven-county Denver metro region. Family Tree operates in three programmatic areas - Child and Youth Services, Domestic Violence Services, and Housing and Family Stabilization Services.

Family Tree works with vulnerable populations across the seven-county Denver metro region. Its clients have histories of poverty, trauma, and/or crisis and internal data has identified the most common client demographic across all programs are family units (76%), of which the majority are female headed households (70%) and have annual incomes under \$20,000 (61%). During the year ended June 30, 2021, Family Tree assisted 19,249 people; 4,606 through direct services and 14,643 through its crisis and help lines. Through its three residential facilities, Family Tree provided 20,312 nights of safe shelter to individuals and families.

Family Tree's services include:

Child & Youth Services: Offers community-based education, treatment, crisis intervention, and case management to stabilize children and youth and to help families overcome and prevent situations of child abuse and neglect.

- Community Family Resource Team: 120-day home-based therapeutic program designed to keep youth safely in their homes, providing crisis intervention, school-based assistance, and support to stabilize families. During the year ended June 30, 2021, Family Tree assisted 76 at-risk youth with in-home services; 86% were successfully diverted from further child welfare and court system involvement.
- SafeCare Colorado: nationally-recognized, evidence-based in-home program providing direct skills training in parenting, child safety, and health in Adams and Jefferson counties. During the year ended June 30, 2021, 113 families actively participated in the program and 73% of those families completed one or more SafeCare topics, proving a significant increase in parenting skills.
- Kinship Programs: home-based financial/supportive services for relative caretakers struggling to maintain stability/housing for children in their care. During the year ended June 30, 2021, nearly 1,300 individuals were provided with assistance maintaining stability for children in their care.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Domestic Violence Services: Keeps domestic violence survivors and their children safe through crisis line, emergency shelter, safety planning, legal advocacy, and linkages to community resources. During the year ended June 30, 2021, 10,306 individuals received direct services and assistance through the domestic violence crisis line.

- **Roots of Courage:** provides 45-day confidential shelter, case management, and support for survivors and their children. During the year ended June 30, 2021, 258 survivors of domestic violence received shelter and supportive services. Client surveys showed 82% increased their knowledge of safety strategies and 82% reported increased knowledge of community resources.
- **Legal Advocacy:** increase immediate and long-term safety through civil/criminal legal advocacy and crisis intervention. During the year ended June 30, 2021, 392 clients were served. 93% of those surveyed reported they know more about their rights and options.
- **Domestic Violence Outreach:** increase safety/healing and decrease isolation of victims and their children through advocacy in a safe, community setting. During the year ended June 30, 2021, 397 people were served and 95% of those surveyed reported they feel less alone.
- **Parenting Time Program:** provide a safe environment for children to spend time with nonresidential parent(s) and increase families' parenting skills. Last fiscal year, services were provided to an average of 212 people per month, which provided over 3,800 hours of safety for children.

Housing & Family Stabilization Services: Provides individual and family stabilization services through emergency shelter, crisis helpline, homeless prevention services, case management, education, housing and rental assistance and employment services, along with ancillary support for people experiencing homelessness and those at risk of becoming homeless.

- **House of Hope:** provides 90-day shelter, case management, and support for homeless women with children. Last year, House of Hope provided emergency residential services to 128 individuals, and 58% of families exiting moved into safe and stable housing.
- **Homelessness Program:** comprehensive support, case management and employment guidance, stabilizing individuals/families and providing access to affordable housing. During the year ended June 30, 2021, 341 households received direct services including rental assistance and case management, and 2,858 people were connected to resources through the crisis helpline. For the year ended June 30, 2021, 88% of families exiting the Homelessness Program moved into safe and stable housing. Additionally, 63% of those households who exited maintained or increased their income.
- **Generational Opportunities to Achieve Long-term Success (GOALS) Program:** two-generation program designed to break the intergenerational cycle of poverty and homelessness providing families experiencing homelessness with holistic, wrap-around support including temporary housing for up to nine months and access to quality early childhood education, work force development, physical and mental health and other support services. Last year, GOALS housed 29 families, and 47% of families exiting moved into safe and stable housing.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Integrated Services: Provides services that support clients across the organization in achieving their goals.

- Continuous Improvement Practice (CIP): an extensive set of tools and practices developed to improve Family Tree’s work and outcomes for the benefit of its clients using a relevant, strong, and aligned data impact strategy along with data collection tools and data management and program evaluation practices that help track a client’s progress toward short- and long-term goals.
- Education and Employment Center: provides enhanced resources and work readiness services including guidance for conducting job searches, interviewing skills, as well as matching job-seeking clients with Family Tree employment partners and providing support to enhance success after employment. During the year ended June 30, 2021, 51 engaged, job-seeking clients attended job interviews and 34 of those clients obtained employment.
- Diversity, Equity and Inclusion: works to ensure a welcoming and equitable environment for a diverse and inclusive community across all levels of the organization.
- Treasure Trunk Thrift Store: is a donation-based community thrift store that offers access to clothing, furniture, and household goods to families and individuals who are on the path towards economic independence. Family Tree provides vouchers usually valued between \$25 and \$175 for Family Tree program participants to gather basic needs items. In the year ended June 30, 2021, 859 vouchers were redeemed at Treasure Trunk Thrift Store, totaling \$22,291 in assistance to clients.
- Property Management: provides safe and secure facilities to ensure continuous operation and control of physical facilities owned and/or used for services.

Basis of Presentation

The accompanying financial statements of Family Tree have been prepared on the accrual basis of accounting. Family Tree reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Cash and Cash Equivalents

Family Tree considers all liquid investments with original maturities of three months or less that are not part of the investment portfolio to be cash equivalents.

Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

At June 30, 2021 and 2020, Family Tree's cash accounts exceeded federally insured limits by approximately \$1,860,000 and \$1,988,000, respectively.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Inventory

Inventory consists of materials donated to the Treasure Trunk Thrift Store and is valued at estimated fair value at the time of donation.

Property and Equipment

Property and equipment acquisitions are recorded at cost, or if contributed, at the fair value at the date of donation. Depreciation and amortization are calculated using the straight-line method over the estimated useful life of each asset, from 4 to 40 years, or the related lease term for capital leases. Expenditures for maintenance, repairs or minor replacements are charged to expense. Expenditures for major replacements and betterments in excess of \$5,000 and with a useful life greater than one year are capitalized.

Long-lived Asset Impairment

Family Tree evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No impairment losses were recognized for the years ended June 30, 2021 and 2020.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Deferred Revenue

Grants, contracts, and other receipts relating to future periods are deferred and recognized as revenue in the applicable future period when the related services are rendered and expenses are incurred.

Program Service Fees

Program service fees consist of fee-based contracts with counties and other organizations and individuals to provide services to clients. Revenue is recognized as Family Tree satisfies performance obligations under its contracts. Revenue is reported at the negotiated contract price which is the amount of consideration to which Family Tree expects to be entitled in exchange for providing services. Family Tree determines the contract price based on its cost to provide the service, including overhead, adjusted for negotiated concessions which it determines based on various factors including program impacts, ability to pay and historical experience with the purchaser. See Note 15.

Program service fees also include contracts with counties which are classified as conditional grants where revenue is recognized upon satisfaction of certain contractual conditions and the related invoice submission to the grantor. See Note 5.

Treasure Trunk Thrift Store

Treasure Trunk Thrift Store revenue is recognized as Family Tree satisfies its sales obligation by providing goods to the customer. Revenue is reported at the price paid for the goods. Family Tree determines the transaction price based on its estimate of the value of the goods provided.

Contributions

Contributions are provided to Family Tree either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Family Tree overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Nature of the Gift	Value Recognized
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional grants and contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Contributed Goods, Services and Buildings

Donated goods from various donors are recorded in the accompanying financial statements at fair value as of the date of donation.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The value of contributed goods and services included in the financial statements for the years ended June 30, 2021 and 2020, totaled \$300,471 and \$260,158, respectively. The allocation of this amount between goods and services is as follows:

	<u>2021</u>	<u>2020</u>
Goods	\$ 266,116	\$ 188,503
Services	<u>34,355</u>	<u>71,655</u>
	<u>\$ 300,471</u>	<u>\$ 260,158</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Contributions of buildings are valued at estimated fair rental value based upon rentals of similar real estate. See Note 8 for donated buildings.

In addition, Family Tree has volunteers work one-on-one with clients, cook, clean, organize, provide administrative assistance, and participate in one-day impact opportunities to create significant improvements for clients. For the years ended June 30, 2021 and 2020, these volunteers provided 22,028 and 20,240 hours of work which is valued at approximately \$628,679 and \$550,528, respectively. Amounts applicable to these contributed hours are not reflected in the accompanying financial statements because the volunteers' time does not meet the required criteria for contributed services.

Government Grants

Family Tree receives certain revenues from grants with various governmental agencies. The disbursement of funds received under these grants generally requires compliance with the terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The amount of charges to these grants that may be disallowed, if any, by such audits cannot be presently determined. However, management believes that the effect of any such audits would not have a significant impact on the financial statements; accordingly, no provision has been made in the financial statements for any liability that may result.

Income Taxes

Family Tree has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Family Tree is subject to federal income tax on any unrelated business taxable income. In addition, Family Tree qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation under Section 509(a).

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs, management and general, and fund-raising functions based on various methods to reflect the effort expended on that program or function. Compensation costs for certain personnel, including executive officers, grants administrators and volunteer coordinators, are allocated based on the estimated time worked in each program or function. Information technology and business insurance costs are allocated based on the budgeted number of full-time equivalent employees in each program. Facilities management costs are allocated to each facility based on average estimated time worked by all facilities personnel at each facility. For facilities housing multiple programs, costs associated with the facility, including facilities maintenance, utilities, copier rental, office supplies, phone and internet costs and depreciation, are allocated based on budgeted number of full-time equivalent employees in each program located in the facility. Facilities costs for facilities housing only one program are direct costed to that program.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Concentration of Credit Risk

Financial instruments that potentially subject Family Tree to concentrations of credit risk consist of money market accounts, investment securities, and mutual funds. Family Tree places its money market accounts with creditworthy, high-quality financial institutions. Investments are made by investment managers engaged by Family Tree and the investments are monitored by management and the Finance Committee. The fair value of investments is subject to fluctuations on a year-to-year basis.

Credit risk with respect to receivables is limited due to the number and creditworthiness of the government entities and organizations from which the amounts are due.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Family Tree's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Revisions

Certain immaterial revisions have been made to the 2020 financial statements for the footnote disclosure of investments and investment return as well as the footnote disclosure about the fair value of assets and liabilities. These revisions did not have an impact on the financial statements.

Self-insurance

Family Tree has elected to self-insure for state unemployment insurance. Family Tree is liable for certain expected losses. Provisions for losses expected under these programs are recorded based upon Family Tree's estimates of the aggregate liability for claims incurred. For the years ended June 30, 2021 and 2020, \$76,941 and \$68,485, respectively, was recorded as a provision for expected losses, and is included in accrued liabilities on the statement of financial position.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 2: Investments and Investment Return

Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Money market cash funds	\$ 641,412	\$ 339,531
Equity mutual funds	404,496	245,692
Fixed income funds	389,640	246,533
Marketable alternative investments	<u>99,730</u>	<u>60,476</u>
Total investments	<u><u>\$ 1,535,278</u></u>	<u><u>\$ 892,232</u></u>

Total investment return is comprised of the following:

	<u>2021</u>	<u>2020</u>
Net interest and dividend income	\$ 7,193	\$ 18,216
Net realized and unrealized gains	<u>136,557</u>	<u>5,152</u>
	<u><u>\$ 143,750</u></u>	<u><u>\$ 23,368</u></u>

See Note 14 regarding the fair value of investments.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end available for use within 12 months		
Cash and cash equivalents	\$ 2,324,589	\$ 2,252,068
Receivables, net of allowance	1,120,762	1,287,745
Investments	<u>1,535,278</u>	<u>892,232</u>
	4,980,629	4,432,045
Restrictions		
Restricted funds	<u>(112,081)</u>	<u>(69,015)</u>
Net financial assets after restrictions	<u>4,868,548</u>	<u>4,363,030</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,868,548</u></u>	<u><u>\$ 4,363,030</u></u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Family Tree receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

Family Tree's beneficial interest in Community First Foundation consists of funds restricted for a specific purpose. The funds are not available for general expenditure. Income from the donor-restricted endowment is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Family Tree manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Family Tree has set a goal to have operating reserves of 3 to 9 months' expenses. It calculates reserves and monitors them on a monthly basis.

Note 4: Receivables

Accounts receivables represent amounts due from government grants, program service fee contracts, and amounts to be received under other agreements. Accounts receivable are all due within one year. Contributions receivable represent grants awarded and pledges made before year-end from foundations, corporations and individuals. Contributions receivable include grants and pledges due within one year.

Family Tree uses the allowance method to determine uncollectible receivables. The allowance method is based on prior years' experience and management's analysis of specific receivable balances.

Receivables consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Accounts receivable - government	\$ 1,077,425	\$ 1,141,606
Accounts receivable - other	5,272	574
Contributions - pledges and grants	42,500	150,000
Allowance for uncollectible accounts	<u>(4,435)</u>	<u>(4,435)</u>
	<u>\$ 1,120,762</u>	<u>\$ 1,287,745</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 5: Conditional Grants and Contributions

Family Tree has received the following conditional grants and contributions that are not recognized in the financial statements due to certain conditions not being satisfied as of June 30:

	<u>2021</u>	<u>2020</u>
Conditional grants based on incurring and paying allowable expenses	\$ 3,972,412	\$ 2,828,847
Conditional grants based on providing services at contractually stipulated levels	1,584,228	1,565,781
Conditional grant based on hiring and maintaining program staff	<u>-</u>	<u>169,195</u>
	<u>\$ 5,556,640</u>	<u>\$ 4,563,823</u>

For the years ended June 30, 2021 and 2020, grants and contributions of \$1,757,852 and \$1,668,420, respectively, have satisfied the required conditions and are recognized and classified as program service fees in the statement of activities.

Note 6: Beneficial Interest in Community First Foundation

Family Tree participates in the Nonprofit Preservation Challenge Grant Program established by the Community First Foundation (Community First). The purpose of this program is to assist charitable organizations with the formation of funds perpetual in nature. Under the terms and conditions of the grant award, in 2005 Family Tree made irrevocable transfers of restricted funds perpetual in nature to Community First for the Helen's Hope Program (Helen's Hope), which supports domestic violence victims moving out of the Roots of Courage (formerly Women in Crisis) shelter into safe and stable housing. Community First matched contributions received by Family Tree through July 2005 and provides investment management services. Distributions from the fund, per terms of the agreement, will be paid to Family Tree to support the Helen's Hope program. In addition, Family Tree pays Community First a 1% fee for investment management services.

Funds held by Community First for the benefit of Family Tree are recorded as interest in net assets of Community First on the statement of financial position. Family Tree's interest in Community First, including contributions transferred, match, and investment earnings, totaled \$292,974 and \$253,835 at June 30, 2021 and 2020, respectively.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 7: Property and Equipment

Property and equipment at June 30 consisted of:

	2021	2020
Buildings and improvements	\$ 3,447,490	3,367,227
Land and land improvements	640,885	640,885
Furniture, fixtures and equipment	62,644	85,330
Vehicles	68,261	68,261
	4,219,280	4,161,703
Less accumulated depreciation and amortization	(1,741,617)	(1,658,578)
	\$ 2,477,663	\$ 2,503,125

Effective November 1, 2018, Family Tree entered into a long-term lease of four buildings located in Aurora, Colorado on the site of a former non-profit residential campus. Terms include \$100 per year base rent, with an initial lease term of 40 years and four options to extend the term of the lease for an additional 10 years each. The lease also includes an option to purchase the buildings for \$100 and enter into a 99-year ground lease of the underlying land at the time certain redevelopment work on the campus is completed. The property houses the Family Tree Generational Opportunities to Achieve Long-Term Success (GOALS) program which provides housing and supportive services to families overcoming homelessness.

The lease was recorded as a contribution with donor restriction for time with a fair value of \$2,822,176 at the date the lease was executed and classified in the statement of financial position as donated buildings. The donated buildings will be depreciated over the 40-year term on a straight-line basis. Corresponding amounts will also be released from restriction. The balance, net of depreciation, at June 30, 2021 and 2020 is \$2,634,031 and \$2,704,585, respectively, and is disclosed separately in the statement of financial position.

Note 8: Refundable Advance

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was signed into law. Family Tree received a Paycheck Protection Program (PPP) loan established by the CARES Act and has elected to account for the funding as a conditional contribution by applying Accounting Standards Codification (ASC) Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. As of June 30, 2021, the full loan amount of \$904,200 has been forgiven and the revenue was recognized and is included in the PPP loan forgiveness line on the Statement of Activities. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 9: Notes Payable

Notes payable include the following at June 30:

	2021	2020
Note payable	\$ 383,015	\$ 404,710

The note is payable to Bank of America and has an interest rate of 3.69% and matures on January 1, 2034; it is collateralized by certain property and assignment of rents on the related property. Monthly installments are \$3,212.

Future annual maturities of notes payable outstanding are as follows as of June 30:

2022	\$ 22,122
2023	23,359
2024	24,614
2025	26,039
2026	27,618
Thereafter	259,263
	\$ 383,015

Note 10: Net Assets with Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose		
Housing and Family Stabilization Services	\$ 297,123	\$ 283,046
Integrated Services	11,173	19,180
Domestic Violence Services	139,367	47,996
Child and Youth Services	3,550	7,750
Restricted for Future Operations	-	2,147
Restricted for Future Operations - Donated Building	2,634,031	2,704,585
	\$ 3,085,244	\$ 3,064,704
	2021	2020
Endowment - held in perpetuity		
Helen's Hope	\$ 174,917	\$ 174,917

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31 have been designated for the following purposes:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 4,952,333	\$ 4,559,215
Designated by Board for Strategic Investments	<u>1,100,000</u>	<u>-</u>
	<u>\$ 6,052,333</u>	<u>\$ 4,559,215</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Housing and Family Stabilization Services	\$ 143,052	\$ 69,789
Domestic Violence Services	3,244	31,550
Child and Youth Services	200	-
Integrated Services	19,180	124,000
Marketing	-	13,250
Restricted for Future Operations	2,146	48,254
Restricted for Future Operations - Donated Building	<u>-</u>	<u>70,554</u>
	<u>\$ 167,822</u>	<u>\$ 357,397</u>

Note 11: Operating Leases

Family Tree has operating lease commitments for equipment and program facilities spaces requiring monthly payments through July 2024. Future minimum rental payments required for such operating leases at June 30, 2021 are as follows:

2022	\$ 79,302
2023	79,077
2024	78,402
2025	7,188
2026	100
Thereafter	<u>3,300</u>
Net present value of minimum lease payments	<u>\$ 247,369</u>

Building lease and rent expense for the years ended June 30, 2021 and 2020 was \$79,302 and \$80,959, respectively.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 12: Retirement Plan

Family Tree has a retirement plan (the Plan) under Internal Revenue Code Section 403(b). Employees regularly scheduled to work a minimum of 20 hours per week are eligible to participate in the Plan. The Plan allows for employees to make before-tax or after-tax Roth contributions up to 100% of their annual compensation, as limited annually by the IRS. All contributions to the Plan are fully vested when made. Effective July 1, 2017, Family Tree amended the Plan to include a discretionary employer match. For the years ended June 30, 2021 and 2020, Family Tree made matching contributions to the Plan of \$52,580 and \$44,912, respectively.

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

No contribution concentrations occurred in fiscal year 2021 or 2020.

COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties continue which may negatively affect the financial position, results of operations and cash flows of Family Tree. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 14: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Family Tree did not have Level 3 securities as of June 30, 2021 and 2020.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

	2021			
	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
Money market funds	\$ 641,412	\$ 641,412	\$ -	\$ -
Equity mutual funds	404,496	404,496	-	-
Marketable alternative investments	99,730	99,730	-	-
Fixed income funds	389,640	389,640	-	-
Beneficial interest in Community First	292,974	-	292,974	-
	<u>\$ 1,828,252</u>	<u>\$ 1,535,278</u>	<u>\$ 292,974</u>	<u>\$ -</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

	2020				
	Fair Value Measurements Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	
		Significant Unobserv- able Inputs (Level 3)			
Money market	\$ 339,531	\$ 339,531	\$ -	\$ -	
Equity mutual funds	245,692	245,692	-	-	
Marketable alternative investments	60,476	60,476	-	-	
Fixed income funds	246,533	246,533	-	-	
Beneficial interest in Community First	253,835	-	253,835	-	
	<u>\$ 1,146,067</u>	<u>\$ 892,232</u>	<u>\$ 253,835</u>	<u>\$ -</u>	

The amounts reported at fair value on a recurring basis are presented on the statement of financial position under the following captions:

	2021	2020
Investments	\$ 1,535,278	\$ 892,232
Beneficial interest in Community First Foundation	292,974	253,835
	<u>\$ 1,828,252</u>	<u>\$ 1,146,067</u>

Note 15: Revenue from Contracts with Customers

Program Service Fees

For the years ended June 30, 2021 and 2020, revenue from contracts with counties and other organizations and individuals of \$551,313 and \$485,076, respectively, has been classified as program service fees. These amounts meet the requirements as defined in ASU 2014-19.

Performance obligations are determined based on the nature of the services provided by Family Tree in accordance with the contract. Revenue is recognized as services are provided or for performance obligations satisfied over time revenue is recognized ratably over the period based on time elapsed. Family Tree believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Treasure Trunk Thrift Store

Revenue is reported at the price paid by customers for goods.

Transaction Price and Recognition

For program service fees, Family Tree determines the transaction price based on negotiated charges for services agreed upon between Family Tree and the customer. Family Tree determines the contract price based on its cost to provide the service, including overhead, adjusted for negotiated concessions which it determines based on various factors including program impacts, ability to pay and historical experience with the purchaser. The contracts are generally one year or less and do not have significant financing components. Family Tree bills the individual customers at the time of service and government or private organizations monthly, on terms set forth in the contract, after services are performed. Accounts receivable are due in full when billed.

Family Tree determines the transaction price for Treasure Trunk Thrift Store based on its estimate of the value of the goods provided.

Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

Family Tree has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Counties, organizations and other customers that have different reimbursement and payment methodologies and varying financial capacity

For the years ended June 30, 2021 and 2020, Family Tree recognized revenue of \$366,565 and \$350,703, respectively, from services that transfer to the customer over time, \$184,748 and \$134,373, respectively, from services that transfer to the customer at a point in time and \$208,131 and \$223,669, respectively, from goods that transfer to the customer at a point in time.

Contract Balances

The following table provides information about Family Tree's receivables from contracts with customers:

	2021	2020
Accounts receivable, beginning of year	\$ 28,517	\$ 44,100
Accounts receivable, end of year	\$ 28,659	\$ 28,517

Note 16: Subsequent Events

Subsequent events have been evaluated through October 28, 2021, which is the date the financial statements were available to be issued.

Supplementary Information

Family Tree, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program				
Supportive Housing Program	14.267	CO0052L8T031912	\$ -	\$ 439,991
Supportive Housing Program	14.267	CO0052L8T032013	-	279,440
Supportive Housing Program	14.267	CO0133L8T031803	39,172	69,979
Supportive Housing Program	14.267	CO0133L8T031904	71,545	477,652
Pass-through programs from				
Volunteers of America Colorado Branch -				
Supportive Housing Program -				
Youth Transition Project	14.267	CO0059L8T031812	-	130,375
Youth Transition Project	14.267	CO0059L8T031913	-	56,042
Colorado Coalition for the Homeless -				
Rapid Rehousing Demonstration	14.267	CO0165T8T031900	-	40,894
Rapid Rehousing Demonstration	14.267	CO0165L8T032001	-	13,121
Permanent Supportive Housing Program	14.267	H9PSH20020	-	12,396
Permanent Supportive Housing Program	14.267	H1COC21012	-	140,720
Subtotal 14.267			<u>110,717</u>	<u>1,660,610</u>
Metro Denver Homeless Initiative				
Emergency Shelter Grants Program	14.231	MDHIESG-FT420	-	167,253
Emergency Shelter Grants Program	14.231	None Provided	-	4,656
CARES Emergency Shelter Grants Program	14.231	HIESG91238	-	119,362
CARES Emergency Shelter Grants Program	14.231	HIESG91238	-	67,116
Colorado Department of Local Affairs -				
Emergency Shelter Grants Program	14.231	H0ESG19923	-	22,138
Emergency Shelter Grants Program	14.231	H0ESG19961	-	48,596
CARES Emergency Shelter Grants Program	14.231	HIESG91059	-	63,761
Subtotal 14.231			<u>-</u>	<u>492,882</u>
CDBG - Entitlement Grant Cluster				
Arapahoe County				
Community Development Block Grant	14.218	ENPS2010	-	20,250
City of Arvada				
Community Development Block Grant	14.218	TBD	-	7,132
Community Development Block Grant	14.218	TBD	-	1,036
Subtotal 14.218			<u>-</u>	<u>28,418</u>
Total U.S. Department of Housing and Urban Development			<u>110,717</u>	<u>2,181,910</u>
<u>U.S. Department of Health and Human Services</u>				
Pass-through programs from				
Colorado Department of Human Services				
State Cares 21.019,18 IHFA 103693	21.019	18 IHFA 103693	-	10,431
FVPSA CARES 93.671, 18 IHFA 103693	93.671	18 IHFA 103693	-	15,100
Family Violence Prevention and Services 93.671, 21 IHFA 163505	93.671	21 IHFA 163505	-	38,244
Family Violence Prevention and Services 93.671, 18 IHFA 103693	93.671	18 IHFA 103693	-	19,464
FVPSA CARES 93.671, 21 IHFA 163505	93.671	21 IHFA 163505	-	4,447
Subtotal 93.671			<u>-</u>	<u>77,255</u>

Family Tree, Inc.
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Federal TANF Block Grant 93.558, 21 IHFA 163505	93.558	21 IHFA 163505	-	21,391
477 Cluster				
Jefferson County Department of Human Services Community Services Block Grant 93.569, None Provided	93.569	None Provided	-	54,915
Adams County Department of Human Services Community Services Block Grant 93.569, None Provided	93.569	None Provided	-	23,381
Subtotal 93.569			-	78,296
Adams County				
Temporary Assistance for Needy Families 93.558, 2020.608	93.558	2020.608	-	30,760
Temporary Assistance for Needy Families 93.558, 2020.629	93.558	2020.629	-	289,961
Subtotal 93.558			-	320,721
Total U.S. Department of Health and Human Services			-	508,094
<u>U.S. Department of Justice</u>				
Pass-through programs from:				
Colorado Department of Public Safety, Division of Criminal Justice				
Victims of Crime Act Grant 16.575, 2018-VA-19-108-01	16.575	2018-VA-19-108-01	-	164,072
Victims of Crime Act Grant 16.575, 2020-VA-21-539-01	16.575	2020-VA-21-539-01	-	185,928
Total U.S. Department of Justice			-	350,000
<u>U.S. Department of Agriculture</u>				
Pass-through programs from				
State of Colorado Department of Health & Environment Child and Adult Food Care Program				
	10.558	None provided	-	7,217
Total U.S. Department of Agriculture			-	7,217
<u>Federal Emergency Management Agency</u>				
Jefferson County 97.024, 104200-001	97.024	104200-001	-	30,288
Arapahoe County 97.024, 098000-013	97.024	098000-013	-	44,630
CARES Pass through Jefferson County 97.024, 104200-001	97.024	104200-001	-	20,000
CARES Pass through Arapahoe County 97.024, 098000-013	97.024	098000-013	-	4,387
Total Federal Emergency Management Agency			-	99,305
Coronavirus Aid Relief and Economic Security Act Funds				
Pass-through programs from				
City of Arvada				
CARES Act 21.019, None Provided	21.019	None Provided	-	14,464
Department of Local Affairs				
CARES Act 21.019, 164321	21.019	164321	-	15,000
Adams County Foundation				
CARES Act 21.019, None Provided	21.019	None Provided	-	7,000
Total Coronavirus Aid Relief and Economic Security Act Funds			-	36,464
			\$ 110,717	\$ 3,182,990

Family Tree, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Family Tree, Inc. under programs of the federal government for the year ended June 30, 2021. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Family Tree, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Family Tree, Inc.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Family Tree, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Family Tree, Inc.
Wheat Ridge, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Family Tree, Inc. (Family Tree) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Tree's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Tree's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Tree's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Family Tree, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Tree's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Tree's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
October 28, 2021

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Family Tree, Inc.
Wheat Ridge, Colorado

Report on Compliance for Each Major Federal Program

We have audited Family Tree Inc. (Family Tree)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Tree's major federal programs for the year ended June 30, 2021. Family Tree's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Family Tree's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family Tree's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Family Tree's compliance.

Board of Directors
Family Tree, Inc.

Opinion on Each Major Federal Program

In our opinion, Family Tree complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Family Tree is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Tree's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Tree's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
October 28, 2021

Family Tree, Inc.
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2021

7. Identification of major programs:

Cluster/Program	CFDA Number
U.S. Department of Housing and Urban Development Supporting Housing Program Volunteers of America Colorado Branch - Youth Transition Project Colorado Coalition for the Homeless - Rapid Rehousing Demonstration Colorado Department of Local Affairs Permanent Supportive Housing Program	14.267

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. Auditee qualified as low-risk auditee?

Yes No

Family Tree, Inc.
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

Family Tree, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Reference Number	Summary of Finding	Status
	No matters are reportable.	