

Family Tree, Inc.

Independent Auditor's Reports and Financial Statements

June 30, 2020 and 2019

Family Tree, Inc.
June 30, 2020 and 2019

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Independent Auditor's Report on Financial Statements and Supplementary Information

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

Report on the Financial Statements

We have audited the accompanying financial statements of Family Tree, Inc. (Family Tree) which comprise the statement of financial position as of June 30, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Tree, Inc. as of June 30, 2020, and the changes in its net assets and its cash

Board of Directors
Family Tree, Inc.

flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2020, Family Tree adopted new accounting guidance contained in ASU 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our 2020 audit was 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 have also issued our report dated October 22, 2020, on our consideration of Family Tree's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 22, 2020

Family Tree, Inc.
Statement of Financial Position
Year Ended June 30, 2020
(With Summarized Financial Information for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 2,252,068	\$ 2,208,744
Receivables, net of allowance	1,287,745	641,401
Investments	892,232	359,345
Inventory	16,745	25,559
Prepayments and other	33,306	30,998
Property and equipment, net	2,503,125	1,821,982
Donated building, net	2,704,585	2,775,140
Beneficial interest in Community First Foundation	<u>253,835</u>	<u>257,090</u>
Total assets	<u>\$ 9,943,641</u>	<u>\$ 8,120,259</u>
Liabilities		
Accounts payable	\$ 227,054	\$ 57,943
Accrued liabilities	536,451	441,500
Other liabilities	3,195	3,195
Deferred revenue	69,195	87,445
Refundable advance	904,200	-
Notes payable	<u>404,710</u>	<u>424,119</u>
Total liabilities	<u>2,144,805</u>	<u>1,014,202</u>
Net Assets		
Without donor restrictions		
Undesignated	4,559,215	3,748,269
With donor restrictions		
Perpetual in nature	174,917	174,917
Time restricted for future periods	2,704,585	2,808,490
Purpose restrictions	<u>360,119</u>	<u>374,381</u>
Total net assets	<u>7,798,836</u>	<u>7,106,057</u>
Total liabilities and net assets	<u>\$ 9,943,641</u>	<u>\$ 8,120,259</u>

Family Tree, Inc.
Statement of Activities
Year Ended June 30, 2020
(With Summarized Financial Information for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Financial Information
Revenues				
Contributions and grants				
Federal government grants	\$ 2,716,741	\$ -	\$ 2,716,741	\$ 2,454,828
Other government grants	2,113,905	-	2,113,905	1,170,724
Foundations grants	456,577	155,300	611,877	631,388
Corporation and individual contributions	422,431	74,964	497,395	440,864
Donated building	-	-	-	2,822,176
In-kind contributions	260,158	-	260,158	257,647
Mile High United Way	75,000	-	75,000	56,250
Special events, net	113,633	-	113,633	131,456
	<u>6,158,445</u>	<u>230,264</u>	<u>6,388,709</u>	<u>7,965,333</u>
Program service fees	2,153,496	-	2,153,496	1,812,265
Rental and other income	85,134	-	85,134	88,937
Treasure Trunk Thrift Store	223,269	-	223,269	324,960
Investment return, net	23,368	-	23,368	33,873
Change in beneficial interest in net assets of Community First Foundation	-	8,966	8,966	10,784
	<u>8,643,712</u>	<u>239,230</u>	<u>8,882,942</u>	<u>10,236,152</u>
Net assets released from restrictions	<u>357,397</u>	<u>(357,397)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>9,001,109</u>	<u>(118,167)</u>	<u>8,882,942</u>	<u>10,236,152</u>
Expenses				
Program services				
Housing and family stabilization services	3,459,740	-	3,459,740	2,594,088
Domestic violence services	1,793,846	-	1,793,846	1,561,373
Child and youth services	1,281,230	-	1,281,230	1,272,447
Treasure Trunk Thrift Store	518,667	-	518,667	327,008
Property management	9,032	-	9,032	28,432
Total program services	<u>7,062,515</u>	<u>-</u>	<u>7,062,515</u>	<u>5,783,348</u>
Supporting services				
General and administration	726,439	-	726,439	669,338
Funds development	470,032	-	470,032	536,677
Total supporting services	<u>1,196,471</u>	<u>-</u>	<u>1,196,471</u>	<u>1,206,015</u>
Total expenses	<u>8,258,986</u>	<u>-</u>	<u>8,258,986</u>	<u>6,989,363</u>
Change in Net Assets From Operations	742,123	(118,167)	623,956	3,246,789
Gain on Disposal of Assets	<u>68,823</u>	<u>-</u>	<u>68,823</u>	<u>-</u>
Change in Net Assets	810,946	(118,167)	692,779	3,246,789
Net Assets, Beginning of Year	<u>3,748,269</u>	<u>3,357,788</u>	<u>7,106,057</u>	<u>3,859,268</u>
Net Assets, End of Year	<u>\$ 4,559,215</u>	<u>\$ 3,239,621</u>	<u>\$ 7,798,836</u>	<u>\$ 7,106,057</u>

Family Tree, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
(With Summarized Financial Information for 2019)

	Program Services				Supporting Services			Total Expenses	2019 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	\$ 1,521,715	\$ 1,378,163	\$ 1,056,579	\$ 434,367	\$ 4,390,824	\$ 791,360	\$ 236,134	\$ 5,418,318	\$ 4,576,661
Contract services	22,273	57,605	13,775	129,638	223,291	89,505	68,186	380,982	137,879
Direct client costs	1,445,242	69,682	57,207	122	1,572,253	-	-	1,572,253	1,421,523
Travel	19,333	6,548	27,712	3,242	56,835	1,168	1,508	59,511	75,931
Building lease and rent	100	1,000	-	78,608	79,708	-	-	79,708	76,363
Utilities	54,107	17,284	-	28,475	99,866	-	-	99,866	87,206
Repairs and maintenance	54,659	32,704	40	41,981	129,384	-	-	129,384	120,036
Supplies and printing	6,964	5,632	6,305	5,560	24,461	19,574	19,658	63,693	86,707
Telephone and postage	14,186	13,680	5,228	3,975	37,069	6,928	3,501	47,498	42,053
Insurance	30,845	17,805	7,765	17,493	73,908	11,062	2,687	87,657	68,405
Staff development, meetings and recruitment	5,170	11,031	6,926	1,791	24,918	5,997	645	31,560	38,330
Merchant fees, other fees and dues	8,067	4,382	1,910	3,996	18,355	10,339	9,567	38,261	39,991
Volunteer and Board	49	-	-	-	49	692	22	763	4,133
Outreach	(259)	-	1,736	330	1,807	-	6,794	8,601	34,223
Special event expense	-	-	-	-	-	-	26,309	26,309	55,114
Interest and other	6,709	3,668	5,177	19,076	34,630	37,251	441	72,322	24,211
Facilities and indirect allocations	164,146	140,595	90,870	(265,956)	129,655	(247,437)	117,782	-	-
Expenses before depreciation and amortization	3,353,306	1,759,779	1,281,230	502,698	6,897,013	726,439	493,234	8,116,686	6,888,766
Depreciation and amortization	35,880	34,067	-	25,001	94,948	-	3,107	98,055	108,675
Depreciation - donated buildings	70,554	-	-	-	70,554	-	-	70,554	47,036
Total expenses	3,459,740	1,793,846	1,281,230	527,699	7,062,515	726,439	496,341	8,285,295	7,044,477
Less: Special event expense	-	-	-	-	-	-	(26,309)	(26,309)	(55,114)
Total expenses to the Statement of Activities	<u>\$ 3,459,740</u>	<u>\$ 1,793,846</u>	<u>\$ 1,281,230</u>	<u>\$ 527,699</u>	<u>\$ 7,062,515</u>	<u>\$ 726,439</u>	<u>\$ 470,032</u>	<u>\$ 8,258,986</u>	<u>\$ 6,989,363</u>

Family Tree, Inc.
Statement of Cash Flows
Year Ended June 30, 2020
(With Summarized Financial Information for 2019)

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 692,779	\$ 3,246,789
Items not requiring (providing) cash		
Net realized and unrealized gain on investments	(5,152)	(12,404)
Depreciation and amortization	168,609	155,711
Change in beneficial interest in Community First Foundation	(8,966)	(10,784)
Contributed property and equipment	-	(2,822,175)
Gain on disposal of property	(68,823)	-
Changes in		
Receivables	(646,344)	126,268
Inventory	8,814	(1,843)
Prepayments and other	(2,308)	(1,567)
Accounts payable and accrued liabilities	264,062	21,280
Other liabilities and deferred revenue	(18,250)	12,628
Refundable advance	904,200	-
	<u>1,288,621</u>	<u>713,903</u>
Net cash provided by operating activities		
	<u>1,288,621</u>	<u>713,903</u>
Investing Activities		
Purchase of investments	(707,735)	(124,375)
Proceeds from sale of investments	180,000	-
Acquisitions of property and equipment	(898,056)	(138,483)
Proceeds from disposal of property	187,682	-
	<u>(1,238,109)</u>	<u>(262,858)</u>
Net cash used in investing activities		
	<u>(1,238,109)</u>	<u>(262,858)</u>
Financing Activities		
Net distribution from beneficial interest in Community First Foundation	12,221	12,262
Payments on notes payable	(19,409)	(471,104)
Proceeds from notes payable	-	437,473
	<u>(7,188)</u>	<u>(21,369)</u>
Net cash used in financing activities		
	<u>(7,188)</u>	<u>(21,369)</u>
Change in Cash and Cash Equivalents	43,324	429,676
Cash and Cash Equivalents, Beginning of Year	<u>2,208,744</u>	<u>1,779,068</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,252,068</u>	<u>\$ 2,208,744</u>
Supplemental Disclosure of Cash Flow Information		
Property and Equipment in accounts payable	<u>\$ 137,547</u>	<u>\$ -</u>
Interest paid	<u>\$ 23,353</u>	<u>\$ 24,503</u>
Noncash Capital and Related Financing Activities		
Contribution of donated asset	<u>\$ -</u>	<u>\$ 2,822,175</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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

Nature of Operations

The mission of Family Tree, Inc. (Family Tree) is to help people overcome child abuse, domestic violence, and homelessness to become safe, strong, and self-reliant. 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 utilizing three programmatic pillars of 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 (79%), of which the majority are female headed households (74%) and have annual income under \$20,000 (60%). During the year ended June 30, 2020, Family Tree assisted 18,931 people; 4,841 through direct services and 14,090 through its crisis and help lines. Through its three residential facilities, Family Tree provided 21,852 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 families with children and youth in order to prevent and help families overcome child abuse.

- 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, 2020, Family Tree assisted 94 at-risk youth with in-home services; 95% 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, 2020, 149 families participated in the program and 65% 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, 2020, nearly 1,200 individuals were provided assistance maintaining stability for children in their care.

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, 2020, 11,132 individuals received direct services and assistance through the domestic violence crisis line.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

- **Roots of Courage:** provides 45-day confidential shelter, case management, and support for survivors and their children. During the year ended June 30, 2020, 302 survivors of domestic violence received shelter and supportive services. Client surveys showed 88% increased their knowledge of safety strategies and 88% 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, 2020, 387 clients were served. 98% 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, 2020, 205 people were served and 93% 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 812 people, which provided almost 3,200 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 or 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 149 individuals, and 55% of families exiting moved into safe, 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, 2020, 291 households received direct services including rental assistance and case management, and 4,554 people were connected through the crisis helpline. For the year ended June 30, 2020, 77% of families exiting the Homelessness Program moved into safe and stable housing. Additionally, 67% 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. GOALS began serving clients in August 2019 and provided eight families with temporary housing and supportive case management services. Construction was completed on renovations to a larger facility that will allow the program to house up to 20 families at a time.

Family Tree, Inc.

Notes to Financial Statements

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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. Development of the CIP was completed and implementation begun in the year ended June 30, 2020.
- 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, 2020, 112 clients were provided services and 39% found 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: 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, 2020, 1413 vouchers were redeemed at Treasure Trunk, totaling \$37,671 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.

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.

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

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

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 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 year ended June 30, 2020.

Net Assets

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

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

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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 16.

Program service fees also includes 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 6.

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.
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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, 2020 and 2019, totaled \$260,158 and \$257,647, respectively. The allocation of this amount between goods and services is as follows:

	<u>2020</u>	<u>2019</u>
Goods	\$ 188,503	\$ 221,572
Services	<u>71,655</u>	<u>36,075</u>
	<u>\$ 260,158</u>	<u>\$ 257,647</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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 our clients. For the year ended June 30, 2020, these volunteers provided 20,240 hours of work which is valued at approximately \$550,528. 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 average 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 average 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, 2020 and 2019

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, 2019, from which the summarized information was derived.

Revisions

Certain immaterial revisions have been made to the 2020 financial statements for disclosure of special event expense – direct benefits to donors. These revisions did not have a significant impact on the financial statement line items impacted.

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, 2020 and 2019, \$68,485 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, 2020 and 2019

Note 2: Change in Accounting Principle

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

On July 1, 2019, Family Tree adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), using a modified retrospective method of adoption to all contracts with customers at July 1, 2019.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers (clients or people served) in amounts that reflect the consideration to which Family Tree expects to be entitled in exchange for those goods or services.

The amount to which Family Tree expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

Adoption of ASU 2014-09 resulted in changes in presentation of related disclosures in the notes to the financial statements.

ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

On July 1, 2019, Family Tree adopted ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, using a modified prospective basis method of adoption to all agreements with grantors that were either not completed as of July 1, 2019 or were entered into after that date.

The core guidance in ASU 2018-08 is to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a grant or contract, is a contribution or exchange transaction, and to help entities evaluate whether a contribution is conditional or unconditional.

Adoption of ASU 2018-08 resulted in classification of certain contractual agreements as contributions, not exchange transactions, thereby requiring their disclosure as conditional grants (*i.e.*, grant funds that are available to Family Tree upon satisfaction of certain conditions and the related invoice submission to the grantor). See Note 6.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 3: Investments and Investment Return

Investments consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Money market cash funds	\$ 17,750	\$ 19,648
Equity mutual funds	245,692	156,853
Fixed income funds	568,314	143,040
Marketable alternative investments	<u>60,476</u>	<u>39,804</u>
Total investments	<u>\$ 892,232</u>	<u>\$ 359,345</u>

Total investment return is comprised of the following:

	<u>2020</u>	<u>2019</u>
Net interest and dividend income	\$ 18,216	\$ 21,469
Net realized and unrealized gains	<u>5,152</u>	<u>12,404</u>
	<u>\$ 23,368</u>	<u>\$ 33,873</u>

See Note 15 regarding the fair value of investments.

Note 4: 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, 2020, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end available for use within 12 months		
Cash and cash equivalents	\$ 2,252,068	\$ 2,208,744
Receivables, net of allowance	1,287,745	641,401
Investments	<u>892,232</u>	<u>359,345</u>
	4,432,045	3,209,490
Restrictions		
Restricted funds	<u>(69,015)</u>	<u>(214,732)</u>
Net financial assets after restrictions	<u>4,363,030</u>	<u>2,994,758</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,363,030</u>	<u>\$ 2,994,758</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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 endowment funds consist of a donor-restricted endowment. 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 5: Receivables

Accounts receivable 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:

	2020	2019
Accounts receivable - government	\$ 1,141,606	\$ 585,044
Accounts receivable - other	574	-
Contributions - pledges and grants	150,000	62,944
Allowance for uncollectible accounts	(4,435)	(6,587)
	\$ 1,287,745	\$ 641,401

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 6: 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, 2020:

	2020
Conditional grants based on incurring and paying allowable expenses	\$ 2,828,847
Conditional grants based on providing services at contractually stipulated levels	1,565,781
Conditional grant based on hiring and maintaining program staff	169,195
	<u>\$ 4,563,823</u>

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

Note 7: 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 \$253,835 and \$257,090 at June 30, 2020 and 2019, respectively.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 8: Property and Equipment

Property and equipment at June 30 consisted of:

	2020	2019
Buildings and improvements	\$ 3,367,227	\$ 3,212,837
Land and land improvements	640,885	640,885
Furniture, fixtures and equipment	85,330	92,891
Vehicles	68,261	68,261
	4,161,703	4,014,874
Less accumulated depreciation and amortization	(1,658,578)	(2,192,892)
	\$ 2,503,125	\$ 1,821,982

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, 2020 and 2019 is \$2,704,585 and \$2,775,140, respectively, and is disclosed separately in the statement of financial position.

Note 9: 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, 2020, the loan is recorded as a refundable advance in the amount of \$904,200 until conditions are satisfied. 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. As of June 30, 2020, Family Tree had incurred \$487,660 of expenses it anticipates will meet the conditions for revenue recognition. These expenses could be subject to change upon management's final calculation and application for forgiveness.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 10: Notes Payable

Notes payable include the following at June 30:

	2020	2019
Note payable	\$ 404,710	\$ 424,119

The note is payable to Bank of America and has an interest rate of 5.45% and matures on January 1, 2034; it is collateralized by certain property and assignment of rents on the related property. Monthly installments are \$3,563.

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

2021	\$	20,952	
2022		22,122	
2023		23,359	
2024		24,614	
2025		26,039	
Thereafter		287,624	
		\$ 404,710	

Note 11: 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:

	2020	2019
Subject to expenditure for specified purpose		
Housing and Family Stabilization Services	\$ 283,046	\$ 185,568
Integrated Services	19,180	124,000
Domestic Violence Services	47,996	52,063
Child and Youth Services	7,750	7,750
Marketing	-	5,000
Restricted for Future Operations	2,147	33,350
Restricted for Future Operations - Donated Building	2,704,585	2,775,140
	\$ 3,064,704	\$ 3,182,871
Endowment - held in perpetuity		
Helen's Hope	\$ 174,917	\$ 174,917

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Housing and Family Stabilization Services	\$ 69,789	\$ 92,082
Domestic Violence Services	31,550	141,447
Child and Youth Services	-	250
Integrated Services	124,000	-
Marketing	13,250	15,000
Restricted for Future Operations	48,254	55,134
Restricted for Future Operations - Donated Building	<u>70,554</u>	<u>47,036</u>
	<u>\$ 357,397</u>	<u>\$ 350,949</u>

Note 12: 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, 2020 are as follows:

2021	\$ 77,274
2022	77,274
2023	77,049
2024	76,374
2025	7,188
Thereafter	<u>3,300</u>
Net present value of minimum lease payments	<u>\$ 318,459</u>

Building lease and rent expense for the years ended June 30, 2020 and 2019 was \$80,959 and \$76,363, respectively.

Note 13: 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, 2020 and 2019, Family Tree made matching contributions to the Plan of \$44,912 and \$35,242, respectively.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 14: 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 2020.

Approximately 18% of all contributions were received from one donor in fiscal year 2019.

Note 15: 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

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, 2020 and 2019.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019:

	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)
	Total	(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 17,750	\$ 17,750	\$ -	\$ -
Equity mutual funds	245,692	245,692	-	-
Marketable alternative investments	60,476	60,476	-	-
Fixed income funds	568,314	568,314	-	-
Beneficial interest in Community First	253,835	-	253,835	-
	<u>\$ 1,146,067</u>	<u>\$ 892,232</u>	<u>\$ 253,835</u>	<u>\$ -</u>

	2019			
	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)
	Total	(Level 1)	(Level 2)	(Level 3)
Money market	\$ 19,648	\$ 19,648	\$ -	\$ -
Equity mutual funds	156,853	156,853	-	-
Marketable alternative investments	39,804	39,804	-	-
Fixed income funds	143,040	143,040	-	-
Beneficial interest in Community First	257,090	-	257,090	-
	<u>\$ 616,435</u>	<u>\$ 359,345</u>	<u>\$ 257,090</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:

	2020	2019
Investments	\$ 892,232	\$ 359,345
Beneficial interest in Community First Foundation	<u>253,835</u>	<u>257,090</u>
	<u>\$ 1,146,067</u>	<u>\$ 616,435</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 16: Revenue from Contracts with Customers

Program Service Fees

For the year ended June 30, 2020, revenue from contracts with counties and other organizations and individuals of \$485,076 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.

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 year ended June 30, 2020, Family Tree recognized revenue of \$350,703 from services that transfer to the customer over time, \$134,373 from services that transfer to the customer at a point in time and \$223,669 from goods that transfer to the customer at a point in time.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Contract Balances

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

	<u>2020</u>
Accounts receivable, beginning of year	\$ 44,100
Accounts receivable, end of year	\$ 28,517

Note 17: Subsequent Events

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen 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.

Subsequent events have been evaluated October 22, 2020, 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, 2020

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	\$ -	\$ 248,100
Supportive Housing Program	14.267	CO0052L8T031811	-	399,865
Supportive Housing Program	14.267	CO0133L8T031803	18,648	330,123
Supportive Housing Program	14.267	CO0133L8T031702	-	37,013
Pass-through programs from				
Volunteers of America Colorado Branch -				
Supporting Housing Program - Youth Transition Project	14.267	CO0059L8T031611	-	102,405
Supporting Housing Program - Youth Transition Project	14.235	CO0059L8T031812	-	55,522
Colorado Coalition for the Homeless -				
Rapid Rehousing Demonstration	14.267	CO0031L8T031811	-	146,011
Rapid Rehousing Demonstration	14.267	CO0165T8T031900	-	6,433
Colorado Department of Local Affairs -				
Emergency Shelter Grants Program	14.231	MDHIESG-FT419	-	92,536
Emergency Shelter Grants Program	14.231	MDHIESG-FT420	-	39,342
Emergency Shelter Grants Program	14.231	H9ESG18923	-	19,810
Emergency Shelter Grants Program	14.231	H0ESG19923	-	1,255
Emergency Shelter Grants Program	14.231	H9ESG18961	-	19,011
Emergency Shelter Grants Program	14.231	H0ESG19961	-	2,074
Permanent Supportive Housing Program	14.267	H9PSH19015	-	7,832
Permanent Supportive Housing Program	14.267	H9PSH20020	-	151,146
Boulder County -				
Continuum of Care	14.267	CO0134L8T031500	-	(410)
Arapahoe County Community Resources -				
Community Development Block Grant	14.218	CMPF1719	-	200,000
Community Development Block Grant	14.218	ENPS1914	-	20,250
City of Arvada -				
Community Development Block Grant	14.218	TBD	-	7,868
Total U.S. Department of Housing and Urban Development			18,648	1,886,186

Family Tree, Inc.
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2020

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 Health and Human Services</u>				
Pass-through programs from				
Colorado Department of Human Services				
Family Violence Prevention and Services	93.671	18 IHFA 112832	-	28,577
Family Violence Prevention and Services	93.671	18 IHFA 103693	-	39,051
Federal Temporary Assistance for Needy Families Block Grant	93.558	18 IHFA 103693	-	22,948
Jefferson County Community Development				
Jefferson County Department of Human Services				
Community Services Block Grant	93.569	None provided	-	57,647
Community Services Block Grant	93.569	None provided	-	32,746
Adams County Human Services				
Temporary Assistance for Needy Families	93.558	2018.315C	-	21,630
Temporary Assistance for Needy Families	93.558	2018.315C	-	201,335
Total U.S. Department of Health and Human Services			-	403,934
<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	-	363,651
Total U.S. Department of Justice			-	363,651
<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	-	9,757
Total U.S. Department of Agriculture			-	9,757
<u>Federal Emergency Management Agency</u>				
Roots of Courage	97.024	104200-001	-	36,000
House of Hope	97.024	098000-013	-	17,213
Total Federal Emergency Management Agency			-	53,213
			<u>\$ 18,648</u>	<u>\$ 2,716,741</u>

Family Tree, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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, 2020. 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, 2020, 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 22, 2020, which contained an emphasis of matter paragraph for new accounting guidance.

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) to determine the 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 determination of financial statement amounts. 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 communication 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 22, 2020

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, 2020. 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 the requirements of laws, regulations, contracts and grants 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 consider 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, Inc. complied, in all material respects, with the 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, 2020.

Report on Internal Control Over Compliance

Management of Family Tree, Inc. 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 our 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 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 and 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 22, 2020

Family Tree, Inc.
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

7. Identification of major programs:

Cluster/Program	CFDA Number
Supporting Housing Program U.S. Department of Housing and Urban Development Volunteers of America Colorado Branch - Youth Transition Project Colorado Coalition for the Homeless - Rapid Rehousing Demonstration Boulder County - Continuum of Care	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, 2020

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, 2020

Reference Number	Summary of Finding	Status
	No matters are reportable.	