

Family Tree, Inc.

Independent Auditor's Reports and Financial Statements

June 30, 2022 and 2021

Family Tree, Inc.
June 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Family Tree, Inc (Family Tree) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Family Tree as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Family Tree and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2022, Family Tree adopted Accounting Standards Update No. 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Tree's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Board of Directors
Family Tree, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Tree's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Tree's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the June 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors
Family Tree, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 20, 2022, 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

FORVIS,LLP

Denver, Colorado
October 20, 2022

Family Tree, Inc.
Statement of Financial Position
Year Ended June 30, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,616,276	\$ 2,324,589
Receivables, net of allowance	1,635,680	1,120,762
Investments	1,551,463	1,535,278
Inventory	53,214	25,986
Prepayments and other	49,442	27,188
Property and equipment, net	2,614,021	2,477,663
Donated building, net	2,563,476	2,634,031
Beneficial interest in Community First Foundation	250,023	292,974
	<u> </u>	<u> </u>
Total assets	<u>\$ 10,333,595</u>	<u>\$ 10,438,471</u>
Liabilities		
Accounts payable	\$ 200,453	\$ 132,165
Accrued liabilities	434,298	592,453
Other liabilities	2,164	2,164
Deferred revenue	190,048	16,180
Notes payable	358,737	383,015
	<u> </u>	<u> </u>
Total liabilities	<u>1,185,700</u>	<u>1,125,977</u>
Net Assets		
Without donor restrictions		
Undesignated	5,256,010	4,952,333
Designated by Board for Strategic Investments	897,729	1,100,000
	<u> </u>	<u> </u>
Net assets without donor restrictions	<u>6,153,739</u>	<u>6,052,333</u>
With donor restrictions		
Perpetual in nature	174,917	174,917
Time restricted for future periods	2,563,476	2,634,031
Purpose restrictions	255,762	451,213
	<u> </u>	<u> </u>
Net assets with donor restrictions	<u>2,994,155</u>	<u>3,260,161</u>
Total net assets	<u>9,147,894</u>	<u>9,312,494</u>
Total liabilities and net assets	<u>\$ 10,333,594</u>	<u>\$ 10,438,471</u>

Family Tree, Inc.
Statement of Activities
Year Ended June 30, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Summarized Financial Information</u>
Revenues				
Contributions and grants				
Federal government grants	\$ 3,579,562	\$ -	\$ 3,579,562	\$ 3,182,990
Other government grants	1,148,254	-	1,148,254	1,293,081
Foundations grants	644,324	-	644,324	732,218
Corporation and individual contributions	758,223	70,104	828,327	873,845
Contributed nonfinancial assets	210,017	-	210,017	300,471
Mile High United Way	75,000	-	75,000	75,000
PPP loan forgiveness	-	-	-	904,200
Special events, net of direct benefit to donors	116,633	-	116,633	124,288
	<u>6,532,013</u>	<u>70,104</u>	<u>6,602,117</u>	<u>7,486,093</u>
Program service fees	2,325,808	-	2,325,808	2,309,165
Rental and other income	218,335	-	218,335	137,662
Treasure Trunk Thrift Store	268,732	-	268,732	208,131
Investment return, net	(183,663)	-	(183,663)	143,750
Change in beneficial interest in net assets of Community First Foundation	-	(42,951)	(42,951)	51,675
	<u>9,161,225</u>	<u>27,153</u>	<u>9,188,378</u>	<u>10,336,476</u>
Net assets released from restrictions	<u>293,159</u>	<u>(293,159)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>9,454,384</u>	<u>(266,006)</u>	<u>9,188,378</u>	<u>10,336,476</u>
Expenses				
Program services				
Housing and family stabilization services	4,188,262	-	4,188,262	4,105,449
Domestic violence services	1,951,365	-	1,951,365	1,702,104
Child and youth services	1,279,842	-	1,279,842	1,249,431
Integrated services	562,313	-	562,313	509,530
Total program services	<u>7,981,783</u>	<u>-</u>	<u>7,981,783</u>	<u>7,566,514</u>
Supporting services				
General and administration	852,069	-	852,069	735,397
Funds development	519,126	-	519,126	520,907
Total supporting services	<u>1,371,196</u>	<u>-</u>	<u>1,371,196</u>	<u>1,256,304</u>
Total expenses	<u>9,352,978</u>	<u>-</u>	<u>9,352,978</u>	<u>8,822,818</u>
Change in Net Assets	101,406	(266,006)	(164,600)	1,513,658
Net Assets, Beginning of Year	<u>6,052,333</u>	<u>3,260,161</u>	<u>9,312,494</u>	<u>7,798,836</u>
Net Assets, End of Year	<u>\$ 6,153,739</u>	<u>\$ 2,994,155</u>	<u>\$ 9,147,894</u>	<u>\$ 9,312,494</u>

Family Tree, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022
(With Summarized Financial Information for 2021)

	Program Services				Supporting Services				2021 Total Expenses
	Housing and Family Stabilization Services	Domestic Violence Services	Child and Youth Services	Integrated Services	Total Program Expenses	General and Administration	Funds Development	Total Expenses	
Salaries and benefits	\$ 1,868,924	\$ 1,483,870	\$ 1,044,487	\$ 614,298	\$ 5,011,579	\$ 971,207	\$ 320,859	\$ 6,303,645	\$ 5,722,985
Contract services	13,475	36,932	14,504	5,458	70,368	70,942	8,849	150,159	219,105
Direct client costs	1,729,469	131,759	43,923	17,723	1,922,875	-	-	1,922,875	1,961,106
Travel	9,763	4,038	20,233	2,341	36,376	1,013	596	37,985	24,378
Building lease and rent	100	-	-	71,965	72,065	-	-	72,065	77,856
Utilities	66,093	18,074	-	30,715	114,881	-	-	114,881	104,736
Repairs and maintenance	83,228	45,918	20	56,690	185,856	-	-	185,856	192,173
Supplies and printing	19,381	17,445	21,227	14,042	72,095	31,398	21,221	124,714	84,865
Phone, IT connectivity, postage	17,936	12,304	6,519	3,460	40,219	2,926	2,876	46,021	50,078
Insurance	36,954	15,169	8,112	12,618	72,852	15,322	2,704	90,879	80,617
Staff development, meetings, recruitment	5,818	10,764	6,373	17,325	40,281	10,495	1,795	52,571	19,722
Merchant fees, other fees, dues	8,100	6,895	2,531	5,517	23,042	11,492	12,868	47,402	47,325
Volunteer and board	-	-	-	-	-	8,502	4,366	12,868	2,277
Special event expense	-	-	-	-	-	-	68,935	68,935	35,968
Outreach	-	-	999	523	1,522	-	10,418	11,940	7,350
Inventory valuation adjustment	-	-	-	(27,229)	(27,229)	-	-	(27,229)	-
Interest and other	-	-	-	-	-	14,187	115	14,302	38,650
Facilities and indirect allocations	200,262	135,766	110,915	(290,880)	156,062	(285,415)	129,352	-	-
Expenses before depreciation and amortization	4,059,502	1,918,935	1,279,842	534,566	7,792,846	852,069	584,954	9,229,869	8,669,191
Depreciation and amortization	58,206	32,430	-	27,747	118,382	-	3,107	121,489	118,797
Depreciation - donated buildings	70,554	-	-	-	70,554	-	-	70,554	70,798
Total expenses	4,188,262	1,951,365	1,279,842	562,313	7,981,783	852,069	588,061	9,421,913	8,858,786
Less: Special event expense	-	-	-	-	-	-	(68,935)	(68,935)	(35,968)
Total expenses to the statement of activities	<u>\$ 4,188,262</u>	<u>\$ 1,951,365</u>	<u>\$ 1,279,842</u>	<u>\$ 562,313</u>	<u>\$ 7,981,783</u>	<u>\$ 852,069</u>	<u>\$ 519,126</u>	<u>\$ 9,352,978</u>	<u>\$ 8,822,818</u>

Family Tree, Inc.
Statements of Cash Flows
Year Ended June 30, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (164,600)	\$ 1,513,658
Items not requiring (providing) cash		
Net realized and unrealized loss (gain) on investments	193,441	(136,557)
Depreciation and amortization	192,044	189,595
Change in beneficial interest in Community First Foundation	42,951	(51,675)
Changes in		
Receivables	(514,918)	166,983
Inventory	(27,228)	(9,241)
Prepayments and other	(22,254)	6,118
Accounts payable and accrued liabilities	(89,867)	98,660
Other liabilities and deferred revenue	173,868	(54,046)
Refundable advance (PPP loan)	-	(904,200)
	<u>(216,563)</u>	<u>819,295</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of investments	(409,626)	(746,489)
Proceeds from sale of investments	200,000	240,000
Acquisitions of property and equipment	(257,846)	(231,126)
Net distribution from beneficial interest in Community First Foundation	-	12,536
	<u>(467,472)</u>	<u>(725,079)</u>
Net cash used in investing activities		
Financing Activities		
Payments on notes payable	(24,278)	(21,695)
	<u>(24,278)</u>	<u>(21,695)</u>
Net cash used in financing activities		
Change in Cash and Cash Equivalents	(708,313)	72,521
Cash and Cash Equivalents, Beginning of Year	<u>2,324,589</u>	<u>2,252,068</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,616,276</u>	<u>\$ 2,324,589</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 17,183</u>	<u>\$ 18,341</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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 priority populations located in the seven-county Denver metro region who have been affected by child abuse, domestic violence, and homelessness. During our most recently completed fiscal year (2021-2022), internal data indicates we serve primarily female-headed households (60%), most adults are between 26-45 years old (55%), with annual income under \$20,000 (55%), upon intake. In fiscal year 2021-2022, Family Tree served 4,508 clients with direct, in-person services, and responded to an additional 15,920 crisis and helpline calls. Through our three residential facilities, we assisted 504 new clients and provided over 22,146 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 (CFRT): Four month, home-based therapeutic program providing crisis intervention, school-based assistance, and support to stabilize families and keep youth safely in their homes. During fiscal 2021-2022, 63 at-risk youth were assisted with in-home services; 94% of youth who successfully completed CFRT clinical services remained in their homes 12 months after service completion.

Safecare Colorado: Evidence-based, in-home program providing direct skills training in parenting, child safety, and health in Adams and Jefferson counties. In fiscal 2021-2022, 130 families actively participated in the program and 74% 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. This program assists families who are parenting a relative’s or non-biological child(ren) and/or for families receiving child-only TANF. During the fiscal year, 387 families (1,174 individuals) received supportive services to increase children’s stability in their homes and 100% surveyed reported increased stability for the children in their care.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Domestic Violence Services: Keeps domestic violence survivors safe through crisis intervention, advocacy, outreach, emergency shelter, supervised parenting time, safe exchanges, and legal advocacy. During fiscal 2021-2022, 7,086 people were provided with crisis intervention, advocacy, counseling, and community resources and 1,608 individuals were assisted through direct services.

Roots of Courage: Provides 45-day confidential shelter, case management, and support for survivors and their children. 5,996 nights of shelter were provided in fiscal 2021-2022. 100% of Roots of Courage survey respondents reported Family Tree staff helped them learn new skills and 96% of respondents said Family Tree staff and programming helped them feel physically safe.

Legal Advocacy Program: Increases immediate and long-term safety through civil/criminal legal advocacy and crisis intervention. 343 people were served in fiscal 2021-2022. 97% of those surveyed reported they know more about their rights and options.

Domestic Violence Outreach Program: Increases safety/healing, and decreases isolation of victims and their children through advocacy in a safe, community setting. During fiscal 2021-2022, 360 people were served and 91% of those surveyed reported they feel less alone.

Parenting Time Program: Provides a safe environment for children to spend time with non-residential parent(s). Last fiscal year, services were provided to 356 parents and 285 children, which provided 4,989 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: 90-day shelter, case management, and support for women with children experiencing homelessness. Last year, house of hope provided 6,721 nights of shelter to 134 individuals, comprising 41 families, with 67% of exiting families moving to safe and stable housing.

Homelessness Program: Comprehensive support, case management and employment guidance, stabilizing individuals/families and providing access to affordable housing. During fiscal 2021-2022, over 4,637 people were connected to resources through the crisis helpline, and 343 households received direct services including rental assistance and case management. 98 households exited the homelessness program in fiscal 2021-2022 and 81 (83%) moved into safe and stable housing.

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. In fiscal 2021-2022, goals housed 87 individuals, providing 9,263 nights of shelter and 56% of exiting families moved into safe and stable housing.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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 Guidance: Provide coaching to case managers and advocates on how to help clients obtain employment, such as resume development, job search tactics, interviewing and employment resources. Case managers across Family Tree work with clients individually to achieve financial empowerment goals. The employment coordinator or workforce center representatives host education and employment classes for Family Tree clients at our residential programs and administrative offices and facilitate direct referrals to additional workforce centers and resources in the metro Denver area.

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 fiscal 2021-2022, 1,927 vouchers were redeemed at Treasure Trunk, totaling \$49,958 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, 2022 and 2021

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, 2022, Family Tree's cash accounts exceeded federally insured limits by approximately \$1,389,000.

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 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, 2022 and 2021.

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, 2022 and 2021

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, 2022 and 2021

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 Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Clothing and household goods	\$ 66,876	\$ 71,975
Food	30,399	21,163
Furnishings	3,977	-
Gift cards and baskets	11,150	10,139
Services	21,239	35,435
Miscellaneous	76,376	116,369
Books and publications	-	1,390
Building improvements	-	45,000
	<u>\$ 210,017</u>	<u>\$ 301,471</u>

Family Tree, Inc.
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The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Donated goods, including clothing, food, furnishings, etc., from various donors are recorded in the accompanying financial statements at fair value as of the date of donation. The fair value of these types of donations are estimated using market prices of comparable items.

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 fair value of these types of donations are estimated using market prices of comparable items.

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, 2022 and 2021, these volunteers provided 24,312 and 22,028 hours of work which is estimated at approximately \$725,000 and \$625,000, 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. 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,

Family Tree, Inc.
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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.

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, 2021, from which the summarized information was derived.

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, 2022 and 2021, \$40,666 and \$76,941, 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, 2022 and 2021

Note 2: Investments and Investment Return

Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Money market cash funds	\$ 579,885	\$ 641,412
Equity mutual funds	468,958	404,496
Fixed income funds	406,840	389,640
Marketable alternative investments	<u>95,780</u>	<u>99,730</u>
Total investments	<u>\$ 1,551,463</u>	<u>\$ 1,535,278</u>

Total investment return is comprised of the following:

	<u>2022</u>	<u>2021</u>
Net interest and dividend income	\$ 9,779	\$ 7,193
Net realized and unrealized gains (losses)	<u>(193,442)</u>	<u>136,557</u>
	<u>\$ (183,663)</u>	<u>\$ 143,750</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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end available for use within 12 months		
Cash and cash equivalents	\$ 1,616,276	\$ 2,324,589
Receivables, net of allowance	1,635,680	1,120,762
Investments	<u>1,551,463</u>	<u>1,535,278</u>
	4,803,419	4,980,629
Restrictions		
Restricted funds	<u>(68,536)</u>	<u>(112,081)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,734,883</u>	<u>\$ 4,868,548</u>

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, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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:

	2022	2021
Accounts receivable - government	\$ 1,629,538	\$ 1,077,425
Accounts receivable - other	6,077	5,272
Contributions - pledges and grants	4,500	42,500
Allowance for uncollectible accounts	(4,435)	(4,435)
	\$ 1,635,680	\$ 1,120,762

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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:

	2022	2021
Conditional grants based on incurring and paying allowable expenses	\$ 3,095,636	\$ 3,972,412
Conditional grants based on providing services at contractually stipulated levels	1,706,485	1,584,228
Conditional grant based on hiring and maintaining program staff	68,085	-
	<u>\$ 4,870,206</u>	<u>\$ 5,556,640</u>

For the years ended June 30, 2022 and 2021, grants and contributions of \$1,754,757 and \$1,757,852, 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 \$250,023 and \$292,974 at June 30, 2022 and 2021, respectively.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Note 7: Property and Equipment

Property and equipment at June 30 consisted of:

	2022	2021
Buildings and improvements	\$ 3,705,336	\$ 3,447,490
Land and land improvements	640,885	640,885
Furniture, fixtures and equipment	62,644	62,644
Vehicles	68,261	68,261
	4,477,126	4,219,280
Less accumulated depreciation and amortization	(1,863,105)	(1,741,617)
	\$ 2,614,021	\$ 2,477,663

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, 2022 and 2021 is \$2,563,477 and \$2,634,031, respectively, and is disclosed separately in the statement of financial position.

Note 8: PPP Loan Forgiveness

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, 2022 and 2021

Note 9: Notes Payable

Notes payable include the following at June 30:

	2022	2021
Note payable	\$ 358,737	\$ 383,015

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:

2023	\$ 25,586
2024	26,513
2025	27,541
2026	28,574
2027	29,647
Thereafter	220,876
	\$ 358,737

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:

	2022	2021
Subject to expenditure for specified purpose		
Housing and Family Stabilization Services	\$ 160,285	\$ 297,123
Integrated Services	32,540	11,173
Domestic Violence Services	59,385	139,367
Child and Youth Services	3,552	3,550
Restricted for Future Operations - Donated Building	2,563,476	2,634,031
	\$ 2,819,238	\$ 3,085,244
Endowment - held in perpetuity		
Helen's Hope	\$ 174,917	\$ 174,917

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Net Assets Without Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 5,256,010	\$ 4,952,333
Designated by Board for Strategic Investments	<u>897,729</u>	<u>1,100,000</u>
	<u>\$ 6,153,739</u>	<u>\$ 6,052,333</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>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Housing and Family Stabilization Services	\$ 216,741	\$ 143,052
Domestic Violence Services	65,245	3,244
Child and Youth Services	-	200
Integrated Services	11,173	19,180
Restricted for Future Operations	<u>-</u>	<u>2,146</u>
	<u>\$ 293,159</u>	<u>\$ 167,822</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, 2022 are as follows:

2023	\$ 80,548
2024	79,873
2025	7,407
2026	100
2027	100
Thereafter	<u>3,200</u>
Net present value of minimum lease payments	<u>\$ 171,228</u>

Building lease and rent expense for the years ended June 30, 2022 and 2021 was \$79,680 and \$79,302, respectively.

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021, Family Tree made matching contributions to the Plan of \$62,613 and \$52,580, 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:

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, 2022 and 2021

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, 2022 and 2021.

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, 2022 and 2021:

	2022			
	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	\$ 579,885	\$ 579,885	\$ -	\$ -
Equity mutual funds	468,958	468,958	-	-
Marketable alternative investments	95,780	95,780	-	-
Fixed income funds	406,840	406,840	-	-
Beneficial interest in Community First	250,023	-	250,023	-
	<u>\$ 1,801,486</u>	<u>\$ 1,551,463</u>	<u>\$ 250,023</u>	<u>\$ -</u>

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

	2021				
	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	\$ 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>	

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

	2022	2021
Investments	\$ 1,551,463	\$ 1,535,278
Beneficial interest in Community First Foundation	250,023	292,974
	<u>\$ 1,801,486</u>	<u>\$ 1,828,252</u>

Note 15: Revenue from Contracts with Customers

Program Service Fees

For the years ended June 30, 2022 and 2021, revenue from contracts with counties and other organizations and individuals of \$571,051 and \$551,313, 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, 2022 and 2021

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, 2022 and 2021, Family Tree recognized revenue of \$404,206 and \$366,565, respectively, from services that transfer to the customer over time, \$166,845 and \$184,748, respectively, from services that transfer to the customer at a point in time and \$268,732 and \$208,131, 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:

	2022	2021
Accounts receivable, beginning of year	\$ 28,659	\$ 28,517
Accounts receivable, end of year	\$ 64,269	\$ 28,659

Family Tree, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Note 16: Subsequent Events

In September 2022, Family Tree made the difficult decision to permanently close the Treasure Trunk Thrift Store effective October 15, 2022, due to declining revenue and increasing costs.

Subsequent events have been evaluated through October 20, 2022, 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, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance 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	CO0052L8T032013	\$ -	\$ 475,545
Supportive Housing Program	14.267	CO0052L8T032114	-	296,005
Supportive Housing Program	14.267	CO0133L8T031904	10,654	62,850
Supportive Housing Program	14.267	CO0133L8T032005	38,398	401,049
Pass-through programs from				
Volunteers of America Colorado Branch -				
Supportive Housing Program -				
Youth Transition Project	14.267	CO0059L8T031813	-	147,521
Youth Transition Project	14.267	CO0059L8T032114	-	44,404
Colorado Coalition for the Homeless -				
Rapid Rehousing Demonstration	14.267	CO0165T8T032001	-	43,091
Rapid Rehousing Demonstration	14.267	None provided	-	8,220
Colorado Department of Local Affairs -				
Permanent Supportive Housing Program	14.267	H1COC21012	-	17,618
Permanent Supportive Housing Program	14.267	H2COC22004	-	173,206
Subtotal 14.267			<u>49,052</u>	<u>1,669,509</u>
Metro Denver Homeless Initiative				
Emergency Shelter Grants Program	14.231	H1ESG90031	-	13,000
CARES Emergency Shelter Grants Program	14.231	MDHIESG-FT420	-	92,884
CARES Emergency Shelter Grants Program	14.231	H2ESG31966	-	60,000
Colorado Department of Local Affairs -				
Emergency Shelter Grants Program	14.231	19-961	-	44,829
Emergency Shelter Grants Program	14.231	None provided	-	7,061
Emergency Shelter Grants Program	14.231	H0ESG19923	-	16,107
Emergency Shelter Grants Program	14.231	None provided	-	2,182
Emergency Shelter Grants Program	14.231	H0ESG19934	-	126,462
Emergency Shelter Grants Program	14.231	None provided	-	2,605
Emergency Shelter Grants Program	14.231	H2ESG31934	-	8,307
CARES Emergency Shelter Grants Program	14.231	HIESG91238	-	638
CARES Emergency Shelter Grants Program	14.231	HIESG91059	-	197,528
Subtotal 14.231			<u>-</u>	<u>571,603</u>
CDBG - Entitlement Grant Cluster				
Arapahoe County				
Community Development Block Grant	14.218	ENPS2110	-	20,250
Community Development Block Grant	14.218	ACPF2005	-	199,500
Community Development Block Grant	14.218	ACPF2105	-	11,933
City of Arvada				
Community Development Block Grant	14.218	B-21-MC-08-0001	-	13,964
Subtotal 14.218			<u>-</u>	<u>245,647</u>
City of Arvada				
Emergency Rental Assistance	21.023	None	-	255
Total U.S. Department of Housing and Urban Development			<u>49,052</u>	<u>2,487,014</u>

Family Tree, Inc.
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance 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 State ARPA	21.021	22 IHFA 172456	-	12,856
Family Violence Prevention and Services	93.671	21 IHFA 163505	-	17,564
Family Violence Prevention and Services	93.671	22 IHFA 172456	-	20,627
Family Violence Prevention and Services	93.671	None Provided	-	4,724
Subtotal 93.671			-	42,915
Federal TANF Block Grant	93.558	22 IHFA 172456	-	17,072
477 Cluster				
Adams County Department of Human Services Community Services Block Grant	93.569	None Provided	-	37,456
Subtotal 93.569			-	37,456
Adams County				
Temporary Assistance for Needy Families	93.558	2020.629	-	38,544
Temporary Assistance for Needy Families	93.558	2020.644	-	265,925
Subtotal 93.558			-	304,469
Total U.S. Department of Health and Human Services			-	414,768
<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	2020-VA-21-539-01	-	450,400
Total U.S. Department of Justice			-	450,400
<u>Federal Emergency Management Agency</u>				
Jefferson County	97.024	104200-001	-	20,000
Arapahoe County	97.024	098000-013	-	26,734
CARES Pass through Jefferson County	97.024	104200-001	-	7,775
CARES Pass through Arapahoe County	97.024	098000-013	-	30,263
Total Federal Emergency Management Agency			-	84,772
<u>U.S. Department of Justice</u>				
Pass-through programs from:				
State of Colorado Department of Public Health & Environment Child and Adult Food Care Program	10.558	None provided	-	6,201
Total U.S. Department of Justice			-	6,201

Family Tree, Inc.
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>American Rescue Plan Act Funds</u>				
Pass-through programs from				
The Victim and Witness Assistance and Law Enforcement Board in and for the 2nd JD				
ARPA	21.027	DVO2-ARPA-22H-03	-	15,971
ARPA	21.027	DVO2-ARPA-22G-036	-	6,951
Family Violence Justice Fund				
ARPA	21.027	SLFRP0126	-	5,926
The Victim and Witness Assistance and Law Enforcement Board in and for the 1st JD				
ARPA	21.027	2021-12	-	107,559
Total American Rescue Plan Act Funds			-	136,407
			<u>\$ 49,052</u>	<u>\$ 3,579,562</u>

The accompanying notes are an integral part of this schedule.

Family Tree, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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, 2022. 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.



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**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, 2022, 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 20, 2022, which contains an emphasis of matter for the change in accounting principle.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Family Tree's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Board of Directors
Family Tree, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Denver, Colorado
October 20, 2022



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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

Opinion on Each Major Federal Program

We have audited Family Tree inc. (Family Tree)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Family Tree's major federal program for the year ended June 30, 2022. Family Tree's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Tree 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of Family Tree and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Family Tree's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family Tree's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family Tree's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family Tree's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Family Tree's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Family Tree's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Family Tree's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Family Tree, Inc.

Report on 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 “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

FORVIS,LLP

Denver, Colorado
October 20, 2022

Family Tree, Inc.
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2022

7. Identification of major programs:

Cluster/Program	Assistance 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, 2022

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, 2022

Reference Number	Summary of Finding	Status
	No matters are reportable.	