



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018



Vredeveld Haefner LLC  
CPAs and Consultants

# PROJECT WORTHMORE

## TABLE OF CONTENTS

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|                                     | <u>PAGE</u> |
|-------------------------------------|-------------|
| <b>Independent Auditors' Report</b> | 1           |
| <b>Financial Statements</b>         |             |
| Statement of Financial Position     | 2           |
| Statement of Activities             | 3           |
| Statement of Functional Expenses    | 4           |
| Statement of Cash Flows             | 5           |
| Notes to the Financial Statements   | 6-10        |



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### INDEPENDENT AUDITORS' REPORT

October 15, 2019

Board of Directors  
Project Worthmore  
Aurora, Colorado

#### **Report on the Financial Statements**

We have audited the accompanying financial statements Project Worthmore (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Worthmore as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Vredeveld Haefner LLC*

**PROJECT WORTHMORE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

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**Assets**

**Current assets**

|                              |                |
|------------------------------|----------------|
| Cash and cash equivalents    | \$ 432,961     |
| Accounts receivable          | 30,538         |
| Foundation grants receivable | <u>184,801</u> |

**Total current assets** 648,300

**Noncurrent assets**

|                              |              |
|------------------------------|--------------|
| Net property and equipment   | 76,224       |
| Security deposits receivable | <u>3,970</u> |

**Total noncurrent assets** 80,194

**Total assets** \$ 728,494

**Liabilities and net assets**

**Current liabilities**

|                                       |                |
|---------------------------------------|----------------|
| Accounts payable and accrued expenses | \$ 16,011      |
| Loans payable                         | 98,000         |
| Unearned revenue                      | <u>300,000</u> |

**Total liabilities** 414,011

**Net assets**

|                            |                |
|----------------------------|----------------|
| Without donor restrictions | (27,828)       |
| With donor restrictions    | <u>342,311</u> |

**Total net assets** 314,483

**Total liabilities and net assets** \$ 728,494

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

# PROJECT WORTHMORE

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

|                                       | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|---------------------------------------|---------------------------------------|------------------------------------|-------------------|
| <b>Revenue and support</b>            |                                       |                                    |                   |
| Contributions                         | \$ (234,599)                          | \$ 460,991                         | \$ 226,392        |
| Donated goods and services            | 654,943                               | -                                  | 654,943           |
| Event income                          | 77,546                                | -                                  | 77,546            |
| Grants                                | 712,966                               | -                                  | 712,966           |
| Fees                                  |                                       |                                    |                   |
| Insurance                             | 669,882                               | -                                  | 669,882           |
| Private pay                           | 101,937                               | -                                  | 101,937           |
| Seasonal farm membership              | 25,944                                | -                                  | 25,944            |
| Other income                          | 2,920                                 | -                                  | 2,920             |
| Net assets released from restrictions |                                       |                                    |                   |
| Satisfaction of program restrictions  | <u>124,680</u>                        | <u>(124,680)</u>                   | <u>-</u>          |
| <b>Total revenue and support</b>      | <u>2,136,219</u>                      | <u>336,311</u>                     | <u>2,472,530</u>  |
| <b>Expenses</b>                       |                                       |                                    |                   |
| <b>Program services</b>               |                                       |                                    |                   |
| Dental clinic                         | 791,622                               | -                                  | 791,622           |
| Delaney farm                          | 145,627                               | -                                  | 145,627           |
| Other programs                        | 1,089,022                             | -                                  | 1,089,022         |
| <b>Supporting services</b>            |                                       |                                    |                   |
| Management and general                | 116,078                               | -                                  | 116,078           |
| Resource development                  | <u>141,027</u>                        | <u>-</u>                           | <u>141,027</u>    |
| <b>Total expenses</b>                 | <u>2,283,376</u>                      | <u>-</u>                           | <u>2,283,376</u>  |
| Change in net assets                  | (147,157)                             | 336,311                            | 189,154           |
| <b>Net assets, beginning of year</b>  | <u>119,329</u>                        | <u>6,000</u>                       | <u>125,329</u>    |
| <b>Net assets, end of year</b>        | <u>\$ (27,828)</u>                    | <u>\$ 342,311</u>                  | <u>\$ 314,483</u> |

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

**PROJECT WORTHMORE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

|                                  | Program Services  |                   |                     | Supporting Services       |                         | Total               |
|----------------------------------|-------------------|-------------------|---------------------|---------------------------|-------------------------|---------------------|
|                                  | Dental<br>Clinic  | Delaney<br>Farm   | Other               | Management<br>and General | Resource<br>Development |                     |
| Salaries and related expenses    | \$ 617,027        | \$ 127,238        | \$ 386,299          | \$ 43,060                 | \$ 96,347               | \$ 1,269,971        |
| Donated services                 | -                 | -                 | 141,494             | -                         | -                       | 141,494             |
| In-kind donations                | -                 | -                 | 513,449             | -                         | -                       | 513,449             |
| Professional services            | 35,831            | -                 | -                   | 15,784                    | -                       | 51,615              |
| Client assistance                | -                 | -                 | 1,468               | -                         | -                       | 1,468               |
| Bank charges                     | -                 | -                 | -                   | 265                       | 8,459                   | 8,724               |
| Insurance                        | 10,908            | -                 | 16,908              | -                         | -                       | 27,816              |
| Office expenses                  | -                 | -                 | -                   | 16,367                    | -                       | 16,367              |
| Office rent                      | 16,610            | -                 | 24,220              | -                         | -                       | 40,830              |
| Advertising                      | -                 | -                 | -                   | -                         | 1,755                   | 1,755               |
| Events                           | -                 | -                 | -                   | -                         | 22,871                  | 22,871              |
| Utilities                        | -                 | -                 | 5,047               | -                         | -                       | 5,047               |
| Supplies                         | 83,675            | 17,600            | -                   | -                         | 3,554                   | 104,829             |
| Travel and meals                 | -                 | 789               | 137                 | 296                       | 7,041                   | 8,263               |
| Repair and maintenance           | 7,324             | -                 | -                   | -                         | -                       | 7,324               |
| Other expenses                   | 20,247            | -                 | -                   | 112                       | 1,000                   | 21,359              |
| Gifts                            | -                 | -                 | -                   | 809                       | -                       | 809                 |
| Loss on disposal of fixed assets | -                 | -                 | -                   | 17,237                    | -                       | 17,237              |
| Depreciation                     | -                 | -                 | -                   | 22,148                    | -                       | 22,148              |
| <b>Total expenses</b>            | <b>\$ 791,622</b> | <b>\$ 145,627</b> | <b>\$ 1,089,022</b> | <b>\$ 116,078</b>         | <b>\$ 141,027</b>       | <b>\$ 2,283,376</b> |

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

# PROJECT WORTHMORE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

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|  |                        |
|--|------------------------|
| <b>Cash flows from operating activities</b>  |                        |
| Change in net assets   | \$ 189,154             |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities |                        |
| Depreciation   | 22,148                 |
| Loss on disposal of fixed assets   | 17,237                 |
| Changes in operating assets and liabilities which provided (used) cash                               |                        |
| Accounts receivable  | 1,317                  |
| Grants receivable  | (184,801)              |
| Security deposits receivable   | (3,970)                |
| Accounts payable and accrued expenses  | 1,213                  |
| Unearned revenue   | 300,000                |
|  | <hr/>                  |
| <b>Net cash provided by (used in) operating activities</b>   | 342,298                |
| <b>Cash flows from investing activities</b>  |                        |
| Purchases of property and equipment  | (52,182)               |
| <b>Cash flows from financing activities</b>  |                        |
| Issuance of short-term debt  | 98,000                 |
|  | <hr/>                  |
| Net increase (decrease) in cash and cash equivalents   | 388,116                |
| <b>Cash and cash equivalents, beginning of year</b>  | <hr/> 44,845           |
| <b>Cash and cash equivalents, end of year</b>  | <hr/> <hr/> \$ 432,961 |

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

**PROJECT WORTHMORE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization and Nature of Activities***

Project Worthmore, (the Organization) is a 501(c)(3) not-for-profit corporation formed in 2011 that seeks to improve the quality of life of Denver-area refugees by providing cultural mentorship and community supports.

***Basis of Presentation***

The Organization is required to report 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 generally accepted accounting principles 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 income and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Organization considers all demand and time deposits with an original maturity of 90 days or less and cash on hand to be cash and cash equivalents. The Organization's deposits are secured through FDIC insurance. Management believes the Organization is not exposed to any significant interest rate or other risk on these deposits.

***Accounts Receivable***

Accounts receivable are charged to bad debt expense as they are deemed uncollectible based on a periodic review of accounts. All of the accounts receivable balances are considered collectible by management. Accordingly, no allowance for doubtful accounts was considered necessary at year-end.

***Property, Equipment and Depreciation***

Property and equipment is capitalized at cost or, if donated, at the estimated fair value at the date of donation. Acquisitions of property or equipment in excess of \$2,500 are capitalized while ordinary repairs are expensed. Depreciation is computed using the straight-line method over an estimated 5 year useful life of the related assets.

***Patient Billing Revenue Recognition***

Patients are billed and revenues are recognized for services rendered at the time the services are provided.

***Contributions and Organization Grants Revenue Recognition***

Contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the existence of any donor restrictions. All donor-restricted contributions are reported



# PROJECT WORTHMORE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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as an increase in net assets with donor restrictions. When a restriction expires (that is, when a 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.

#### **Government Grants Revenue Recognition**

Funds received from governmental funding sources are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds are earned. Advance payments are recorded as unearned revenue until the funds may be recognized as revenue. The Organization's governmental support is recorded as net assets without donor restrictions.

#### **Functional Allocation of Expenses**

The costs to provide the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and insurance which are allocated on a square footage basis, as well as salaries and benefits which are allocated on the basis of estimates of time and effort.

#### **Donations**

Donated equipment and materials are reflected as contributions in the accompanying statements at their estimated fair market value at the date of receipt. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills are provided by the individuals possessing those skills and would typically need to be purchased if not provided by the donation, are recorded at fair value at the date the services are performed.

#### **Income Taxes**

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, income tax returns filed within the last three years remain open and subject to audit by regulatory authorities. The Organization concludes that there are no significant uncertain tax positions requiring recognition in the financial statements.

#### **Subsequent Events**

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2018 and through the auditors' report date, the date the financial statements were available to be issued. No such events or transactions were identified.

## **2. LIQUIDITY AND AVAILABILITY**

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities with donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure financial assets to be available as its general expenditures, liabilities and other obligations come due.

# PROJECT WORTHMORE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2018

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The Organization's financial assets at year-end are as follows:

|  |                         |
|--|-------------------------|
| Current financial assets at December 31, 2018  | \$648,300               |
| Less those unavailable for general expenditure within one year due to donor specified time or purpose restrictions | <u>(342,311)</u>        |
| <b>Financial assets available to meet cash needs for general expenditures within one year</b>                      | <b><u>\$305,989</u></b> |

#### 3. FOUNDATION GRANTS RECEIVABLE

Scheduled payments to be received in fiscal year 2019 on foundation grants receivable total \$184,801 at December 31, 2018.

#### 4. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at December 31, 2018:

|                                   |                        |
|-----------------------------------|------------------------|
| Leasehold improvements            | \$ 8,950               |
| Furniture and equipment           | <u>142,294</u>         |
| Total                             | 151,244                |
| Less accumulated depreciation     | <u>75,020</u>          |
| <b>Net property and equipment</b> | <b><u>\$76,224</u></b> |

#### 5. LOANS PAYABLE

In December 2018, the Organization received the proceeds of a \$20,000 loan from an unrelated foundation. The loan is to be repaid on or before March 1, 2019 and bears no interest if the loan is repaid on or before the due date. If the loan is not repaid at the due date, interest accrues at the rate of 5% per annum on the outstanding principal balance and shall be payable on the first of each month beginning April 1, 2019 until the loan is paid in full.

In December 2018, the Organization received the proceeds of a \$60,000 loan from an unrelated individual. The loan is to be repaid on June 1, 2019 in addition to \$125 per month for the six months January through June 2019 in a total lump sum payment of \$60,750.

In December 2018, the Organization received the proceeds of a \$15,000 loan from an individual considered to be a related party. The loan is to be repaid on January 31, 2020 and bears no interest.

In December 2018, the Organization received the proceeds of a \$3,000 loan from an individual considered to be a related party. The loan is to be repaid on July 1, 2019 and bears no interest.

# PROJECT WORTHMORE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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### 6. NET ASSETS

Net assets with donor restrictions at December 31, 2018 were as follows:

|   |                         |
|---|-------------------------|
| Specific purpose restriction                    |                         |
| Food Share program                              | \$ 18,000               |
| Dental Clinic program                           | 324,311                 |
|   | <hr/>                   |
| <b>Total net assets with donor restrictions</b> | <b><u>\$342,311</u></b> |

Net assets released from donor restrictions during the year ended December 31, 2018 are as follows:

|                                     |                         |
|-------------------------------------|-------------------------|
| Satisfaction of purpose restriction |                         |
| Purchase of bus passes              | \$ 6,000                |
| Food Share program                  | 82,000                  |
| Delaney Community Farm program      | 4,500                   |
| English language program            | 12,690                  |
| Community navigator cohort          | 16,000                  |
| Dental Clinic program               | 3,490                   |
|                                     | <hr/>                   |
| <b>Total restrictions released</b>  | <b><u>\$124,680</u></b> |

### 7. DONATED GOODS AND SERVICES

Donated in-kind items consisting of food and materials totaled \$513,449 and donated professional and skilled services totaled \$141,494 for the year ended December 31, 2018.

### 8. LEASES

The Organization leased office and clinic space under a month-to-month operating lease requiring monthly payments. The Organization vacated the space in August 2018 and entered into new separate lease agreements for both administrative office and dental clinic space.

The Organization entered into a 12-month lease for its current administrative office location that commenced on July 13, 2018 and expires July 31, 2019. The lease calls for monthly rental payments ranging from \$2,500 to \$3,500.

The Organization entered into a 36-month lease for its current dental clinic location that commenced on August 6, 2018 and expires August 5, 2021. The lease calls for monthly rental payments that are based on variable factors but which are estimated to be \$1,808 per month as of December 31, 2018.

Total rental expense under the leases amounted to \$40,830 for the year ended December 31, 2018.

The following is a projected schedule of annual future minimum lease payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2018:

**PROJECT WORTHMORE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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| <u>Year</u>                | <b>Non-<br/>Cancelable<br/>Operating<br/>Leases</b> |
|----------------------------|---|
| 2019                       | \$46,196  |
| 2020                       | 21,696  |
| 2021                       | <u>12,656</u>                                       |
| Total minimum payments due | <b><u><u>\$80,548</u></u></b>                       |

**9. SUBSEQUENT EVENT**

In March 2019, the Organization opened a line of credit with a bank with maximum borrowings up to \$100,000 with interest charged at 12.25%.