

# **PROJECT WORTHMORE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**PROJECT WORTHMORE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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October 21, 2020

Independent Auditor's Report

Board of Directors  
Project Worthmore  
Aurora, Colorado

We have audited the accompanying financial statements of the **Project Worthmore** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

***Auditor's Responsibility***

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

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

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

***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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

Other auditors previously audited Project Worthmore's 2018 financial statements and they expressed an unqualified opinion in their report dated October 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial information from which it has been derived.

*Taylor R. Roth and Company P/C*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**PROJECT WORTHMORE**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 481,552	\$ 432,961
Donations receivable	5,059	30,538
Grants, contracts and other receivable (Note 3)	140,000	184,801
Prepaid expenses	3,970	3,970
Property and equipment (Note 4)	<u>116,881</u>	<u>101,242</u>
Total assets	<u>\$ 747,462</u>	<u>\$ 753,512</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 9,478	\$ 9,197
Payroll liabilities	6,279	6,815
Line of credit (Note 5)	21,948	98,000
Deferred revenue	200,301	300,000
Capital lease obligation (Note 6)	<u>11,876</u>	<u>24,226</u>
Liabilities	<u>249,882</u>	<u>438,238</u>
Net assets		
Without donor restrictions		
Undesignated	194,079	(27,037)
With donor restrictions (Note 7)	<u>303,501</u>	<u>342,311</u>
Total net assets	<u>497,580</u>	<u>315,274</u>
Total liabilities and net assets	<u>\$ 747,462</u>	<u>\$ 753,512</u>

The accompanying notes are an integral part of these financial statements

**PROJECT WORTHMORE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Medicaid insurance reimbursements	458,904	-	458,904	669,882
Private pay insurance reimbursements	80,072	-	80,072	101,937
Individual and board donations	336,389	-	336,389	237,551
Grants and foundations	158,009	86,000	244,009	517,291
Government grants and contracts	135,064	-	135,064	195,675
Special event income net.	76,108	-	76,108	66,387
Seasonal farm membership	25,517	-	25,517	28,735
Interest income	114	-	114	86
Other income	2,400	-	2,400	40
In-kind (Note 8)	446,734	-	446,734	654,943
Net assets released from restrictions (Note 9)	124,810	(124,810)	-	-
Total revenue and other support	<u>1,844,121</u>	<u>(38,810)</u>	<u>1,805,311</u>	<u>2,472,527</u>
<u>Expense</u>				
Program	1,381,862	-	1,381,862	2,024,412
Supporting services				
Management and general	157,119	-	157,119	116,393
Fundraising	84,024	-	84,024	141,027
Total expense	<u>1,623,005</u>	<u>-</u>	<u>1,623,005</u>	<u>2,281,832</u>
Change in net assets	<u>221,116</u>	<u>(38,810)</u>	<u>182,306</u>	<u>190,695</u>
Net assets, beginning of year	<u>(27,037)</u>	<u>342,311</u>	<u>315,274</u>	<u>124,579</u>
Net assets, end of year	<u>\$ 194,079</u>	<u>\$ 303,501</u>	<u>\$ 497,580</u>	<u>\$ 315,274</u>

The accompanying notes are an integral part of these financial statements

**PROJECT WORTHMORE**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FROM 2018)

	2019						2018	
	Program			Total Program Expenses	Supporting Services		Total	Total
	Dental Clinic	Delaney Farm	Other Programs		Management and General	Fund- raising		
Salaries, payroll taxes and benefits	\$ 469,892	\$ 99,699	\$ 148,132	\$ 717,723	\$ 16,624	\$ 41,059	\$ 775,406	1,090,857
Food share program	-	-	427,758	427,758	-	-	427,758	547,508
Supplies	63,026	34,607	-	97,633	6,786	7,406	111,825	249,049
Accounting and legal	-	-	-	-	96,870	-	96,870	193,109
Rent	18,763	-	38,517	57,280	1,541	3,805	62,626	40,830
Dental office build-out	33,807	-	-	33,807	-	-	33,807	18,485
Technology	1,099	-	-	1,099	1,032	25,535	27,666	23,045
Insurance	-	-	-	-	15,443	-	15,443	27,816
Volunteer program	-	2,719	8,157	10,876	-	-	10,876	17,817
Utilities	-	-	-	-	5,538	-	5,538	5,047
Bank fees	76	-	-	76	259	4,615	4,950	8,724
Interest	-	-	-	-	4,459	-	4,459	105
Travel meals and entertainment	-	-	771	771	3,615	-	4,386	7,474
Loss on disposal of fixed assets	-	-	-	-	-	-	-	17,237
Equipment	-	-	-	-	-	-	-	1,507
In-kind	-	-	-	-	-	-	-	-
Other	346	-	2,742	3,088	35	1,604	4,727	10,864
	587,009	137,025	626,077	1,350,111	152,202	84,024	1,586,337	2,259,474
Depreciation	19,674	-	12,077	31,751	4,917	-	36,668	22,358
Total expenses	<u>\$ 606,683</u>	<u>\$ 137,025</u>	<u>\$ 638,154</u>	<u>\$ 1,381,862</u>	<u>\$ 157,119</u>	<u>\$ 84,024</u>	<u>\$ 1,623,005</u>	<u>\$ 2,281,832</u>

The accompanying notes are an integral part of these financial statements

**PROJECT WORTHMORE**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 182,306	\$ 189,946
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	36,668	22,358
Loss on disposal of fixed assets	-	17,237
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in donations receivable	25,479	1,317
(Increase)decrease in grants, contracts and other receivable	44,801	(184,801)
(Increase)decrease in prepaid expenses	-	(3,970)
(Decrease)increase in accounts payable	281	1,213
(Decrease)increase in payroll liabilities	(536)	-
(Decrease)increase in deferred revenue	(99,699)	300,000
Net cash provided by operating activities	<u>189,300</u>	<u>343,300</u>
<u>Cash flows from investing activities</u>		
(Additions) to property and equipment	<u>(52,307)</u>	<u>(52,182)</u>
Net cash used by investing activities	<u>(52,307)</u>	<u>(52,182)</u>
<u>Cash flows from financing activities</u>		
Repayments on loan	(100,000)	-
Proceeds from loan	23,948	98,000
Payments on capital lease liability	<u>(12,350)</u>	<u>(1,002)</u>
Net cash provided by financing activities	<u>(88,402)</u>	<u>96,998</u>
Net increase(decrease) in cash and cash equivalents	48,591	388,116
Cash and cash equivalents, beginning of year	<u>432,961</u>	<u>44,845</u>
Cash and cash equivalents, end of year	<u>\$ 481,552</u>	<u>\$ 432,961</u>
Supplemental disclosure of information		
Cash paid for interest	<u>\$ 931</u>	<u>\$ 105</u>
Property acquired under capital lease arrangement	<u>\$ -</u>	<u>\$ 25,228</u>

The accompanying notes are an integral part of these financial statements



**PROJECT WORTHMORE**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - 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 programs that foster community and self-sufficiency. The Organization offers six comprehensive programs to thousands of refugee clients.

Project Worthmore addresses the needs within the community with the following programs and services:

- **Worthmore Clinic** is a five-chair dental clinic offering comprehensive restorative and preventative dental care to the refugee community.
- **DeLaney Community Farm**, in partnership with Denver Urban Gardens, has a 5-acre farm that supports refugees through sustainable agriculture and community building.
- **English language program** offers multiple classes a day at various locations, along with free babysitting, to increase access for refugee clients.
- **Community Navigators** program offers assistance to refugees' post-resettlement. Employees help newcomers with essential services like, enrolling children in school, applying for government benefits, finding meaningful employment, navigating the healthcare system, and much more.
- **Family Partners** pairs volunteer and refugee families with the hope they develop meaningful relationships that aid in social bridging.
- **Yu Meh Food Share** is a culturally relevant food access program run by the refugee community. The program is resourced by local businesses, nonprofits, and the refugee training farm, also helping to reduce waste within the food supply chain.

The Organization is supported primarily by fees for service, individual and board donations and grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of one year or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$3,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

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

6. Accounts Receivable

This amount represents outstanding Medicaid billings less a 50% write-down.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended December 31, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries and payroll taxes and benefits which are allocated based on time and effort. Insurance, and occupancy expenses are allocated based upon use. Other expenses are allocated based upon the program or supporting service benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

9. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

10. Summarized Prior-Year 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 presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018 from which the summarized information was derived.

11. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

12. Subsequent Events

Management has evaluated subsequent events through October 21, 2020, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

At December 31, 2019, grants receivable represents receivables from one foundation that is anticipated to be collected in 2020 and 2021. Management has evaluated the receivables and does not believe an allowance for doubtful accounts is needed. The receivables are anticipated to be collected during the following years:

<u>Payment</u>	<u>Amount</u>
2020	\$ 80,000
2021	<u>60,000</u>
Total	<u>\$140,000</u>

NOTE 4 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 195,908
Leasehold improvements	<u>8,950</u>
Total	204,858
Less: accumulated depreciation	<u>(87,977)</u>
Net property and equipment	<u>\$ 116,881</u>

Depreciation expense for the year was \$36,668.

NOTE 5 - LINE OF CREDIT

The Organization had a \$100,000 unsecured line of credit with an interest rate of 11.5% at year-end. At year-end, there was a \$21,948 outstanding balance under the line of credit. Subsequent to year-end, the Organization renewed the line of credit which now has a principal balance of \$100,000 with an interest rate of 11.5%.

NOTE 6 - CAPITAL LEASE OBLIGATIONS

The Organization has acquired dental equipment under capital leasing arrangements. The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2020	\$ 12,175
Less: amount representing interest	<u>(299)</u>
Present value of capital lease obligations	<u>\$ 11,876</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Nets assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Dental Clinic Expansion	\$ 263,501
Expanding team	<u>40,000</u>
Total	<u>\$ 303,501</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

Donated services are reflected in the accompanying financial statements at the estimated value at date of receipt. The value of donated services included in the financial statements and the corresponding expenses for the year are as follows:

<u>Description</u>	<u>Amount</u>
We Don't Waste food donation	\$405,046
Donated dental and legal services	<u>41,688</u>
Total	<u>\$446,734</u>

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During 2019, Project Worthmore involved approximately 387 volunteers providing over 6,407 hours of volunteer time. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>Amount</u>
Dental Clinic – Office and equipment rent	\$ 44,300
Community Navigator Salary	30,000
Food Share Program	18,000
Dental Clinic – Interior renovations	16,510
English Language Classes – Expansion	12,000
Technical Assistance	<u>4,000</u>
Total	<u>\$ 124,810</u>

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2019:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 481,552
Grants and contracts receivable	140,000
Donations receivable	<u>5,059</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 626,611</u>

The Organization has certain donor-restricted assets which are available for general operating expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets available to meet general operating expenditures within one year.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization held all its cash at one financial institution. Amounts over \$250,000 are not insured by the FDIC or related entity. At year-end, the Organization's uninsured checking and money market account balances total approximately \$174,981. Management has evaluated its banking needs and the strength of the financial institution and feels it is in the best long-term interest of the organization to continue its existing relationship.

NOTE 12 - CONCENTRATION OF FUNDING SOURCE

In 2019, the Organization received 22% of its support from one Organization that supplied food valued at \$405,046, which makes the Organization vulnerable to the risk of a near-term financial impact.

NOTE 13 - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency and subsequently a pandemic on March 11, 2020. The Organization is currently assessing the potential impact of the COVID-19 pandemic upon the Organization. At this time, an estimate of the impact upon the Organization's future financial statements cannot be made.

The Organization submitted a loan application under the Paycheck Protection Program (Program) to cover payroll and benefit costs. On April 24, 2020, the Organization received loan proceeds of \$156,700. The Program provides for loan forgiveness if the Organization is able to meet certain employee retention and salary requirements.