

PROJECT WORTHMORE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

PROJECT WORTHMORE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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August 31, 2021

Independent Auditor's Report

Board of Directors
Project Worthmore
Aurora, Colorado

Opinion

We have audited the accompanying financial statements of Project Worthmore, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, 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. 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 Project Worthmore 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.

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 Project Worthmore's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted 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, including omissions, 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 generally accepted 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 Project Worthmore'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 Project Worthmore'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 Project Worthmore's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor ROTH and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

PROJECT WORTHMORE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 900,096	\$ 481,552
Donations, contracts and other receivable	23,879	5,059
Grants receivable (Note 3)	60,000	140,000
Prepaid expenses	10,470	3,970
Property and equipment (Note 4)	126,914	116,881
Total assets	<u>\$ 1,121,359</u>	<u>\$ 747,462</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 26,027	\$ 9,478
Payroll liabilities	12,480	6,279
Line of credit (Note 5)	-	21,948
Refundable advance - Paycheck Protection Program (Note 6)	156,670	-
Deferred revenue	100,000	200,301
Capital lease obligation	-	11,876
Liabilities	<u>295,177</u>	<u>249,882</u>
Net assets		
Without donor restrictions	642,053	291,943
With donor restrictions (Note 7)	184,129	205,637
Total net assets	<u>826,182</u>	<u>497,580</u>
Total liabilities and net assets	<u>\$ 1,121,359</u>	<u>\$ 747,462</u>

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Grants and foundations	341,448	179,900	521,348	244,009
Individual and board donations	419,146	71,366	490,512	336,389
Medicaid insurance reimbursements	333,310	-	333,310	458,904
Government grants and contracts	100,301	-	100,301	135,064
Private pay insurance reimbursements	64,841	-	64,841	80,072
Dental insurance	35,126	-	35,126	-
Seasonal farm membership	18,477	-	18,477	25,517
Special event income, net	7,181	-	7,181	76,108
Interest income	35	-	35	114
Other income	15,046	-	15,046	2,400
In-kind (Note 8)	143,790	-	143,790	446,734
Net assets released from restrictions (Note 9)	272,774	(272,774)	-	-
Total revenue and other support	1,751,475	(21,508)	1,729,967	1,805,311
<u>Expense</u>				
Program	1,251,294	-	1,251,294	1,381,862
Supporting services				
Management and general	91,998	-	91,998	157,119
Fundraising	58,073	-	58,073	84,024
Total expense	1,401,365	-	1,401,365	1,623,005
Change in net assets	350,110	(21,508)	328,602	182,306
Net assets, beginning of year	291,943	205,637	497,580	315,274
Net assets, end of year	\$ 642,053	\$ 184,129	\$ 826,182	\$ 497,580

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FROM 2019)

	2020						2019	
	Program			Total Program Expenses	Supporting Services		Total	
	Dental Clinic	Delaney Farm	Other Programs		Management and General	Fund- raising		
Salaries, payroll taxes and benefits	\$ 406,922	\$ 93,253	\$ 305,192	\$ 805,367	\$ 33,910	\$ 8,478	\$ 847,755	\$ 775,406
Food share program	-	-	143,224	143,224	-	-	143,224	427,758
Rent	27,794	-	41,771	69,565	1,826	4,557	75,948	43,863
Supplies	64,130	-	-	64,130	5,413	65	69,608	77,218
Hardship relief	-	-	67,358	67,358	-	-	67,358	-
Consulting	-	-	-	-	-	30,000	30,000	-
Technology	5,208	-	-	5,208	8,412	6,410	20,030	27,666
Trainings and certifications	15,299	-	-	15,299	-	-	15,299	18,763
Repair and maintenance	6,771	-	5,182	11,953	-	-	11,953	550
Insurance	-	-	-	-	10,921	-	10,921	15,443
Accounting and legal	-	-	-	-	10,500	-	10,500	96,870
Dues and subscriptions	4,684	-	4,875	9,559	-	-	9,559	-
Bank fees	964	-	-	964	1,850	5,837	8,651	4,950
Utilities	4,247	-	-	4,247	1,268	-	5,515	5,538
Loss on disposal of fixed assets	-	-	-	-	4,475	-	4,475	-
Equipment	-	-	-	-	4,295	-	4,295	-
Travel meals and entertainment	-	-	755	755	3,438	-	4,193	4,386
Dental office build-out	3,746	-	-	3,746	-	-	3,746	33,807
Advertising	-	-	-	-	-	2,543	2,543	1,604
Volunteer program	644	148	483	1,275	53	13	1,341	10,876
Other	8,167	2,389	6,850	17,406	969	170	18,545	41,639
	548,576	95,790	575,690	1,220,056	87,330	58,073	1,365,459	1,586,337
Depreciation	19,389	-	11,849	31,238	4,668	-	35,906	36,668
Total expenses	\$ 567,965	\$ 95,790	\$ 587,539	\$ 1,251,294	\$ 91,998	\$ 58,073	\$ 1,401,365	\$ 1,623,005

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 328,602	\$ 182,306
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	35,906	36,668
Loss on disposal of fixed assets	4,682	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in donations receivable	(18,820)	25,479
(Increase)decrease in grants, contracts and other receivable	80,000	44,801
(Increase)decrease in prepaid expenses	(6,500)	-
(Decrease)increase in accounts payable	16,549	281
(Decrease)increase in payroll liabilities	6,201	(536)
(Decrease)increase in deferred revenue	(100,301)	(99,699)
Net cash provided by operating activities	<u>346,319</u>	<u>189,300</u>
<u>Cash flows from investing activities</u>		
(Additions) to property and equipment	<u>(50,621)</u>	<u>(52,307)</u>
Net cash used by investing activities	<u>(50,621)</u>	<u>(52,307)</u>
<u>Cash flows from financing activities</u>		
Proceeds from loan	-	(100,000)
Repayment of line of credit	(21,948)	-
Payments on capital lease liability	(11,876)	23,948
Refundable advance - Paycheck Protection Program	<u>156,670</u>	<u>(12,350)</u>
Net cash provided by financing activities	<u>122,846</u>	<u>(88,402)</u>
Net increase(decrease) in cash and cash equivalents	418,544	48,591
Cash and cash equivalents, beginning of year	<u>481,552</u>	<u>432,961</u>
Cash and cash equivalents, end of year	<u>\$ 900,096</u>	<u>\$ 481,552</u>
Supplemental disclosure of information		
Cash paid for interest	<u>\$ -</u>	<u>\$ 931</u>

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

During 2020, the World Health Organization declared the COVID-19 outbreak a pandemic and the Organization was impacted in several different ways. Beginning in March 2020, the Organization's dental clinic was closed down due to the states mandatory stay-at-home order and operations did not continue until June 2020. Once re-opening in June, the clinic was only opened for two days per week through to August 2020 which meant they were seeing significantly less patients for the majority of 2020. All other staff was working from home during that time as well.

While the closure of the dental clinic impacted reimbursements from private insurance as well as Medicaid reimbursements, the Organization did however receive funds from the Federal Payment Protection Plan which allowed the Organization to retain all employees throughout the pandemic. Additionally, funds were released from multi-year grants without restrictions to continue to support the refugee community. Staff also volunteered during this time to package and deliver all food share supplies to refugee families since normal delivery and pick up of donated food was not allowed. In the meantime, management continued to apply for and receive numerous grants and donations to help support the Organization's mission.

The Organization is supported primarily by Medicaid and other insurance reimbursements, grants and foundation awards and individual and board donations.

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.

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.

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

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, 2020, 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.

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, 2019 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 August 31, 2021, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

At December 31, 2020, grants receivable represents one multi-year foundation award that is anticipated to be collected in 2021. Management has evaluated the receivables and does not believe an allowance for doubtful accounts is needed.

NOTE 4 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Dental equipment	\$ 193,568
Furniture and equipment	<u>52,754</u>
Total	246,322
Less: accumulated depreciation	<u>(119,408)</u>
Net property and equipment	<u>\$ 126,914</u>

Depreciation expense for the year was \$35,906.

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 \$0 outstanding balance under the line of credit. Subsequent to year-end, the Organization closed the line of credit account.

NOTE 6 - REFUNDABLE ADVANCE - PAYROLL PROTECTION PROGRAM

On April 23, 2020, the Organization borrowed \$156,670 under the Payroll Protection Program (PPP). Congress established the PPP to provide relief to small businesses during the COVID-19 pandemic as part of the \$2 trillion Coronavirus Aid, Relief, And Economic Security (CARES) Act. The loans and accrued interest are forgivable after eight weeks and up to 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes. PPP proceeds are recognized as a refundable advance liability until the loan is forgiven, and then the liability is reduced, and a contribution is recorded for the amount given. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%.

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	\$ 91,560
Capital campaign	71,366
COVID-19 testing kits	<u>21,203</u>
Total	<u>\$ 184,129</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	<u>\$ 143,790</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 2020, Project Worthmore involved approximately 300 volunteers providing over 1,907 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 expansion	\$ 74,077
Dental clinic – office and equipment rent	65,000
Food Share Program	60,000
Expanding team	40,000
French speaking community navigator salary	20,000
Texting platform	5,300
Refrigerator purchase	4,600
COVID-19 testing kits	<u>3,797</u>
Total	<u>\$ 272,774</u>

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2020:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 900,096
Donations, contracts and other receivable	60,000
Grants receivable	<u>23,879</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 983,975</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 \$539,736. 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 - PRIOR PERIOD RECLASSIFICATION

During the audit, it was determined that \$97,864 of donor restricted net assets was not released from restriction in the prior period. The prior period reclassification resulted in the following restated balances to the net asset accounts on December 31, 2019. There was no effect on the change in net assets.

	Original	Change	Restated
Net assets without donor restrictions	\$194,079	\$97,864	\$291,943
Net assets with donor restrictions	\$303,501	(\$97,864)	\$205,637

NOTE 13 - SUBSEQUENT EVENT

On March 25, 2021, the Organization purchased an office building in Denver, Colorado for \$1,275,000. They negotiated a 30-year note payable of \$634,000 to finance the cost of the building. The remaining funds were contributed by donors.