

PROJECT WORTHMORE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

PROJECT WORTHMORE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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August 18, 2022

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, 2021, 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, 2021, 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,050,014	\$ 900,096
Donations, contracts and other receivable	105,393	23,879
Grants receivable (Note 3)	515,165	60,000
Prepaid expenses	4,450	10,470
Property and equipment (Note 4)	<u>1,472,960</u>	<u>126,914</u>
Total assets	<u>\$ 3,147,982</u>	<u>\$ 1,121,359</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 1,465	\$ 26,027
Payroll liabilities	20,584	12,480
Note payable (Note 5)	622,833	-
Paycheck Protection Program loan	-	156,670
Deferred revenue	<u>-</u>	<u>100,000</u>
Liabilities	<u>644,882</u>	<u>295,177</u>
Net assets		
Without donor restrictions	2,503,100	642,053
With donor restrictions	<u>-</u>	<u>184,129</u>
Total net assets	<u>2,503,100</u>	<u>826,182</u>
Total liabilities and net assets	<u>\$ 3,147,982</u>	<u>\$ 1,121,359</u>

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Grants and foundations	1,276,265	56,705	1,332,970	521,348
Individual and board donations	992,558	-	992,558	490,512
Dental insurance	299,506	-	299,506	35,126
Medicaid insurance reimbursements	251,855	-	251,855	333,310
Private pay insurance reimbursements	134,219	-	134,219	64,841
Paycheck Protection Program loan forgiveness (Note 6)	156,670	-	156,670	-
Government grants and contracts	100,000	-	100,000	100,301
Special event income net.	52,512	-	52,512	7,181
Merchandise Sales	25,230	-	25,230	1,717
Rental income	6,300	-	6,300	-
Seasonal farm membership	-	-	-	18,477
Other income	13,433	-	13,433	13,364
In-kind contributions (Note 7)	89,339	-	89,339	143,790
Net assets released from restrictions (Note 8)	240,834	(240,834)	-	-
Total revenue and other support	3,638,721	(184,129)	3,454,592	1,729,967
<u>Expense</u>				
Programs				
Dental clinic	808,945	-	808,945	567,965
Delaney farm	157,206	-	157,206	95,790
Other programs	329,665	-	329,665	587,539
Supporting services				
Management and general	427,562	-	427,562	91,998
Fundraising	54,296	-	54,296	58,073
Total expense	1,777,674	-	1,777,674	1,401,365
Change in net assets	1,861,047	(184,129)	1,676,918	328,602
Net assets, beginning of year	642,053	184,129	826,182	497,580
Net assets, end of year	\$ 2,503,100	\$ -	\$ 2,503,100	\$ 826,182

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FROM 2020)

	2021						2020
	Program			Supporting Services			
	Dental Clinic	Delaney Farm	Other Programs	Total Program Expenses	Management and General	Fund- raising	Total
							Total
Salaries, payroll taxes and benefits	\$ 621,607	\$ 134,221	\$ 148,316	\$ 904,144	\$ 298,633	\$ 13,830	\$ 1,216,607
Food share program	-	-	103,502	103,502	-	-	103,502
Supplies	70,258	-	-	70,258	9,260	4,559	84,077
Utilities	15,362	15,362	15,361	46,085	15,361	-	61,446
Dental office build-out	24,929	-	-	24,929	9,838	-	34,767
Insurance	-	-	-	-	25,584	-	25,584
Technology	5,076	-	-	5,076	8,199	6,247	19,522
Interest	-	-	-	-	19,106	-	19,106
Rent	9,624	2,078	2,296	13,998	4,625	214	18,837
Repair and maintenance	8,081	-	10,597	18,678	-	-	18,678
Advertising	-	-	-	-	-	17,388	17,388
Hardship relief	-	-	13,869	13,869	-	-	13,869
Bank fees	2,418	-	-	2,418	1,434	9,682	13,534
Consulting	2,078	2,078	2,078	6,234	2,079	2,078	10,391
Travel meals and entertainment	-	-	1,858	1,858	8,465	-	10,323
Accounting and legal	-	-	-	-	9,500	-	9,500
Equipment	-	-	-	-	7,578	-	7,578
Dues and subscriptions	4,592	-	715	5,307	-	-	5,307
Trainings and certifications	2,738	-	-	2,738	-	-	2,738
Other	14,320	3,467	14,046	31,833	1,193	298	33,324
	781,083	157,206	312,638	1,250,927	420,855	54,296	1,726,078
Depreciation	27,862	-	17,027	44,889	6,707	-	51,596
Total expenses	<u>\$ 808,945</u>	<u>\$ 157,206</u>	<u>\$ 329,665</u>	<u>\$ 1,295,816</u>	<u>\$ 427,562</u>	<u>\$ 54,296</u>	<u>\$ 1,777,674</u>
							<u>\$ 1,401,365</u>

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,676,918	\$ 328,602
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	51,596	35,906
Loss on disposal of fixed assets	-	4,682
Paycheck Protection Program loan forgiveness	(156,670)	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in donations, contracts and receivable	(81,514)	(18,820)
(Increase)decrease in grants receivable	(455,165)	80,000
(Increase)decrease in prepaid expenses	6,020	(6,500)
(Decrease)increase in accounts payable	(24,562)	16,549
(Decrease)increase in payroll liabilities	8,104	6,201
(Decrease)increase in deferred revenue	(100,000)	(100,301)
Net cash provided by operating activities	924,727	346,319
<u>Cash flows from investing activities</u>		
(Additions) to property and equipment	(1,397,642)	(50,621)
Net cash used by investing activities	(1,397,642)	(50,621)
<u>Cash flows from financing activities</u>		
Borrowing on mortgage payable	634,000	-
(Payments) on mortgage payable	(11,167)	-
Repayment of line of credit	-	(21,948)
Payments on capital lease liability	-	(11,876)
Paycheck Protection Program loan	-	156,670
Net cash provided by financing activities	622,833	122,846
Net increase(decrease) in cash and cash equivalents	149,918	418,544
Cash and cash equivalents, beginning of year	900,096	481,552
Cash and cash equivalents, end of year	\$ 1,050,014	\$ 900,096
Supplimentary disclosure of information		
Cash paid for mortgage interest	\$ 19,106	\$ -

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 seven-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 grants and foundation income, individual and board contributions, and dental insurance, Medicaid reimbursements.

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)

2. Basis of Presentation (Concluded)

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, 2021, 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. Compensated Absences

In accordance with (SFAS) No. 43, since the Organization is not able to estimate compensated absences, no amount has been accrued in these financial statements.

11. 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, 2020, from which the summarized information was derived.

12. 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.

13. Subsequent Events

Management has evaluated subsequent events through August 18, 2022, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

At year-end, the Organization had received multiple commitments from various foundations for future funding. Management has evaluated the commitment and does not believe an allowance for doubtful accounts is necessary. Amounts to be received are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 296,917
2023	<u>237,890</u>
	534,807
Less: unamortized discount at 4.5%	<u>(19,642)</u>
Net grants receivable	<u>\$ 515,165</u>

NOTE 4 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Building	\$ 855,422
Land	321,182
Facility improvements in process	221,038
Dental equipment	193,568
Furniture and equipment	<u>52,754</u>
Total	1,643,964
Less: accumulated depreciation	<u>(171,004)</u>
Net property and equipment	<u>\$ 1,472,960</u>

During the year, the Organization purchased a building and an estimated 25% of the purchase price, is considered non-depreciable land. Additionally, an estimated 2/3 of the building was in use at the time of purchase for both programming and storage. The remaining 1/3 of the building was not in-use during 2021 and no depreciation was taken. During 2021, all facility improvements are depreciated as of the date of conclusion. Depreciation expense for the year was \$51,596.

NOTE 5 - NOTE PAYABLE

The Organization has a participating mortgage note payable of \$634,000 that was used to purchase the building at 1666 Elmira St. The note bears interest at 3.99% and matures on March 24, 2028. Interest on the mortgage note is payable monthly, with principal due at maturity. Interest expense for the year was \$19,106. The Organization's note payable of \$622,833 agrees to the principal balance according to the amortization schedule provided by the lender. The future scheduled principal payments under the new note for the years ending December 31st are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 15,450
2023	16,087
2024	16,683
2025	17,438
2026 and after	<u>568,342</u>
Total	<u>\$ 634,000</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

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. The Organization has used the funds in accordance with the note, provided necessary support and the note was forgiven on June 24, 2021. The full loan amount from the Paycheck Protection Program is recorded as a contribution in this fiscal year.

NOTE 7 - 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 (valued at about \$.44 per serving)	<u>\$ 89,339</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 2021, Project Worthmore involved approximately 765 volunteers providing over 1,640 hours of volunteer time. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 8 - 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	\$ 91,560
Capital Campaign	71,366
Food Share Program	56,705
COVID-19 testing kits	<u>21,203</u>
Total	<u>\$ 240,834</u>

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization holds the majority of 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 \$731,097. 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 10 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2021:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 1,050,014
Donations, contracts and other receivable	105,049
Grants receivable (2022 anticipated collection)	<u>296,197</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 1,451,260</u>

The Organization's goal is generally to maintain financial assets available to meet one year of general operating expenses.