PROJECT WORTHMORE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

PROJECT WORTHMORE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

CONTENTS

TAYLORROTH
Certified Public Accountants
WORKING EXCLUSIVELY WITH NONPROFITS

September 28, 2023

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Worthmore as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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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, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 1,072,075	$ 1,050,014
Donations, contracts and other receivable	292,648	105,393
Grants receivable (Note 3)	218,248	515,165
Prepaid expenses	809	4,450
Construction in process (Note 4)	1,068,789	-
Property and equipment (Note 5)	2,342,876	1,472,960
Total assets	$ 4,995,445	$ 3,147,982
Liabilities and net assets		
Accounts payable	$ 10,977	$ 1,465
Payroll liabilities	62,615	20,584
Mortgage payable (Note 6)	607,308	622,833
Capital lease obligation (Note 7)	54,701	-
Program Related Investment (PRI) loan (Note 4)	1,068,789	-
Deferred revenue	25,000	-
Liabilities	1,829,390	644,882
Net assets		
Without donor restrictions	3,166,055	2,503,100
Total net assets	3,166,055	2,503,100
Total liabilities and net assets	$ 4,995,445	$ 3,147,982

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Grants and foundations	438,069	540,998	979,067	1,332,970
Individual and board donations	737,919	124,950	862,869	992,558
Medicaid insurance reimbursements	757,815	-	757,815	251,855
Government grants and contracts	517,852	-	517,852	100,000
Private pay insurance reimbursements	172,704	-	172,704	134,219
Dental insurance	34,133	-	34,133	299,506
Special event income	191,445	-	191,445	52,512
Less: special event expenses	(39,911)	-	(39,911)	-
Merchandise Sales	17,295	-	17,295	25,230
Rental income	5,400	-	5,400	6,300
Paycheck Protection Program loan forgiveness	-	-	-	156,670
Other income	26,579	-	26,579	13,433
In-kind contributions (Note 8)	85,876	-	85,876	89,339
Net assets released from restrictions (Note 9)	665,948	(665,948)	-	-
Total revenue and other support	3,611,124	-	3,611,124	3,454,592
Expense				
Programs				
Dental clinic	1,111,116	-	1,111,116	808,945
Delaney farm	214,275	-	214,275	157,206
Other programs	953,509	-	953,509	329,665
Supporting services				
Management and general	568,099	-	568,099	427,562
Fundraising	101,170	-	101,170	54,296
Total expense	2,948,169	-	2,948,169	1,777,674
Change in net assets	662,955	-	662,955	1,676,918
Net assets, beginning of year	2,503,100	-	2,503,100	826,182
Net assets, end of year	$ 3,166,055	$ -	$ 3,166,055	$ 2,503,100

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022							2021
	Program				Supporting Services			
	Dental Clinic	Delaney Farm	Other Programs	Total Program Expenses	Management and General	Fund-raising	Total	Total
Salaries, payroll taxes and benefits	$ 814,056	$ 167,430	$ 361,046	$ 1,342,532	$ 440,646	$ 80,488	$ 1,863,666	$ 1,216,607
Refugee assistance	-	-	307,231	307,231	2,957	-	310,188	-
Supplies	135,676	-	-	135,676	-	2,402	138,078	84,077
Food share program	-	-	111,810	111,810	-	-	111,810	103,502
Utilities	23,423	23,423	23,423	70,269	23,424	-	93,693	61,446
Equipment	15,957	1,995	9,973	27,925	11,968	-	39,893	7,578
Insurance	13,987	1,748	8,742	24,477	10,490	-	34,967	25,584
Technology	12,605	1,576	7,878	22,059	9,455	-	31,514	19,522
Travel meals and entertainment	-	-	10,680	10,680	19,434	-	30,114	10,323
Repairs and maintenance	225	-	26,774	26,999	2,633	-	29,632	18,678
Hardship relief	-	-	27,193	27,193	-	-	27,193	13,869
Interest expense	-	-	-	-	21,953	-	21,953	19,106
Delaney farm supplies	-	15,410	-	15,410	-	-	15,410	185
Dental office build-out	11,157	-	-	11,157	423	-	11,580	34,767
Advertising	-	-	-	-	-	10,907	10,907	17,388
Accounting and legal	-	-	-	-	9,970	-	9,970	9,500
Bank fees	1,996	-	-	1,996	-	7,128	9,124	13,534
Trainings and certifications	8,682	-	-	8,682	-	-	8,682	2,738
Volunteer program	-	-	5,915	5,915	-	-	5,915	1,527
Dues and subscriptions	2,669	-	3,090	5,759	-	-	5,759	5,307
Rent	-	-	-	-	-	-	-	18,837
Other	13,496	2,693	14,806	30,995	979	245	32,219	42,003
	1,053,929	214,275	918,561	2,186,765	554,332	101,170	2,842,267	1,726,078
Depreciation	57,187	-	34,948	92,135	13,767	-	105,902	51,596
Total expenses	$ 1,111,116	$ 214,275	$ 953,509	$ 2,278,900	$ 568,099	$ 101,170	$ 2,948,169	$ 1,777,674

The accompanying notes are an integral part of these financial statements

PROJECT WORTHMORE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 662,955	$ 1,676,918
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	105,902	51,596
Paycheck Protection Program loan forgiveness	-	(156,670)
Changes in operating assets and liabilities		
(Increase)decrease in donations, contracts and receivable	(187,255)	(81,514)
(Increase)decrease in grants receivable	296,917	(455,165)
(Increase)decrease in prepaid expenses	3,641	6,020
(Decrease)increase in accounts payable	9,512	(24,562)
(Decrease)increase in payroll liabilities	42,031	8,104
(Decrease)increase in deferred revenue	25,000	(100,000)
Net cash provided by operating activities	958,703	924,727
Cash flows from investing activities		
(Additions) to property and equipment	(891,391)	(1,397,642)
(Additions) to construction in-process	(1,068,789)	-
Net cash used by investing activities	(1,960,180)	(1,397,642)
Cash flows from financing activities		
Borrowing on mortgage payable	-	634,000
Borrowing on Project Related Investment (PRI) loan	1,068,789	-
(Payments) on mortgage payable	(15,525)	(11,167)
(Payments) on short-term notes payable	(16,881)	-
(Payments) on long-term notes payable	(12,845)	-
Net cash provided by financing activities	1,023,538	622,833
Net increase in cash and cash equivalents	22,061	149,918
Cash and cash equivalents, beginning of year	1,050,014	900,096
Cash and cash equivalents, end of year	$ 1,072,075	$ 1,050,014
Suppliemental disclosure of information		
Cash paid for mortgage interest	$ 21,953	$ 19,106
Property acquired under capital lease arrangement	$ 84,427	$ -

The accompanying notes are an integral part of these financial statements

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 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, 2022, 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, 2021, 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 September 28, 2023, 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:

Year	Amount
2023	$ 237,890
Less: unamortized discount at 4.5%	(19,642)
Net grants receivable	$ 218,248

NOTE 4 - CONSTRUCTION IN PROCESS

During the year, the Organization borrowed $1.465 million from Colorado Enterprise Fund, Inc. (CEF). This Project Related Investment (PRI) loan is only to be used for construction on the Organization's property. Per the agreement dated June 15, 2022, funds will be disbursed upon presentation of purchase orders, contracts, invoices, financial statements, accounts receivable aging or other appropriate evidence. CEF may restrict disbursements for any reason as determined in its sole and absolute discretion. The note bears interest of 2% per annum and matures on June 15, 2032. Interest only payments, based on the principal balance outstanding from time to time, due July 15, 2023 and each month thereafter, until principal and interest payments begin. Payments of $6,626 per month commences on July 15, 2024 and will continue monthly until June 15, 2032 when the PRI will be payable in full.

At year-end, the Organization had utilized $1,068,789 of the $1,465,000 PRI.

Subsequent event –

Subsequent to year-end, the Organization received a grant for $4 million subject to the provision of the agreement from The United States Department of Housing and Urban Development (HUD) to be used on construction and expansion plans.

NOTE 5 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consist of:

Description	Amount
Facility improvements in process	$ 1,025,885
Building	855,422
Land	321,182
Dental equipment	294,148
Furniture and equipment	65,160
Van	57,985
Total	2,619,782
Less: accumulated depreciation	(276,906)
Net property and equipment	$ 2,342,876

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 $105,902.

NOTE 6 - 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 $607,308 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 31, 2022 are as follows:

Year	Amount
2023	$ 16,087
2024	16,683
2025	17,438
2025	18,156
2026 and after	538,944
Total	$ 607,308

NOTE 7 - CAPITAL LEASE OBIGATION

During the year, the Organization entered into a finance agreement to lease a piece of equipment. Payments of the capital lease liability as of December 31, 2022 are as follows:

Year	Amount
2023	$ 23,155
2024	11,097
2025	11,097
2026	11,097
2027	927
Total	57,373
Less amount representing interest	(2,672)
Present value of minimum lease payments	$ 54,701

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:

Description	Amount
We Don't Waste food donation (valued at about $.42 per serving)	$ 85,876

NOTE 8 - IN-KIND CONTRIBUTIONS (Concluded)

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 2022, Project Worthmore involved approximately 1,113 volunteers providing over 1,655 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:

Description	Amount
Dental clinic expansion	$ 450,000
Afghan refugee assistance	73,650
Van purchase	54,300
Computer grant	25,000
Staff wellness	20,000
Refugee hardship funds	20,000
Together Tuesday	10,000
Staff bonuses	5,000
Technical assistance	4,998
Language access fund	3,000
Total	$ 665,948

NOTE 10 - 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 $763,202. 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 11 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2022:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 1,072,075
Donations, contracts and other receivable	292,648
Grants receivable	218,248
Total financial assets available to meet cash needs for general expenditures within one year:	$ 1,582,971

The Organization's goal is generally to maintain financial assets available to meet one year of general operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.