

**INVEST IN KIDS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**INVEST IN KIDS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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October 26, 2021

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Invest in Kids  
Denver, Colorado

***Opinion***

We have audited the accompanying financial statements of **Invest in Kids**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 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 Invest in Kids as of June 30, 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 Invest in Kids 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 Invest in Kids'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 Invest in Kids'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 Invest in Kids'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 Invest in Kids' 2020 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated October 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 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

**INVEST IN KIDS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,558,280	\$ 1,023,761
Investments - short term	413,883	715,341
Contracts receivable	295,451	214,227
Grants receivable	-	50,000
Pledges receivable	-	5,000
Prepaid expenses and deposits	22,766	33,456
Property and equipment (Note 3)	58,126	76,488
Total assets	<u>\$ 3,348,506</u>	<u>\$ 2,118,273</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 202,457	\$ 71,469
Accrued payroll costs	57,210	42,012
Refundable advance	-	339,500
Deferred rent (Note 4)	21,533	30,146
Total liabilities	<u>281,200</u>	<u>483,127</u>
<u>Net assets</u>		
<u>Without donor restrictions</u>		
Undesignated	1,219,863	796,684
Board designated operating reserve	500,000	500,000
	<u>1,719,863</u>	<u>1,296,684</u>
<u>With donor restrictions (Note 5)</u>	<u>1,347,443</u>	<u>338,462</u>
Total net assets	<u>3,067,306</u>	<u>1,635,146</u>
Total liabilities and net assets	<u>\$ 3,348,506</u>	<u>\$ 2,118,273</u>

The accompanying notes are an integral part of these financial statements

**INVEST IN KIDS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 240,800	2,034,011	\$ 2,274,811	\$ 1,241,638
Government	1,292,088	-	1,292,088	1,163,748
Individuals and corporations	372,896	103,836	476,732	380,645
Paycheck Protection Program (Note 6)	339,500	-	339,500	-
Fundraising events	252,553	-	252,553	268,952
Less: direct event expenses	(23,844)	-	(23,844)	(27,273)
Training and technical assistance	99,198	-	99,198	128,748
Interest income	13,708	-	13,708	20,870
Inkind contributions	-	-	-	11,700
Other income	1,650	-	1,650	15,035
Net assets released from restrictions (Note 7)	1,128,866	(1,128,866)	-	-
Total revenue and other support	<u>3,717,415</u>	<u>1,008,981</u>	<u>4,726,396</u>	<u>3,204,063</u>
<u>Expense</u>				
Program services				
The Incredible Years	1,322,588	-	1,322,588	1,290,790
Nurse-Family Partnership	817,217	-	817,217	944,364
Child First	426,869	-	426,869	221,001
Total program	<u>2,566,674</u>	<u>-</u>	<u>2,566,674</u>	<u>2,456,155</u>
Supporting services				
Management and general	315,055	-	315,055	252,964
Fundraising	412,507	-	412,507	384,680
Total expense	<u>3,294,236</u>	<u>-</u>	<u>3,294,236</u>	<u>3,093,799</u>
Change in net assets	423,179	1,008,981	1,432,160	110,264
Net assets, beginning of year	<u>1,296,684</u>	<u>338,462</u>	<u>1,635,146</u>	<u>1,524,882</u>
Net assets, end of year	<u>\$ 1,719,863</u>	<u>\$ 1,347,443</u>	<u>\$ 3,067,306</u>	<u>\$ 1,635,146</u>

The accompanying notes are an integral part of these financial statements

**INVEST IN KIDS**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021						2020	
	Program Services			Supporting Services				
	The Incredible Years	Nurse-Family Partnership	Child First	Total Program	Management and General	Fund- raising	Total	Total
Salaries	\$ 739,158	\$ 512,006	\$ 191,448	\$ 1,442,612	\$ 192,129	\$ 228,954	\$ 1,863,695	\$ 1,815,776
Employee benefits	96,919	73,466	25,308	195,693	22,909	34,139	252,741	226,540
Payroll taxes	54,367	39,154	14,160	107,681	12,585	16,347	136,613	131,807
Grants to sites & client assistance	105,433	104,570	155,321	365,324	-	-	365,324	223,194
Program materials	153,313	572	-	153,885	-	-	153,885	24,619
Technology support	55,224	24,390	6,563	86,177	25,444	23,232	134,853	96,923
Professional fees	7,499	5,002	15,800	28,301	12,763	69,401	110,465	161,988
Occupancy	43,041	29,292	10,877	83,210	9,945	15,328	108,483	106,279
Staff development and recruitment	8,758	1,551	3,769	14,078	16,430	2,243	32,751	19,852
Lobbying	15,000	15,000	-	30,000	-	-	30,000	55,000
Program training	20,321	120	-	20,441	-	-	20,441	65,627
Printing & postage	2,071	736	148	2,955	383	13,791	17,129	12,847
Insurance	6,073	4,054	709	10,836	1,493	1,120	13,449	12,486
Audit	-	-	-	-	9,175	-	9,175	9,150
Supplies	2,717	1,644	478	4,839	1,251	767	6,857	11,260
Dues & subscriptions	1,707	1,131	579	3,417	1,897	844	6,158	6,972
Donor stewardship	-	-	67	67	-	3,009	3,076	24,215
Travel & meals	1,674	-	23	1,697	371	802	2,870	52,456
All other	1,126	420	324	1,870	5,553	486	7,909	4,944
	1,314,401	813,108	425,574	2,553,083	312,328	410,463	3,275,874	3,061,935
Depreciation	8,187	4,109	1,295	13,591	2,727	2,044	18,362	31,864
Total	\$ 1,322,588	\$ 817,217	\$ 426,869	\$ 2,566,674	\$ 315,055	\$ 412,507	\$ 3,294,236	\$ 3,093,799

The accompanying notes are an integral part of these financial statements

## INVEST IN KIDS

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,432,160	\$ 110,264
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,362	31,864
PPP loan forgiveness	(339,500)	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contracts receivable	(81,224)	(17,955)
(Increase)decrease in grants receivable	50,000	50,000
(Increase)decrease in prepaid expenses	10,690	(10,933)
(Increase)decrease in pledges receivable	5,000	1,500
Increase(decrease) in accounts payable	149,010	44,396
Increase(decrease) in payroll accruals	(2,824)	(38,362)
Increase(decrease) in deferred rent	(8,613)	(8,614)
Net cash provided(used) by operating activities	1,233,061	162,160
<u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	-	(8,140)
(Purchase) of investments - short term	-	(200,000)
Withdrawals of investments - short term	310,120	-
(Reinvestment) of earnings	(8,662)	(11,309)
Net cash provided(used) by investing activities	301,458	(219,449)
<u>Cash flows from financing activities</u>		
Proceeds from refundable advance	-	339,500
Net cash provided(used) by financing activities	-	339,500
Net increase(decrease) in cash and cash equivalents	1,534,519	282,211
Cash and cash equivalents, beginning of year	1,023,761	741,550
Cash and cash equivalents, end of year	\$ 2,558,280	\$ 1,023,761

The accompanying notes are an integral part of these financial statements

**INVEST IN KIDS**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - NATURE OF ACTIVITIES

**Invest in Kids** (the Organization) is a nonprofit intermediary organization working in collaboration with local communities to achieve positive outcomes for children and families experiencing poverty. Combining a deep understanding of evidence-based practice with cutting-edge innovation, the Organization partners with communities across Colorado to introduce, implement, and sustain transformative programs that improve the health and well-being of young children. Invest in Kids supports the following programs:

**Nurse-Family Partnership®** (NFP) is a community health nursing program that transforms lives through improved pregnancy outcomes, promotion of child health and development, and the encouragement of economic self-sufficiency for families. NFP's life-changing impact for mothers and babies is demonstrated through long-term, rigorous scientific research. NFP partners highly trained public health nurses with first-time moms living in poverty to improve their lives and create better futures for themselves and their babies. NFP is one of the few programs in the country with over 40 years of clinical trials. These trials prove that NFP produces long term changes in clients' lives. In Colorado, FY 20-21 data shows:

- 91% of babies were born full term
- 89% of babies were born at a healthy weight
- 85% of clients were screened for depression during pregnancy
- 94% of clients initiated breastfeeding
- 56% of clients 18 years old at intake were working at program completion

Research shows that enrolling 1,000 low-income families in NFP in Colorado prevents 45 preterm births, 253 child maltreatment incidents, 303 violent crimes by youth and 3 infant deaths.

**The Incredible Years®** (IY) is a suite of proven prevention programs that increase a child's success at school and at home by promoting positive relationships. The program's goal is to improve school performance, reduce child behavior problems, promote positive and consistent discipline, and support caregivers through a holistic approach involving children, parents, and teachers. A Two-Generation approach that promotes positive parent, teacher and child relationships and prepares children for school and life. This evidence-based program is made up of three distinct components that work together to achieve outstanding outcomes: Parenting Education (strengthens positive parenting skills); Dinosaur School (skill building for children, taught in classrooms); and Teacher Classroom Management (TCM). During the 2020-21 program year, two of The Incredible Years universal prevention components and a TCM Book Study were offered across 20 counties in Colorado with the support of Invest in Kids.

- Dinosaur School Numbers Served: 315 teachers and educational staff supported the delivery of Dinosaur School to 4,027 students.
- Teacher Classroom Management (TCM) Book Study Numbers Served: 84 teachers and educational staff participated in the virtual TCM Book Study across 9 different virtual book study groups.
- Preschool Parent Program (Parent Program) Numbers Served: 67 Parent Program Facilitators delivered Parent Program to 375 parents across 42 unique parent groups in Colorado.

NOTE 1 - NATURE OF ACTIVITIES – (Continued)

In 2020, Invest in Kids adopted **Child First®** (CF) as its' third program offering and in this fiscal year hired a Child First Program Director. Because Invest in Kids only invests in the most rigorously tested programs proven to create positive outcomes for families, this marks the first time in 17 years that Invest in Kids has adopted a new program.

Child First is an evidence-based, two-generation model that helps struggling families build strong, nurturing relationships that heal and protect young children from the devastating impact of trauma and chronic stress. Child First is the only psycho-therapeutic intervention in the home visiting sector qualifying for federal Maternal, Infant & Early Childhood Home Visiting funding. As a home-based intervention model that works with the caregiver and child, Child First is delivered by a two-person team consisting of a licensed mental health clinician with experience in in early childhood development and a care coordinator who works with the entire family unit on the sources of stress that impact their family and to connect with resources. The program is unique because it combines two complementary approaches to healing from trauma and adversity: It directly decreases the stressors experienced by the family through connecting them to needed services and supports and it facilitates a nurturing, responsive parent-child relationship. Research has demonstrated that this approach protects the young developing brain and metabolic systems from the damaging effects of high stress environments such as poverty, homelessness and domestic violence. Child First is now being delivered by four local implementing agencies and as of summer 2021 available in 13 Colorado counties.

The Organization is funded primarily by government grants, foundation awards, contributions, and fundraising events.

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 information regarding 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 the 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 the funds be maintained in perpetuity.

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

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 statements 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 three months or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. 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.

Consequently, at June 30, 2021, the remaining portion of three awards totaling \$206,105, have not been recognized in the accompanying statement of activities because the conditions on which they depend has not yet been met. Of the total conditional contributions, all \$206,105 is for The Incredible Years program. Various deadlines are through August 2023.

6. 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.

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

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These shared expenses include rent and facilities depreciation, professional fees, information technology, insurance and office costs, such as supplies, copier usage and postage, are allocated based on personnel count. Advocacy is allocated based on expected benefit received. The Executive Director's office is allocated based upon the estimates of time and effort.

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

9. 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 June 30, 2020, from which the summarized information was derived.

10. Reclassifications

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

11. Subsequent Events

Management has evaluated subsequent events through October 26, 2021, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 169,498
Less: accumulated depreciation	<u>(111,372)</u>
Net property and equipment	<u>\$ 58,126</u>

Depreciation expense for the year was \$18,362.

NOTE 4 - LEASE COMMITMENTS

The Organization leases office space in Denver, Colorado. In April 2018, a five-year lease provided for a five-month rent abatement at the start of the lease period in August 2018. Deferred rent in the accompanying statement of financial position results from the straight-line recognition of rent expense over the term of the lease. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021-2022	\$ 116,970
2022-2023	118,974
2023-2024	<u>59,988</u>
Total	<u>\$ 295,932</u>

NOTE 5 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Child First	\$ 1,144,679
The Incredible Years	195,823
Nurse-Family Partnership	6,093
Development	<u>848</u>
Total	<u>\$ 1,347,443</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM

On April 11, 2020, the Organization borrowed \$339,500 under the Paycheck 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 were forgivable after eight weeks, and up to 24 weeks, as long as the borrower used the loan proceeds for eligible purposes. PPP proceeds were recognized as a refundable advance until the loan was forgiven, and then the liability was reduced, and a contribution was recorded for the amount forgiven. On November 10, 2020, the Small Business Administration forgave the full amount of the loan.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
The Incredible Years	\$ 786,576
Child First	155,321
Nurse-Family Partnership	112,817
Time restricted	50,000
Development	<u>24,152</u>
Total	<u>\$ 1,128,866</u>

NOTE 8 - RETIREMENT PLAN

The Organization has adopted a 401k plan. The plan covers employees the first day of the month following employment for those who choose to participate, are at least 21 years of age and work over 1,000 hours per year. The organization has a discretionary match of up to 3% of an employee's salary. Total company match for the current year was \$54,084.

NOTE 9 - RELATED PARTIES

During the year, the Organization paid \$64,216 in wages to a family member of the Executive Director who has been employed at the Organization since 2005. The family member does not directly report to the Executive Director. The board and management believe that this arrangement is in the best interest of the Organization and was evaluated in accordance with the Organization's conflict of interest policy.

NOTE 10 - CONCENTRATION OF CREDIT RISK

Cash and cash equivalents have been placed in a single financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or a related entity.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions. Amounts not available include amounts designated by the governing board to be set aside that could be drawn upon if the governing board approves that action.

Financial Assets	<u>Amount</u>
Cash and short-term investments	\$2,972,163
Receivables	<u>295,451</u>
Financial assets, at fiscal year-end	\$3,267,614
Less those unavailable for general expenditures within one year, due to:	
Board designated funds	<u>(500,000)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$2,767,614</u>

Government support is under cost reimbursement contracts billed each month, with receivables reflected as financial assets available for general expenditure. Receivables are typically collected within 45 days of invoicing.

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments, including certificates of deposits. The fund established by the governing board may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.