

**INVEST IN KIDS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FOR THE YEAR ENDED DECEMBER 31, 2015

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Taylor, Roth and Company, PLLC  
Certified Public Accountants  
working exclusively with nonprofit organizations

September 6, 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Invest In Kids  
Denver, Colorado

We have audited the accompanying financial statements of **Invest In Kids**, (a Colorado nonprofit corporation) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

***Auditors' Responsibility***

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

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


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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Invest In Kids as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

Other auditors have previously audited Invest In Kids' 2014 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated September 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INVEST IN KIDS**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 813,434	\$ 1,218,380
Cash and cash equivalents - temporarily restricted	587,566	371,244
Contracts receivable	171,283	133,885
Grants receivable - temporarily restricted (Note 3)	520,786	73,000
Pledges receivable - unrestricted and temporarily restricted	16,750	21,694
Prepaid expenses	30,075	27,876
Inventory	4,500	-
Investments (Note 4)	3,582	100,866
Property and equipment (Note 5)	20,029	13,859
Total assets	\$ 2,168,005	\$ 1,960,804
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 41,650	\$ 58,392
Accrued payroll costs	39,123	16,587
Deferred rent (Note 6)	33,721	43,496
Deferred revenue	1,640	3,200
Total liabilities	116,134	121,675
<u>Net assets</u>		
Unrestricted		
Operating	911,911	1,359,332
Net investment in fixed assets	20,029	13,859
Temporarily restricted (Note 7)	1,119,931	465,938
Total net assets	2,051,871	1,839,129
Total liabilities and net assets	\$ 2,168,005	\$ 1,960,804

The accompanying notes are an integral part of these financial statements

**INVEST IN KIDS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(WITH COMPARATIVE TOTALS FOR 2014)**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 179,202	1,229,011	\$ 1,408,213	\$ 951,937
Government	628,087	-	628,087	827,126
Special event income	333,488	-	333,488	277,552
Less: direct event expenses	(46,708)	-	(46,708)	(38,319)
Contributions	107,939	-	107,939	151,963
Program income	15,000	-	15,000	29,950
Investment income	2,898	-	2,898	4,170
In-kind contributions (Note 8)	1,568	-	1,568	14,758
Net assets released from restrictions (Note 9)	575,018	(575,018)	-	-
Total revenue and other support	1,796,492	653,993	2,450,485	2,219,137
<u>Expense</u>				
Program services				
The Incredible Years	1,045,686	-	1,045,686	982,328
Nurse-family partnership	657,772	-	657,772	570,833
Total program	1,703,458	-	1,703,458	1,553,161
Supporting services				
Management and general	159,562	-	159,562	171,022
Fundraising	374,723	-	374,723	372,357
Total expense	2,237,743	-	2,237,743	2,096,540
Change in net assets	(441,251)	653,993	212,742	122,597
Net assets, beginning of year	1,373,191	465,938	1,839,129	1,716,532
Net assets, end of year	\$ 931,940	\$ 1,119,931	\$ 2,051,871	\$ 1,839,129

The accompanying notes are an integral part of these financial statements

**INVEST IN KIDS**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014			
	Program Services		Total Program	Supporting Services		Total	
	The Incredible Years	Nurse Family Partnership		Management and General	Fund- raising		Total
Salaries	\$ 510,592	\$ 397,819	\$ 908,411	\$ 96,290	\$ 194,054	\$ 1,198,755	\$ 1,112,229
Payroll taxes & benefits	80,937	70,824	151,761	21,734	43,609	217,104	187,213
Professional fees	48,333	41,916	90,249	8,342	14,125	112,716	59,886
Rent	36,807	28,010	64,817	6,774	13,722	85,313	89,803
Evaluation services	81,640	-	81,640	-	-	81,640	79,230
Fundraising expense	-	-	-	-	69,461	69,461	131,892
Travel and meals	37,651	27,811	65,462	533	2,776	68,771	55,727
Program materials	64,193	963	65,156	-	10	65,166	66,243
Education and training	40,598	12,480	53,078	760	2,042	55,880	64,014
Site awards	54,621	-	54,621	-	-	54,621	78,723
Technology support	24,041	14,663	38,704	3,552	8,645	50,901	31,953
Site expenses	42,523	-	42,523	-	-	42,523	-
Conference	-	40,271	40,271	-	-	40,271	47,027
Publications	1,762	767	2,529	226	11,666	14,421	16,326
Supplies	5,269	4,012	9,281	1,922	1,960	13,163	12,608
Accounting services	746	589	1,335	9,744	287	11,366	12,467
Technical consulting	4,210	2,987	7,197	1,118	1,862	10,177	9,402
Dues & subscriptions	1,182	801	1,983	3,153	2,184	7,320	5,158
Insurance	269	4,460	4,729	1,918	279	6,926	6,662
Postage	1,431	344	1,775	43	4,034	5,852	3,895
Equipment and maintenace	1,260	3,270	4,530	218	479	5,227	6,544
Building expenses	1,988	1,589	3,577	412	784	4,773	7,100
Printing	1,542	1,216	2,758	504	604	3,866	2,667
Bank fees	324	233	557	1,176	667	2,400	1,158
Incentives and honoriums	94	117	211	325	35	571	78
Volunteer	-	-	-	-	-	-	938
All other	696	495	1,191	368	259	1,818	142
	1,042,709	655,637	1,698,346	159,112	373,544	2,231,002	2,089,085
Depreciation	2,977	2,135	5,112	450	1,179	6,741	7,455
<b>Total</b>	<b>\$ 1,045,686</b>	<b>\$ 657,772</b>	<b>\$ 1,703,458</b>	<b>\$ 159,562</b>	<b>\$ 374,723</b>	<b>\$ 2,237,743</b>	<b>\$ 2,096,540</b>

The accompanying notes are an integral part of these financial statements

## INVEST IN KIDS

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 212,742	\$ 122,598
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments	1,212	-
Depreciation	6,741	7,455
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contracts receivable	(37,398)	60,830
(Increase)decrease in grants receivable	(447,786)	212,436
(Increase)decrease in prepaid expenses	(2,199)	(16,582)
(Increase)decrease in pledges receivable	4,944	-
(Increase)decrease in inventory	(4,500)	(287)
Increase(decrease) in accounts payable	(16,742)	1,256
Increase(decrease) in payroll accruals	22,536	(3,347)
Increase(decrease) in deferred rent	(9,775)	(7,564)
Increase(decrease) in deferred revenue	(1,560)	(4,300)
Net cash provided(used) by operating activities	(271,785)	372,495
 <u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	(12,911)	(2,545)
Proceeds from investments	96,072	-
(Reinvestment) of earnings	-	(353)
Net cash provided(used) by investing activities	83,161	(2,898)
Net increase(decrease) in cash and cash equivalents	(188,624)	369,597
Cash and cash equivalents, beginning of year	1,589,624	1,220,027
Cash and cash equivalents, end of year	\$ 1,401,000	\$ 1,589,624

The accompanying notes are an integral part of these financial statements

## INVEST IN KIDS

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31 , 2015

#### NOTE 1 - NATURE OF ACTIVITIES

Invest In Kids (the Organization) was incorporated as a nonprofit corporation 1998 in Colorado. The Organization's mission is to improve the health and well-being of vulnerable young children and families throughout Colorado. Working in partnership with local communities, the Organization identifies, introduces, implements, and ensures the success of research-based, proven program. Current programs include:

**The Incredible Years (IY)** is a highly effective program that has proven, through over 25 years of rigorous research, to improve the social and emotional health of children ages 3-8. IY works with children, their parents, and teachers to give each of them the skills necessary for children to arrive at school emotionally and socially ready to learn, and to succeed once they are there. IY produces significant reductions in conduct problems and significant increases in social skills at home and school. The program is made up of three distinct units that work together to achieve outstanding outcomes: Parenting Education (strengthens positive parenting skills), Dinosaur School (skill building for children, taught in classrooms), and Teacher Education (teaches proven classroom management strategies).

**Nurse-Family Partnership (NFP)** is a program that provides home visitation by nurses to low-income, first-time mothers on a weekly or bi-weekly basis, starting early in pregnancy and continuing until the second birthday of the child. NFP has over 30 years of research validating its effectiveness and produces improved pregnancy outcomes, better child health and development, and more economic self-sufficiency for the families who participate.

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

#### 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 Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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.



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

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. 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.

6. Inventory

Inventory, which consists of item donated for auction, are stated at fair value at date of donation.

7. 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.

8. 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.

9. Functional Reporting of Expenses

For the year ended December 31, 2015, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

10. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

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, 2014, from which the summarized information was derived.

12. Subsequent Events

Management has evaluated subsequent events through September 6, 2016, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

The Piton Foundation gave a two year commitment totaling \$297,286 towards The Incredible Years project during 2015. At December 31, 2015, the outstanding amount totaled \$297,286.

The Hemera Foundation gave a two year commitment totaling \$300,000 for general support during 2015. At December 31, 2015, the outstanding amount totaled \$150,000.

These two awards represent 86% of the grants receivable.. Management does not believe a present value discount or allowance for uncollectable would be significant to these financial statements. The remaining amounts of the grants are to be received as follows:

<u>Description</u>	<u>Amount</u>
2016	\$ 372,143
2017	<u>148,643</u>
Total	<u>\$ 520,786</u>

NOTE 4 - INVESTMENTS

The fair value of investments is based on quoted market prices (Level 1 inputs) and consisted of:

<u>Description</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 125
Equity industrials	<u>3,457</u>
Total	<u>\$ 3,582</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Unrealized loss	\$ (837)
Less: fees	<u>(375)</u>
Net investment return	<u>\$ (1,212)</u>

Additionally, the Organization earned interest income of \$4,110 on its operating cash accounts.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 61,018
Less: accumulated depreciation	<u>(40,989)</u>
Net property and equipment	<u>\$ 20,029</u>

Depreciation expense for the year was \$6,741.

NOTE 6 - LEASE COMMITMENTS

The Organization leases office space in Denver, Colorado. The lease provided for a five month rent abatement at the start of the lease period in 2011. 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</u> <u>Year</u>	<u>Amount</u>
2016	\$ 94,044
2017	96,066
2018	<u>56,728</u>
Total	<u>\$ 246,838</u>

NOTE 7 - TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
The Incredible Years	\$ 771,198
Time restricted	311,579
Nurse-Family Partnership	37,022
Livingston Fellowship	<u>132</u>
Total	<u>\$ 1,119,931</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

Volunteer services requiring specialized skills are reflected in the accompanying statements at their estimated values at date of receipt.

<u>Description</u>	<u>Amount</u>
Event consulting	\$ 1,368
Materials	<u>200</u>
Total	<u>\$ 1,568</u>

NOTE 9 - 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	\$ 570,758
Time restricted	2,948
Nurse-Family Partnership	<u>1,312</u>
Total	<u>\$ 575,018</u>

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 related entity.