INVEST IN KIDS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

INVEST IN KIDS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

October 29, 2019

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 June 30, 2019, 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 June 30, 2019, 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

We have previously audited Invest in Kids' 2018 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated December 3, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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

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INVEST IN KIDS

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
Assets		
Cash and cash equivalents	$ 741,550	$ 1,244,236
Investments - short term	504,032	-
Contracts receivable	196,272	181,251
Grants receivable (Note 3)	100,000	256,776
Pledges receivable	6,500	32,225
Prepaid expenses and deposits	22,523	39,620
Property and equipment (Note 4)	100,212	78,543
Total assets	$ 1,671,089	$ 1,832,651
Liabilities and net assets		
Liabilities		
Accounts payable	$ 45,095	$ 58,660
Accrued payroll costs	62,352	44,580
Deferred rent (Note 5)	38,760	1,209
Total liabilities	146,207	104,449
Net assets		
Without donor restrictions		
Undesignated	631,610	444,655
Board designated operating reserve	500,000	500,000
	1,131,610	944,655
With donor restrictions (Note 6)	393,272	783,547
Total net assets	1,524,882	1,728,202
Total liabilities and net assets	$ 1,671,089	$ 1,832,651

The accompanying notes are an integral part of these financial statements

INVEST IN KIDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Government	$ 1,059,032	-	$ 1,059,032	$ 676,017
Foundations	364,500	524,054	888,554	1,297,947
Individuals and corporations	285,372	-	285,372	133,849
Fundraising events	204,430	-	204,430	512,374
Less: direct event expenses	(34,735)	-	(34,735)	(68,202)
Training and technical assistance	140,664	-	140,664	121,533
Interest income	11,637	-	11,637	3,489
Other income	2,894	-	2,894	-
Net assets released from restrictions (Note 7)	914,329	(914,329)	-	-
Total revenue and other support	2,948,123	(390,275)	2,557,848	2,677,007
Expense				
Program services				
The Incredible Years	1,481,526	-	1,481,526	1,250,819
Nurse-Family Partnership	751,211	-	751,211	668,169
Total program	2,232,737	-	2,232,737	1,918,988
Supporting services				
Management and general	173,761	-	173,761	186,749
Fundraising	354,670	-	354,670	318,706
Total expense	2,761,168	-	2,761,168	2,424,443
Change in net assets	186,955	(390,275)	(203,320)	252,564
Net assets, beginning of year	944,655	783,547	1,728,202	1,475,638
Net assets, end of year	$ 1,131,610	$ 393,272	$ 1,524,882	$ 1,728,202

The accompanying notes are an integral part of these financial statements

INVEST IN KIDS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019						2018
	Program Services			Supporting Services			
	The Incredible Years	Nurse-Family Partnership	Total Program	Management and General	Fund-raising	Total	Total
Salaries	$ 665,347	$ 504,486	$ 1,169,833	$ 105,622	$ 220,906	$ 1,496,361	$ 1,261,821
Employee benefits	84,441	66,377	150,818	16,307	29,321	196,446	164,973
Payroll taxes	50,969	39,637	90,606	8,402	16,219	115,227	94,629
Professional fees	176,492	23,478	199,970	3,979	22,219	226,168	218,212
Grants to program sites	174,347	-	174,347	-	-	174,347	213,038
Occupancy	47,642	29,625	77,267	7,584	15,127	99,978	94,896
Technology support	67,224	10,253	77,477	9,355	12,480	99,312	42,283
Program materials	84,996	3,036	88,032	-	-	88,032	48,815
Travel & meals	24,137	31,563	55,700	2,562	3,452	61,714	44,736
Program training	33,686	-	33,686	-	-	33,686	20,770
Supplies	10,892	8,182	19,074	2,270	3,484	24,828	7,873
Lobbying	12,324	12,324	24,648	-	-	24,648	20,000
Staff development	7,678	7,060	14,738	2,814	3,078	20,630	40,555
Printing & postage	4,691	3,340	8,031	803	7,791	16,625	6,398
Fundraising expense	-	-	-	-	12,840	12,840	84,348
Dues & subscriptions	3,501	2,495	5,996	2,347	3,218	11,561	7,654
Audit	-	-	-	9,025	-	9,025	10,725
Insurance	4,397	3,259	7,656	458	841	8,955	12,428
All other	463	521	984	1,013	732	2,729	1,826
	1,453,227	745,636	2,198,863	172,541	351,708	2,723,112	2,395,980
Depreciation	28,299	5,575	33,874	1,220	2,962	38,056	28,463
Total	$ 1,481,526	$ 751,211	$ 2,232,737	$ 173,761	$ 354,670	$ 2,761,168	$ 2,424,443

The accompanying notes are an integral part of these financial statements

INVEST IN KIDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (203,320)	$ 252,564
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	38,056	28,463
Changes in operating assets and liabilities		
(Increase)decrease in contracts receivable	(15,021)	(63,124)
(Increase)decrease in grants receivable	156,776	(169,276)
(Increase)decrease in prepaid expenses	17,097	5,067
(Increase)decrease in pledges receivable	25,725	(13,798)
Increase(decrease) in accounts payable	(13,565)	42,888
Increase(decrease) in payroll accruals	17,772	5,543
Increase(decrease) in deferred rent	37,551	(14,497)
Net cash provided(used) by operating activities	61,071	73,830
Cash flows from investing activities		
(Purchase) of fixed assets	(59,725)	(37,238)
(Purchase) of investments - short term	(500,000)	-
(Reinvestment) of earnings	(4,032)	-
Net cash provided(used) by investing activities	(563,757)	(37,238)
Net increase(decrease) in cash and cash equivalents	(502,686)	36,592
Cash and cash equivalents, beginning of year	1,244,236	1,207,644
Cash and cash equivalents, end of year	$ 741,550	$ 1,244,236

The accompanying notes are an integral part of these financial statements

NOTE 1 - NATURE OF ACTIVITIES

Invest in Kids (the Organization) was incorporated as a nonprofit corporation in 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 programs. Current programs include:

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 2018-19 program year, three of The Incredible Years® universal prevention components were offered across 21 counties in Colorado with the support of Invest in Kids.

- Dinosaur School Numbers Served: 464 teachers and education staff supported the delivery of Dinosaur School to 6,599 students.
- Teacher Classroom Management (TCM) Numbers Served: 30 teachers were in classrooms that benefitted from training and coaching in TCM, and 428 students were in those classrooms.
- Preschool BASIC Parent Program (Parent Program) Numbers Served: 73 Parent Program Facilitators delivered Parent Program to 595 parents across 51 unique parent groups in Colorado.

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, recent cumulative data shows:

- More than 24,900 families served in Colorado since 1998
- 21% reduction in smoking during pregnancy
- 92% of moms initiated breastfeeding
- 92% child immunization rate at 24 months

NOTE 1 - NATURE OF ACTIVITIES – (Continued)

Research shows that enrolling 1,000 low-income families in NFP in Colorado prevents 49 preterm births, 219 child maltreatment incidents, 407 violent crimes by youth and 3 infant deaths.

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

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.

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

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. 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.

7. 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.

8. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which 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). The Organization has short-term investments of certificates of deposits with a term of one year or less and are considered Level 1 inputs.

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, 2018, from which the summarized information was derived.

10. New Accounting Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses net asset classification, information about liquidity, information provided about expenses and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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

11. 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. In the prior year, $18,022 was reclassed from accounts payable to accrued payroll costs.

12. Subsequent Events

Management has evaluated subsequent events through October 29, 2019, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable is due from one funder. Management does not believe a present value discount or allowance for uncollectable would be significant to these financial statements. The remaining amounts of the grant is to be received as follows:

Description	Amount
2019 – 2020	$ 50,000
2020 – 2021	50,000
Total	$ 100,000

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Description	Amount
Furniture and equipment	$ 186,045
Less: accumulated depreciation	(85,833)
Net property and equipment	$ 100,212

Depreciation expense for the year was $38,056.

NOTE 5 - 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:

Fiscal Year	Amount
2019-2020	$ 112,974
2020-2021	114,972
2021-2022	116,970
2022-2023	118,974
2023-2024	59,988
Total	$ 523,878

NOTE 6 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

Description	Amount
The Incredible Years	$ 216,094
Time restricted	100,000
Nurse-Family Partnership	77,178
Total	$ 393,272

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

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

Description	Amount
The Incredible Years	$ 900,458
Nurse-Family Partnership	11,274
Time restricted	2,597
Total	$ 914,329

NOTE 8 - RETIREMENT PLAN

The Organization has adopted a 401k plan. The plan covers employees 21 years of age and older, who have been employed 90 days or longer, and work over 1,000 hours per year. The organization has a discretionary match of up to 3% of an employee's contribution. Total company match for the current year was $61,276.

NOTE 9 - RELATED PARTIES

During the year, the Organization paid $54,634 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 related entity.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2019, 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	
Cash and short-term investments	$1,245,582
Receivables	302,772
Prepaid expenses	15,083
Financial assets, at fiscal year-end	$1,563,437
Less those unavailable for general expenditures within one year, due to:	
Donor restricted for time	50,000
Board designated funds	500,000
Financial assets available within one year to meet cash needs for general expenditures within one year	$1,013,437

The Organization is substantially supported by restricted contributions and government support. Because a donor's restriction requires resources to be used in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donor. Thus, those financial assets are not be available for general expenditure within one year.

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. Management considers prepaid expenses as assets available for general expenditures.