INVEST IN KIDS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

INVEST IN KIDS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

CONTENTS

October 27, 2020

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, 2020, 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, 2020, 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' 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated October 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company plc
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER COLORADO

INVEST IN KIDS

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	2020	2019
Assets		
Cash and cash equivalents	$ 1,023,761	$ 741,550
Investments - short term	715,341	504,032
Contracts receivable	214,227	196,272
Grants receivable (Note 3)	50,000	100,000
Pledges receivable	5,000	6,500
Prepaid expenses and deposits	33,456	22,523
Property and equipment (Note 4)	76,488	100,212
Total assets	$ 2,118,273	$ 1,671,089
Liabilities and net assets		
Liabilities		
Accounts payable	$ 71,469	$ 45,095
Accrued payroll costs	42,012	62,352
Refundable advance (Note 5)	339,500	-
Deferred rent (Note 6)	30,146	38,760
Total liabilities	483,127	146,207
Net assets		
Without donor restrictions		
Undesignated	796,684	631,610
Board designated operating reserve	500,000	500,000
	1,296,684	1,131,610
With donor restrictions (Note 7)	338,462	393,272
Total net assets	1,635,146	1,524,882
Total liabilities and net assets	$ 2,118,273	$ 1,671,089

The accompanying notes are an integral part of these financial statements

INVEST IN KIDS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Foundations	$ 295,000	946,638	$ 1,241,638	$ 888,554
Government	1,163,748	-	1,163,748	1,059,032
Individuals and corporations	309,645	71,000	380,645	285,372
Fundraising events	268,952	-	268,952	204,430
Less: direct event expenses	(27,273)	-	(27,273)	(34,735)
Training and technical assistance	128,748	-	128,748	140,664
Interest income	20,870	-	20,870	11,637
Inkind contributions (Note 8)	11,700	-	11,700	-
Other income	15,035	-	15,035	2,894
Net assets released from restrictions (Note 9)	1,072,448	(1,072,448)	-	-
Total revenue and other support	3,258,873	(54,810)	3,204,063	2,557,848
Expense				
Program services				
The Incredible Years	1,346,958	-	1,346,958	1,481,526
Nurse-Family Partnership	944,364	-	944,364	751,211
Child First	164,833	-	164,833	-
Total program	2,456,155	-	2,456,155	2,232,737
Supporting services				
Management and general	252,964	-	252,964	173,761
Fundraising	384,680	-	384,680	354,670
Total expense	3,093,799	-	3,093,799	2,761,168
Change in net assets	165,074	(54,810)	110,264	(203,320)
Net assets, beginning of year	1,131,610	393,272	1,524,882	1,728,202
Net assets, end of year	$ 1,296,684	$ 338,462	$ 1,635,146	$ 1,524,882

The accompanying notes are an integral part of these financial statements

INVEST IN KIDS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020							2019
	Program Services				Supporting Services			
	The Incredible Years	Nurse-Family Partnership	Child First	Total Program	Management and General	Fund-raising	Total	Total
Salaries	$ 741,681	$ 560,363	$ 107,441	$ 1,409,485	$ 165,550	$ 240,741	$ 1,815,776	$ 1,496,361
Employee benefits	81,895	78,895	11,405	172,195	23,828	30,517	226,540	196,446
Payroll taxes	53,295	41,765	7,591	102,651	12,236	16,920	131,807	115,227
Grants to sites & client assistance	139,379	83,815	-	223,194	-	-	223,194	174,347
Professional fees	114,057	7,940	22,526	144,523	531	16,934	161,988	207,836
Occupancy	43,506	29,133	4,835	77,474	9,740	19,065	106,279	99,978
Technology support	39,970	19,401	3,750	63,121	16,644	17,158	96,923	117,644
Program training	33,165	30,555	1,907	65,627	-	-	65,627	35,854
Lobbying	15,000	40,000	-	55,000	-	-	55,000	24,648
Travel & meals	27,045	18,764	2,771	48,580	1,079	2,797	52,456	61,714
Donor stewardship	-	-	-	-	-	24,215	24,215	12,840
Program materials	12,646	11,973	-	24,619	-	-	24,619	85,864
Staff development	9,427	4,520	77	14,024	2,364	1,485	17,873	20,630
Printing & postage	1,438	3,967	363	5,768	268	6,811	12,847	16,625
Insurance	5,536	3,841	232	9,609	1,438	1,439	12,486	8,955
Supplies	4,569	3,221	179	7,969	2,040	1,251	11,260	24,828
Audit	-	-	-	-	9,150	-	9,150	9,025
Dues & subscriptions	1,475	976	103	2,554	2,981	1,437	6,972	11,561
All other	1,061	1,071	1,214	3,346	2,391	1,186	6,923	2,729
	1,325,145	940,200	164,394	2,429,739	250,240	381,956	3,061,935	2,723,112
Depreciation	21,813	4,164	439	26,416	2,724	2,724	31,864	38,056
Total	$ 1,346,958	$ 944,364	$ 164,833	$ 2,456,155	$ 252,964	$ 384,680	$ 3,093,799	$ 2,761,168

The accompanying notes are an integral part of these financial statements

INVEST IN KIDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 110,264	$ (203,320)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation	31,864	38,056
Changes in operating assets and liabilities		
(Increase)decrease in contracts receivable	(17,955)	(15,021)
(Increase)decrease in grants receivable	50,000	156,776
(Increase)decrease in prepaid expenses	(10,933)	17,097
(Increase)decrease in pledges receivable	1,500	25,725
Increase(decrease) in accounts payable	44,396	(13,565)
Increase(decrease) in payroll accruals	(38,362)	17,772
Increase(decrease) in deferred rent	(8,614)	37,551
Net cash provided(used) by operating activities	162,160	61,071
Cash flows from investing activities		
(Purchase) of fixed assets	(8,140)	(59,725)
(Purchase) of investments - short term	(200,000)	(500,000)
(Reinvestment) of earnings	(11,309)	(4,032)
Net cash provided(used) by investing activities	(219,449)	(563,757)
Cash flows from financing activities		
Proceeds from refundable advance	339,500	-
Net cash provided(used) by financing activities	339,500	-
Net increase(decrease) in cash and cash equivalents	282,211	(502,686)
Cash and cash equivalents, beginning of year	741,550	1,244,236
Cash and cash equivalents, end of year	$ 1,023,761	$ 741,550

The accompanying notes are an integral part of these financial statements

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, we partner 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, recent cumulative data shows:

- 91% of babies were born full term
- 90% of babies were born at a healthy weight
- 82% of clients were screened for depression during pregnancy
- 95% of clients initiated breastfeeding
- 62% 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 49 preterm births, 219 child maltreatment incidents, 407 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 2019-20 program year, three of The Incredible Years® universal prevention components were offered across 21 counties in Colorado with the support of Invest in Kids.

NOTE 1 - NATURE OF ACTIVITIES – (Continued)

- Dinosaur School Numbers Served: 459 teachers and educational staff supported the delivery of Dinosaur School to 6,376 students.
- Teacher Classroom Management (TCM) Numbers Served: 57 teachers were in classrooms that benefitted from training and coaching in TCM, and 757 students were in those classrooms.
- Preschool Parent Program (Parent Program) Numbers Served: 94 Parent Program Facilitators delivered Parent Program to 746 parents across 63 unique parent groups in Colorado.

This fiscal year, Invest in Kids adopted **Child First** as Invest in Kids' third program offering with work focused on exploring feasibility and sustainability. 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.

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.

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, 2020, the remaining portion of three awards totaling $590,116, 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 $590,116 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.

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

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.

9. 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.

10. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). The standards update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional.

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 June 30, 2019, from which the summarized information was derived.

12. 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.

13. Subsequent Events

Management has evaluated subsequent events through October 27, 2020, 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 would be significant to these financial statements or that an allowance for uncollectable accounts is warranted. The remaining amounts of the grant is to be received as follows:

Description	Amount
2020-2021	$ 50,000

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Description	Amount
Furniture and equipment	$ 170,806
Less: accumulated depreciation	(94,318)
Net property and equipment	$ 76,488

Depreciation expense for the year was $31,864.

NOTE 5 - REFUNDABLE ADVANCE

On April 11, 2020, the Organization borrowed $339,500 under the Payroll Protection Program (PPP). Congress established the PPP to provide relief to small businesses during the COVID-19 pandemic as part of the $2 trillion Coronavirus Aid, Relief, And Economic Security (CARES) Act. The loans and accrued interest are forgivable after eight weeks, and up to 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes. PPP proceeds are recognized as a refundable advance until the loan is forgiven, and then the liability is reduced, and a contribution is recorded for the amount forgiven. The unforgiven portion of the loan is payable over two years at an interest rate of 1%.

NOTE 6 - 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
2020-2021	$ 114,972
2021-2022	116,970
2022-2023	118,974
2023-2024	59,988
Total	$ 410,904

NOTE 7 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

Description	Amount
The Incredible Years	$ 273,388
Time restricted	50,000
Nurse-Family Partnership	15,074
Total	$ 338,462

NOTE 8 - IN-KIND CONTRIBUTIONS

Contributed services and supplies are reflected in the financial statements at the fair value of the services and supplies received. The contributions of services are recognized if the services received satisfy the criteria for recognition under professional standards. The contributions of services are recognized if the services received: (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions consist of:

Description	Amount
Donor appreciation event	$ 11,700

NOTE 9 - 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	$ 795,094
Nurse-Family Partnership	123,104
Child First	104,250
Time restricted	50,000
Total	$ 1,072,448

NOTE 10 - 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 contribution. Total company match for the current year was $50,412.

NOTE 11 - 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 12 - 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 13 - AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2020, 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	$1,739,102
Receivables	269,227
Financial assets, at fiscal year-end	$2,008,329
Less those unavailable for general expenditures within one year, due to:	
Board designated funds	500,000
Financial assets available within one year to meet cash needs for general expenditures within one year	$1,508,329

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.

NOTE 14 - COVID -19 PANDEMIC

On January 30, 2020 the World Health Organization declared the COVID-19 outbreak a public health emergency and subsequently a pandemic on March 11, 2020. The Organization is currently assessing the potential impact of the COVID-19 pandemic upon the Organization. At this time an estimate of the impact upon the Organization's future financial statements cannot be made.