ATTENTION HOMES, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ATTENTION HOMES, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

February 21, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Attention Homes, Inc.
Boulder, Colorado

We have audited the accompanying financial statements of Attention Inc. DBA **Attention Homes**, Inc., (a Colorado nonprofit corporation) which comprise the statement of financial position as of September 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 Attention Homes, Inc. as of September 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 Attention Homes Inc.'s 2018 financial statements and we expressed an unmodified audit opinion in our report dated April 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial information from which it has been derived.

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

ATTENTION, INC.

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

	2019	2018
Assets		
Cash and cash equivalents	$ 574,309	$ 698,566
Contracts receivable	245,251	62,830
Pledges receivable	9,375	2,400
Prepaid expenses	91,141	10,346
Investments (Note 3)	621,900	607,476
Beneficial interest in assets held by others (Note 4)	74,764	72,550
Property and equipment (Note 5)	609,642	636,650
Total assets	$ 2,226,382	$ 2,090,818
Liabilities and net assets		
Liabilities		
Accounts payable	$ 12,063	$ 22,573
Accrued payroll costs	33,848	118,426
Deferred revenue	4,850	10,400
Commitments (Note 6)	-	-
Total liabilities	50,761	151,399
Net assets		
Without donor restrictions		
Undesignated	777,398	418,918
Board designated operating reserves (Note 3)	621,900	607,476
Board designated endowment fund (Note 4)	74,764	72,550
Net investment in fixed assets	609,642	636,650
	2,083,704	1,735,594
With donor restrictions (Note 7)	91,917	203,825
Total net assets	2,175,621	1,939,419
Total liabilities and net assets	$ 2,226,382	$ 2,090,818

The accompanying notes are an integral part of these financial statements

ATTENTION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and other support				
Contributions	$ 713,189	-	$ 713,189	$ 768,677
Government	587,781	-	587,781	389,251
Special event income	532,109	-	532,109	368,562
Less: direct event expenses	(57,975)	-	(57,975)	(67,541)
Foundations	436,500	-	436,500	457,535
Program income	416,755	-	416,755	417,719
Investment income	20,702	-	20,702	39,685
Developer fee	-	-	-	8,178
Other income	7,852	-	7,852	6,624
In-kind contributions (Note 8)	75,056	-	75,056	41,369
Net assets released from restrictions (Note 9)	111,908	(111,908)	-	-
Total revenue and other support	2,843,877	(111,908)	2,731,969	2,430,059
Expense				
Program services	1,873,867		1,873,867	1,531,600
Supporting services				
Management and general	266,576	-	266,576	175,552
Fundraising	355,324	-	355,324	315,193
Total expense	2,495,767	-	2,495,767	2,022,345
Change in net assets	348,110	(111,908)	236,202	407,714
Net assets, beginning of year	1,735,594	203,825	1,939,419	1,531,705
Net assets, end of year	$ 2,083,704	$ 91,917	$ 2,175,621	$ 1,939,419

The accompanying notes are an integral part of these financial statements

ATTENTION, INC.

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

	2019				2018
		Supporting Services			
	Program	Management and General	Fund-raising	Total	Total
Salaries	$ 1,178,342	$ 131,141	$ 184,201	$ 1,493,684	$ 1,226,947
Payroll taxes & benefits	103,176	45,569	54,144	202,889	184,713
Youth assistance	179,873	-	-	179,873	120,372
Marketing & public relations	66,934	7,447	16,438	90,819	50,922
Professional fees	72,402	6,388	9,937	88,727	80,049
Travel	29,037	26,531	3,586	59,154	44,974
Insurance	38,703	2,343	2,343	43,389	36,697
Fundraising expense	-	-	41,159	41,159	33,690
Training costs	28,333	5,081	5,082	38,496	26,673
Technology support	20,445	6,050	5,855	32,350	24,248
Building repairs	26,701	2,124	1,517	30,342	17,565
Utilities	23,847	2,104	2,104	28,055	26,215
Accounting & payroll	22,806	1,076	1,743	25,625	26,116
Supplies	11,792	3,788	9,370	24,950	14,581
Telephone & internet	17,907	1,580	1,580	21,067	13,899
Rent	-	20,820	-	20,820	15,300
Donation processing fees	-	1,310	11,789	13,099	12,517
Volunteer	7,020	234	546	7,800	4,614
Postage	2,032	655	1,619	4,306	2,707
All other	-	-	-	-	3,761
	1,829,350	264,241	353,013	2,446,604	1,966,560
Depreciation	44,517	2,335	2,311	49,163	55,785
Total	$ 1,873,867	$ 266,576	$ 355,324	$ 2,495,767	$ 2,022,345

The accompanying notes are an integral part of these financial statements

ATTENTION, INC.

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

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 236,202	$ 407,714
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)losses on investments	(4,012)	(29,302)
(Gains)from assets held by others	(2,214)	(3,512)
Depreciation	49,163	55,785
Changes in operating assets and liabilities		
(Increase)decrease in contracts and grants receivable	(182,421)	5,440
(Increase)decrease in prepaid expenses	(80,795)	(10,346)
(Increase)decrease in pledges receivable	(6,975)	(733)
Increase(decrease) in accounts payable	(10,510)	18,590
Increase(decrease) in payroll accruals	(84,578)	34,780
Increase(decrease) in deferred revenue	(5,550)	10,400
Net cash provided(used) by operating activities	(91,690)	488,816
Cash flows from investing activities		
(Purchases) of fixed assets	(22,155)	(11,185)
(Purchases) of investments	(48,451)	-
Proceeds from investments	50,000	-
(Reinvestment) of earnings	(11,961)	(5,790)
Net cash provided(used) by investing activities	(32,567)	(16,975)
Net increase(decrease) in cash and cash equivalents	(124,257)	471,841
Cash and cash equivalents, beginning of year	698,566	226,725
Cash and cash equivalents, end of year	$ 574,309	$ 698,566

The accompanying notes are an integral part of these financial statements

NOTE 1 - NATURE OF ACTIVITIES

Attention Homes, Inc. ("the Organization") was incorporated on August 30, 1966, in the State of Colorado. The mission of the Organization is to provide lifechanging resources to youth in crisis. The Organization is a safe resource for youth in crisis providing shelter, structure and access to crucial services so that homeless and displaced youth can become stable independent members of our community.

The Organization has two programs for at-risk youth: Runaway and Homeless Youth (RHY) and Adolescent Residential Care (RES). These two programs are operated independently at two separate facilities, Broadway House and Chase House, both located in Boulder, Colorado and serve adolescents and young adults from the Boulder/Denver metro area. The programs offer a combination of services to youth who are abused, neglected, recovering, homeless, runaway, and delinquent and/or are from families in crisis. Services are provided to low-income youth regardless of their or their families' ability to pay.

Youth in the care of the Organization receive the following core services: safety, stability, security and supervision in a highly structured home-like setting; healthy meals and shelter; individual case management, and in-house groups; access to accredited education, recreational activities, community service projects, as well as medical, dental and mental health care; life skills lessons and positive adult role models; support in accessing employment; and a team of experienced counselors, clinicians, volunteers, county case workers and other service providers helping youth move through their troubles and toward treatment goals and self-sufficiency.

The RHY program is operated in the Broadway House facility. This program provides street outreach, day drop-in and emergency shelter services to homeless youth ages 12 to 24. The goal of this program is to reduce youth homelessness through building trust and establishing relationships with them and increasing access to services that move teens from living on the streets or in shelters toward stable, long-term housing and/or family reunification.

The RES program is facilitated at Chase House. This program operates a safe, structured, home-like atmosphere for youth placed through social services due to family disruption and other crises. The goal of this program is to provide these youth with temporary residential care to help them transition through their family crises and to a long-term and safe placement.

In December 2017, the Organization entered into a partnership to finance, construct and manage a forty-unit permanent supportive housing complex in Boulder Colorado. Construction of the housing complex began in January 2018 and was completed in November 2019. The Organization will provide its core services to the residents of the complex. The agreement is further discussed in Note 11.

The Organization is funded primarily by service contracts, federal, state and local government grants, private foundations, individuals, service clubs, faith communities, businesses 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, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), 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, where-by 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 $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.

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.

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

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

For the year ended September 30, 2019, 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. Salaries and benefits are allocated by time and effort.

8. 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.

9. 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).

10. 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 September 30, 2018, from which the summarized information was derived.

11. Reclassifications

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

12. Subsequent Events

Management has evaluated subsequent events through February 21, 2020, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

The Board of directors has voted to designate these funds as Board designated operating reserves. Investments held by the Organization are valued using Level 1 measurements and consist of the following at September 30, 2019:

Description	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	$ 7,608	$ 7,608	$ 0
Stocks, options, and ETF	206,448	251,637	45,189
Fixed income securities	239,517	245,663	6,146
Mutual funds	120,347	116,992	(3,355)
Total	$ 573,920	$ 621,900	$ 47,980

Investment income and account activity are summarized as follows:

Description	Amount
Unrealized and realized gains	$ 4,012
Interest and dividend income	15,668
Less management fees	(3,707)
Net investment return	$ 15,973

Additionally, during the year, the Organization earned interest income of $2,515 on its operating cash accounts and a net return of $2,214 on investments held at The Community Foundation as described in footnote 4.

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During 1998, the Organization entered into an agreement with The Community Foundation serving Boulder County ("The Foundation"). The agreement established a designated agency endowment fund to be known as the Judge Horace B. Holmes Attention Homes Endowment (the "Fund") within The Foundation with the intention that its net income be distributed at least annually to the Fund's beneficiary, Attention Homes Inc. The Foundation has been granted variance power permitting the Board of Trustees of the Foundation to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable needs of the community served. For the year ended 2019, there were no distributions from the Endowment Fund and the Organization has requested that all of the Fund's net income be reinvested in the Fund.

The Foundation invests in marketable debt and equity securities (Level 2), primarily in assets yielding a combination of income and long-term growth. The Foundation periodically distributes income earned on the Fund, subject to the Foundation's spending policy. The Fund is recorded as a beneficial interest in assets held by the Foundation on the accompanying statements of financial position.

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - (Continued)

Fund activity and balances consisted of the following in the year ending September 30, 2019:

Description	Amount
Balance, beginning of year	$ 72,550
Net investment return	2,214
Balance, end of year	$ 74,764

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Description	Amount
Land	$ 40,340
Buildings and improvements	939,893
Furniture and equipment	193,710
Vehicles	32,678
Total	1,206,621
Less: accumulated depreciation	(596,979)
Net property and equipment	$ 609,642

Depreciation expense for the year was $49,163.

NOTE 6 - LEASE COMMITMENTS

The Organization had entered into an operating lease for office space in Boulder, Colorado. The lease terminated on July 31, 2017. The Organization has continued to rent the office space from the lessor on a month to month basis. Rent expense for 2019 totaled $20,800.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Description	Amount
1440 Pine capital campaign	$ 66,917
Education	25,000
Total	$ 91,917

NOTE 8 - IN-KIND CONTRIBUTIONS

Volunteer services requiring specialized skills are reflected in the accompanying statements at their estimated values at date of receipt. The Organization recognized in-kind revenue and expense for donated goods and services, as follows:

Description	Amount
Client materials	$ 75,056

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
Furniture purchases/ Capital campaign	$ 111,908

NOTE 10 - RETIREMENT PLAN

The Organization sponsors a retirement plan consisting of a 403(b) tax sheltered annuity plan. The plan covers all employees, who wish to participate and that have been employed for a minimum of 30 days. Contributions from the Organization are at the discretion of management. During 2019, the Organization accrued contributions of $12,890 to the plan.

NOTE 11 - PERMANENT YOUTH HOUSING – ATTENTION HOMES RESIDENCES LP

In December 2017, the Organization entered into a partnership to finance, construct and manage a forty-unit permanent supportive housing complex in Boulder Colorado. The Organization has a nominal administrative general partner interest in the partnership. Construction of the housing complex began in January 2018 and is anticipated to be completed in November 2019. The Organization will provide its core services to the residents of the complex. NEF/Capital One will provide funding for the project. The partnership also received funding from various governmental agencies. At an amount determined by the agreement, Boulder Housing Partners has the first right of refusal to purchase the building in 15 years. Attention Homes Inc. has the second right of refusal to purchase the building, also in 15 years.

The partnership agreement was entered into by the following entities.

- Attention Homes GP LLC, a Colorado LLC serving as Managing General Partner
- Source Housing LLC, a wholly owned subsidiary of Attention Inc. serving as Administrative General Partner
- NEF/Capital One, a Limited Partner
- Boulder Housing Partners, Special Limited Partner

NOTE 12 - CONCENTRATION OF CREDIT RISK

The Organization places a significant portion of its cash with one financial institution. Amounts over $250,000 are not insured by the FDIC or related entity. Management has evaluated its banking needs and the strength of the financial institutions and believes it is in the best long-term interest of the organization to continue its existing relationship.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at September 30, 2019:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 574,309
Contracts receivable	245,251
Pledges receivable	9,375
Total financial assets	828,936
Less amounts not available for general expenditures within one year due to:	
Donor restricted for non-operating activities	(91,917)
Total financial assets available to meet cash needs for general expenditures within one year	$ 737,019

The Organization's goal is generally to maintain financial assets to meet 120 days of operating expenses, which would approximate $807,000.