# Attention, Inc.
# d/b/a TGTHR

(a nonprofit Colorado corporation)

Boulder, Colorado

## Financial Statements

September 30, 2023 and 2022

# Attention, Inc. d/b/a TGTHR

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**Independent Auditor's Report**

To the Board of Directors
Attention, Inc. d/b/a TGTHR
Boulder, Colorado

**Opinion**

We have audited the accompanying financial statements of Attention, Inc. d/b/a TGTHR (a nonprofit Colorado corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Attention, Inc. d/b/a TGTHR as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Attention, Inc. d/b/a TGTHR, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Attention, Inc. d/b/a TGTHR's ability to continue as a going concern within one year after the date that the financial statements are issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Attention, Inc. d/b/a TGTHR's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Attention, Inc. d/b/a TGTHR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Independent Auditor's Report (continued)**

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of TGTHR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TGTHR's internal control over financial reporting and compliance.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Fort Collins, Colorado
June 4, 2024

# Attention, Inc. d/b/a TGTHR

## Statements of Financial Position

| September 30 | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 99,829** | $ 109,180 |
| Investments, fair value | **707,168** | 574,633 |
| Grants and contributions receivable | **574,485** | 541,546 |
| Pledges receivable, current | **100,000** | 100,000 |
| Prepaid expenses and other current assets | **35,117** | 38,247 |
| Total current assets | **1,516,599** | 1,363,606 |
| **Property and Equipment, net** | **547,344** | 605,098 |
| **Other Assets** | | |
| Beneficial interest in assets held by The Denver Foundation | **277,501** | 153,896 |
| Pledges receivable, net of current | **180,600** | 275,180 |
| Right-of-use assets, operating leases | **219,508** | - |
| Cash restricted for capital purchase | **20,000** | 20,000 |
| Total other assets | **697,609** | 449,076 |
| Total assets | **$ 2,761,552** | $ 2,417,780 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities** | | |
| Accounts payable | **$ 50,995** | $ 60,846 |
| Accrued expenses | **114,505** | 177,100 |
| Operating lease liabilities, current | **24,408** | - |
| Refundable advances | **150,000** | - |
| Note payable, line of credit | **315,113** | 272,091 |
| Total current liabilities | **655,021** | 510,037 |
| **Long-term Liabilities** | | |
| Operating lease liabilities, net of current | **197,795** | - |
| Total liabilities | **852,816** | 510,037 |
| **Net Assets** | | |
| Without donor restrictions | | |
| Undesignated | **557,828** | 716,289 |
| Board-designated endowment | **85,759** | 75,215 |
| Board-designated, operating reserves | **770,701** | 640,682 |
| With donor restrictions | **494,448** | 475,557 |
| Total net assets | **1,908,736** | 1,907,743 |
| Total liabilities and net assets | **$ 2,761,552** | $ 2,417,780 |

The accompanying Notes are an integral part of these financial statements.

# Attention, Inc. d/b/a TGTHR

## Statements of Activities and Changes in Net Assets

| Years ended September 30 | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | Without Donor Restrictions | With Donor Restrictions | Total |
| **Support, Other Revenue and Gains** | | | | | | |
| **Support** | | | | | | |
| Government grants | **$ 2,613,113** | **$ -** | **$ 2,613,113** | $ 1,743,110 | $ - | $ 1,743,110 |
| Contributions | **1,294,579** | **5,420** | **1,299,999** | 1,416,921 | 6,970 | 1,423,891 |
| In-kind contributions | **38,875** | **-** | **38,875** | 77,227 | - | 77,227 |
| Special event income | **110,918** | **-** | **110,918** | 318,270 | - | 318,270 |
| Special event expense | **(38,265)** | **-** | **(38,265)** | (124,537) | - | (124,537) |
| Total support | **4,019,220** | **5,420** | **4,024,640** | 3,430,991 | 6,970 | 3,437,961 |
| **Other Revenue and Gains** | | | | | | |
| Residential treatment program fees | **422,425** | **-** | **422,425** | 223,250 | - | 223,250 |
| Supportive services fees | **61,826** | **-** | **61,826** | 60,318 | - | 60,318 |
| Unrealized gain on investments | **78,045** | **12,849** | **90,894** | - | - | - |
| Realized gain on investments | **-** | **-** | **-** | 663 | 720 | 1,383 |
| Interest and dividends, net of fees | **13,528** | **1,337** | **14,865** | 13,335 | 810 | 14,145 |
| Other revenue | **1,856** | **-** | **1,856** | 18,746 | - | 18,746 |
| Total other revenue and gains | **577,680** | **14,186** | **591,866** | 316,312 | 1,530 | 317,842 |
| Total support, other revenue and gains | **4,596,900** | **19,606** | **4,616,506** | 3,747,303 | 8,500 | 3,755,803 |
| **Functional Expenses and Losses** | | | | | | |
| **Functional Expenses** | | | | | | |
| Program services | **3,604,976** | **-** | **3,604,976** | 2,879,035 | - | 2,879,035 |
| Supporting services | | | | | | |
| General and administrative | **376,652** | **-** | **376,652** | 1,129,326 | - | 1,129,326 |
| Fundraising | **629,806** | **-** | **629,806** | 438,009 | - | 438,009 |
| Total supporting services | **1,006,458** | **-** | **1,006,458** | 1,567,335 | - | 1,567,335 |
| Total functional expenses | **4,611,434** | **-** | **4,611,434** | 4,446,370 | - | 4,446,370 |
| **Losses** | | | | | | |
| Loss on disposal of equipment | **3,325** | **-** | **3,325** | - | - | - |
| Realized loss on investments | **39** | **715** | **754** | - | - | - |
| Unrealized loss on investments | **-** | **-** | **-** | 72,231 | 21,153 | 93,384 |
| Total functional expenses and losses | **4,614,798** | **715** | **4,615,513** | 4,518,601 | 21,153 | 4,539,754 |
| **Change in Net Assets** | **(17,898)** | **18,891** | **993** | (771,298) | (12,653) | (783,951) |
| **Net Assets, Beginning of Year** | **1,432,186** | **475,557** | **1,907,743** | 2,203,484 | 488,210 | 2,691,694 |
| **Net Assets, End of Year** | **$ 1,414,288** | **$ 494,448** | **$ 1,908,736** | $ 1,432,186 | $ 475,557 | $ 1,907,743 |

The accompanying Notes are an integral part of these financial statements.

# Attention, Inc. d/b/a TGTHR

## Statement of Functional Expenses

Year ended September 30, 2023

| | Program Services | Supporting Services: General and Administrative | Supporting Services: Fundraising | Supporting Services: Total | Total Expenses |
|---|---|---|---|---|---|
| Salaries | $ 2,358,237 | $ 131,833 | $ 444,004 | $ 575,837 | $ 2,934,074 |
| Payroll taxes and employee benefits | 376,301 | 20,506 | 76,253 | 96,759 | 473,060 |
| Total personnel | 2,734,538 | 152,339 | 520,257 | 672,596 | 3,407,134 |
| Youth assistance | 357,433 | 2,090 | 55 | 2,145 | 359,578 |
| Professional fees | 122,143 | 36,772 | 2,683 | 39,455 | 161,598 |
| Contract labor | 62,560 | 2,076 | 29,859 | 31,935 | 94,495 |
| Technology support | 58,355 | 9,620 | 15,156 | 24,776 | 83,131 |
| Recruitment | 12,732 | 67,212 | 759 | 67,971 | 80,703 |
| Depreciation | 47,822 | 18,394 | - | 18,394 | 66,216 |
| Utilities | 55,704 | 8,175 | 2,248 | 10,423 | 66,127 |
| Insurance | 41,637 | 1,620 | 5,524 | 7,144 | 48,781 |
| Building repairs and small equipment | 40,521 | 5,291 | - | 5,291 | 45,812 |
| Rent | 22,351 | 23,337 | - | 23,337 | 45,688 |
| Marketing and public relations | 257 | 9 | 44,015 | 44,024 | 44,281 |
| Staff development and appreciation | 19,699 | 13,784 | 1,745 | 15,529 | 35,228 |
| Interest expense | 254 | 16,655 | 5,036 | 21,691 | 21,945 |
| Travel | 15,870 | 2,506 | 1,456 | 3,962 | 19,832 |
| Office expenses | 6,399 | 7,425 | 440 | 7,865 | 14,264 |
| Miscellaneous | 6,282 | 1,539 | 481 | 2,020 | 8,302 |
| Donation processing fees | - | 7,132 | - | 7,132 | 7,132 |
| Volunteer expenses | 419 | 676 | 92 | 768 | 1,187 |
| Total expenses | $ 3,604,976 | $ 376,652 | $ 629,806 | $ 1,006,458 | $ 4,611,434 |

The accompanying Notes are an integral part of these financial statements.

# Attention, Inc. d/b/a TGTHR

## Statement of Functional Expenses

Year ended September 30, 2022

| | Program Services | Supporting Services: General and Administrative | Supporting Services: Fundraising | Supporting Services: Total | Total Expenses |
|---|---|---|---|---|---|
| Salaries | $ 1,959,876 | $ 614,096 | $ 340,808 | $ 954,904 | $ 2,914,780 |
| Payroll taxes and employee benefits | 278,986 | 119,553 | 41,808 | 161,361 | 440,347 |
| Total personnel | 2,238,862 | 733,649 | 382,616 | 1,116,265 | 3,355,127 |
| Youth assistance | 307,662 | - | - | - | 307,662 |
| Contract labor | 28,587 | 92,713 | - | 92,713 | 121,300 |
| Technology support | 45,956 | 23,159 | 12,495 | 35,654 | 81,610 |
| Utilities | 57,509 | 15,404 | 1,083 | 16,487 | 73,996 |
| Staff development and appreciation | 18,702 | 49,156 | 150 | 49,306 | 68,008 |
| Professional fees | 11,337 | 49,204 | 7,013 | 56,217 | 67,554 |
| Depreciation | 49,187 | 16,702 | - | 16,702 | 65,889 |
| Marketing & public relations | 456 | 37,459 | 21,864 | 59,323 | 59,779 |
| Insurance | 20,717 | 21,739 | 2,382 | 24,121 | 44,838 |
| Building repairs and small equipment | 40,514 | 3,807 | - | 3,807 | 44,321 |
| Rent | 23,426 | 18,526 | - | 18,526 | 41,952 |
| Travel | 15,800 | 13,872 | 4,361 | 18,233 | 34,033 |
| Bad debt expense | 10,422 | 17,131 | - | 17,131 | 27,553 |
| Office expenses | 6,198 | 17,799 | 243 | 18,042 | 24,240 |
| Donation processing fees | - | 5,194 | 5,602 | 10,796 | 10,796 |
| Recruitment | 3,081 | 5,419 | - | 5,419 | 8,500 |
| Miscellaneous | 115 | - | 200 | 200 | 315 |
| Volunteer expenses | 504 | 4,252 | - | 4,252 | 4,756 |
| Interest expense | - | 4,141 | - | 4,141 | 4,141 |
| Total expenses | $ 2,879,035 | $ 1,129,326 | $ 438,009 | $ 1,567,335 | $ 4,446,370 |

The accompanying Notes are an integral part of these financial statements.

# Attention, Inc. d/b/a TGTHR

## Statements of Cash Flows

Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash

| Years ended September 30 | 2023 | 2022 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in net assets | **$ 993** | $ (783,951) |
| Adjustments to reconcile change in net assets to net cash (provided) used by operating activities | | |
| Depreciation | **66,216** | 65,889 |
| Unrealized (gain) loss on investments | **(90,894)** | 93,384 |
| Realized (gain) loss on investments | **754** | (1,383) |
| Donated investments | **(49,036)** | - |
| Bad debt expense | **-** | 27,553 |
| Loss on disposal of equipment | **3,325** | - |
| Increase (decrease) from changes in assets and liabilities | | |
| Grants and contributions receivable | **(32,939)** | (189,404) |
| Pledges receivable | **94,580** | 113,030 |
| Accounts receivable | **-** | 110,812 |
| Prepaid expenses and other current assets | **3,130** | 1,957 |
| Accounts payable | **(9,851)** | 40,737 |
| Accrued expenses | **(62,595)** | 74,658 |
| Operating lease right-of-use assets and liabilities | **2,695** | - |
| Refundable advances | **150,000** | - |
| Net cash provided (used) by operating activities | **76,378** | (446,718) |
| **Cash Flows From Investing Activities** | | |
| Purchase of investments | **(226,402)** | (105,232) |
| Proceeds from sale and maturity of investments | **109,438** | 269,674 |
| Purchases of property and equipment | **(11,787)** | (30,102) |
| Net cash provided (used) by investing activities | **(128,751)** | 134,340 |
| **Cash Flows From Financing Activities** | | |
| Borrowings on note payable, line of credit | **535,000** | 384,428 |
| Payments on note payable, line of credit | **(491,978)** | (112,337) |
| Net cash provided by financing activities | **43,022** | 272,091 |
| **Net Decrease in Cash, Cash Equivalents, and Restricted Cash** | **(9,351)** | (40,287) |
| **Cash, Cash Equivalents, and Restricted Cash, Beginning of Year** | **129,180** | 169,467 |
| **Cash, Cash Equivalents, and Restricted Cash, End of Year** | **$ 119,829** | $ 129,180 |

The accompanying Notes are an integral part of these financial statements.

**Note 1 – Nature of Organization and Significant Accounting Policies**

*Nature of Organization.* Attention, Inc. d/b/a TGTHR, was incorporated on August 30, 1966, in the State of Colorado. The organization envisions a world in which all young people are valued, empowered, and safe, and has a mission to build a movement that galvanizes communities, empowers young people, and puts an end to youth homelessness.

TGTHR's programs support Colorado youth aged 12-24 who are experiencing or at risk of homelessness as they work toward stability and independence. TGTHR is a resource hub with services available 24-7, 365 days per year. Services center around case management, education and employment support, behavioral health and substance use counseling, family coaching services, and a range of pro-social activities that build individual living skills and promote social connections. TGTHR's housing specialists work with youth to navigate a range of housing opportunities.

TGTHR offers four programs for youth experiencing or at risk of homelessness:

*The Source.* The Source is a 14-bed overnight shelter for youth ages 12-21, and a daytime drop-in center for young people ages 12 to 24.

*Street Outreach.* The Street Outreach program offers street-based engagement with young people who are unsheltered. Teams refer young people to local resources, offer food and basic supplies, and provide case management that connects young people to community support.

*Housing Program.* The housing program for transition-age youth aged 18 to 24 includes two services:

- 1440 Pine, a 40-unit complex in downtown Boulder offering non-time-limited supportive housing

- Transitional Living Program (TLP), 25 scattered-site apartments across Boulder County, plus case management and other supportive services to help participants remain stably housed.

- 2700 Wewatta, a 56-unit permanent supportive housing complex in Denver, will open in April 2024. Each tenant will have access to supportive services including case management, behavioral health and substance use counseling, education and employment and pro-social activities.

*Basis of Accounting*. The financial statements of TGTHR have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Note 1 – Nature of Organization and Significant Accounting Policies (continued)**

*Change in Accounting Principles.* On October 1, 2022, TGTHR adopted FASB ASU No. 2016-02, *Leases* (Topic 842), which provides guidance on the accounting for leases that superseded previous guidance. Topic 842 requires lessees to recognize leases on the balance sheet for all leases, including operating leases, which were not previously recorded as assets and liabilities, and to disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize an ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are now classified as financing, formerly capital, or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. TGTHR adopted ASU 2016-02 under the modified retrospective approach, applying the amendments only to prospective reporting periods. In performing its analysis, TGTHR reflected the aggregate effect of all modifications when identifying the lease obligations and ROU assets. The change in accounting method would not have had a material effect on the net assets or the statement of activities as of September 30, 2022, and for the year then ended.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Net Asset Classification*. TGTHR distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. TGTHR complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two net asset categories are as follows:

> *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.

*Functional Allocation of Expenses*. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated among program, general and administrative, and fundraising activities based on estimated relative usage of resources attributable to these activities.

**Note 1 – Nature of Organization and Significant Accounting Policies (continued)**

*Cash and Cash Equivalents*. TGTHR considers all highly liquid investments, including demand deposits and money market funds, with a maturity of three months or less, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

*Investments*. TGTHR's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. TGTHR's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

*Fair Value Measurements*. TGTHR reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Note 1 – Nature of Organization and Significant Accounting Policies (continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

*Equity Securities and Mutual Funds*. Equity securities and mutual funds with readily determinable market values are valued at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

*Corporate Bonds.* The Organization values bonds issued by corporations at the fair value as determined by independent pricing services. The pricing of corporate bonds is sourced from broker/dealers, trade prices, and the new issue market. As the significant inputs used to value corporate bonds are observable market inputs,

*Beneficial Interest in Assets Held by The Denver Foundation*. Valued at the net asset value ("NAV") of units held by TGTHR at year end. The NAV, as provided by The Denver Foundation (the Foundation), is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the Foundation less its liabilities. This practical expedient is not used when it is determined to be probable that the Foundation will sell the investment for an amount different than the reported NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TGTHR believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

*Pledges and Grants Receivable*. Pledges and grants receivable are stated net of allowances for uncollectible accounts. At the time receivables are originated, TGTHR considers an allowance for doubtful accounts based on the creditworthiness of the donor or grantor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by TGTHR on an ongoing basis. The Organization has recorded an allowance of $27,571 at September 30, 2022. Management has assessed all receivables at September 30, 2023 as collectible.

*Property and Equipment*. It is TGTHR's policy to capitalize property and equipment at cost for purchases over $1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

**Note 1 – Nature of Organization and Significant Accounting Policies (continued)**

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. In general, asset lives are as follows:

| | Life in Years |
|---|---|
| Buildings and improvements | 7 - 30 |
| Furniture and fixtures | 3 - 10 |
| Vehicles | 3 - 5 |

Depreciation expense for the years ended September 30, 2023 and 2022 was $66,216 and $65,889, respectively.

*Impairment of Long-lived Assets*. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended September 30, 2023 and 2022.

*Revenue Recognition.* The Organization's revenues from contracts with customers consist of fees for supportive services provided to residents of 1440 Pine Street. Revenue is recognized upon the transfer of services to customers in amount that reflects the consideration that is expected to be received in exchange for those services. Supportive service fees are recognized ratably over the period to which the fees apply as the Organization satisfies its performance obligation to provide its program services. Amounts are invoiced on a monthly basis.

*Contributions.* Contributions are recognized when the promise to give is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

*Contributed Services*. Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if 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.

*Income Taxes*. TGTHR is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

TGTHR utilizes the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to TGTHR, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

**Note 1 – Nature of Organization and Significant Accounting Policies (continued)**

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to TGTHR for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

Income taxes for all open years are open for examination. Penalties and interest may be assessed on income taxes that are delinquent.

*Subsequent Events*. TGTHR evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 4, 2024, the date at which the financial statements were available for release.

**Note 2 - Availability and Liquidity**

The following represents the Organization's financial assets for the years ended September 30:

| | **2023** | 2022 |
|---|---|---|
| Financial assets at year end | | |
| Cash, cash equivalents, and restricted cash | **$ 99,829** | $ 109,180 |
| Investments | **707,168** | 574,633 |
| Grants, pledges, and accounts receivable, current | **674,485** | 641,546 |
| Total financial assets | **1,481,482** | 1,325,359 |
| Less amounts not available to be used within one year | | |
| With donor restrictions | **494,448** | 475,557 |
| Financial assets available to meet general expenditures, current | **$ 987,034** | $ 849,802 |

The Organization’s goal is generally to maintain financial assets to meet 120 days of operating expenses, which would approximate $1,500,000. Additionally, the Organization has a Board designated endowment. If necessary, the Board of Directors may approve a withdrawal request from the endowment.

**Note 3 - Reconciliation of Cash, Cash Equivalents, and Restricted Cash**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position at September 30, 2023 and 2022 that sum to the total of the same such amounts show in the statement of cash flows for the year then ended. Restricted cash consists of donor restricted funds for a purchase of a vehicle.

| | **2023** | 2022 |
|---|---|---|
| Cash and cash equivalents | **$ 99,829** | $ 109,180 |
| Restricted cash | **20,000** | 20,000 |
| Total cash, cash equivalents, and restricted cash | **$ 119,829** | $ 129,180 |

**Note 4 – Fair Value Measurements and Investments**

The following table sets forth by level, within fair value hierarchy, TGTHR's investments, at fair value, as of September 30, 2023:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| U.S. Equities | **$ 376,461** | **$ -** | **$ -** | **$ 376,461** |
| International Equities | **6,400** | **-** | **-** | **6,400** |
| Mutual Funds | | | | |
| Domestic fixed income | **147,435** | **-** | **-** | **147,435** |
| Domestic equities | **98,544** | **-** | **-** | **98,544** |
| Real estate | **2,847** | **-** | **-** | **2,847** |
| Corporate bonds | **-** | **75,481** | **-** | **75,481** |
| | **$ 631,687** | **$ 75,481** | **$ -** | **707,168** |
| Investments measured at net asset value | | | | **277,501** |
| Total investments valued at fair value | | | | **$ 984,669** |

The following table sets forth by level, within fair value hierarchy, TGTHR's investments, at fair value, as of September 30, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| U.S. Equities | $ 321,428 | $ - | $ - | $ 321,428 |
| International Equities | 5,887 | | | 5,887 |
| Mutual Funds | | | | |
| Domestic fixed income | 24,008 | - | - | 24,008 |
| Domestic equities | 85,388 | - | - | 85,388 |
| Real estate | 2,851 | | | 2,851 |
| Corporate bonds | - | 135,071 | - | 135,071 |
| | $ 439,562 | $ 135,071 | $ - | 574,633 |
| Investments measured at net asset value | | | | 153,896 |
| Total investments valued at fair value | | | | $ 728,529 |

### Note 4 – Fair Value Measurements and Investments (continued)

The following sets forth a summary of TGTHR's beneficial interest in assets held by The Denver Foundation reported at NAV at September 30, 2023 and 2022:

| Fair Value | Unfunded Commitments | Redemption Frequency | Other Redemption Restrictions | Redemption Notice Period |
|---|---|---|---|---|
| **2023** | | | | |
| **$ 277,501** | N/A | Immediate | Redemptions will only be made upon written request of TGTHR | None |
| 2022 | | | | |
| $ 153,896 | N/A | Immediate | | None |

*Changes in Fair Value Levels*. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended September 30, 2023 and 2022, there were no significant transfers in or out of fair value levels.

Investment income (loss), including interest earned on cash and money market funds, consisted of the following for the years ended September 30:

| | **2023** | 2022 |
|---|---|---|
| Unrealized gain (loss) on investments | **$ 90,894** | $ (93,384) |
| Realized gain (loss) on investments | **(754)** | 1,383 |
| Investment interest and dividends | **22,519** | 19,735 |
| Investment management fees | **(7,654)** | (6,400) |
| Net investment income (loss) | **$ 105,005** | $ (78,666) |

### Note 5 – Pledges Receivable

During 2021, TGTHR received a long-term pledge to fund an endowment with donor restrictions. Pledges receivable for the endowment fund consist of the following for the years ended September 30:

| | **2023** | 2022 |
|---|---|---|
| Due in less than one year | **$ 100,000** | $ 100,000 |
| Due in one to four years | **200,000** | 300,000 |
| Valuation allowance | **(19,400)** | (24,820) |
| | **$ 280,600** | $ 375,180 |

## Note 6 – Note Payable, Line of Credit

The Organization obtained a $500,000 line of credit agreement with JPMorgan Chase Bank in January 2022. There were outstanding borrowings at September 30, 2023 and 2022 of $315,113 and $272,091, respectively. The variable rate note requires interest at 1.00% over the bank's index rate, for a rate of 9.50% and 7.25% at September 30, 2023 and 2022, respectively. The note is collateralized by substantially all business assets and matures in January 2027.

## Note 7 – Net Assets With Donor Restrictions and Non-Endowment Board Designated Net Assets

The following summarizes the changes in net assets with donor restrictions:

| | **October 1, 2022 Balance** | **Receipts** | **Releases** | **September 30, 2023 Balance** |
|---|---|---|---|---|
| Endowed funds | **$ 455,557** | **$ 18,891** | **$ -** | **$ 474,448** |
| Vehicle purchase | **20,000** | **-** | **-** | **20,000** |
| | **$ 475,557** | **$ 18,891** | **$ -** | **$ 494,448** |

| | October 1, 2021 Balance | Receipts | Releases | September 30, 2022 Balance |
|---|---|---|---|---|
| Endowed funds | 488,210 | - | (32,653) | 455,557 |
| Vehicle purchase | - | 20,000 | - | 20,000 |
| | $ 488,210 | $ 20,000 | $ (32,653) | $ 475,557 |

*Operating Reserves*. The Board of Directors has designated $770,701 and $640,682 of net assets without donor restrictions for current operating needs at September 30, 2023 and 2022, respectively. These amounts are the totals of specified investment and money market funds. These funds are restricted designations imposed internally and are recorded as net assets without donor restrictions.

## Note 8 – Endowment Fund and Board Designated Endowment

The Board of Directors has determined that a portion of the Organization's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), adopted by the State of Colorado in 2008. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

### Note 8 – Endowment Fund and Board Designated Endowment (continued)

As a result of this interpretation, the Organization generally classifies as net assets with donor restrictions to be maintained in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions to be maintained in perpetuity is classified as net assets without donor restriction as appropriations for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA occur. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The following summarizes the changes in endowment net assets for the years ended September 30, 2023 and 2022:

| | With Donor Restrictions, In Perpetuity | Without Restrictions, Board Designated | Total Endowments |
|---|---|---|---|
| Endowment net assets, October 1, 2021 | $ 488,210 | $ 93,164 | $ 581,374 |
| Change in valuation allowance | (13,030) | - | (13,030) |
| Interest and dividends | 1,560 | 1,427 | 2,987 |
| Net realized and unrealized losses | (20,433) | (18,690) | (39,123) |
| Investment advisory fees | (750) | (686) | (1,436) |
| Change in endowment net assets | (32,653) | (17,949) | (50,602) |
| Endowment net assets, September 30, 2022 | 455,557 | 75,215 | 530,772 |
| Change in valuation allowance | **5,420** | **-** | **5,420** |
| Interest and dividends | **2,939** | **2,301** | **5,240** |
| Net realized and unrealized gains | **12,134** | **9,497** | **21,631** |
| Investment advisory fees | **(1,602)** | **(1,254)** | **(2,856)** |
| Change in endowment net assets | **18,891** | **10,544** | **29,435** |
| Endowment net assets, September 30, 2023 | **$ 474,448** | **$ 85,759** | **$ 560,207** |

**Note 8 – Endowment Fund and Board Designated Endowment (continued)**

*Endowment Investment Policies.* The Organization has adopted investment policies that include conservative risk tolerance to ensure the long-term stability of its endowment fund. To achieve the objective of the endowment, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Endowment Spending Policies.* Provided that there are annual earnings from the investments of the endowment fund with donor restrictions, the Organization expends the earnings in accordance with the direction of the applicable donor gift instrument. Spending from the board designated endowment is at the discretion and direction of the Board of Directors.

*Underwater Endowment Fund.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration, also known as underwater endowments. As of September 30, 2023 and 2022, deficiencies of this nature existed in the single, donor-restricted endowment fund created with an original pledged gift of $488,210, including a valuation allowance of $11,790 on the date of the pledge. The fair value of assets restricted in perpetuity, adjusted for the change in valuation allowance, totaled $474,448 and $455,557 as of September 30, 2023 and 2022, respectively, which generated amounts underwater of $6,152 and $19,623. These deficiencies resulted from unfavorable market conditions, which occurred shortly after the investment of the gift.

**Note 9 – Special Events**

TGTHR derived net proceeds from the following special fundraising events as of September 30:

| | **2023** | 2022 |
|---|---|---|
| **Sleep Out** | | |
| Gross proceeds | **$ 77,294** | $ 102,419 |
| Direct costs | **(17,931)** | (22,780) |
| Net proceeds | **$ 59,363** | $ 79,639 |
| **Night Out** | | |
| Gross proceeds | **$ 33,624** | $ - |
| Direct costs | **(20,334)** | - |
| Net proceeds | **$ 13,290** | $ - |
| **Gala** | | |
| Gross proceeds | **$ -** | $ 215,851 |
| Direct costs | **-** | (101,757) |
| Net proceeds | **$ -** | $ 114,094 |

**Note 9 – Special Events (continued)**

| | 2023 | 2022 |
|---|---|---|
| **Total** | | |
| Gross proceeds | **$ 110,918** | $ 318,270 |
| Direct costs | **(38,265)** | (124,537) |
| Net proceeds | **$ 72,653** | $ 193,733 |

**Note 10 – In-Kind Contributions**

TGTHR received the following contributions of nonfinancial assets for the years ended September 30:

| | **2023** | 2022 |
|---|---|---|
| Professional services, IT | **$ -** | $ 40,000 |
| Program and other materials | **38,875** | 37,227 |
| | **$ 38,875** | $ 77,227 |

The Organization receives contributed professional services that are reported using current rates for similar services. Contributed materials and supplies received by the Organization are valued at the current price for similar items.

All donated services and materials and supplies were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the in-kind contributions.

**Note 11 – Retirement Plan**

TGTHR has a 403(b) defined contribution salary deferral plan offered to all full-time employees that have successfully completed the introductory period. Contributions from TGTHR are at the discretion of management. Contributions to the plan were $27,208 and $26,341 during the years ended September 30, 2023 and 2022, respectively.

**Note 12 – Leasing Activities, Change in Accounting Principle, and Related Party Transactions**

TGTHR adopted ASC 842 on October 1, 2022 using the modified retrospective approach. The adoption changed the recognition of lease obligations and right-of-use assets. The adoption did not change retained earnings. TGTHR elected certain practical expedients allowed under ASC 842 and, accordingly, did not reassess whether any expired or existing contracts are or include leases, or the lease classification of any expired or existing leases, and initial direct costs for any existing leases.

*Operating Leases*. TGTHR leases office space in Boulder, Colorado from a related party. The lease requires monthly payments of $1,560, subject to yearly escalation, and expires in April 2035. The escalations in rent are included as components of the ROU and lease liability balances. Total rent expense for the year ended September 30, 2022, prior to the implementation of ASC 842, totaled $18,574.

**Note 12 – Leasing Activities, Change in Accounting Principle, and Related Party Transactions (continued)**

TGTHR leases a commercial space in Boulder, Colorado from a related party. The lease requires monthly payments of $1,110 and expires in October 2023. The lease is eligible for renewal at the end of each year long term, and TGTHR is reasonably certain to extend the lease through September 2024. Total rent expense for the year ended September 30, 2022, prior to the implementation of ASC 842, totaled $12,160.

Future minimum lease payments on operating leases are as follows for the years ended September 30, 2023:

| Year | Amount |
|---|---|
| 2024 | $ 32,328 |
| 2025 | 19,420 |
| 2026 | 19,809 |
| 2027 | 20,205 |
| 2028 | 20,609 |
| Thereafter | 163,355 |
| | 275,726 |
| Less imputed interest | (53,523) |
| | $ 222,203 |

Operating lease costs consist of the following for the year ended September 30, 2023:

| | Amount |
|---|---|
| Amortization of ROU | $ 25,828 |
| Interest on lease liability | 8,823 |
| Total lease cost | $ 34,651 |

Supplemental cash flow information for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

| | Amount |
|---|---|
| Operating cash flow from operating leases | $ 31,955 |

The weighted average of the remaining lease terms and discount rates are as follows at September 30, 2023:

| | |
|---|---|
| Remaining lease term, operating leases | 11.1 years |
| Discount rate, operating leases | 3.8% |

TGTHR elected to use the practical expedient of the U.S. Treasury rate for borrowings of a similar term to estimate the discount rate for its portfolio of operating leases.

## Note 13 – Building Partnership, Contingency, and Related Party Transactions

In December 2017, the Organization obtained an equity interest in a partnership, Attention Homes Residences, LP, which was formed to finance, construct and manage a forty-unit permanent supportive housing complex in Boulder, Colorado. The Organization created a wholly owned subsidiary, Source Housing LLC, which was granted a nominal administrative general partner interest in Attention Homes Residences, LP. The partnership is controlled by an unrelated general partner.

The Organization served as a co-developer during the construction of the building, and assisted in securing subordinate financing and community engagement. TGTHR also serves as the supportive service provider to the partnership, participates in tenant selection, and provides program services to the tenants of the building.

The Organization received conditional grants from three state and local agencies totaling $3,850,000 to fund the construction and development of the building through loans to the partnership. All grants received include permanent covenants that require the building be used to serve the youth population, and that the Organization comply with affordability requirements, such as rent and income limitations as defined in the agreements, for 99 years.

The Organization entered into promissory notes for the full amount of grant funding received with Attention Homes Residences, LP in order to support construction and development of the building, as stipulated in the grant agreements. The promissory notes contain a collateral assignment to the City and County of Boulder, and the State of Colorado for funds they contributed. The promissory notes are due in full in December 2057, or until the partnership's senior note payable to NEF/Capital One has been repaid.

The Organization did not record the grants, and subsequent loans, as contribution revenues or notes receivable. Repayment of these funds to the Organization is uncertain and is contingent on the partnership and the Organization performing on the grant conditions for a term of 99 years. Payments received, if any, will be recognized upon receipt.

The Organization has a service agreement with the general partner to provide its program services to tenants of the building, as defined in the grant agreement with the City and County of Boulder and the State of Colorado. The service agreement has a term of 15 years. Revenues earned in connection with the service agreement totaled $61,825 and $60,318 for the years ended September 30, 2023 and 2022, respectively.

As a part of the supportive services agreement, the general partner is required to hold $500,000 in a special reserve that the Organization may request up to $100,000 per year until the funds held in reserve have been exhausted. The general partner will approve any request for disbursement if the Organization is not in any default of any requirements of the supportive services agreement. The funds from the special reserve have been recorded as conditional contributions, recognized as contribution revenues upon satisfaction of the contribution barrier, represented by the performance of services described in the agreement. Contribution revenues of $100,000 were recognized for the year ended September 30, 2023 and 2022. A total of $108,333 remains in the reserve at September 30, 2023.

**Note 14 – Concentration**

At December 31, 2023, the Company had a total of approximately 50 employees. Approximately 17% of the Company's employees are represented under a collective bargaining arrangement. The existing agreement will expire in September 30, 2025.

**Note 15 – Legal Settlements and Subsequent Event**

In January 2023, TGTHR entered into a settlement agreement, totaling $27,732, related to a claim from the National Labor Relations Board pertaining to the termination of three former employees.

In November 2023, TGTHR entered into a settlement agreement, totaling $25,000, related to a claim pertaining to the termination of a former employee.