

I Have A Dream[®] Foundation
of Boulder County, Inc. and Subsidiary

**Consolidated Financial Statements and Report
of
Independent Auditor**

December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
I Have A Dream[®] Foundation of Boulder County, Inc. and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of I Have a Dream Foundation of Boulder County, Inc. and subsidiary (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of I Have a Dream Foundation of Boulder County, Inc. and subsidiary as of December 31, 2020 and 2019, 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. 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 I Have a Dream Foundation of Boulder County, Inc. and subsidiary 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about I Have a Dream Foundation of Boulder County, Inc. and subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists.



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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, including omissions, 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 generally accepted 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 I Have a Dream Foundation of Boulder County, Inc. and subsidiary'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 I Have a Dream Foundation of Boulder County, Inc. and subsidiary'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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidating Statement of Financial Position and Consolidating Statement of Activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Haynie & Company

Littleton, Colorado
September 8, 2021

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statements of Financial Position
As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash (Note 2)	\$ 1,953,319	\$ 2,067,968
Accounts receivable (Note 4)	257,626	106,089
Unconditional promises to give (Note 4)	97,199	145,007
Prepaid expenses	<u>17,195</u>	<u>23,755</u>
Total Current Assets	<u>2,325,339</u>	<u>2,342,819</u>
Scholarship investments (Note 2)	6,589,540	5,439,669
With donor restrictions- program investments	2,998,783	3,561,323
With donor restrictions- certificates of deposit	154,872	154,763
Property and equipment- net (Note 5)	<u>1,301,187</u>	<u>1,351,718</u>
Total Assets	<u>\$ 13,369,721</u>	<u>\$ 12,850,292</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 247,174	\$ 87,409
Accrued compensated absences & payroll liabilities	106,183	116,942
SBA Paycheck Protection loan (Note 16)	379,707	-
Current portion of note payable	<u>29,847</u>	<u>28,846</u>
Total Current Liabilities	<u>762,911</u>	<u>233,197</u>
Long-term Liabilities		
Note payable (Note 15)	376,323	405,191
Less current portion	<u>(29,847)</u>	<u>(28,846)</u>
Total Long-term Liabilities	<u>346,476</u>	<u>376,345</u>
Net Assets		
Without donor restrictions		
— undesignated	1,905,613	2,376,645
— Board designated (Note 9)	500,000	500,000
With donor restrictions	<u>9,854,721</u>	<u>9,364,105</u>
Total Net Assets	<u>12,260,334</u>	<u>12,240,750</u>
Total Liabilities and Net Assets	<u>\$ 13,369,721</u>	<u>\$ 12,850,292</u>

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

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statements of Activities
For the Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Support				
Special events	\$ 154,093	\$ -	\$ 154,093	\$ 444,580
Cash contributions (Note 2)	-	2,526,027	2,526,027	4,048,280
Grants (Note 2)	-	542,012	542,012	641,499
Net investment activity (Note 10)	-	563,912	563,912	677,072
In-kind contributions (Note 6)	444,430	-	444,430	502,042
Miscellaneous income	15,326	-	15,326	9,676
Release from restrictions (Note 8)	<u>3,141,335</u>	<u>(3,141,335)</u>	<u>-</u>	<u>-</u>
Total Support	<u>3,755,184</u>	<u>490,616</u>	<u>4,245,800</u>	<u>6,323,149</u>
Expenses				
Program services	3,461,709	-	3,461,709	3,752,633
Supporting services:				
Management and general	546,498	-	546,498	440,695
Fundraising	<u>218,009</u>	<u>-</u>	<u>218,009</u>	<u>300,702</u>
Total Expenses	<u>4,226,216</u>	<u>-</u>	<u>4,226,216</u>	<u>4,494,030</u>
Change in Net Assets	(471,032)	490,616	19,584	1,829,119
Net Assets—Beginning of Year	<u>2,876,645</u>	<u>9,364,105</u>	<u>12,240,750</u>	<u>10,411,631</u>
Net Assets—End of Year	<u>\$ 2,405,613</u>	<u>\$ 9,854,721</u>	<u>\$ 12,260,334</u>	<u>\$ 12,240,750</u>

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

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Change in Cash		
Net Cash from Operating Activities:		
Cash received from donors	\$3,791,539	\$5,668,291
Cash paid to suppliers, employees and program expenses	<u>(4,024,771)</u>	<u>(4,274,713)</u>
Net Cash from Operating Activities	<u>(233,232)</u>	<u>1,393,578</u>
Cash Flows from Investing Activities		
Net (purchase) of investments	(244,856)	(1,666,993)
Proceeds from sale of assets	<u>12,600</u>	<u>12,382</u>
Net Cash from Investing Activities	<u>(232,256)</u>	<u>(1,654,611)</u>
Cash Flows from Financing Activities		
Proceeds from SBA Paycheck Protection loan	379,707	-
Principal payments on notes payable	<u>(28,868)</u>	<u>(27,807)</u>
Net Cash from Financing Activities	<u>350,839</u>	<u>(27,807)</u>
Net Change in Cash	(114,649)	(288,840)
Cash—Beginning of Year	<u>2,067,969</u>	<u>2,356,809</u>
Cash—End of Year	<u>\$1,953,320</u>	<u>\$2,067,969</u>
Reconciliation of Change in Net Assets to		
Net Cash from Operating Activities:		
Operating income	\$ 19,584	\$1,829,119
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	45,879	73,352
Unrealized (gain) loss on investments	(350,532)	(506,374)
Net changes in assets and liabilities:		
Accounts receivable	(103,729)	(148,484)
Prepaid expenses	6,560	61,303
Accounts payable	159,765	(6,363)
Accrued compensated absences & payroll liabilities	<u>(10,759)</u>	<u>91,024</u>
Total Adjustments	<u>(252,816)</u>	<u>(435,542)</u>
Net Cash from Operating Activities	<u>\$ (233,232)</u>	<u>\$1,393,577</u>

Noncash items of \$444,430 (2020) and \$502,042 (2019) for in-kind transactions have been eliminated from the above activity.

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

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Academic/enrichment activities	\$ 196,817	\$ -	\$ -	\$ 196,817
AmeriCorps expenses	644,826	-	-	644,826
Bank fees	-	20,816	-	20,816
Depreciation	25,195	20,684	-	45,879
Dues, fees and memberships	14,602	8,434	-	23,036
Food and venue	-	-	53,783	53,783
Insurance	42,929	17,537	-	60,466
Interest	7,873	7,872	-	15,745
Marketing	-	-	-	-
Meetings, trainings and workshops	6,684	87,165	-	93,849
Miscellaneous	4,025	1,244	-	5,269
Occupancy	6,088	21,299	-	27,387
Office supplies	6,930	13,080	-	20,010
Postage and printing	98	419	-	517
Professional services	65,457	97,443	-	162,900
Program education & recruitment	1,276	-	-	1,276
Salaries and related costs	1,858,624	246,338	164,226	2,269,188
Social/cultural activities	19,574	-	-	19,574
Technology equipment and support	19,311	-	-	19,311
Telephone	21,353	3,305	-	24,658
Transportation and travel	<u>19,826</u>	<u>862</u>	<u>-</u>	<u>20,688</u>
Subtotal	2,961,488	546,498	218,009	3,725,995
Scholarship expenses				
I Have A Dream scholarships	145,171	-	-	145,171
Other scholarships	117,073	-	-	117,073
COSI scholarships	215,448	-	-	215,448
Investment management fees	<u>22,529</u>	<u>-</u>	<u>-</u>	<u>22,529</u>
Scholarship expenses total	500,221	-	-	500,221
Total Expenses	<u>\$ 3,461,709</u>	<u>\$ 546,498</u>	<u>\$ 218,009</u>	<u>\$ 4,226,216</u>

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

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Academic/enrichment activities	\$ 480,184	\$ -	\$ -	\$ 480,184
AmeriCorps expenses	773,964	-	-	773,964
Bank fees	-	15,382	-	15,382
Depreciation	52,668	20,684	-	73,352
Dues, fees and memberships	11,600	7,603	-	19,203
Food and venue	-	-	90,978	90,978
Insurance	47,112	8,022	-	55,134
Interest	8,286	8,287	-	16,573
Marketing	-	-	13,938	13,938
Meetings, trainings and workshops	27,002	38,376	-	65,378
Miscellaneous	1,016	98	-	1,114
Occupancy	4,167	11,261	-	15,428
Office supplies	17,487	12,759	707	30,953
Postage	-	2,269	-	2,269
Professional services	3,027	41,538	9,826	54,391
Program education & recruitment	2,652	-	-	2,652
Salaries and related costs	1,838,168	264,797	185,253	2,288,218
Social/cultural activities	62,343	-	-	62,343
Technology equipment and support	28,959	-	-	28,959
Telephone	17,170	7,939	-	25,109
Transportation and travel	25,704	1,680	-	27,384
Subtotal	3,401,509	440,695	300,702	4,142,906
Scholarship expenses				
I Have A Dream scholarships	40,979	-	-	40,979
Other scholarships	192,188	-	-	192,188
COSI scholarships	96,820	-	-	96,820
Investment management fees	21,137	-	-	21,137
Scholarship expenses total	351,124	-	-	351,124
Total	<u>\$ 3,752,633</u>	<u>\$ 440,695</u>	<u>\$ 300,702</u>	<u>\$ 4,494,030</u>

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

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

1. Organization

Organization

I Have A Dream® Foundation of Boulder County, Inc. (the “Organization”) was formed in 1990. The mission of the organization is to empower children from under-resourced communities to succeed in school, college, and career by providing academic, social, and emotional support from elementary school through college, along with a post-secondary tuition assistance scholarship.

Manhattan Circle, LLC was formed in 2015 to own and lease the building occupied by the Organization. It is a wholly owned subsidiary of the Organization. As of April 2018, the Organization occupied the entire building.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of I Have A Dream® Foundation of Boulder County, Inc. (“IHDF”) and its wholly owned subsidiary Manhattan Circle, LLC.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations. The Organization is required 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 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 IHDF 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.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid unrestricted investments with an initial maturity of three months or less to be cash equivalents.

Cash deposits are held in several institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

At year ended, December 31, 2020, the Organization had cash and certificates of deposit with carrying value of \$1,953,320, bank balances of \$1,966,933, of which \$1,469,450 was fully insured by the FDIC limits.

Investments

Accounting standards for investments provide 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.

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

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Investments are composed of various types of investments, and are carried at fair value as of December 31, 2020 and 2019, respectively, as follows:

	2020	2019
<u>Level 1</u>		
Mutual Funds	\$9,588,323	\$8,994,302
Certificates of Deposit	154,872	154,763
Money Market	<u> -</u>	<u> 6,690</u>
Total Investments	<u>\$9,743,195</u>	<u>\$9,155,755</u>

Accounts Receivable

Accounts receivable are stated at unpaid balances, less any allowances for doubtful accounts. Allowances are based on experience and other circumstances that may affect the ability of donors to meet obligations. As of December 31, 2020 and 2019, management has determined that no allowance is necessary.

Property and Equipment

Property and equipment are stated at cost for purchased items over \$1,000 and at fair market value at date of gift for donated items, net of accumulated depreciation

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis using the following estimated useful lives:

	Life in Years
Building and Improvements	39
Vehicles	5
Computers and Equipment	5

Grants

Most grant income is immediately recorded as net assets with donor restrictions and released as expenditures can be matched. In some cases, grants are promised based on an after the fact submission of actual expenses. In these cases, income is not recognized until it can be matched against the specific expenditures which are to be submitted for reimbursement.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund raising categories.

Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

In 2015, The Organization formed a wholly owned limited liability company which acts as lessor of the building occupied by the Organization. The Organization occupied most of the building for purposes of the unrelated business income calculation; therefore, no liability for unrelated business income tax is recorded at December 31, 2020 and 2019. As of April 2018, the LLC no longer receives rental income from unrelated lessors.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits are recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2020 and 2019.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

The Organization files forms 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers. The objective of this update is to provide a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This new standard will primarily apply to exchange transactions for non-profit organizations. The Company adopted this standard in the current reporting period and its adoption did not have a material impact on the financial results of the Organization.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource recipients and for annual periods beginning after December 15, 2020 for entities that are resource providers, with early adoption permitted. The Company adopted this standard in the current reporting period and its adoption did not have a material impact on the financial results of the Organization.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

3. Liquidity and Availability

The following represents the Organization's financial assets at December 31, 2020:

The organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization's board designated operating reserves can be made available to meet operating needs if necessary. The organization manages its liquidity and reserves following three principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

	2020
Financial assets at period end:	
Cash & cash equivalents	\$ 1,953,319
Certificates of deposit	154,872
Investments	9,588,323
Accounts receivable and promises to give	354,825
Total financial assets	12,051,339
Donor-imposed restrictions:	
Funds subject to time and purpose restrictions	(9,854,721)
Funds released related to expiration of restrictions	1,211,364
Net financial assets after donor-imposed restrictions	3,407,982
Board designations:	
Operating reserves	(500,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,907,982

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

4. Unconditional Promise to Give and Accounts Receivable

On the statement of financial position, unconditional promises to give from various sponsors, as of December 31, 2020 and 2019 were \$97,199 and \$145,007, respectively. All amounts are receivable within one year.

On the statement of financial position, accounts receivable as of December 31, 2020 and 2019 were \$257,626 and \$106,089, respectively. All amounts are receivable within one year.

5. Property and Equipment

Property and equipment consist of the following items at December 31, 2020 and 2019:

	2020	2019
Land	\$475,000	\$475,000
Building and improvements	925,327	925,327
Computers and equipment	114,464	114,464
Vehicles	321,452	353,352
Less accumulated depreciation	<u>(535,056)</u>	<u>(516,425)</u>
Net property and equipment	<u>\$1,301,187</u>	<u>\$1,351,718</u>

6. In-Kind Contributions

The Organization receives equipment, goods, and services in substantial amounts in furtherance of various programs. These items are recorded in the financial records as they relate to ongoing activities and if an objective value can be assigned. The following amounts have been recorded in the financial statements for the years ended December 31, 2020 and 2019:

	2020	2019
AmeriCorps Volunteers	\$435,440	\$484,396
America Reads	<u>8,990</u>	<u>17,646</u>
Total in-kind contributions	<u>\$444,430</u>	<u>\$502,042</u>

I Have A Dream® Foundation of Boulder County, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

7. Related Party Transactions

During 2020 and 2019, board and committee members made contributions of \$57,797 and \$74,754 respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions, consisting of contributions designated for future use for scholarships and long-term program operating, for the years ended December 31, 2020 and 2019 are listed below by class:

	<u>2020</u>	<u>2019</u>
Programs and operations	\$1,284,493	\$ 2,001,524
Harvey memorial fund	2,108,628	2,039,221
Phoenix scholarships	650,092	607,895
Oak scholarships	494,357	446,113
Ryan scholarships	474,584	437,629
Eagle scholarships	474,583	437,629
Aspen scholarships	482,615	439,049
Iris scholarships	358,717	336,025
Rocky Mountain scholarships	447,965	404,248
Elk scholarships	392,495	354,190
Carbon Valley scholarships	330,192	297,969
LaVista scholarships	330,192	297,969
Alicia scholarships	313,401	282,817
Diagonal court scholarships	350,988	316,837
COSI scholarships	466,992	437,465
St. Vrain scholarships	331,942	-
Boulder Valley scholarships	331,925	-
Reserve scholarships	230,560	220,835
Dakota scholarships	-	6,690
Total	<u>\$9,854,721</u>	<u>\$ 9,364,105</u>

Net assets in the amount of \$3,141,335 and \$3,816,451 were released from restrictions during 2020 and 2019, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

9. Board Designated Funds

The Board designated amounts reflect the Board requirement of 3 months of budgeted cash program expenses or \$500,000, whichever is less, excluding in-kind and depreciation expenses, as a cash operating reserve. The undesignated funds represent the cash reserves on hand over that requirement. As of December 31, 2020 and 2019; respectively, the board designated \$500,000.

10. Investment Income

Net assets with donor restrictions includes net investment activity, which consists of realized and unrealized investment gains, interest, and dividends from funds designated for future use. The breakout of activity for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 116,504	\$ 106,650
Realized gains	96,876	64,048
Unrealized gains	<u>350,532</u>	<u>506,374</u>
Total investment income	<u>\$ 563,912</u>	<u>\$ 677,072</u>

11. Employee Benefit Plan

Employees who work 30 or more hours per week are eligible to participate in a 403(b) employee benefit program after one year of employment. The Organization contributes 3% of an eligible employee's base salary toward the plan, which increased to 4% of eligible compensation starting in 2019. Employees are fully vested upon four years of participation in the plan. Total contributions to the plan by the Organization for the years ended December 31, 2020 and 2019 were \$49,923 and \$39,728, respectively.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

12. Conditional Promises to Give—The Community Foundation of Boulder County

During 2001, I Have A Dream entered into agreements with The Community Foundation, which established two designated agency endowment funds in which the Organization is the beneficiary. The Community Foundation collects cash gifts on behalf of the Organization and manages the assets. The Organization receives the net income on the endowment funds on an annual basis. At December 31, 2020, the balances in The Community Foundation endowment funds were \$115,192 and \$73,782 and the total 2020 net investment gains before expenses and grants were \$21,996. At December 31, 2019, the balances in The Community Foundation endowment funds were \$107,959 and \$69,676, and the total 2019 net investment gains before expenses and grants were \$27,646.

During 2020, I Have A Dream entered into an additional agreement with The Community Foundation to establish an agency endowment fund in which the Organization is the beneficiary. The endowment was initially funded in February 2021.

13. Contingencies

Contingent Liability:

In February 2016 and September 2018, the Organization received \$100,000 and \$200,000, respectively, from Boulder County under a funding agreement. The funds received by the Organization were secured by a promissory note and a deed of trust on the office building. The agreement is in effect for a 99-year term. As long as the Organization agrees to perform certain obligations under the funding agreement, no payments of principal and interest are due. Nonperformance or default under the agreement would lead to repayment of the grant funding in full. A liability has not been recorded as the likelihood of nonperformance or default is considered remote.

14. Special Events

I Have A Dream raised \$ 154,093 and \$444,580 from Special Events in 2020 and 2019. The gross proceeds from the Dream Maker Luncheon and Dream Maker Breakfast totaled \$113,082 and \$344,778, respectively, and were designated for programming services. Events were cancelled in 2020 due to pandemic related restrictions; however, contributions toward the events were collected and allocated as event revenue.

I Have A Dream® Foundation of Boulder County, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

15. Mortgage Payable

On January 30, 2015, the Organization formed a wholly owned limited liability company which purchased a new office building in Boulder, Colorado for \$1,150,979 and financed the building through Guaranty Bank and Trust. The Organization modified the loan in October 2016 for a new principal balance of \$678,077. The loan extends through January 2025, with a fixed rate of 3.25% until February 2019, when the rate increases to 3.950% for the remainder of the term. The note includes a balloon payment in January 2025. The Organization renovated the building in April of 2015 for a total of \$61,831, which are capitalized with the cost of the building. Additional renovations took place in 2016 and 2018, funded by a capital campaign and grant money.

Following is a schedule of the future loan payments:

Years ending December 31:

2021	\$ 29,847
2022	30,847
2023	31,878
2024	32,919
2025	<u>250,832</u>
Total long-term note payable	<u>\$ 376,323</u>

16. SBA Paycheck Protection Loan

On April 15, 2020, the Organization received loan proceeds of \$379,707 (the “PPP Loan”) from First National Bank of Omaha, pursuant to the Small Business Association (“SBA”) Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The PPP Loan, which was in the form of a Note dated April 15, 2020 and carried an interest rate of 1% per annum, payable monthly and maturing in two years from the date of the note. Loan payments were scheduled to commence on November 15, 2020. The Note could be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the PPP loan could only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on certain other debt obligations to be eligible for full forgiveness. The Organization used the full amount of PPP loan amount for qualifying expenses. The PPP loan was forgiven in full on January 15, 2021.

I Have A Dream® Foundation of Boulder County, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

17. Subsequent Events

Subsequent events were evaluated through September 8, 2021, which is the date the financial statements were available to be issued.

Refer to Note 16 for the forgiveness of the PPP loan in 2021.

I Have A Dream® Foundation of Boulder County, Inc.

Supplemental Information

I Have A Dream® Foundation of Boulder County, Inc.
Consolidating Information—Statement of Financial Position
December 31, 2020

	I Have A Dream® Foundation of Boulder County, Inc.	Manhattan Circle LLC	Eliminations	Consolidated Total
ASSETS				
Cash	\$ 1,817,854	\$ 135,465	\$ -	\$ 1,953,319
Accounts receivable	257,626	-	-	257,626
Unconditional promises to give	97,199	-	-	97,199
Prepaid expenses	17,195	-	-	17,195
Investment in subsidiary	1,040,831	-	(1,040,831)	-
Scholarship investments	6,589,540	-	-	6,589,540
With donor restrictions program investments	2,998,783	-	-	2,998,783
With donor restrictions certificates of deposit	154,872	-	-	154,872
Property and equipment, net	<u>19,498</u>	<u>1,281,689</u>	<u>-</u>	<u>1,301,187</u>
Total assets	<u>\$12,993,398</u>	<u>\$ 1,417,154</u>	<u>\$(1,040,831)</u>	<u>\$ 13,369,721</u>
LIABILITIES				
Accounts payable, trade	\$ 247,174	\$ -	\$ -	\$ 247,174
Accrued compensated absences & payroll liabilities	106,183	-	-	106,183
SBA Paycheck protection loan	379,707	-	-	379,707
Mortgage payable	<u>-</u>	<u>376,323</u>	<u>-</u>	<u>376,323</u>
Total liabilities	<u>733,064</u>	<u>376,323</u>	<u>-</u>	<u>1,109,387</u>
NET ASSETS				
Without donor restrictions				
Undesignated	1,905,613	1,040,831	(1,040,831)	1,905,613
Designated	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Total without donor restrictions	<u>2,405,613</u>	<u>1,040,831</u>	<u>(1,040,831)</u>	<u>2,405,613</u>
With donor restrictions	<u>9,854,721</u>	<u>-</u>	<u>-</u>	<u>9,854,721</u>
Total net assets	<u>12,260,334</u>	<u>1,040,831</u>	<u>(1,040,831)</u>	<u>12,260,334</u>
Total liabilities and net assets	<u>\$12,993,398</u>	<u>\$ 1,417,154</u>	<u>\$(1,040,831)</u>	<u>\$ 13,369,721</u>

See independent auditor's report.

I Have A Dream® Foundation of Boulder County, Inc.
Consolidating Information—Statement of Activities
For the Year Ended December 31, 2020

	I Have A Dream® Foundation of Boulder County, Inc.	Manhattan Circle LLC	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions				
Support				
Special events	\$ 154,093	\$ -	\$ -	\$ 154,093
Cash/grant contributions	-	-	-	-
In-kind contributions	444,430	-	-	444,430
Miscellaneous income	38,897	-	(23,571)	15,326
Rental income	-	60,000	(60,000)	-
Release from restrictions	3,141,335	-	-	3,141,335
Total Support	<u>3,778,755</u>	<u>60,000</u>	<u>(83,571)</u>	<u>3,755,184</u>
Expenses				
Program Services	3,483,836	7,873	(30,000)	3,461,709
Management and general	547,941	28,557	(30,000)	546,498
Fundraising	218,009	-	-	218,009
Total expenses	<u>4,249,786</u>	<u>36,429</u>	<u>(60,000)</u>	<u>4,226,215</u>
Change in net assets without donor restrictions	<u>(471,031)</u>	<u>23,571</u>	<u>(23,571)</u>	<u>(471,031)</u>
With Donor Restrictions				
Contributions	3,631,951	-	-	3,631,951
Net assets released from restrictions	<u>(3,141,335)</u>	<u>-</u>	<u>-</u>	<u>(3,141,335)</u>
Change in net assets with donor restrictions	<u>490,616</u>	<u>-</u>	<u>-</u>	<u>490,616</u>
Change in Net Assets	19,585	23,571	(23,571)	19,585
Net Assets, Beginning of Year	12,240,750	1,017,260	(1,017,260)	12,240,750
Net Assets, End of Year	<u>\$ 12,260,335</u>	<u>\$ 1,040,831</u>	<u>\$ (1,040,831)</u>	<u>\$ 12,260,335</u>

See independent auditor's report.