

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

Consolidated Financial Statements and Report
of
Independent Auditor

December 31, 2019 and 2018

Table of Contents

	Page
Independent Auditor's Report	1-2
 Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Consolidated Statements of Functional Expenses	6-7
Notes to Financial Statements	8-19
 Supplemental Information	
Consolidating Statement of Financial Position	20
Consolidating Statement of Activities	21



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of I Have A Dream® Foundation of Boulder County, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of I Have A Dream® Foundation of Boulder County, Inc. and subsidiary as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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
October 16, 2020

I Have A Dream® Foundation of Boulder County, Inc.
Consolidated Statements of Financial Position
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash (Note 2)	\$ 2,067,969	\$ 2,356,809
Accounts receivable (Note 4)	106,089	89,271
Unconditional promises to give (Note 4)	145,007	13,341
Prepaid expenses	<u>23,755</u>	<u>85,058</u>
Total Current Assets	<u>2,342,820</u>	<u>2,544,479</u>
Scholarship investments (Note 2)	5,439,669	4,370,836
With donor restrictions- program investments	3,561,323	2,457,366
With donor restrictions- certificates of deposit	154,763	154,186
Property and equipment- net (Note 5)	<u>1,351,718</u>	<u>1,437,452</u>
Total Assets	<u>\$ 12,850,293</u>	<u>\$ 10,964,319</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 87,409	\$ 93,772
Accrued compensated absences & payroll liabilities	116,942	25,918
Current portion of note payable	<u>28,846</u>	<u>27,948</u>
Total Current Liabilities	<u>233,197</u>	<u>147,638</u>
Long-term Liabilities		
Note payable (Note 15)	405,191	432,998
Less current portion	<u>(28,846)</u>	<u>(27,948)</u>
Total Long-term Liabilities	<u>376,345</u>	<u>405,050</u>
Net Assets		
Without donor restrictions		
— undesignated	2,376,646	2,097,926
— Board designated (Note 9)	500,000	500,000
With donor restrictions	<u>9,364,105</u>	<u>7,813,705</u>
Total Net Assets	<u>12,240,751</u>	<u>10,411,631</u>
Total Liabilities and Net Assets	<u>\$ 12,850,293</u>	<u>\$ 10,964,319</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, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Support				
Special events	\$ 444,580	-	\$ 444,580	\$ 713,788
Cash contributions (Note 2)	-	4,048,280	4,048,280	2,493,708
Grants (Note 2)	-	641,499	641,499	984,223
Net investment activity (Note 10)	-	677,072	677,072	(151,919)
In-kind contributions (Note 6)	502,042	-	502,042	534,396
Miscellaneous income	9,676	-	9,676	7,970
Rental income	-	-	-	6,500
Release from restrictions (Note 8)	<u>3,816,451</u>	<u>(3,816,451)</u>	<u>-</u>	<u>-</u>
Total Support	<u>4,772,749</u>	<u>1,550,400</u>	<u>6,323,149</u>	<u>4,588,666</u>
Expenses				
Program services	3,752,633	-	3,752,633	3,293,378
Supporting services:				
Management and general	440,695	-	440,695	424,028
Fundraising	<u>300,702</u>	<u>-</u>	<u>300,702</u>	<u>283,527</u>
Total Expenses	<u>4,494,029</u>	<u>-</u>	<u>4,494,029</u>	<u>4,000,933</u>
Increase in Net Assets	278,720	1,550,400	1,829,120	587,733
Net Assets—Beginning of Year	<u>2,597,926</u>	<u>7,813,705</u>	<u>10,411,631</u>	<u>9,823,898</u>
Net Assets—End of Year	<u>\$ 2,876,646</u>	<u>\$ 9,364,105</u>	<u>\$12,240,751</u>	<u>\$10,411,631</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Change in Cash		
Net Cash from Operating Activities:		
Cash received from donors	\$5,668,291	\$4,900,409
Cash received from rents	-	6,500
Cash paid to suppliers, employees and program expenses	<u>(4,274,713)</u>	<u>(3,899,397)</u>
Net Cash from Operating Activities	<u>1,393,578</u>	<u>1,007,512</u>
Cash Flows from Investing Activities		
Net (purchase) of investments	(1,666,993)	(544,968)
Proceeds from sale of assets	12,382	-
(Purchase) of fixed assets	<u>-</u>	<u>(180,501)</u>
Net Cash from Investing Activities	<u>(1,654,611)</u>	<u>(725,469)</u>
Cash Flows from Financing Activities		
Principal payments on notes payable	<u>(27,807)</u>	<u>(221,986)</u>
Net Cash from Financing Activities	<u>(27,807)</u>	<u>(221,986)</u>
Net Change in Cash	(288,840)	60,057
Cash—Beginning of Year	<u>2,356,809</u>	<u>2,296,752</u>
Cash—End of Year	<u>\$2,067,969</u>	<u>\$2,356,809</u>
Reconciliation of Change in Net Assets to		
Net Cash from Operating Activities:		
Operating income	<u>\$1,829,120</u>	<u>\$ 587,733</u>
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	73,352	63,372
Non-cash contributions	-	(46,315)
Unrealized (gain) loss on investments	(506,374)	423,096
Net changes in assets and liabilities:		
Accounts receivable	(148,484)	(58,538)
Prepaid expenses	61,303	(5,082)
Accounts payable	(6,363)	44,932
Tenant deposits	-	(1,200)
Accrued compensated absences & payroll liabilities	91,024	1,714
Property taxes payable	<u>-</u>	<u>(2,200)</u>
Total Adjustments	<u>(435,542)</u>	<u>419,779</u>
Net Cash from Operating Activities	<u>\$1,393,578</u>	<u>\$1,007,512</u>

Noncash items of \$502,042 (2019) and \$534,396 (2018) 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, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
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	-	16,571
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 and printing	-	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	<u>25,704</u>	<u>1,680</u>	<u>-</u>	<u>27,384</u>
Subtotal	3,401,509	440,695	300,702	4,142,904
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	<u>21,137</u>	<u>-</u>	<u>-</u>	<u>21,137</u>
Scholarship expenses total	351,124	-	-	351,124
Total Expenses	<u>\$ 3,752,633</u>	<u>\$ 440,695</u>	<u>\$ 300,702</u>	<u>\$ 4,494,028</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 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Academic/enrichment activities	\$ 312,403	\$ -	\$ -	\$ 312,403
AmeriCorps expenses	754,106	-	-	754,106
Bank fees	-	20,582	-	20,582
Depreciation	42,686	20,684	-	63,370
Dues, fees and memberships	11,826	7,008	-	18,834
Food and venue	-	-	89,623	89,623
Insurance	30,691	8,239	-	38,930
Interest	9,814	9,814	-	19,628
Marketing	-	-	13,730	13,730
Meetings, trainings and workshops	23,186	18,854	-	42,040
Miscellaneous	7,950	15,127	-	23,077
Occupancy	8,249	9,508	-	17,757
Office supplies	13,190	11,980	696	25,866
Postage	80	4,225	-	4,305
Professional services	22,190	51,645	9,680	83,515
Program education & recruitment	7,085	-	-	7,085
Salaries and related costs	1,543,851	242,705	169,798	1,956,354
Social/cultural activities	58,649	-	-	58,649
Technology equipment and support	29,059	-	-	29,059
Telephone	12,154	1,719	-	13,873
Transportation and travel	40,381	1,938	-	42,319
Subtotal	2,927,550	424,028	283,527	3,635,105
Scholarship expenses				
I Have A Dream scholarships	57,490	-	-	57,490
Other scholarships	216,728	-	-	216,728
COSI scholarships	71,166	-	-	71,166
Investment management fees	20,444	-	-	20,444
Scholarship expenses total	365,828	-	-	365,828
Total	<u>\$ 3,293,378</u>	<u>\$ 424,028</u>	<u>\$ 283,527</u>	<u>\$ 4,000,933</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, 2019 and 2018

1. Organization

Organization

I Have A Dream® Foundation of Boulder County, Inc. (the “Organization”) was formed in 1990 to facilitate and promote life-long learning, school success, and self-sufficiency through extensive educational and support services. Low-income, at-risk youth are selected to receive post-secondary school scholarships and the long-term support needed to stay in school and achieve their personal academic and vocational goals.

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, 2019 and 2018

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, 2019, the Organization had cash and certificates of deposit with a carrying value of \$2,067,969, bank balances of \$1,990,534, of which \$1,583,902 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, 2019 and 2018

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, 2019 and 2018, respectively, as follows:

	2019	2018
<u>Level 1</u>		
Mutual Funds	\$8,994,302	\$6,821,515
Certificates of Deposit	154,763	154,186
Money Market	<u>6,690</u>	<u>6,687</u>
Total Investments	<u>\$9,155,755</u>	<u>\$6,982,388</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, 2019 and 2018, 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, 2019 and 2018

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, 2019 and 2018. 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 2019 and 2018.

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

Notes to Financial Statements

December 31, 2019 and 2018

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 2016.

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.

Prior Year Presentation

Certain 2018 balances have been reclassified in order to conform to current year presentation.

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. A delay in the adoption of the standard was approved in 2019 therefore, this update is effective in annual reporting periods beginning after December 15, 2020. The Company is evaluating the impact of this update on the Company's financial statements.

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 Organization is currently evaluating the effect that the new standard will have on its financial statements and related disclosures.

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

Notes to Financial Statements

December 31, 2019 and 2018

3. Liquidity and Availability

The following represents the Organization's financial assets at December 31, 2019:

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 guiding 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.

	2019
Financial assets at period end:	
Cash & cash equivalents	\$ 2,067,969
Certificates of deposit	154,763
Investments	9,000,992
Accounts receivable and promises to give	251,096
Total financial assets	11,474,820
 Donor-imposed restrictions:	
Funds subject to time and purpose restrictions	(9,364,105)
Net financial assets after donor-imposed restrictions	2,110,715
 Board designations:	
Operating reserves	(500,000)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,610,715

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

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018 were \$145,007 and \$13,341, respectively. All amounts are receivable within one year.

On the statement of financial position, accounts receivable as of December 31, 2019 and 2018 were \$106,089 and \$89,271, respectively. All amounts are receivable within one year.

5. Property and Equipment

Property and equipment consist of the following items at December 31, 2019 and 2018:

	2019	2018
Land	\$475,000	\$475,000
Building and improvements	925,327	925,327
Computers and equipment	114,464	114,464
Vehicles	353,352	365,735
Less accumulated depreciation	<u>(516,425)</u>	<u>(443,074)</u>
Net property and equipment	<u>\$1,351,718</u>	<u>\$1,437,452</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, 2019 and 2018:

	2019	2018
AmeriCorps Volunteers	\$484,396	\$484,396
America Reads	<u>17,646</u>	<u>50,000</u>
Total in-kind contributions	<u>\$502,042</u>	<u>\$534,396</u>

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

Notes to Financial Statements

December 31, 2019 and 2018

7. Related Party Transactions

During 2019 and 2018, board members made cash contributions of \$74,754 and \$94,768, respectively.

During 2018, a Board member of the Organization was the Market President at Independent Bank (formerly known as Guaranty Bank and Trust), where the Organization secured financing to purchase their building. This loan was modified in 2016. The Organization went through the loan application process with various banks. The Board member's term subsequently ended during 2019.

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, 2019 and 2018 are listed below by class:

	<u>2019</u>	<u>2018</u>
Programs and operations	\$2,001,524	\$2,487,836
Harvey memorial fund	2,039,221	1,065,680
Phoenix scholarships	607,895	537,963
Oak scholarships	446,113	380,609
Ryan scholarships	437,629	376,113
Eagle scholarships	437,629	376,113
Aspen scholarships	439,049	374,581
Iris scholarships	336,025	371,515
Rocky Mountain scholarships	404,248	344,891
Elk scholarships	354,190	302,337
Carbon Valley scholarships	297,969	254,219
LaVista scholarships	297,969	254,219
Alicia scholarships	282,817	241,259
Diagonal court scholarships	316,837	-
COSI scholarships	437,465	230,880
Reserve scholarships	220,835	208,803
Dakota scholarships	6,690	6,687
Total	<u>\$9,364,105</u>	<u>\$7,813,705</u>

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

Notes to Financial Statements

December 31, 2019 and 2018

8. Net Assets with Donor Restrictions (continued)

Net assets in the amount of \$3,816,451 and \$2,756,734 were released from restrictions during 2019 and 2018, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

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, 2019 and 2018; 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, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 106,650	\$ 94,570
Realized gains	64,048	176,607
Unrealized gains (losses)	<u>506,374</u>	<u>(423,096)</u>
Total investment income (loss)	<u>\$ 677,072</u>	<u>\$(151,919)</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 increases to 4% of eligible compensation 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, 2019 and 2018 were \$39,728 and \$28,505, respectively.

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

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019, the balances in The Community Foundation endowment funds were \$107,959 and \$69,149 and the total 2019 net investment gains at \$27,646. At December 31, 2018, the balances in The Community Foundation endowment funds were \$97,482 and \$62,676, and the total 2018 net investment losses were (\$17,444).

13. Contingencies

The Organization is committed to fund "last dollar" tuition-assistance scholarships through the contributions of sponsors. The Organization anticipates that this will be funded through additional sponsor contributions and general fundraising efforts. The Organization's most recent scholarship projections indicate no additional funds will be needed to cover scholarship disbursement obligations through 2023; however, this projection is based on assumptions of future contributions and market returns and can change. Also see Notes Payable- Note 16.

14. Special Events

I Have A Dream raised \$444,580 from Special Events in 2019. The gross proceeds from the Dream Maker Luncheon and Dream Maker Breakfast of \$344,778 were designated for programming services.

15. Note 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.

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

Notes to Financial Statements

December 31, 2019 and 2018

15. Note Payable (continued)

Following is a schedule of the future loan payments:

Years ending December 31:

2020	\$ 28,846
2021	29,847
2022	30,847
2023	31,878
2024	32,919
Thereafter	<u>250,854</u>

Total Long-term note payable \$ 405,191

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.

16. Leasing Activities

In 2015, the Organization's wholly owned subsidiary, Manhattan Circle LLC, purchased the building at 5390 Manhattan Circle, Boulder, Colorado with two pre-existing lease office suites and was required to honor those leases.

The leases were gross leases with one lease term ending in June 2017 and the other ending in April 2018. I Have a Dream Foundation of Boulder County, Inc. is now the sole occupant of the building.

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

Notes to Financial Statements

December 31, 2019 and 2018

17. Subsequent Events

Subsequent events were evaluated through October 16, 2020, which is the date the financial statements were available to be issued. January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of CoVID-19 include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The pandemic and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization has maintained sufficient cash flow to continue operating.

I Have A Dream® Foundation of Boulder County, Inc.
Consolidating Information—Statement of Financial Position
December 31, 2019

	I Have A Dream® Foundation of Boulder County, Inc.	Manhattan Circle LLC	Eliminations	Consolidated Total
ASSETS				
Cash	\$ 1,947,891	\$ 120,078	\$ -	\$ 2,067,970
Accounts receivable	106,089	-	-	106,089
Unconditional promises to give	145,007	-	-	145,007
Prepaid expenses	23,755	-	-	23,755
Investment in subsidiary	1,017,260	-	(1,017,260)	-
Scholarship investments	5,439,669	-	-	5,439,669
With donor restrictions program investments	3,561,323	-	-	3,561,323
With donor restrictions certificates of deposit	154,763	-	-	154,763
Property and equipment, net	<u>49,345</u>	<u>1,302,373</u>	<u>-</u>	<u>1,351,718</u>
Total assets	<u>\$12,445,102</u>	<u>\$ 1,422,451</u>	<u>\$(1,017,260)</u>	<u>\$ 12,850,293</u>
LIABILITIES				
Accounts payable, trade	\$ 87,409	\$ -	\$ -	\$ 87,409
Accrued compensated absences & payroll liabilities	116,942	-	-	116,942
Note payable	<u>-</u>	<u>405,191</u>	<u>-</u>	<u>405,191</u>
Total liabilities	<u>204,351</u>	<u>405,191</u>	<u>-</u>	<u>609,542</u>
NET ASSETS				
Without donor restrictions				
Undesignated	2,376,646	1,017,260	(1,017,260)	2,376,646
Designated	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Total without donor restrictions	<u>2,876,646</u>	<u>1,017,260</u>	<u>(1,017,260)</u>	<u>2,876,646</u>
With donor restrictions	<u>9,364,105</u>	<u>-</u>	<u>-</u>	<u>9,364,105</u>
Total net assets	<u>12,240,751</u>	<u>1,017,260</u>	<u>(1,017,260)</u>	<u>12,240,751</u>
Total liabilities and net assets	<u>\$12,445,102</u>	<u>\$ 1,422,451</u>	<u>\$(1,017,260)</u>	<u>\$ 12,850,293</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, 2019

	I Have A Dream® Foundation of Boulder County, Inc.	Manhattan Circle LLC	Eliminations	Consolidated Total
Net Assets Without Donor Restrictions				
Support				
Special events	\$ 444,580	\$ -	\$ -	\$ 444,580
Cash/grant contributions	-	-	-	-
In-kind contributions	502,042	-	-	502,042
Miscellaneous income	33,021	-	(23,345)	9,676
Rental income	-	60,600	(60,600)	-
Release from restrictions	<u>3,816,451</u>	<u>-</u>	<u>-</u>	<u>3,816,451</u>
Total Support	<u>4,796,094</u>	<u>60,600</u>	<u>(83,945)</u>	<u>4,772,749</u>
Expenses				
Program Services	3,774,647	8,286	(30,300)	3,752,633
Management and general	442,025	28,970	(30,300)	440,695
Fundraising	<u>300,702</u>	<u>-</u>	<u>-</u>	<u>300,702</u>
Total expenses	<u>4,517,374</u>	<u>37,255</u>	<u>(60,600)</u>	<u>4,494,029</u>
Change in net assets without donor restrictions	<u>278,720</u>	<u>23,345</u>	<u>(23,345)</u>	<u>278,720</u>
With Donor Restrictions				
Contributions	5,366,851	-	-	5,366,851
Net assets released from restrictions	<u>(3,816,451)</u>	<u>-</u>	<u>-</u>	<u>(3,816,451)</u>
Change in net assets with donor restrictions	<u>1,550,400</u>	<u>-</u>	<u>-</u>	<u>1,550,400</u>
Change in Net Assets	1,829,120	23,345	(23,345)	1,829,120
Net Assets, Beginning of Year	10,411,631	993,915	(993,915)	10,411,631
Net Assets, End of Year	<u>\$ 12,240,751</u>	<u>\$ 1,017,260</u>	<u>\$ (1,017,260)</u>	<u>\$ 12,240,751</u>

See independent auditor's report.