

**GROWING HOME, INC.**

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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# CLAIRE SONNIER, CPA

A PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Growing Home, Inc.  
Westminster, Colorado

We have audited the accompanying consolidated statements of financial position of Growing Home, Inc. (a nonprofit corporation) as of December 31, 2018 and 2017 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Growing Home, Inc. as of December 31, 2018 and 2017 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.

**Other Matters (continued)***Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2019, on our consideration of Growing Home, Inc.'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 Growing Home, Inc.'s internal control over financial reporting and compliance.



CLAIRE SONNIER, CPA, PC  
Aurora, Colorado

May 21, 2019

**GROWING HOME, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,586,012	\$ 1,589,637
Grants, pledges and contributions receivable:		
Grants receivable	246,544	256,180
Pledges and contributions receivable - current	131,565	190,267
Total grants, pledges and contributions receivable	<u>378,109</u>	<u>446,447</u>
Investments	66,130	66,950
Prepaid expenses and deposits	36,857	26,201
Funded deposits and reserves	10,989	12,663
Total current assets	<u>2,078,097</u>	<u>2,141,898</u>
Land, building and equipment, net of accumulated depreciation of \$610,347 and \$568,039	<u>1,131,862</u>	<u>1,174,170</u>
Other assets		
Pledges and contributions receivable - long-term	495,308	274,292
Beneficial interest held by a community foundation	23,977	25,577
Total other assets	<u>519,285</u>	<u>299,869</u>
Total assets	<u><u>\$ 3,729,244</u></u>	<u><u>\$ 3,615,937</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 64,510	\$ 39,471
Accrued expenses	50,790	37,060
Advances and deposits	10,988	12,663
Current portion of notes payable	8,421	7,974
Total current liabilities	<u>134,709</u>	<u>97,168</u>
Long-term liabilities		
Long-term portion of notes payable	<u>256,608</u>	<u>264,904</u>
Total liabilities	<u>391,317</u>	<u>362,072</u>
Net assets		
Net assets without donor restrictions		
Undesignated	2,500,998	2,590,547
Board designated	23,977	25,577
Total net assets without donor restrictions	<u>2,524,975</u>	<u>2,616,124</u>
Net assets with donor restrictions		
Time restricted	626,873	496,893
Purpose restricted	186,079	140,848
Total net assets with donor restrictions	<u>812,952</u>	<u>637,741</u>
Total net assets	<u>3,337,927</u>	<u>3,253,865</u>
Total liabilities and net assets	<u><u>\$ 3,729,244</u></u>	<u><u>\$ 3,615,937</u></u>

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

**GROWING HOME, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES, GAINS AND SUPPORT			
Support			
Grants and contributions	\$ 450,177	\$ 763,985	\$ 1,214,162
Government grants	1,428,411	-	1,428,411
Value of interest free loan	7,000	-	7,000
Total support	1,885,588	763,985	2,649,573
Revenues and gains			
Rental income	132,512	-	132,512
Net investment income	4,635	-	4,635
Total revenues and gains	137,147	-	137,147
Net assets released from restrictions			
Expiration of time restrictions	226,751	(226,751)	-
Satisfaction of program restrictions	362,023	(362,023)	-
Total revenues, gains and support	2,611,509	175,211	2,786,720
EXPENSES			
Program services			
Strengthening families	788,792	-	788,792
Nurturing children	1,160,019	-	1,160,019
Creating community	163,637	-	163,637
Total program services	2,112,448	-	2,112,448
Supporting services			
General and administrative	307,578	-	307,578
Fundraising	282,632	-	282,632
Total supporting services	590,210	-	590,210
Total expenses	2,702,658	-	2,702,658
CHANGE IN NET ASSETS	(91,149)	175,211	84,062
NET ASSETS, BEGINNING OF PERIOD	2,616,124	637,741	3,253,865
NET ASSETS, END OF PERIOD	\$ 2,524,975	\$ 812,952	\$ 3,337,927

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

**GROWING HOME, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2017

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES, GAINS AND SUPPORT			
Support			
Grants and contributions	\$ 1,338,215	\$ 422,484	\$ 1,760,699
Government grants	1,354,613	-	1,354,613
Value of interest free loan	7,000	-	7,000
Total support	<u>2,699,828</u>	<u>422,484</u>	<u>3,122,312</u>
Revenues and gains			
Rental income	118,784	-	118,784
Net investment income	36,794	-	36,794
Total revenues and gains	<u>155,578</u>	<u>-</u>	<u>155,578</u>
Net assets released from restrictions			
Expiration of time restrictions	252,252	(252,252)	-
Satisfaction of program restrictions	221,768	(221,768)	-
Total revenues, gains and support	<u>3,329,426</u>	<u>(51,536)</u>	<u>3,277,890</u>
EXPENSES			
Program services			
Strengthening families	521,351	-	521,351
Nurturing children	1,310,847	-	1,310,847
Creating community	113,245	-	113,245
Total program services	<u>1,945,443</u>	<u>-</u>	<u>1,945,443</u>
Supporting services			
General and administrative	351,591	-	351,591
Fundraising	226,702	-	226,702
Total supporting services	<u>578,293</u>	<u>-</u>	<u>578,293</u>
Total expenses	<u>2,523,736</u>	<u>-</u>	<u>2,523,736</u>
CHANGE IN NET ASSETS	805,690	(51,536)	754,154
NET ASSETS, BEGINNING OF PERIOD	<u>1,810,434</u>	<u>689,277</u>	<u>2,499,711</u>
NET ASSETS, END OF PERIOD	<u>\$ 2,616,124</u>	<u>\$ 637,741</u>	<u>\$ 3,253,865</u>

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

**GROWING HOME, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2018

	Program Services			Supporting Services		Total expenses
	Strengthening Families	Nurturing Children	Connecting Community	General and administrative	Fundraising	
Salaries	\$ 329,693	\$ 740,839	\$ 105,384	\$ 115,652	\$ 165,587	\$ 1,457,155
Payroll taxes	25,764	57,150	8,465	7,925	12,949	112,253
Employee benefits	37,149	129,149	9,485	26,061	15,854	217,698
<b>Total salaries and related expenses</b>	<b>392,606</b>	<b>927,138</b>	<b>123,334</b>	<b>149,638</b>	<b>194,390</b>	<b>1,787,106</b>
Professional services	32,772	34,040	18,138	84,315	2,700	171,965
Supplies and postage	3,258	8,254	350	13,444	1,688	26,994
Telephone and Technology	26,137	65,965	8,713	7,468	16,180	124,463
Rent	16,976	42,844	5,659	4,850	10,509	80,838
Insurance	4,536	11,448	1,512	1,296	2,808	21,600
Development expenses	-	-	-	-	37,920	37,920
Interest and bank charges	11,154	-	-	4,705	-	15,859
Interest imputed on FHLB loan	7,000	-	-	-	-	7,000
Travel expense	3,943	15,591	371	3,693	11,219	34,817
Staff development and volunteer appreciation	2,442	9,230	1,552	4,356	1,260	18,840
Printing	1,725	4,354	575	493	1,068	8,215
Program expenses	171,099	35,892	2,332	7,175	2,266	218,764
Maintenance and repair	41,153	2,387	432	156	-	44,128
Utilities	23,738	-	-	-	-	23,738
Management fees	10,206	-	-	-	-	10,206
Bad debt expense	-	-	-	24,795	-	24,795
Miscellaneous	1,530	333	333	906	-	3,102
	<b>357,669</b>	<b>230,338</b>	<b>39,967</b>	<b>157,652</b>	<b>87,618</b>	<b>873,244</b>
<b>Total expenses before depreciation</b>	<b>750,275</b>	<b>1,157,476</b>	<b>163,301</b>	<b>307,290</b>	<b>282,008</b>	<b>2,660,350</b>
Depreciation	38,517	2,543	336	288	624	42,308
<b>Total expenses</b>	<b>\$ 788,792</b>	<b>\$ 1,160,019</b>	<b>\$ 163,637</b>	<b>\$ 307,578</b>	<b>\$ 282,632</b>	<b>\$ 2,702,658</b>

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



**GROWING HOME, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2017

	Program Services			Supporting Services		Total expenses
	Strengthening Families	Nurturing Children	Connecting Community	General and administrative	Fundraising	
Salaries	\$ 232,075	\$ 859,380	\$ 82,319	\$ 128,588	\$ 131,056	\$ 1,433,418
Payroll taxes	18,653	68,111	6,703	8,264	10,498	112,229
Employee benefits	26,291	144,176	6,321	10,576	11,990	199,354
<b>Total salaries and related expenses</b>	<b>277,019</b>	<b>1,071,667</b>	<b>95,343</b>	<b>147,428</b>	<b>153,544</b>	<b>1,745,001</b>
Professional services	1,385	23,770	-	80,109	961	106,225
Supplies and postage	2,382	1,459	103	7,420	682	12,046
Telephone and Technology	18,230	80,210	7,292	4,861	10,938	121,531
Rent	11,823	52,019	4,729	3,153	7,093	78,817
Insurance	3,831	16,859	1,533	1,022	2,299	25,544
Development expenses	-	-	-	35	34,492	34,527
Interest and bank charges	11,487	-	-	3,558	-	15,045
Interest imputed on FHLB loan	7,000	-	-	-	-	7,000
Travel expense	5,392	22,541	545	4,260	12,837	45,575
Staff development and volunteer appreciation	387	3,660	1,587	8,743	1,470	15,847
Printing	953	4,192	381	254	572	6,352
Program expenses	70,895	27,178	882	1,584	1,052	101,591
Maintenance and repair	35,261	1,701	342	1,312	-	38,616
Utilities	26,216	-	-	172	-	26,388
Management fees	9,600	-	-	-	-	9,600
Bad debt expense	-	-	-	87,190	-	87,190
Miscellaneous	710	-	-	151	-	861
	<b>205,552</b>	<b>233,589</b>	<b>17,394</b>	<b>203,824</b>	<b>72,396</b>	<b>732,755</b>
<b>Total expenses before depreciation</b>	<b>482,571</b>	<b>1,305,256</b>	<b>112,737</b>	<b>351,252</b>	<b>225,940</b>	<b>2,477,756</b>
Depreciation	38,780	5,591	508	339	762	45,980
<b>Total expenses</b>	<b>\$ 521,351</b>	<b>\$ 1,310,847</b>	<b>\$ 113,245</b>	<b>\$ 351,591</b>	<b>\$ 226,702</b>	<b>\$ 2,523,736</b>

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

**GROWING HOME, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from grantors and donors	\$ 1,051,313	\$ 1,860,751
Received from government sources	1,438,582	1,448,251
Received from housing rentals	132,511	119,529
Interest and dividends received	8,162	16,950
Interest paid	(11,034)	(11,438)
Paid to suppliers and employees	(2,614,203)	(2,428,213)
Net cash provided by operating activities	<u>5,331</u>	<u>1,005,830</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of donated property	-	279,844
Investment in beneficial interest held by a community foundation	-	(25,577)
Investment in stock	(1,107)	(25,539)
Net cash provided (used) by investing activities	<u>(1,107)</u>	<u>228,728</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on mortgage debt	(7,849)	(7,576)
Net cash used by financing activities	<u>(7,849)</u>	<u>(7,576)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,625)</u>	<u>1,226,982</u>
Cash and cash equivalents, beginning of year	<u>1,589,637</u>	<u>362,655</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,586,012</u></u>	<u><u>\$ 1,589,637</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 84,062	\$ 754,154
Adjustments to reconcile net cash used in operating activities		
Depreciation expense	42,308	45,981
(Increase) decrease in:		
Grants and donations receivable	(162,849)	100,052
Government grants receivable	10,171	93,638
Funded deposits and reserves	1,674	(1,231)
Prepaid expenses	(10,656)	3,475
Realized gain on sale of donated real estate	-	(19,843)
Loss on investments	3,527	-
Increase (decrease) in:		
Accounts payable	25,039	24,649
Accrued expenses	13,730	2,979
Advances and deposits	(1,675)	1,976
Total adjustments	<u>(78,731)</u>	<u>251,676</u>
Net cash provided by operating activities	<u><u>\$ 5,331</u></u>	<u><u>\$ 1,005,830</u></u>

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

**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 1 - NATURE OF ORGANIZATION**

Growing Home has provided services to strengthen families, nurture children, and create community since its inception in 1998. Over the years Growing Home evolved from a temporary housing program to offer wrap-around services and dual-generation programming so all family members may thrive. This growth was conscious and intentional, as Growing Home's leadership recognized that family homelessness has many contributing factors, and successfully addressing this problem requires multifaceted interventions to serve all family members. Today, Growing Home serves whole families with intensive supports to overcome immediate and long-term obstacles to family stability and self-sufficiency. Growing Home's wrap-around approach provides intensive supports to strengthen families during times of crisis by offering food, shelter, healthcare, and homeless prevention assistance. Early childhood interventions nurture children from birth through age eight with evidence-based programs that help prepare young kids for kindergarten and keep older kids on the path to success. Growing Home creates community by supporting neighborhood leaders as they learn to leverage their collective power to improve conditions for themselves and their neighbors. Growing Home combines high quality direct service strategies with efforts to advance systems change to build equity of opportunity for all. In 2018 Growing Home proudly served 9,967 individuals from 3,046 families.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Accounting**

The accrual basis of accounting is used for financial statement presentation. Under the accrual method of accounting, certain revenues and the related assets are recognized when earned rather than when received, and certain expenses and the related liabilities are recognized when incurred rather than when paid.

**b. Financial Statement Presentation**

Under the Financial Accounting Standards Board FASB ASC 958-210, Growing Home is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – consists of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Net assets with donor restrictions – includes funds with donor-imposed restrictions, which permit Growing Home to expend the assets only as specified and are satisfied either by the passage of time or by actions of the organization. Resources of this nature typically originate from gifts, grants, and bequests.

Growing Home reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**c. Cash and Cash Equivalents**

Growing Home considers all cash and cash equivalents to consist of currency on hand, demand deposits, money market funds and highly liquid investments with original maturities of three months or less.

**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Furniture and Equipment**

Furniture and equipment are stated at cost, or estimated value if donated, and depreciated over estimated lives of five to seven years. Leasehold improvements are recorded at cost and amortized over 20 years. Vehicles are recorded at cost and depreciated over a life of five years. The apartment building and renovations are depreciated over a 40-year estimated life. Assets purchased prior to August 2018 with a cost of greater than \$5,000 are capitalized if the useful life is greater than one year. Assets purchased in August 2018 or later with a cost of \$10,000 (\$5,000 if purchased with federal funds) are capitalized if the useful life is greater than one year. Depreciation expense is calculated using the straight-line method.

**e. Contributions and Pledges Receivable**

Contributions, including unconditional promises to give, are recorded as received. Growing Home reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Multi-year pledges are discounted to net present value calculated using the applicable 5-year U.S. Treasury note rate. An allowance for uncollectible pledges of 4% has been recorded for the years ended December 31, 2018 and 2017 in the amount of \$27,546 and \$19,876, respectively.

**f. In-kind Contributions**

Non-monetary items (fixed assets) that are donated to Growing Home are recorded at fair value on the date of the donation and depreciated. In-kind expenses that are donated to Growing Home and meet the criteria for recognition are recorded at estimated fair value on the date of the donation as contributions on the financial statements and expensed appropriately.

Many individuals volunteer their time in performing various services to Growing Home; however, these services do not meet the criteria for recording as set forth in FASB ASC 958-605 and, accordingly, their value has not been recorded.

**g. Investments**

Investments are measured and reported at fair value. Those with a readily determinable fair value are based on quotations obtained from national security exchanges. All investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes, could materially affect the amount reported in the financial statements. Net investment income reported in the statement of activities includes interest, dividends, and realized and unrealized gains or losses.

**h. Beneficial Interest Held by a Community Foundation**

A beneficial interest held by a community foundation is reported at fair value in the statement of financial position. Fair value is determined as a percentage of ownership of pooled investments managed by the community foundation.

**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***i. 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

***j. Income Taxes***

Growing Home, Inc., is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code (IRC) as a public charity, as described in Section 501(c)(3). Westchester Apartments LLLP is fully owned by tax exempt entities and is treated as a disregarded entity by the Internal Revenue Service.

Growing Home, Inc. follows FASB ASC 740 *Income Taxes*, which requires entities to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. Growing Home, Inc. has evaluated tax positions taken related to its tax-exempt status, and none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2018.

***k. Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

Growing Home maintains bank accounts at various financial institutions. The balances of accounts at one institution at December 31, 2018 exceeded the \$250,000 per depositor insured limit set by the FDIC.

**NOTE 4 - WESTCHESTER APARTMENTS, LLLP AND BASIS OF CONSOLIDATION**

The accompanying consolidated financial statements include the accounts of Westchester Apartments, LLLP, a partnership of Growing Home and Adams County Housing Authority where Growing Home has a 99.5% interest and Adams County Housing Authority has a 0.5% interest. The partnership was formed during 2005 for the purpose of purchasing and managing a residential housing complex to provide affordable housing for low income individuals. All intercompany transactions have been eliminated in consolidation.

**NOTE 5 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

For the year ended December 31, 2018, Growing Home adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restriction and amounts previously reported as temporarily restricted net assets, are now reported as net assets with donor restrictions.

**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 6 - LIQUIDITY AND AVAILABILITY**

Growing Home has the following financial assets available for general expenditure (i.e. without donor or other restrictions limiting their use) within one year of the statement of the balance sheet date to meet cash needs:

Cash and cash equivalents	\$ 1,586,012
Grants and pledges receivable, due in one year	378,109
Marketable securities	<u>66,130</u>
Available assets at December 31, 2018	2,030,251
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed purpose restrictions	( <u>186,079</u> )
Total	<u>\$ 1,844,172</u>

Growing Home is substantially supported by grants and contributions. The grants and pledges receivable are subject to implied time restrictions but are expected to be collected within one year. Growing Home manages its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Growing Home has an Investment Policy in place to ensure the financial stability of the mission, programs and ongoing operations. This policy lays out four funds (Operating, Operating Reserve, Long-Term Reserve, and Quasi-Endowment) with the ultimate goal of creating sustainability for the organization. The Operating Fund allows for immediate liquidity to meet ongoing operating needs. The Operating Reserve Fund is to ensure smooth operations, retention of key employees, and prevent unnecessary extra expense of operations due to insufficient cash flow from operation disruption caused by the difference in timing between planned revenues and planned expenses. Growing Home has a goal of having one to three month's operating expense invested within the Operating Reserve Fund, and the fund is required to be placed with instruments with an investment duration of 30 days or less. The Long-Term Reserve Fund supplements the Operating Reserve Fund so that the organization maintains an adequate combined liquid asset reserve of six months liquid assets. The Quasi-Endowment Funds are designated by the Board of Directors as endowments and are managed with the objective of maintaining and growing the principal in perpetuity. The Finance Committee plays an advisory role regarding all investment decisions.

In events subsequent to the 2018 year-end, Growing Home has not renewed our Line of Credit as we have determined that we have adequate levels of available liquid assets to buffer any periods of negative cash flows.

**NOTE 7 - PLEDGES AND CONTRIBUTIONS RECEIVABLE**

Pledges and contributions receivable related to support of Growing Home are accounted for in accordance with FASB ASC 958-605, which requires revenue to be recognized in the year a pledge is received regardless of when the cash for the pledge is received. During the years ended December 31, 2018 and 2017, Growing Home received new multi-year pledges, as well as cash payments in satisfaction of a portion of those pledges.

Pledges and contributions receivable to Growing Home are considered net assets with donor restrictions, due to the presumptive time restriction.

The discount on multi-year pledges has been calculated using the applicable 5-year U.S. Treasury note rate, which was 2.51% at December 31, 2018 and 2.20% at December 31, 2017. An allowance for uncollectible pledges receivable of 4% has been recorded.

**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 7 - PLEDGES AND CONTRIBUTIONS RECEIVABLE (continued)**

Pledges and contributions receivable are as follows as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Receivable within one year	\$ 131,565	\$ 190,267
Receivable in one to five years	521,283	306,626
Receivable after five years	<u>35,800</u>	<u>—</u>
Total to be received	688,648	496,893
Less: Discounts to net present value	(34,229)	(12,458)
Allowance for uncollectible pledges	<u>(27,546)</u>	<u>(19,876)</u>
Net pledges and contributions receivable (unconditional promises to give)	<u>\$ 626,873</u>	<u>\$ 464,559</u>

Pledges and contributions receivable are presented on the statement of financial position as follows:

	<u>2018</u>	<u>2017</u>
Pledges and contributions receivable - current	\$ 131,565	\$ 190,267
Pledges and contributions receivable – long term	<u>495,308</u>	<u>274,292</u>
Net pledges and contributions receivable	<u>\$ 626,873</u>	<u>\$ 464,559</u>

**NOTE 8 - INVESTMENTS**

Investments reported in the statement of financial position at December 31, 2018 and 2017 consist of donated securities which were valued at \$66,130 and \$66,950, respectively, and are held for the production of investment income.

**NOTE 9 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>Estimated Useful Life</u>	<u>2018</u>	<u>2017</u>
Land		\$ 94,786	\$ 94,786
Building and improvements	40 years	1,500,374	1,500,374
Furniture, fixtures and equipment	5-10 years	45,381	45,381
Vehicles	5 years	50,638	50,638
Leasehold improvements	20 years	<u>51,030</u>	<u>51,030</u>
		1,742,209	1,742,209
Less: accumulated depreciation and amortization		<u>(610,347)</u>	<u>(568,039)</u>
Net property and equipment		<u>\$ 1,131,862</u>	<u>\$ 1,174,170</u>

**NOTE 10 - NOTES PAYABLE**

In April 2014, Growing Home and Westchester Apartments refinanced a mortgage with a balance of \$229,223. Terms of the note include interest of 5.4% and monthly payments of \$1,574, with a balloon payment of \$146,061 due on March 15, 2024. This note is collateralized by the land and building of Westchester Apartments and all cash accounts that Growing Home and Westchester Apartments hold at that bank.

**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 10 - NOTES PAYABLE (continued)**

In addition, in October 2006, Growing Home and Westchester Apartments jointly received an Affordable Housing Program Loan for \$70,000 from the Federal Home Loan Bank. This loan carries an interest rate of 10% and is due October 2021; however, provided Westchester Apartments is maintained as an affordable housing project for fifteen years, no interest or principal payments are required, and the note will be forgiven at the end of the fifteen-year period. The value of interest that was imputed and forgiven on this loan was \$7,000 for each of the years ended December 31, 2018 and 2017.

Principal payments due on notes payable are as follows:

<u>Year Ended December 31:</u>	<u>Amount</u>
2019	\$ 8,421
2020	8,865
2021	9,392
2022	9,919
2023	80,476
Thereafter	<u>147,956</u>
Total	265,029
Less current portion	<u>(8,421)</u>
Long-term debt	\$ <u>256,608</u>

**NOTE 11 - BENEFICIAL INTEREST HELD BY A COMMUNITY FOUNDATION**

During the year ended December 31, 2017, Growing Home established a permanent fund at a community foundation with an initial investment of \$15,000 which was matched by a gift from the community foundation of \$10,000. The purpose of the fund is to provide cash flow to be used for present and future operations and programs. Under the agreement, this investment is considered an irrevocable gift to the community foundation to be held as a separate fund to be administered and distributed in accordance with the agreement. This investment is reported at fair value in the statement of financial position as a beneficial interest held by a community foundation and as net assets without donor restrictions-board designated.

**NOTE 12 - FAIR VALUE MEASUREMENTS**

The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Growing Home has the ability to access.
- Level 2      Quoted prices for similar instruments in active and inactive markets; and model driven valuation with significant inputs and drivers derived from observable active markets.
- Level 3      Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement.



**GROWING HOME, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**NOTE 12 - FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level, within the fair value hierarchy, Growing Home's investment assets at fair value as of December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,115	\$ -	\$ -	\$ 1,115
Common stock	65,015	-	-	65,015
Pooled investments	-	-	23,977	23,977
Total	<u>\$ 66,130</u>	<u>\$ -</u>	<u>\$ 23,977</u>	<u>\$ 90,107</u>

Assets at Fair Value as of December 31, 2017				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 11,491	\$ -	\$ -	\$ 11,491
Common stock	55,459	-	-	55,459
Pooled investments	-	-	25,577	25,577
Total	<u>\$ 66,950</u>	<u>\$ -</u>	<u>\$ 25,577</u>	<u>\$ 92,527</u>

The changes in the investment reported as Level 3 inputs to determine fair value are as follows:

January 1, 2017 balance	\$ -
Purchases	25,000
Distributions	-
Realized and unrealized gains, net	577
December 31, 2017 balance	<u>\$ 25,577</u>
January 1, 2018 balance	\$ 25,577
Realized and unrealized losses, net	(1,600)
December 31, 2018 balance	<u>\$ 23,977</u>

**NOTE 13 - FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. An analysis of time spent by personnel in each of the functional areas has been performed by management. The expenses that are allocated based on estimates of time and effort include personnel costs, telephone, rent, insurance, printing, and depreciation of office equipment. Depreciation expense for Westchester Apartments building and improvements has been reported in full in the Strengthening Families program class.

**NOTE 14 - PENSION PLAN**

Growing Home maintains a Section 403(b) tax-sheltered annuity plan whereby participating employees may contribute to the plan within limitations established by the Internal Revenue Service. At the discretion of the Board of Directors, Growing Home may also make matching contributions up to a certain percent of the amounts contributed by employees during the plan year. Employees are covered after meeting employment requirements specified in the plan documentation. Growing Home contributed \$43,448 and \$44,241 to the plan, respectively, in the years ended December 31, 2018 and 2017.

**GROWING HOME, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**NOTE 15 - LEASE COMMITMENTS**

Growing Home leases office space and facilities under a one year noncancelable operating lease agreement which expires December 31, 2019. In addition, a lease for office equipment was entered into in June 2016, which requires 36 monthly payments of \$302. Future minimum payments required under these leases are as follows:

<u>Year Ended December 31:</u>	<u>Amount</u>
2019	<u>\$ 69,256</u>

Growing Home also leases space for its day care and emergency shelter on a year-to-year basis for \$1,200 per month.

Total rent expense (including common area maintenance and property taxes) for these operating leases for the years ended December 31, 2018 and 2017 was \$84,465 and \$80,883, respectively.

**NOTE 16 - SUBSEQUENT EVENTS**

Growing Home has adopted the provisions of FASB ASC 855-10 *Subsequent Events*. This statement requires management to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. Growing Home's financial statements were available to be issued on May 21, 2019, and this is the date through which subsequent events were evaluated.

## SUPPLEMENTAL INFORMATION

**GROWING HOME, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>Pass-Through Awards:</b>			
U. S. Department of Health and Human Services/ Passed through by the State of Colorado Department of Human Services			
Maternal, Infant, and Early Childhood Home Visiting Program Cluster:			
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	18IHIA102715	\$ 759,038
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	19IHIA112168	<u>231,909</u>
Maternal, Infant, and Early Childhood Home Visiting Program Cluster Total			990,947
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	2017.329C	80,488
Temporary Assistance for Needy Families	93.558	2017.727	67,012
Temporary Assistance for Needy Families	93.558	2018.315A	<u>87,569</u>
TANF Cluster Total			235,069
U. S. Department of Housing and Urban Development/ Passed through by the State of Colorado Department of Local Affairs			
Emergency Solutions Grants Program	14.231	H8ESG17918	75,010
U. S. Department of Homeland Security/ Passed through by the Emergency Food and Shelter National Board Program:			
Emergency Food and Shelter Program	97.024	096800-037	<u>4,000</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,305,026</u></u>

See Notes to the Schedule of Expenditures of Federal Awards.

**GROWING HOME, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2018

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Growing Home, Inc., for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Growing Home, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Growing Home, Inc.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Growing Home, Inc. has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - SUBRECIPIENTS**

Growing Home, Inc. provided no federal awards to subrecipients.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Growing Home, Inc.  
Westminster, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Growing Home, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Growing Home, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Growing Home, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Growing Home, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Growing Home, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Claire Sonnier, CPA, PC".

CLAIRE SONNIER, CPA, PC  
Aurora, Colorado

May 21, 2019

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors  
Growing Home, Inc.  
Westminster, Colorado

### **Report on Compliance for Each Major Federal Program**

We have audited Growing Home, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Growing Home, Inc.'s major federal programs for the year ended December 31, 2018. Growing Home, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Growing Home, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Growing Home, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Growing Home, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Growing Home, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of Growing Home, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Growing Home, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Growing Home, Inc.'s internal control over compliance.



*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CLAIRE SONNIER, CPA, PC  
Aurora, Colorado

May 21, 2019

**GROWING HOME, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2018

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of Growing Home, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Growing Home, Inc. are reported.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for Growing Home, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The program tested as a major program is: Maternal, Infant, and Early Childhood Home Visiting Program Cluster - CFDA #93.870.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Growing Home, Inc. does not qualify as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None