

Growing Home, Inc.

**Consolidated Financial Statements
and Single Audit Reports**

December 31, 2021

(With Independent Auditor's Report Thereon)

*Kundinger, Corder
& Montoya, P.C.*

Certified Public Accountants

Growing Home, Inc.
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Independent Auditor's Report

**Board of Directors
Growing Home, Inc.**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Growing Home, Inc. which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Growing Home, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Growing Home, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 Growing Home, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Growing Home, Inc.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Growing Home, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Growing Home, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Board of Directors
Growing Home, Inc.**

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022 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 solely 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 the effectiveness of Growing Home, Inc.'s 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.

Kundinger, Corder & Montoya, P.C.

March 22, 2022

Growing Home, Inc.
Consolidated Statement of Financial Position
December 31, 2021

Assets

Cash and cash equivalents	\$ 1,053,368
Receivables, net of allowance for uncollectible accounts of \$17,580 (note 3)	660,742
Investments (note 4)	1,096,902
Prepaid expenses and other assets	40,778
Tenant security deposits	10,814
Beneficial interest in assets held by others (note 5)	36,746
Property and equipment, net (note 7)	<u>1,054,416</u>
Total assets	<u><u>\$ 3,953,766</u></u>

Liabilities and Net Assets

Accounts payable	\$ 13,085
Accrued liabilities	78,926
Tenant security deposits	10,689
Notes payable (note 8)	<u>238,102</u>
Total liabilities	<u>340,802</u>

Net assets (note 9)

Net assets without donor restrictions	
Undesignated	3,322,084
Board designated for endowment	<u>36,746</u>
Total net assets without donor restrictions	<u>3,358,830</u>
Net assets with donor restrictions	<u>254,134</u>
Total net assets	3,612,964
Commitments (notes 8, 11, and 12)	
Total liabilities and net assets	<u><u>\$ 3,953,766</u></u>

See the accompanying notes to the consolidated financial statements.

Growing Home, Inc.
Consolidated Statement of Activities
Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue, Support, and Gains			
Government grants	\$ 1,479,338	–	1,479,338
Grants and contributions	394,815	441,001	835,816
Government contracts	613,317	–	613,317
Donated goods and services (note 1(k))	635,834	–	635,834
Paycheck Protection Program loan forgiveness (note 10)	160,000	–	160,000
Special events revenue	108,877	52,000	160,877
Less direct expenses	(27,261)	–	(27,261)
Rental income	122,673	–	122,673
Net investment return	25,362	–	25,362
Other income	11,391	–	11,391
Net assets released from restrictions (note 9)	840,804	(840,804)	–
Total revenue, support, and gains	<u>4,365,150</u>	<u>(347,803)</u>	<u>4,017,347</u>
Expenses			
Program services			
Strengthening Families	2,040,627	–	2,040,627
Nurturing Children	1,099,208	–	1,099,208
Connecting Community	357,862	–	357,862
Total program services	<u>3,497,697</u>	<u>–</u>	<u>3,497,697</u>
Supporting services			
Management and general	267,804	–	267,804
Fund raising	197,148	–	197,148
Total supporting services	<u>464,952</u>	<u>–</u>	<u>464,952</u>
Total expenses	<u>3,962,649</u>	<u>–</u>	<u>3,962,649</u>
Change in net assets	402,501	(347,803)	54,698
Net assets at beginning of year	<u>2,956,329</u>	<u>601,937</u>	<u>3,558,266</u>
Net assets at end of year	<u><u>\$ 3,358,830</u></u>	<u><u>254,134</u></u>	<u><u>3,612,964</u></u>

See the accompanying notes to the consolidated financial statements.

Growing Home, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program services				Supporting services			
	Strengthening Families	Nurturing Children	Connecting Community	Total program services	Management and general	Fund raising	Total supporting services	Total expenses
Salaries	\$ 633,056	698,185	169,000	1,500,241	100,970	118,530	219,500	1,719,741
Benefits	70,646	98,381	22,133	191,160	19,217	16,377	35,594	226,754
Payroll taxes	52,439	58,585	13,846	124,870	9,014	9,801	18,815	143,685
Donated goods and services	622,622	—	2,819	625,441	5,816	4,577	10,393	635,834
Program expense	417,463	75,076	28,608	521,147	—	—	—	521,147
Professional fees	34,542	11,816	96,022	142,380	28,397	12,029	40,426	182,806
Office expenses	13,707	20,628	2,817	37,152	4,308	2,296	6,604	43,756
Information technology	32,856	48,868	9,061	90,785	10,710	3,589	14,299	105,084
Occupancy	121,382	47,801	2,987	172,170	35,708	1,078	36,786	208,956
Travel	311	9,145	688	10,144	455	43	498	10,642
Interest	9,384	—	—	9,384	—	—	—	9,384
Depreciation	19,149	17,184	6,383	42,716	982	5,401	6,383	49,099
Insurance	10,273	9,219	3,424	22,916	527	2,898	3,425	26,341
Fund raising expense	—	—	—	—	—	46,380	46,380	46,380
Bad debt	—	—	—	—	38,282	—	38,282	38,282
Other expenses	2,797	4,320	74	7,191	13,673	1,410	15,083	22,274
Total functional expenses	2,040,627	1,099,208	357,862	3,497,697	268,059	224,409	492,468	3,990,165
Less expenses included with revenue in the statement of activities	—	—	—	—	(255)	(27,261)	(27,516)	(27,516)
Total expenses	\$ 2,040,627	1,099,208	357,862	3,497,697	267,804	197,148	464,952	3,962,649

See the accompanying notes to the consolidated financial statements.

Growing Home, Inc.
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities	
Change in net assets	\$ 54,698
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	49,099
Loss on disposal of property and equipment	3,859
Bad debt	38,282
Net realized and unrealized gains on investments	(18,254)
Paycheck Protection Program loan forgiveness	(160,000)
Change in operating assets and liabilities	
Receivables	151,835
Prepaid expenses and other assets	28,265
Tenant security deposits (assets)	(1,576)
Beneficial interest in assets held by others	(6,921)
Accounts payable	(38,607)
Accrued liabilities	6,270
Tenant security deposits (liabilities)	1,451
Deferred revenue	(65,000)
Net cash provided by operating activities	<u>43,401</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(21,954)</u>
Net cash used in investing activities	<u>(21,954)</u>
Cash flows from financing activities	
Principal payments on notes payable	<u>(9,499)</u>
Net cash used in financing activities	<u>(9,499)</u>
Net change in cash and cash equivalents	11,948
Cash and cash equivalents at beginning of year	<u>1,041,420</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,053,368</u></u>
Supplemental cash flow information	
Interest paid	<u><u>\$ 9,384</u></u>

See the accompanying notes to the consolidated financial statements.

Growing Home, Inc.
Notes to Consolidated Financial Statements
December 31, 2021

(1) Summary of Significant Accounting Policies

(a) Organization

Growing Home, Inc. (Growing Home) began in 1998 when its founder, Kathleen Drozda, met a homeless woman living in her car with her dogs, parked at the hospital where Drozda worked. This chance meeting awakened Drozda to the problem of suburban homelessness and was the spark that led her to start Growing Home. Over the years, Growing Home evolved to offer wrap-around services, dual-generation programs, and a participant-centered approach that elevates community voices so families and communities 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.

Growing Home is dedicated to creating a thriving and equitable north Denver metro, one family at a time. Growing Home's dual generation, participant-centered approach to strengthening families, nurturing children, and connecting community fills a critical gap for families and children who are experiencing immediate and long-term barriers to stability and success. Through evidenced-based programs, Growing Home improves outcomes for children, their parents, and their community. Growing Home's model makes the organization a leader in the two-generation approach to poverty alleviation and community equity. In 2021, Growing Home proudly served 7,809 individuals from 1,875 households.

Growing Home provides the following program services:

Strengthening Families: Growing Home provides a continuum of basic needs supports like food and housing in a participant-centered approach so families can overcome obstacles and build lifelong stability, resiliency, and healthy habits. Services include: a food pantry with healthy and nutritious food, as well as diapers and hygiene products; homelessness prevention through rent, mortgage, and utility assistance; 20 units of affordable housing; collaborative coaching for families using an evidence-based case management framework to move families permanently from scarcity to self-sufficiency and economic independence; and assistance to help families navigate complex social service systems and obtain needed resources.

Nurturing Children: Growing Home helps parents acquire the skills and resources they need to ensure their children and future generations are on a path to a brighter future. This includes education and coaching on child development and parenting practices that help prepare kids for a lifetime of success. Programs are evidence-based and support a two-generation approach to poverty alleviation, including the parents as teachers home visitation.

Connecting Community: Growing Home believes that thriving and equitable communities can exist when the organization taps into the resiliency and leadership of the families with whom it works. Growing Home focuses on connecting families to each other as well as other community members. In this way, a foundation is created where everyone shares in the responsibility of solving community problems and creating sustainable outcomes for all. Many families who are currently receiving services and have previously received services from Growing Home are engaging in collective action to improve their community. Additionally, many have the desire to give back by volunteering and sharing their own knowledge. Growing Home connects community through community organizing, advocacy, and volunteerism.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Westchester Apartments, LLLP (collectively, Growing Home), a partnership of Growing Home and the Adams County Housing Authority, where Growing Home has a 99.5% interest and the 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 and is considered a disregarded entity for tax purposes. All intercompany transactions have been eliminated in consolidation.

(c) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(d) Financial Statement Presentation

Growing Home is required to present 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 Growing Home. These net assets may be used at the discretion of Growing Home's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Growing Home or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2021, there are no net assets with perpetual donor restrictions.

(e) Cash and Cash Equivalents

Growing Home considers all highly liquid investments with original maturities of three months or less, and which are not held as part of the investment portfolio, to be cash equivalents.

(f) Concentrations of Credit Risk

Financial instruments that potentially subject Growing Home to concentrations of credit risk consist of cash and cash equivalents, investments, and receivables. Growing Home places its cash and cash equivalents with creditworthy, high quality, financial institutions. At times, a portion of these cash balances may not be insured by the Federal Deposit Insurance Corporation or related entity. Credit risk with respect to trade receivables is generally diversified due to the large number of entities and creditworthiness of the organizations that comprise Growing Home's customer base.

Investments are made and monitored by the management of Growing Home pursuant to an investment policy adopted by the board of directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of Growing Home.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Concentrations of Credit Risk, Continued

Growing Home receives cost reimbursement revenue from federal government grants. During 2021, revenue from these grants comprised 37% of Growing Home's total revenue. A decrease in the amount of support from these grants could have an adverse effect on Growing Home's operations.

(g) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Fair value is more fully discussed in note 1(h). The fair value of beneficial interest in assets held by others represents Growing Home's pro-rata interest in investments held by the Rose Community Foundation (note 5). The investments consist of publicly traded securities as well as securities that are not traded on national security exchanges, are generally liquid, and may be valued differently should readily available markets exist for such investments.

Management is responsible for the fair value measurement of investments reported in the consolidated financial statements and believes that the reported values are reasonable. Investment return consists of Growing Home's distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

(h) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value, unless the investments are valued using the net asset value per share practical expedient. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not an indication of risk or liquidity. Investments in marketable equity and fixed income securities with readily determinable fair values are reported at fair value based on quoted prices in active markets.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Fair Value Measurements, Continued

In addition, Growing Home's pro-rata interest in investments held by the Rose Community Foundation is reported using the "practical expedient" method. The practical expedient method allows net asset value per share or its equivalent to represent fair value for reporting purposes when the criteria for using this method are met. Investments valued using net asset value per share or its equivalent are not categorized within the hierarchy.

(i) Property and Equipment

Property and equipment is recorded at cost. Growing Home capitalizes all expenditures for property and equipment in excess of \$10,000 with a useful life of more than one year. Depreciation is computed using the straight-line method over estimated useful lives of the assets ranging from two to forty years. Leasehold improvements are amortized ratably over the lesser of the lease term or the estimated useful life.

(j) Revenue Recognition

Government grants and grants and contributions

Grants and contributions are recognized when cash or unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Should Growing Home substantially meet all the conditions in the same period that the contribution was recognized, and barring any further donor-imposed restrictions, Growing Home has elected to recognize the revenue in net assets without donor restrictions.

Federal, state, and local government grants are treated as contributions that are conditioned upon specific performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2021, conditional contributions totaling \$1,085,448, relating to these grants have not been recognized in the accompanying consolidated financial statements.

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purposes restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Grants and contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Growing Home uses the allowance method to determine uncollectable amounts. In determining the collectability of receivables, management considers past collection experience and performs an analysis of subsequent collections.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Revenue Recognition, Continued

Special events

Special events are comprised of revenue from an exchange transaction equal to the cost of direct benefits to donors and grants and contribution revenue for amounts received in excess of direct costs. Grants and contribution revenue is recognized following revenue recognition policies discussed above, and exchange transaction revenue is recognized the day the event takes place.

Government contracts

Government contracts revenue is billed monthly based on a variable cost agreement and recognized as revenue in the month in which the costs are incurred, which aligns with when services are rendered. No funds are received in advance.

Rental income

Rental income consists of revenue received from tenants under leases of residential property of one year or less. These are billed monthly, and revenue is recognized in the month in which payment is received. At year-end, management reviews any rental amounts not received to determine if a receivable should be recorded based on the significance of the amount and also reviews any amounts received in advance to determine if these should be recorded as deferred revenue based on the significance of the amount. At December 31, 2021, there was no deferred rental income.

(k) Donated Goods and Services

Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. Donated goods and services consist of the following for the year ended December 31, 2021:

Donated food	\$ 587,744
Donated services and use of facilities	<u>48,090</u>
Total in-kind contributions	<u>\$ 635,834</u>

A number of volunteers have donated their time in connection with Growing Home's activities. No amounts have been reflected in the accompanying consolidated financial statements for volunteers' donated services because they do not meet the criteria for recognition.

(l) Functional Allocation of Expenses

The costs of providing various programs and other supporting activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Growing Home incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Growing Home also conducts a number of activities that benefit both its program objective as well as supporting services (i.e. fund raising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as estimates of time and effort incurred by personnel.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(n) Income Taxes

Growing Home is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business activities during 2021.

Management is required to evaluate tax positions taken by Growing Home, and to recognize a tax liability if Growing Home has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. Growing Home believes that it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the consolidated financial statements. Growing Home is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

(o) Subsequent Events

Growing Home has evaluated subsequent events through March 22, 2022, the date the consolidated financial statements were available to be issued.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(2) Liquidity and Availability of Financial Assets

The following reflects Growing Home's financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures.

Financial assets at year-end	
Cash and cash equivalents	\$ 1,053,368
Receivables, net	660,742
Investments	1,096,902
Beneficial interest in assets held by others	<u>36,746</u>
Total financial assets at year-end	2,847,758
Less amounts unavailable for general expenditures within one year	
Contributions receivable due in more than one year	(172,497)
Less amounts unavailable to management without board approval	<u>(36,746)</u>
Financial assets available for general expenditures within one year	\$ <u>2,638,515</u>

As part of Growing Home's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Growing Home 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.

Growing Home's board of directors has designated a portion of net assets without donor restrictions for specific purposes (see note 9). Although Growing Home does not intend to spend from the board-designated funds, the funds could be made available for current operations, with board approval, if needed.

(3) Receivables

Receivables consists of the following at December 31, 2021:

Grants receivable	\$ 339,727
Contracts receivable	114,173
Pledges receivable	<u>224,422</u>
Gross receivables	678,322
Less allowance	<u>(17,580)</u>
Net receivables	\$ <u>660,742</u>

Receivables are due as follows as of December 31, 2021:

Receivable in less than one year	\$ 505,825
Receivable in one to five years	162,497
Receivable after five years	<u>10,000</u>
Total receivables	\$ <u>678,322</u>

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(4) Investments

Investments are comprised of the following at December 31, 2021:

Fixed income funds	\$ 980,783
Cash and short-term investment funds	66,928
Equities	<u>49,191</u>
	<u>\$ 1,096,902</u>

(5) Beneficial Interest in Assets Held by Others

Growing Home entered into an agreement with the Rose Community Foundation (the Foundation) to hold and invest certain assets without donor restrictions (the funds). Growing Home named itself as the beneficiary of these funds. Growing Home granted variance power to the Foundation which allows each to substitute a successor organization if Growing Home ceases to operate or exist, or if in the sole judgment of the Foundation any donor recommendations or conditions on distributions from the funds becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by Growing Home. In accordance with the accounting standard *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the transfer is not considered to be a contribution from Growing Home to the Foundation but rather is accounted for as a reciprocal transfer from Growing Home to the Foundation. Each year, distributions may be made pursuant to each agreement to be used to support the operations of Growing Home. At December 31, 2021, the fair market value of the investments held by the Foundation totals \$36,746.

(6) Fair Value Measurements

The following table summarizes Growing Home's investments by the fair value hierarchy levels at December 31, 2021:

	<u>Fair Value</u>	<u>NAV</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income funds	\$ 980,783	—	980,783	—	—
Cash and short-term investments	66,928	—	66,928	—	—
Equities	<u>49,191</u>	<u>—</u>	<u>49,191</u>	<u>—</u>	<u>—</u>
Total investments	<u>1,096,902</u>	<u>—</u>	<u>1,096,902</u>	<u>—</u>	<u>—</u>
Funds at community foundation	<u>36,746</u>	<u>36,746</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 1,133,648</u>	<u>36,746</u>	<u>1,096,902</u>	<u>—</u>	<u>—</u>

All assets have been valued using a market approach or net asset value per share. There were no changes in valuation techniques during the current year.

The following table summarizes the significant information related to investments measured at NAV as of December 31, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Funds at community foundation	\$ 36,746	—	(a)	(a)

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(6) Fair Value Measurements, Continued

- (a) The investment funds are held and managed by a local community foundation (see note 5). This account exists for the purpose of providing cash flow to be used for present and future operations and programs. The account is commingled with the other investment assets of the community foundation, and investment income and fees are allocated to the account based on the percentage of ownership in the commingled investments. Growing Home can withdraw a portion of the funds upon the approval of Growing Home's board of directors or in accordance with the established spending policy.

(7) Property and Equipment

Property and equipment consists of the following at December 31, 2021:

Land	\$ 94,786
Buildings and improvements	1,500,374
Furniture, fixtures, and equipment	5,028
Vehicles	38,499
Leasehold improvements	<u>63,337</u>
	1,702,024
Less accumulated depreciation	<u>(647,608)</u>
	\$ <u>1,054,416</u>

(8) Notes Payable

In April 2014, Growing Home refinanced a mortgage agreement with a balance of \$229,223, which is secured by Growing Home's cash accounts and Westchester Apartments LLLP's real estate property, with a fixed interest rate of 5.4%. Principal and interest totaling \$1,574 are due monthly, with a balloon payment due totaling \$146,697 on March 15, 2024.

In October 2006, Growing Home entered into a fifteen-year, \$70,000 Affordable Housing Program Loan agreement, which is secured by real estate property with a 0% interest rate. No principal payments are due during the term of the loan, and repayment of the loan shall be forgiven at maturity as long as Growing Home remains compliant with the terms of the agreement. The agreement's retention period ends December 6, 2022, which is the date Growing Home becomes eligible for loan forgiveness.

Future principal payments on the notes are as follows for the years ending December 31:

2022	\$ 9,919
2023	10,476
2024	<u>147,707</u>
Total future principal payments	168,102
Plus notes requiring no payment	<u>70,000</u>
Total notes payable	\$ <u>238,102</u>

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(9) Net Assets

Net Assets without Donor Restrictions

Growing Home's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes at December 31, 2021:

Undesignated	\$ 3,322,084
Board designated for endowment	<u>36,746</u>
Total net assets without donor restrictions	\$ <u>3,358,830</u>

The board designated endowment fund's purpose is to provide cash flow to be used for present and future operations and programs. There were no assets appropriated for expenditure during 2021.

Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31, 2021:

Subject to expenditure for purpose restrictions	
Strengthening Families	\$ 111,811
Nurturing Children	67,699
Connecting Community	<u>74,624</u>
Total net assets with donor restrictions subject to purpose restrictions	\$ <u>254,134</u>

Net assets were released from donor restrictions as follows the years ended December 31, 2021:

Satisfaction of purpose restriction	
Strengthening Families	\$ 270,934
Nurturing Children	95,951
Special events	<u>52,000</u>
Total purpose restrictions released	418,885
Expiration of time restriction	<u>421,919</u>
Total net assets released from restrictions	\$ <u>840,804</u>

(10) Forgiveness of Paycheck Protection Program Loan

During the year ended December 31, 2020, Growing Home received a \$160,000 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The loan was treated as a refundable advance of a conditional contribution until such time that the loan was explicitly forgiven by the SBA. The loan was fully forgiven during the year ended December 31, 2021 and, therefore, recognized as contribution revenue.

Growing Home, Inc.
Notes to Consolidated Financial Statements, Continued

(11) Retirement Plan

Growing Home maintains a 403(b)-retirement plan (the Plan) which covers substantially all employees. Eligible employees may begin to participate in the Plan with elective deferral contributions on the date of hire. Participants are eligible to contribute an amount not to exceed limits set by the Internal Revenue Service. Under the Plan, Growing Homes makes a contribution for all employees over the age of 18 who have completed one year of service in an amount equal to 100% of the employee's contributions, up to 5% of the employee's annual salary. During the year ended December 31, 2021, Growing Home made matching contributions to the plan totaling \$57,333.

(12) Operating Leases

Growing Home leases office space and facilities under a non-cancelable operating lease through 2024. Future minimum lease payments at December 31 are as follows:

2022	\$ 96,392
2023	99,773
2024	<u>103,154</u>
	<u>\$ 299,319</u>

Total rental expense incurred during the year ended December 31, 2021 was \$93,011.

Growing Home, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal grantor/pass-through grantor/program or cluster title	Pass-through Entity Identi- fying Number	Assistance listing number	Federal expend- itures
<i>U.S. Department of Health and Human Services</i>			
<i>Pass-through Programs</i>			
State of Colorado			
Maternal, Infant and Early Childhood Home			
Visiting Program	11 IHIA 171862	93.870	223,666
Maternal, Infant and Early Childhood Home			
Visiting Program	21 IHIA 163321	93.870	788,296
Maternal, Infant and Early Childhood Home			
Visiting Program	None	93.870	1,650
Maternal, Infant and Early Childhood Home			
Visiting Program	None	93.870	1,550
Subtotal 93.870			1,015,162
Adams County			
Community Services Block Grant	None	93.569	25,101
COVID 19 - Community Services Block Grant	None	93.569	41,521
Subtotal 93.569			66,622
<i>Total Pass-through Programs</i>			1,081,784
<i>Total U.S. Department of Health and Human Services</i>			1,081,784
<i>U.S. Department of Housing and Urban Development</i>			
<i>Pass-through Programs</i>			
Adams County			
Community Development Block Grant	B-19-UW-08-0001	14.218	2,262
City of Thornton			
COVID 19 - Community Services Block Grant	143-21	14.218	28,539
Subtotal 14.218			30,801
State of Colorado			
Emergency Solutions Grant Program	H0ESG19918	14.231	18,106
<i>Total Pass-through Programs</i>			48,907
<i>Total U.S. Department of Housing and Urban Development</i>			48,907
<i>U.S. Department of Homeland Security</i>			
<i>Pass-through Programs</i>			
Emergency Food and Shelter National Board Program	None	97.024	9,450
Emergency Food and Shelter National Board Program	None	97.024	12,000
Subtotal 97.024			21,450
<i>Total Pass-through Programs</i>			21,450
<i>Total U.S. Department of Homeland Security</i>			21,450
<i>Total Expenditures of Federal Awards</i>			\$ 1,152,141

Growing Home, Inc.
Schedule of Expenditures of Federal Awards, Continued
Year Ended December 31, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Growing Home, Inc. (Growing Home) under programs of the federal government for the year ended December 31, 2021. 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Growing Home.

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.

Note 3: Indirect Cost Rate

Growing Home has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Subrecipient Awards

There were no awards passed through by Growing Home to subrecipients.



**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**

**Board of Directors
Growing Home, Inc.**

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 consolidated financial statements of Growing Home, Inc., which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 22, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Growing Home, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Growing Home, Inc.'s consolidated 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 consolidated financial statements. 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*.

**Board of Directors
Growing Home, Inc.**

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.

Kundinger, Corder & Montoya, P.C.

March 22, 2022



**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

**Board of Directors
Growing Home, Inc.**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Growing Home, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Growing Home, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Growing Home, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Growing Home, Inc.'s federal programs.

**Board of Directors
Growing Home, Inc.**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Growing Home, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Growing Home, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Growing Home, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Growing Home, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Growing Home, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Board of Directors
Growing Home, Inc.

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.

Kundinger, Corder & Montoya, P.C.

March 22, 2022

Growing Home, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of Growing Home, Inc. (Growing Home) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the *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*.
3. No instances of noncompliance material to the consolidated financial statements of Growing Home, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit as reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings relating to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was the U.S Department of Health and Human Services' Maternal, Infant and Early Childhood Home Visiting Program (Assistance Listing No. 93.870).
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Growing Home was determined to be a high-risk auditee.

B. Findings—Financial Statements Audit

None.

C. Findings and Questioned Costs—Major Federal Award Programs Audit

None.

Growing Home, Inc.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2021

None.