

**Growing Home, Inc.**

**Consolidated Financial Statements  
and Single Audit Reports**

**December 31, 2023 and 2022**

**(With Independent Auditor's Report Thereon)**

**Growing Home, Inc.**  
**Table of Contents**

---

<b>Independent Auditor’s Report</b> .....	<b>1</b>
<b>Consolidated Statements of Financial Position</b> , December 31, 2023 and 2022 .....	<b>4</b>
<b>Consolidated Statement of Activities</b> , Year Ended December 31, 2023 .....	<b>5</b>
<b>Consolidated Statement of Activities</b> , Year Ended December 31, 2022 .....	<b>6</b>
<b>Consolidated Statement of Functional Expenses</b> , Year Ended December 31, 2023 .....	<b>7</b>
<b>Consolidated Statement of Functional Expenses</b> , Year Ended December 31, 2022 .....	<b>8</b>
<b>Consolidated Statements of Cash Flows</b> , Years Ended December 31, 2023 and 2022 .....	<b>9</b>
<b>Notes to Consolidated Financial Statements</b> .....	<b>10</b>
<b>Schedule of Expenditures of Federal Awards</b> , Year Ended December 31, 2023 .....	<b>23</b>
<b>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 <i>Government Auditing Standards</i></b> .....	<b>25</b>
<b>Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b> .....	<b>27</b>
<b>Schedule of Findings and Questioned Costs</b> , Year Ended December 31, 2023 .....	<b>30</b>
<b>Summary Schedule of Prior Audit Findings</b> .....	<b>31</b>



## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Growing Home, Inc. which comprise the statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, and the changes in their consolidated net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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, which 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 Audits of the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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, which 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 audits were 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 audits 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 GAAS. 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 May 28, 2024 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.*

May 28, 2024

**Growing Home, Inc.**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 1,756,271	1,431,571
Accounts receivable	514,222	65,316
Grants and contributions receivable (note 3)	451,832	414,620
Investments (notes 4 and 6)	1,054,290	992,507
Prepaid expenses and other assets	36,052	37,696
Tenant security deposits	–	12,495
Beneficial interest in assets held by others (notes 5 and 6)	34,339	32,214
Operating lease right of use asset (note 7)	112,110	222,295
Property and equipment, net (notes 8 and 9)	18,971	1,025,485
Total assets	\$ 3,978,087	4,234,199
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued liabilities	\$ 131,068	97,614
Tenant security deposits	–	13,241
Refundable advances	183,772	148,436
Operating lease liability (note 7)	116,239	232,755
Note payable (note 9)	–	158,319
Total liabilities	431,079	650,365
Net assets (note 10)		
Net assets without donor restrictions		
Undesignated	3,266,459	3,253,813
Board designated for endowment	34,339	32,214
Total net assets without donor restrictions	3,300,798	3,286,027
Net assets with donor restrictions	246,210	297,807
Total net assets	3,547,008	3,583,834
Commitments (notes 7, 12, and 13)		
Total liabilities and net assets	\$ 3,978,087	4,234,199

See the accompanying notes to the consolidated financial statements.

**Growing Home, Inc.**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2023**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Operating activities</b>			
<b>Support and revenue</b>			
Government grants	\$ 1,789,371	–	1,789,371
Grants and contributions	633,024	547,977	1,181,001
Government contracts	1,203,516	–	1,203,516
Donated goods, services, and facilities (note 11)	424,544	–	424,544
Special events revenue	92,351	–	92,351
Less direct expenses	(58,164)	–	(58,164)
Rental income and other	53,123	–	53,123
Net assets released from restrictions (note 10)	599,574	(599,574)	–
Total support and revenue	<u>4,737,339</u>	<u>(51,597)</u>	<u>4,685,742</u>
<b>Expenses</b>			
Program services			
Food	1,016,544	–	1,016,544
Housing	1,114,798	–	1,114,798
Parenting Education	1,110,203	–	1,110,203
Lifelong Stability	688,994	–	688,994
Total program services	<u>3,930,539</u>	<u>–</u>	<u>3,930,539</u>
Supporting services			
Management and general	167,826	–	167,826
Fund raising	205,695	–	205,695
Total supporting services	<u>373,521</u>	<u>–</u>	<u>373,521</u>
Total expenses	<u>4,304,060</u>	<u>–</u>	<u>4,304,060</u>
Change in net assets from operations	<u>433,279</u>	<u>(51,597)</u>	<u>381,682</u>
<b>Non-operating activities</b>			
Net investment return	88,335	–	88,335
Loss on sale of property and equipment (note 9)	(506,843)	–	(506,843)
Total non-operating activities	<u>(418,508)</u>	<u>–</u>	<u>(418,508)</u>
<b>Change in net assets</b>	14,771	(51,597)	(36,826)
<b>Net assets, beginning of year</b>	<u>3,286,027</u>	<u>297,807</u>	<u>3,583,834</u>
<b>Net assets, end of year</b>	<u>\$ 3,300,798</u>	<u>246,210</u>	<u>3,547,008</u>

See the accompanying notes to the consolidated financial statements.

**Growing Home, Inc.**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2022**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Operating activities</b>			
<b>Support and revenue</b>			
Government grants	\$ 1,747,121	–	1,747,121
Grants and contributions	467,565	349,097	816,662
Government contracts	898,918	–	898,918
Donated goods, services, and facilities (note 11)	392,447	–	392,447
Special events revenue	99,100	–	99,100
Less direct expenses	(54,128)	–	(54,128)
Rental income	140,101	–	140,101
Other income	106,260	–	106,260
Net assets released from restrictions (note 10)	305,424	(305,424)	–
Total support and revenue	<u>4,102,808</u>	<u>43,673</u>	<u>4,146,481</u>
<b>Expenses</b>			
Program services			
Food	852,116	–	852,116
Housing	854,848	–	854,848
Parenting Education	1,130,365	–	1,130,365
Lifelong Stability	643,766	–	643,766
Total program services	<u>3,481,095</u>	<u>–</u>	<u>3,481,095</u>
Supporting services			
Management and general	327,285	–	327,285
Fund raising	259,607	–	259,607
Total supporting services	<u>586,892</u>	<u>–</u>	<u>586,892</u>
Total expenses	<u>4,067,987</u>	<u>–</u>	<u>4,067,987</u>
Change in net assets from operations	<u>34,821</u>	<u>43,673</u>	<u>78,494</u>
<b>Non-operating activities</b>			
Net investment return	(107,624)	–	(107,624)
Total non-operating activities income	<u>(107,624)</u>	<u>–</u>	<u>(107,624)</u>
<b>Change in net assets</b>	(72,803)	43,673	(29,130)
<b>Net assets, beginning of year</b>	<u>3,358,830</u>	<u>254,134</u>	<u>3,612,964</u>
<b>Net assets, end of year</b>	<u>\$ 3,286,027</u>	<u>297,807</u>	<u>3,583,834</u>

See the accompanying notes to the consolidated financial statements.



**Growing Home, Inc.**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	Program services				Total program services	Supporting services			Total expenses
	Food	Housing	Parenting Education	Lifelong Stability		Manage- ment and general	Fund raising	Total support services	
Salaries	\$ 264,459	230,784	708,222	383,888	1,587,353	97,850	93,767	191,617	1,778,970
Benefits	41,475	34,844	108,415	57,521	242,255	12,917	14,336	27,253	269,508
Payroll taxes	23,177	19,932	61,630	33,428	138,167	6,500	8,172	14,672	152,839
Program expense	210,968	713,467	34,892	33,518	992,845	2,310	4,706	7,016	999,861
Donated goods, services, and facilities	383,722	350	9,296	850	394,218	2,061	28,265	30,326	424,544
Professional fees	29,453	21,104	42,093	130,331	222,981	12,155	7,846	20,001	242,982
Occupancy	30,428	64,483	52,837	18,088	165,836	5,799	7,235	13,034	178,870
Information technology	15,417	11,960	34,905	9,693	71,975	6,584	7,788	14,372	86,347
Fund raising expense	–	–	–	–	–	–	78,083	78,083	78,083
Office expenses	7,331	4,813	25,924	13,731	51,799	8,956	8,911	17,867	69,666
Depreciation	6,490	3,399	12,980	4,636	27,505	1,545	1,854	3,399	30,904
Travel	72	700	12,667	1,104	14,543	5,208	666	5,874	20,417
Insurance	3,035	1,590	6,069	2,167	12,861	722	867	1,589	14,450
Other expenses	517	6,246	273	39	7,075	5,547	1,363	6,910	13,985
Interest	–	1,126	–	–	1,126	–	–	–	1,126
<b>Total functional expenses</b>	<b>1,016,544</b>	<b>1,114,798</b>	<b>1,110,203</b>	<b>688,994</b>	<b>3,930,539</b>	<b>168,154</b>	<b>263,859</b>	<b>432,013</b>	<b>4,362,552</b>
Expenses netted against revenue									
Investment fees	–	–	–	–	–	(328)	–	(328)	(328)
Special events direct expenses	–	–	–	–	–	–	(58,164)	(58,164)	(58,164)
<b>Total expenses netted against revenue</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(328)</b>	<b>(58,164)</b>	<b>(58,492)</b>	<b>(58,492)</b>
<b>Total expenses</b>	<b>\$ 1,016,544</b>	<b>1,114,798</b>	<b>1,110,203</b>	<b>688,994</b>	<b>3,930,539</b>	<b>167,826</b>	<b>205,695</b>	<b>373,521</b>	<b>4,304,060</b>

See the accompanying notes to the consolidated financial statements.

**Growing Home, Inc.**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program services				Total program services	Supporting services			Total expenses
	Food	Housing	Parenting Education	Lifelong Stability		Management and general	Fund raising	Total supporting services	
Salaries	\$ 245,459	185,744	739,015	390,577	1,560,795	99,175	126,049	225,224	1,786,019
Benefits	34,256	26,245	102,364	54,308	217,173	40,919	16,424	57,343	274,516
Payroll taxes	19,772	14,995	59,484	31,355	125,606	13,661	10,076	23,737	149,343
Program expense	134,114	399,645	53,251	15,670	602,680	4,287	518	4,805	607,485
Donated goods, services, and facilities	366,887	—	—	3,079	369,966	18,166	4,315	22,481	392,447
Occupancy	14,518	137,005	55,380	24,738	231,641	10,393	554	10,947	242,588
Professional fees	6,448	43,963	14,677	79,728	144,816	33,541	57,584	91,125	235,941
Information technology	10,871	19,626	37,984	16,018	84,499	16,130	5,878	22,008	106,507
Fund raising expense	—	—	—	—	—	—	82,697	82,697	82,697
Bad debt	—	—	—	—	—	58,399	—	58,399	58,399
Depreciation	11,128	5,829	22,256	7,949	47,162	2,648	3,180	5,828	52,990
Office expenses	2,365	7,520	16,244	8,621	34,750	7,408	2,901	10,309	45,059
Other expenses	825	527	6,376	1,659	9,387	16,103	1,801	17,904	27,291
Travel	280	1,820	12,946	6,354	21,400	5,565	274	5,839	27,239
Insurance	5,193	2,720	10,388	3,710	22,011	1,235	1,484	2,719	24,730
Interest	—	9,209	—	—	9,209	—	—	—	9,209
Total functional expenses	852,116	854,848	1,130,365	643,766	3,481,095	327,630	313,735	641,365	4,122,460
Expenses netted against revenue									
Investment fees	—	—	—	—	—	(345)	—	(345)	(345)
Special events direct expenses	—	—	—	—	—	—	(54,128)	(54,128)	(54,128)
Total expenses netted against revenue	—	—	—	—	—	(345)	(54,128)	(54,473)	(54,473)
Total expenses	\$ 852,116	854,848	1,130,365	643,766	3,481,095	327,285	259,607	586,892	4,067,987

See the accompanying notes to the consolidated financial statements.

**Growing Home, Inc.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (36,826)	(29,130)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	30,904	52,990
Operating lease asset and liability noncash (revenue) expense	(6,331)	10,460
Loss on disposal of property and equipment	(506,843)	–
Bad debt	186	58,399
Allowance for uncollectible accounts	–	17,580
Net realized and unrealized (gains) losses on investments	(45,448)	116,121
Mortgage loan forgiveness	–	(70,000)
Change in operating assets and liabilities		
Accounts receivable	(448,906)	48,857
Grants and contributions receivable	(37,398)	55,970
Prepaid expenses and other assets	1,644	3,082
Tenant security assets and liabilities	(746)	871
Beneficial interest in assets held by others	(2,125)	4,532
Accounts payable and accrued liabilities	33,454	5,603
Refundable advances	35,336	148,436
Net cash (used in) provided by operating activities	(983,099)	423,771
<b>Cash flows from investing activities</b>		
Purchases of investments	(16,335)	(11,726)
Sales (purchases) of property and equipment	1,482,453	(24,059)
Net cash provided by (used in) investing activities	1,466,118	(35,785)
<b>Cash flows from financing activities</b>		
Principal payments on notes payable	(158,319)	(9,783)
Net cash used in financing activities	(158,319)	(9,783)
<b>Net increase in cash and cash equivalents</b>	324,700	378,203
<b>Cash and cash equivalents, beginning of year</b>	1,431,571	1,053,368
<b>Cash and cash equivalents, end of year</b>	\$ 1,756,271	1,431,571
<b>Supplemental cash flow information</b>		
Interest paid	\$ 1,126	9,209
<b>Non-cash investing and financing activity</b>		
Operating lease asset and liability noncash (revenue) expense	\$ (6,331)	10,460
Operating lease right of use asset	\$ –	222,295
Operating lease liability	\$ –	232,755

See the accompanying notes to the consolidated financial statements.

**Growing Home, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

---

**(1) Summary of Significant Accounting Policies**

**(a) Organization**

Growing Home, Inc. (Growing Home) has provided food, housing, parenting education, and lifelong stability services to participants since its inception in 1998. The organization began 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 staff 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. In partnership with those who live in the community, Growing Home advances equity in food, housing, parenting education, and lifelong stability to create lasting change for today and the future. Growing Home's evidence-based model makes the organization a leader in the two-generation approach to poverty alleviation and community equity. In 2023, Growing Home served 3,204 households comprised of 13,343 individuals in the areas of food, housing, parenting education, and lifelong stability.

Growing Home focuses on the following strategic priorities:

*Food:* Growing Home believes that access to healthy, culturally relevant food is essential to the stability of our communities. We provide a choice-shopping food pantry model open five shifts a week, we operate a seasonal community garden, and we engage in food justice advocacy and community impact work that aligns to our priority pathways.

*Housing:* Growing Home believes in affordable, accessible housing for all. Our housing stability program commitment-based case management with goal setting, rental/utility assistance, contingency stay assistance, housing advocacy that includes community education and engagement. The goal for participants at the exit of program is to be stably housed and remain stably housed for the long-term.

*Parenting Education:* Growing Home helps caregivers 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 program.

*Lifelong Stability:* Growing Home believes that thriving, equitable communities can exist when the organization taps into the resiliency and leadership of its participants. Collaborative Coaching, Resource Navigation, and community organizing are programs that focus on long-term stability in the form of case management, goal setting, community impact, and advocacy engagement. Growing Home focuses on community organizing, leadership development, advocacy, and community-led projects such as a community garden and food justice taskforce. Our advocacy engagement focuses on our priority pathways of food, housing, parenting education, and lifelong stability.

**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. The partnership was dissolved on May 10, 2023. 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 and include board designated funds subject to the endowment spending policy.

*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.

**(e) Measure of Operations**

The consolidated statements of activities reports all changes in net assets, including changes resulting from both operating and non-operating activities. Operating activities consist of those items attributable to Growing Home's ongoing program activities and contributions and grants. Non-operating activities are limited to activities to be of a more unusual or nonrecurring nature and consist of net investment return and losses on the sale of property and equipment.

**(f) Cash and Cash Equivalents**

Growing Home considers all highly liquid investments with original maturities of three months or less, and which are not held by investment managers as a part of the investment portfolio or restricted by donors for long-term purposes, to be cash equivalents.

**(g) Concentrations**

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.

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

---

**(1) Summary of Significant Accounting Policies, Continued**

**(g) Concentrations, Continued**

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.

For both of the years ended December 31, 2023 and 2022, credit risk with respect to government contracts is concentrated as all accounts receivables are due from one government entity. For the years ended December 31, 2023 and 2022, revenue from these contracts comprised 26% and 22%, respectively, of total operating support and revenue. A decrease in the amount of support from these contracts could have an adverse effect on Growing Home's operations.

Growing Home receives cost reimbursement revenue from various government grants. For the years ended December 31, 2023 and 2022, revenue from these grants comprised 38% and 42%, respectively, of total operating support and revenue. Similarly, at December 31, 2023 and 2022, government grants accounted for 83% and 64%, respectively, of total grants and contributions receivable. A decrease in the amount of support from these grants could have an adverse effect on Growing Home's operations.

**(h) 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 statements of financial position. Fair value is determined as more fully discussed below. 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 statements of activities.

**(i) 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 (GAAP) 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. 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.

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

---

**(1) Summary of Significant Accounting Policies, Continued**

**(i) Fair Value Measurements, Continued**

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.

**(j) Leases**

In accordance with the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, Growing Home has elected not to record in the consolidated statements of financial position a lease whose term is twelve months or less and does not include a purchase option that Growing Home is reasonably certain to exercise. Growing Home has elected to use the risk-free rate to determine the present value of the lease payments for the purpose of calculating the right of use asset and lease liability. In addition, Growing Home has elected the practical expedient not to separate lease and non-lease components for the office lease.

**(k) Property and Equipment**

Property and equipment is recorded at cost, if purchased or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to forty years. Leasehold improvements are amortized ratably over the lesser of the lease term or the estimated useful life. Growing Home's policy is to capitalize all expenditures for property and equipment in excess of \$10,000 and with an estimated useful life greater than one year, and to expense normal repairs and maintenance as incurred. When assets are sold, retired, or otherwise disposed of, the applicable costs are removed from the accounts and any resulting gain or loss is recognized.

**(l) Revenue Recognition**

Government grants and grants and contributions

Grants and contributions are recognized when cash, securities or other assets, and 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 the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, Growing Home has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances. At December 31, 2023 and 2022, conditional contributions from foundations total \$79,064 and \$90,000, respectively, none of which have been received in advance.

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2023 and 2022, conditional contributions related to these grants, totaling \$1,719,972 and \$1,835,726, respectively, have not been recognized in the accompanying consolidated financial statements. At December 31, 2023 and 2022, advance payments received under government grants totaled \$183,772 and \$148,436, respectively, and have been recognized as refundable advances in the consolidated statements of financial position.

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

---

**(1) Summary of Significant Accounting Policies, Continued**

**(I) Revenue Recognition, Continued**

Government grants and grants and contributions, continued

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, including contributions receivable, 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 statements 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 specific write-off method to determine uncollectible amounts and grants and contributions deemed uncollectible are charged to bad debt in the year they are deemed uncollectible. In determining the collectability of receivables, management considers past collection experience and performs an analysis of subsequent collections. For the years ended December 31, 2023 and 2022, uncollectible amounts written off against bad debt totaled \$186 and \$58,399, respectively.

Government contracts

Government contract 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 have been received in advance.

Accounts receivable totaling \$514,222 and \$65,316 at December 31, 2023 and 2022, respectively, represent fees earned for services provided. Growing Home uses the allowance for credit losses method to determine uncollectible amounts. In determining the collectability of receivables, management considers contract terms, past collection experience, and performs an analysis of current conditions and subsequent collections. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. At December 31, 2023 and 2022, respectively, management has determined that no allowance for credit losses related to these receivables is necessary. All accounts receivable are expected to be collected within one year.

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. Cash received but not yet earned is reported as deferred revenue.

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. On May 10, 2023, Growing Home divested itself of Westchester Apartments and no further rental income was received. At December 31, 2023 and 2022, respectively, there was no deferred rental income.



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

---

**(1) Summary of Significant Accounting Policies, Continued**

**(m) Donated Goods, Services, and Facilities**

Contributed nonfinancial assets include donated food and supplies, use of facilities, and professional services which are recorded as contributions and corresponding expenses in the accompanying consolidated statements at their estimated values at the date of donation. All contributed nonfinancial assets are utilized by Growing Home and Growing Home does not sell donated gifts-in-kind. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Growing Home. Many individuals volunteer their time and perform a variety of tasks that assist Growing Home in its programs and general operations. However, the value of this contributed time is not reflected in the accompanying consolidated financial statements as it does not meet the criteria of recognition under GAAP. See also note 11.

**(n) 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 statements 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.

**(o) Estimates**

The preparation of consolidated financial statements in conformity with GAAP 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.

**(p) Income Taxes**

Growing Home is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, Growing Home qualifies for the charitable contribution deduction. Income from activities not directly related to Growing Home's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income subject to tax in December 31, 2023 or 2022.

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.

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

**(1) Summary of Significant Accounting Policies, Continued**

**(q) Subsequent Events**

Growing Home has evaluated subsequent events through May 28, 2024, which is the date the consolidated financial statements were available to be issued.

**(r) Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on previously reported net assets or the change in net assets.

**(s) Adoption of New Accounting Pronouncement**

On January 1, 2023, Growing Home adopted ASU No. 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity must use judgement in determining the relevant information and estimation methods that are appropriate in its circumstances. The allowance for credit losses and related credit loss expense replaces previously used allowance for doubtful accounts and related bad debt expenses, respectively, as it relates to accounts receivables. Growing Home adopted this change in accounting principle as of January 1, 2023 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. The change in accounting principle did not have an impact on Growing Home’s allowance for credit losses or net assets for the year ended December 31, 2023.

**(2) Liquidity and Availability of Financial Assets**

The following reflects Growing Home’s financial assets that are available for general expenditure within one year as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,756,271	1,431,571
Accounts receivable	514,222	65,316
Contributions and grants receivable, net	451,832	414,620
Investments	1,054,290	992,507
Beneficial interest in assets held by others	<u>34,339</u>	<u>32,214</u>
Total financial assets at year-end	3,810,954	2,936,228
Less financial assets not available within the year		
Contributions receivable, due in more than one year	(30,000)	(57,905)
Unavailable to management without board approval	<u>(34,339)</u>	<u>(32,214)</u>
Financial assets available for expenditures within one year	\$ <u>3,746,615</u>	<u>2,846,109</u>

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

**(2) Liquidity and Availability of Financial Assets, Continued**

As part of its liquidity management, Growing Home 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 10). 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. Growing Home considers donor restricted contributions for on-going programs to be available for expenditure, provided they are available for expenditure within the next twelve months.

**(3) Grants and Contributions Receivable**

Grants and contributions receivable consist of the following at December 31, 2023:

	Due in <u>one year</u>	Due in two <u>to five years</u>	Due after <u>five years</u>	<u>Total</u>
Government grants receivable	\$ 373,406	–	–	373,406
Grants and contributions receivable	<u>48,426</u>	<u>30,000</u>	<u>–</u>	<u>78,426</u>
Total	<u>\$ 421,832</u>	<u>30,000</u>	<u>–</u>	<u>451,832</u>

Grants and contributions receivable consist of the following at December 31, 2022:

	Due in <u>one year</u>	Due in two <u>to five years</u>	Due after <u>five years</u>	<u>Total</u>
Government grants receivable	\$ 264,260	–	–	264,260
Grants and contributions receivable	<u>92,455</u>	<u>57,905</u>	<u>–</u>	<u>150,360</u>
Total	<u>\$ 356,715</u>	<u>57,905</u>	<u>–</u>	<u>414,620</u>

Amounts due in more than one year have not been discounted to net present value as it was determined by management that this did not have a material effect in the consolidated financial statements.

**(4) Investments**

Investments are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Fixed income funds	\$ 714,825	887,125
Cash and cash equivalents	291,549	75,214
Equities	<u>47,916</u>	<u>30,168</u>
Total investments	<u>\$ 1,054,290</u>	<u>992,507</u>

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

**(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 the Foundation 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 an agreement to be used to support the operations of Growing Home. At December 31, 2023 and 2022, the fair market value of the investments held by the Foundation totaled \$34,339 and \$32,214, respectively.

**(6) Fair Value Measurements**

The following table summarizes Growing Home's financial instruments at fair value by the above fair value hierarchy levels as of December 31, 2023:

<u>Description</u>	<u>Fair value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 291,549	291,549	–	–
Equities	47,916	47,916	–	–
Fixed income funds	714,825	–	714,825	–
Total investments	<u>1,054,290</u>	<u>339,465</u>	<u>714,825</u>	<u>–</u>
Funds at community foundation	<u>34,339</u>	<u>–</u>	<u>–</u>	<u>34,339</u>
Total	<u>\$ 1,088,629</u>	<u>339,465</u>	<u>714,825</u>	<u>34,339</u>

The following table summarizes Growing Home's financial instruments at fair value by the above fair value hierarchy levels as of December 31, 2022:

<u>Description</u>	<u>Fair value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 75,214	75,214	–	–
Equities	30,168	30,168	–	–
Fixed income funds	887,125	–	887,125	–
Total investments	<u>992,507</u>	<u>105,382</u>	<u>887,125</u>	<u>–</u>
Funds at community foundation	<u>32,214</u>	<u>–</u>	<u>–</u>	<u>32,214</u>
Total	<u>\$ 1,024,721</u>	<u>105,382</u>	<u>887,125</u>	<u>32,214</u>

Fair values for equities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for fixed income funds are based upon quoted market data for similar assets in markets that are not active. The fair value of Growing Home's assets held by Rose Community Foundation is based on information reported by Rose Community Foundation, which holds the funds.

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

---

**(6) Fair Value Measurements, Continued**

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

Balance at January 1, 2022	\$ 36,746
Purchases of additional investments	—
Redemptions of investments	—
Net investment return	<u>(4,532)</u>
Balance at December 31, 2022	32,214
Purchases of additional investments	—
Redemptions of investments	—
Net investment return	<u>2,125</u>
Balance at December 31, 2023	<u>\$ 34,339</u>

**(7) Operating Lease Right of Use Asset and Operating Lease Liability**

Growing Home leases office space and facilities under a long-term non-cancelable operating lease through 2024. Growing Home includes in the determination of the right of use asset and lease liability any renewal options when the options are reasonably certain to be exercised. The lease does not provide a renewal option. Growing Home's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires Growing Home to pay utilities and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. Growing Home has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Growing Home has applied the risk-free rate option to the property and equipment class of assets.

The total operating lease cost for the years ended December 31, 2023 and 2022 was \$113,405 and \$102,081, respectively, and is included with occupancy in the consolidated statements of functional expenses.

The weighted-average term and discount rates for the operating lease outstanding as of December 31, 2023 is as follows:

Weighted-average term (years)	1.00
Weighted-average discount rate	1.70%

Future payments due under the operating lease as of December 31, 2023 is as follows:

Undiscounted cash flows due in 2024	\$ 120,371
Impact of present value discount	<u>(4,132)</u>
Lease liability	<u>\$ 116,239</u>

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

**(8) Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ —	94,786
Buildings and improvements	—	1,524,433
Furniture, fixtures, and equipment	—	5,028
Vehicles	38,499	38,499
Leasehold improvements	<u>21,953</u>	<u>21,953</u>
	60,452	1,684,699
Less accumulated depreciation	(41,481)	<u>(659,214)</u>
Property and equipment, net	<u>\$ 18,971</u>	<u>1,025,485</u>

**(9) 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%. On May 10, 2023, Growing Home divested itself of Westchester Apartments, LLP (7240 Newton St, Westminster, CO), and also sold its ownership interest in its partnership, which resulted in a loss totaling (\$506,843). The loss is recognized as non-operating activity on the statements of activities. The property was sold to Maiker Housing Partners for \$450,000. Proceeds from the sale were used to pay off the mortgage on the property, totaling \$158,319 at December 31, 2023. Growing Home did not retain any investment and it does not have a continuing involvement in Westchester Apartments, LLP. Neither Westchester Apartments, LLP nor its purchasers are a related party of Growing Home.

**(10) 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:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 3,266,459	3,253,813
Board designated for endowment	<u>34,339</u>	<u>32,214</u>
Total net assets without donor restrictions	<u>\$ 3,300,798</u>	<u>3,286,027</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 both December 31, 2023 and 2022. See also note 5.

Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for time or purpose restrictions		
Future operations	\$ 7,500	50,000
Food	133,690	51,847
Housing	30,804	39,765
Parenting Education	65,391	70,945
Lifelong Stability	<u>8,825</u>	<u>85,250</u>
Total net assets with donor restrictions	<u>\$ 246,210</u>	<u>297,807</u>

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

**(10) Net Assets, Continued**

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for purpose restrictions		
Future operations	\$ 50,000	—
Food	115,506	145,452
Housing	55,961	23,785
Parenting Education	113,890	121,894
Lifelong Stability	<u>264,217</u>	<u>14,293</u>
Total net assets released from restrictions	<u>\$ 599,574</u>	<u>305,424</u>

**(11) Donated Goods, Services, and Facilities**

Donated goods, services, and facilities consist of the following at December 31, 2023:

	<u>Program services</u>	<u>Supporting services</u>	<u>Total</u>
Food and supplies	\$ 389,856	26,160	416,016
Use of facilities	3,574	1,488	5,062
Professional services	<u>788</u>	<u>2,678</u>	<u>3,466</u>
Total	<u>\$ 394,218</u>	<u>30,326</u>	<u>424,544</u>

Donated goods, services, and facilities consist of the following at December 31, 2022:

	<u>Program services</u>	<u>Supporting services</u>	<u>Total</u>
Food and supplies	\$ 366,887	3,676	370,563
Use of facilities	3,079	10,030	13,109
Professional services	<u>—</u>	<u>8,775</u>	<u>8,775</u>
Total	<u>\$ 369,966</u>	<u>22,481</u>	<u>392,447</u>

Growing Home leases various facilities for use in its program and supporting services under no cost or below market value lease agreements. The valuations are provided by the various facilities based on the use of their space on an hourly or per room/square foot basis. Contributed food is valued using the average cost per pound of food each month as estimated by the Arlington Food Assistance Center for U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the condition and utility for use at the time of the contribution. Contributed supplies are also valued at the principal market rates per item. Contributed professional services are valued based upon the standard hourly rate charged by the donor.

All gifts-in-kind received during the years ended December 31, 2023 and 2022 were without donor restrictions.

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

---

**(12) 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 years ended December 31, 2023 and 2022, Growing Home made matching contributions to the plan totaling \$51,316 and \$49,963, respectively, and is included with benefits in the consolidated statements of functional expenses.

**(13) Fiscal Sponsorship**

Growing Home was appointed the fiscal sponsor for Maiker Housing Partners (MHC) and the Early Childhood Partnership of Adams County (ECPAC) in December 2021 for the use of funds received through the Colorado Department and Public Health and Environment Health Disparities and Community Grant Program for the Collaborative for Healthy Adams County (the Collaborative). The purpose of the Collaborative is to improve long-term community resilience by working with the low income, Black, Indigenous, and people of color (BIPOC) community to address the racial and social inequities that exist for communities of color and those living in poverty. As an active member of the Collaborative, Growing Home is able to provide resources to facilitate the fiscal sponsorship, taking on the responsibility of ensuring the funds are used for tax-exempt purposes and paying expenses incurred by MHC and the ECPAC. Activity for MHC and the ECPAC is recorded as revenue and expenses on the consolidated statements of activities. Grants and contributions received for MHC and the ECPAC are recorded as net assets without donor restrictions as the applicable expense is incurred before being submitted for cost-reimbursement. Revenue consists of \$105,732 and \$64,722 for the years ended December 31, 2023 and 2022, respectively, and is included with grants and contributions in the consolidated statements of activities. The fiscal sponsorship is in place through November 30, 2024.



**Growing Home, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2023**

Federal grantor/pass-through grantor/program title	Pass-through entity identifying number	Grant award year	Assistance listing number	Federal expenditures
<b>U.S. Department of Health and Human Services</b>				
<b>Pass-through Programs</b>				
State of Colorado				
Maternal, Infant and Early Childhood Home Visiting Program	23 QAAA 177099	10/1/22-9/30/23	93.870	\$ 637,768
Maternal, Infant and Early Childhood Home Visiting Program	24 QAAA 185272	10/1/23-9/30/24	93.870	248,759
Subtotal 93.870				<u>886,527</u>
Adams County				
Community Services Block Grant	None	1/21/21-7/30/24	93.569	121,129
<b>Total Pass-through Programs</b>				<u>1,007,656</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>1,007,656</u>
<b>U.S. Department of the Treasury</b>				
<b>Pass-through Programs</b>				
Adams County				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	ARPA-139	4/26/22 - 12/31/24	21.027	209,364
<b>Total Pass-through Programs</b>				<u>209,364</u>
<b>Total U.S. Department of the Treasury</b>				<u>209,364</u>
<b>U.S. Department of Homeland Security</b>				
<b>Pass-through Programs</b>				
COVID 19 - Emergency Food and Shelter National Board Program	096800-037	11/1/21-4/23/23	97.024	24,056
COVID 19 - Emergency Food and Shelter National Board Program	096800-037	11/1/21-12/31/23	97.024	18,000
Subtotal 97.024				<u>42,056</u>
<b>Total Pass-through Programs</b>				<u>42,056</u>
<b>Total U.S. Department of Homeland Security</b>				<u>42,056</u>
<b>U.S. Department of Agriculture</b>				
<b>Pass-through Programs</b>				
Colorado Department of Human Services				
Food Bank Network	PO, IHGA, 20230005687	10/27/23-3/31/25	10.182	79,921
<b>Total Pass-through Programs</b>				<u>79,921</u>
<b>Total U.S. Department of Agriculture</b>				<u>79,921</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 1,338,997</u>

**Growing Home, Inc.**  
**Schedule of Expenditures of Federal Awards, Continued**  
**Year Ended December 31, 2023**

---

**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, 2023. 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: Subrecipients**

Growing Home did not pass through federal awards to subrecipients during the year ended December 31, 2023.



**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, 2023 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 May 28, 2024.

**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 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.*

May 28, 2024



## **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, 2023. 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, 2023.

#### ***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 (GAAS); 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 GAAS, *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 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 GAAS, *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 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.

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

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.

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.*

May 28, 2024

**Growing Home, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2023**

---

**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 not to be a low-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, 2023**

---

2022-001 Audit Adjustments – Material Weakness

*Criteria and Condition:* As a result of the audit, adjusting journal entries were made to record grant and contribution revenue in accordance with Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These adjustments resulted in a decrease of \$91,691 to the change in net assets for the year ended December 31, 2023. In addition, reclassifications were made to properly report net assets with and without donor restrictions, and grants and contributions receivable.

*Recommendation:* We recommended that Growing Home implement controls to ensure that grants and contributions are properly identified, determined to be conditional or unconditional, and that the appropriate amounts of grant and contribution revenue are recorded. To help ensure accuracy of net asset additions, we recommended that management perform a reconciliation (at least quarterly) to ensure the early detection of errors, to provide management assurance that the control is being performed as designed, and to verify that revenue has been properly classified and recorded to the proper account number. Further, we recommended that a periodic review (at least quarterly) be made to determine the adequacy of the allowance for doubtful accounts. Review and approval should be formally documented in Growing Home's records.

*Current Status:* The recommendations were adopted and no similar findings were noted during the current year audit.