



NORTH FRONT RANGE WATER QUALITY PLANNING ASSOCIATION
257 Johnstown Center Dr.; Unit 206
Johnstown, CO 80534
970-587-8872 – <http://www.nfrwqpa.org>

AGENDA

September 24, 2020, 2:00 PM

Remote Meeting Only

[Join Microsoft Teams Meeting](#)

+1 720-739-6745 United States, Denver (Toll)
Conference ID: 444 460 472#

Select the Join Microsoft Teams Meeting link above, in your calendar, or your meeting invite to be taken to a page where you can choose to either join on the web or download the desktop app, note you don't have to download the app, again you can join via the internet. Then Select join Meeting. If you already have the Teams app, the meeting will open within Teams automatically.

Notice is given to the members of the North Front Range Water Quality Planning Association (NFRWQPA) and the general public that the Association will hold its regular association meeting, which is open to the public.

1. **CALL MEETING TO ORDER.**
2. **DETERMINATION OF A QUORUM FROM MEMBERSHIP.** – Attachment #1 (page3).
3. **APPROVAL OF AGENDA.**
4. **DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST.**
5. **PUBLIC COMMENTS.**
6. **APPROVAL OF PAST MINUTES.** - Attachment #2 (page4-6).
For review and consideration is the August 27, 2020, meeting minutes.
7. **FINANCIAL REPORTS:** – Attachment #3 (page7-9).
For review and consideration is the August 2020 financial summary.
8. **DISCUSSION ITEM:** Town of Erie – Site Application.
The Town of Erie submitted a Site Application for consideration and approval by the Association. The Site Application is in respect to the Utility Plan Conditionally Approved on August 27, 2020, pending the determinations of Inflow and Infiltration (I&I). The Site Application proposed improvements reflect those described within the Utility Plan. The expansion includes many near and long-term improvements that will allow the facility to meet Regulations 85 and 31 and take credit for Policy 17-1 Nutrients credits. The expansion should accommodate reasonable projected growth and loading over the 20-year planning period. The Site Application was signed and approved on September 1, 2020. The Application and associated materials may be viewed online using the link:
https://drive.google.com/drive/u/1/folders/1TqR060jpyOCyPUZCDV2LBPMdl1nY_t_8

9. **DISCUSSION ITEM:** Presentation of the Association's Biannual Audit. – Attachment #4 (page 10-23).
Review of the Association's Biannual Audit.
10. **PRESENTATION:** Division Water Quality Roadmap Updates.
Water Quality Roadmap updates for Regulation 31, Temperature DO Changes, Temporary Modifications, Longevity Plans, Discharge Specific Variances-(DSVs), and Assimilitive Capacity changes.
11. **OTHER BUSINESS:**
 - a) Workgroup Updates
12. **ADJOURN.**

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1 Ault	Voting	Grant Ruff	Dustin Preston
2 Berthoud	Voting	Stephanie Brothers	Wayne Ramey
3 Boxelder Sanitation District	Voting	Brian Zick	David Lewis
4 Brighton	Voting	Kim Schoen	
5 Broomfield	Voting	Ken Rutt	Dennis Rodriguez
6 Erie	Voting	Jon Coyle	Todd Fessenden
7 Estes Park Sanitation District	Voting	James Duell	
8 Evans	Voting	Randy Ready	Rick Pickard
9 Fox Acres	Voting	Richard Hopp	Ted Carter
10 Ft. Collins	Voting	Jason Graham	Bonnie Pierce
11 Ft. Lupton	Voting	Jon Mays	Claud Hanes
12 Greeley	Voting	Dennis Schump	Justin Scholz
13 Johnstown	Voting	Matt LeCerf	Marco Carani
14 Larimer County	Voting	Chris Manley	
15 Lochbuie	Voting	Steve Stamey	
16 Longmont	Voting	Kathryne Marko	Dale Rademacher
17 Loveland	Voting	Joe Creaghe	Carlos Medina
18 Metro Wastewater Rec. Dist	Voting	Tom Acampora	Katie Koplitz
19 Milliken	Voting	Don Stonebrink	Brad Simons
20 NCWCD	Voting	Judy Billica	Ester Vincent
21 Northglenn	Voting	Manual Freye	Brain Malavsky
22 Platteville	Voting	David Brand	
23 Severance	Voting	Nicholas Wharton	Mike Ketterling
24 South Ft. Collins San. Dist.	Voting	Chris Pletcher	Eric Bailey
25 St. Vrain San. District	Voting	Rob Fleck	Dave Cross
26 Upper Thompson San. Dist.	Voting	Chris Bieker	Matt Allen
27 Weld County	Voting	Skip Holland	Katie Sall
28 Wellington	Voting	Bob Gowing	Michael Carrano
29 Windsor	Voting	Dennis Wagner	
30 Eaton	Voting	Gary Carsten	Jeff Schreier
31 Hudson	Voting	Guy Patterson	Hunter Fobare
32 Kersey	Voting	Christian Morgan	
33 Mead	Voting	Hellen Migchelbrink	Erika Rasmussen
34 Pierce	Voting	Pat Larson	
35 Timnath	Voting	Don Taranto	

35 Representative Votes / 8 Representatives required for Quorum (25%)

rev.8-28-2020



ASSOCIATION MEETING MINUTES

August 27, 2020, 2:00 PM

Remote Meeting Only

1. **CALL MEETING TO ORDER.**

Mr. Thomas, NFRWQPA Manager, called the meeting to order at 2:05 PM.

2. **DETERMINATION OF A QUORUM FROM MEMBERSHIP.**

In attendance: Mark Thomas, Rob Fleck, Jason Graham, Tom Acampora, Jermy Woolf, Brian Zick, Bruce Chameroy, Robert Porsch, Todd Fessenden, Jon Coyle, Dustin Preston, Jon Mays, Todd Hepworth, Katie Koplitz, Matt Allen, Wendi Palmer, Kristen James-HDR, Adam Parmenter-HDR, TR Yang-HDR, Shiya Wang-CDPHE, Jim Grice-CDPHE, Tyler Wible-CSU. - A quorum was Announced.

3. **APPROVAL OF AGENDA.**

Mr. Acampora made a motion to approve the agenda, which was seconded by Mr. Hepworth - Motion carried unanimously.

4. **DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST.**

Membership in attendance did not disclose any conflicts of interest.

5. **PUBLIC COMMENTS.**

No members of the public were present, and there were no public comments.

6. **APPROVAL OF PAST MINUTES.**

Mr. Acampora moved to approve the minutes from the July 23, 2020, meeting which was seconded by Mr. Graham. – Motion carried unanimously.

7. **FINANCIAL REPORTS.**

Mr. Zick moved to approve the July 2020 financial summaries, which was seconded by Mr. Acampora. – Motion carried unanimously.

8. **DECISION ITEM:** Town of Erie Utility Plan.

Mr. Fessenden gave a presentation regarding the proposed Town of Erie Utility Plan, which can be viewed online: <https://drive.google.com/drive/u/1/folders/1ZuqjIQadwnsZKi5G21ovoCSMzNJ-rOcq>. Following the presentation, Mr. Thomas, NFRWQPA Manager, summarized the Utility Planning Review Committee process and findings stating that the Utility Plan did not meet the Utility Planning Guidance Document minimum requirements concerning determining inflow and infiltration (I&I). Mr. Thomas also discussed how the process of evaluating consolidation could have been more thoroughly explored between agencies within Erie's service area as well as neighboring service areas. Membership discussion included concerns by Mr. Acampora of approving a Utility Plan that does not meet the Association's minimum requirements and the precedent those actions may set for future reviews. Membership also questioned Erie if they had the I&I data; why was it not included? Mr. Graham expressed support in the flexibility of the approval process for agencies when warranted and when agencies show they can meet the conditional approval requirements. Membership also discussed with Erie what their timelines were for Regulation No. 22 Site Application Location and Design Approval and Erie Town Board approval to determine an acceptable timeline for Conditional Approval of the Utility Plan. Mr. Thomas also stated, as NFRWQPA Manager, Utility Plans are not typically conditionally approved, yet have been amended in past circumstances. Mr. Thomas furthermore expressed concerns from a Manager and Utility Plan Review Committee standpoint, whether the Association to be flexible or steadfast and firm on policies and requirements?

Mr. Graham moved to Conditionally Approve the Town of Erie Utility Plan, pending the Inflow and Infiltration (I&I) determination by September 27, 2020, which was seconded by Mr. Mays. – Motion carried unanimously. The Conditionally Approved Utility Plan may be viewed online: https://drive.google.com/drive/u/1/folders/1Wfzpc-hf2yP7ageXZ_C75X3N163pXJ79.

9. **PRESENTATION**: Registration and Licensing of Technologically Enhanced Naturally Occurring Radioactive Material (TENORM).

Mr. Jim Grice and Ms. Shiya Wang with the Radiation Program of CDPHE gave a presentation of proposed Part 20 Rule regarding Registration and Licensing of TENORM. The presentation may be viewed online here: <https://drive.google.com/drive/u/1/folders/1ZuqjIQadwnsZKi5G21ovoCSMzNJ-rOcq>.

10. **PRESENTATION**: CSU eRAMS Presentation for NFRWQPA Custom Modeling Tools.

Mr. Tyler Wible with the One Water Solutions Institute at CSU gave a presentation modeling tools within eRAMS to determine nonpoint and point source contributions within an agency's service area. The presentation may be viewed online here: <https://drive.google.com/drive/u/1/folders/1ZuqjIQadwnsZKi5G21ovoCSMzNJ-rOcq>.

11. **OTHER BUSINESS**:

a) Workgroup Updates

Mr. Thomas, NFRWQPA Manager, reviewed workgroup updates with the membership via a Powerpoint presentation, which can be viewed at <https://nfrwqpa.colorado.gov/meeting-presentations>.

12. **ADJOURN**.

North Front Range Water Quality Planning Association
Statements of Revenue and Expenses - Budget vs. Actual - Cash Basis
For the Eight-Month Periods Ended August 31, 2020

	<u>August 31, 20</u>	<u>July 31, 20</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
1100 · Checking NFRWQPA	7,180.62	12,390.00	-5,209.38
1120 · Checking Monitoring	10.00	10.00	0.00
1250 · Colorado Trust NFRWQPA	693,984.45	698,810.02	-4,825.57
1300 · Colorado Trust BTWS	83,566.32	123,386.74	-39,820.42
Total Checking/Savings	<u>784,741.39</u>	<u>834,596.76</u>	<u>-49,855.37</u>
Other Current Assets			
1500 · Security Deposit	1,353.00	1,353.00	0.00
Total Other Current Assets	<u>1,353.00</u>	<u>1,353.00</u>	<u>0.00</u>
Total Current Assets	<u>786,094.39</u>	<u>835,949.76</u>	<u>-49,855.37</u>
TOTAL ASSETS	<u>786,094.39</u>	<u>835,949.76</u>	<u>-49,855.37</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Credit Cards			
2050 · Mark's CC x7640	119.88	179.88	-60.00
Total Credit Cards	<u>119.88</u>	<u>179.88</u>	<u>-60.00</u>
Other Current Liabilities			
2300 · Pension Payable	250.00	250.00	0.00
24000 · Payroll Liabilities			
2406 · Accrued Vacation Payable	1,592.31	1,592.31	0.00
2407 · PERA	1,835.66	0.00	1,835.66
Total 24000 · Payroll Liabilities	<u>3,427.97</u>	<u>1,592.31</u>	<u>1,835.66</u>
2650 · Payable to USGS	79,705.96	119,550.98	-39,845.02
Total Other Current Liabilities	<u>83,383.93</u>	<u>121,393.29</u>	<u>-38,009.36</u>
Total Current Liabilities	<u>83,503.81</u>	<u>121,573.17</u>	<u>-38,069.36</u>
Total Liabilities	83,503.81	121,573.17	-38,069.36
Equity			
2810 · Assets Beginning of Year	572,240.82	572,240.82	0.00
32000 · Retained Earnings	53,282.90	53,282.90	0.00
Net Income	77,066.86	88,852.87	-11,786.01
Total Equity	<u>702,590.58</u>	<u>714,376.59</u>	<u>-11,786.01</u>
TOTAL LIABILITIES & EQUITY	<u>786,094.39</u>	<u>835,949.76</u>	<u>-49,855.37</u>

No assurance is provided on these financial statements.
The financial statements do not include a statement of cash flows.
Substantially all disclosures required by GAAP omitted.

North Front Range Water Quality Planning Association
Statements of Revenue and Expenses - Budget vs. Actual - Cash Basis
For the Eight-Month Periods Ended August 31, 2020

	<u>August 20</u>	<u>Jan-Aug 20</u>	<u>Budget</u>	<u>% of Budget</u>
Revenues				
9010 • Membership Dues	-	174,202.00	159,941.00	108.92
9020 • Interest Income	174.43	4,472.68	12,000.00	37.27
9030 • CDPH & E	-	12,800.00	10,800.00	118.52
9040 • Administrative Fee BTWS	24.60	(441.37)	1,500.00	(29.42)
9990 • Miscellaneous	-	-	-	-
Total Revenues	199.03	191,033.31	184,241.00	103.69
Expenses				
3100 • Salary	7,546.88	60,375.04	90,563.00	66.67
3101 • Health Insurance Allow.	539.74	4,317.92	8,400.00	51.40
3300 • Retirement Contributions	-	-	-	-
3400 • FICA/PERA Manager	1,265.55	9,881.87	16,000.00	61.76
3600 • Workman's Compensation	-	16.00	425.00	3.76
5010 • Rent & Utilities	1,300.00	10,325.00	15,500.00	66.61
5100 • Telephone Cellular	75.00	600.00	900.00	66.67
5120 • Interest	-	-	10.00	-
5130 • Internet Service	142.25	953.59	2,400.00	39.73
5140 • IT Support	-	2,949.94	3,000.00	98.33
5150 • Advertising	-	-	1,200.00	-
5160 • Insurance	-	400.66	450.00	89.04
5200 • Printing	-	-	500.00	-
5250 • Legal Notices	-	-	300.00	-
5300 • Office Supplies	-	1,124.73	2,000.00	56.24
5350 • Postage	-	33.00	250.00	13.20
5400 • Dues & Subscriptions	119.88	5,896.65	7,500.00	78.62
5425 • Intergovernmental Assist	-	4,000.00	10,000.00	40.00
5450 • Training	-	-	600.00	-
5500 • Mileage Reimbursement	-	687.79	2,500.00	27.51
5510 • Meals & Lodging	-	100.70	3,200.00	3.15
5520 • Transportation	-	-	500.00	-
5550 • Conferences	-	-	2,000.00	-
5600 • Accounting	-	1,896.25	5,000.00	37.93
5650 • Auditing	995.74	4,495.74	2,850.00	157.75
5700 • Legal	-	1,556.98	10,000.00	15.57
5750 • Bank Charges	-	-	50.00	-
5850 • Capital Expenditures	-	2,547.01	5,000.00	50.94
5900 • Contingency Website	-	-	5,000.00	-
6010 • Contract Services/GIS	-	1,560.00	70,000.00	2.23
6011 • Contract Services Office	-	-	5,000.00	-
6020 • Contract Supplies State	-	-	350.00	-
6025 • Operations Contingency w/	-	-	10,000.00	-
6030 • Deperciation	-	99.08	300.00	33.03
7000 • Miscellaneous Expense	-	-	-	-
Total Expenses	11,985.04	113,817.95	281,748.00	40.40
Net Ordinary Revenue	(11,786.01)	77,215.36	(97,507.00)	(79.19)
Other Revenue/Expenses				
Other Expenses				
Gain/Loss on Asset Disposal	-	148.50	-	100.00
Net Revenues and Expenses	(11,786.01)	77,066.86	(97,507.00)	(79.04)

No assurance is provided on these financial statements.
The financial statements do not include a statement of cash flows.
Substantially all disclosures required by GAAP omitted.

**NORTH FRONT RANGE WATER QUALITY
PLANNING ASSOCIATION**

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019



INDEPENDENT AUDITOR’S REPORT

The Board of Directors

North Front Range Water Quality Planning Association

Report on the Financial Statements

I have audited the accompanying financial statements of North Front Range Water Quality Planning Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rose E Melville, CPA
Loveland, Colorado
June 17, 2020

NORTH FRONT RANGE WATER QUALITY PLANNING ASSOCIATION
Statement of Financial Position
December 31, 2019

Assets

Cash and cash equivalents	\$ 678,932
Accounts receivable	10,428
Prepaid and other assets	1,840
Property and equipment, net	<u>248</u>
Total assets	<u><u>\$ 691,448</u></u>

Liabilities and net assets

Accounts Payable	\$ 1,960
Accrued expenses and other liabilities	<u>56,782</u>
Total liabilities	<u>58,742</u>

Net assets

Without donor restrictions	581,312
With donor restrictions	<u>51,394</u>
Total net assets	<u>632,706</u>
Total liabilities and net assets	<u><u>\$ 691,448</u></u>

NORTH FRONT RANGE WATER QUALITY PLANNING ASSOCIATION

Statement of Activities Year Ended December 31, 2019

Revenues, gains, and other support	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	\$ 78,565		\$ 78,565
Grants		\$ 207,426	207,426
	78,565	207,426	285,991
Total support			
Other revenues			
Investment income	13,759	2,419	16,178
Other income	1,645		1,645
Memberships	174,257		174,257
	189,661	2,419	192,080
Total other revenues			
Support provided by expiring time and purpose restrictions	209,845	(209,845)	
	478,071		478,071
Total revenues, gains, and support			
 Expenses			
Water quality planning	212,377		212,377
Monitoring	261,491		261,491
General and administrative	20,560		20,560
	494,429		494,429
Total expenses			
 Change in net assets	 <u>\$ (16,358)</u>	 <u></u>	 <u>\$ (16,358)</u>

NORTH FRONT RANGE WATER QUALITY PLANNING ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2019

Operating activities

Cash inflows from operations

Contributions	\$ 78,565
Grants	207,426
Investment income	16,178
Other income	1,645
Membership income	174,257

Cash outflows for operations

Payments for salaries, benefits and payroll taxes	110,385
Payments to vendors	<u>391,219</u>

Net cash provided by operating activities	<u>(23,533)</u>
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Change in cash and cash equivalents	(23,533)
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Cash and cash equivalents at beginning of year	<u>702,465</u>
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Cash and cash equivalents at end of year	<u><u>\$ 678,932</u></u>
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NORTH FRONT RANGE WATER QUALITY PLANNING ASSOCIATION
Statement of Functional Expense
Year Ended December 31, 2019

	<u>Program</u> <u>Services</u>		<u>Total</u>
	<u>Water Quality Planning</u>	<u>Monitoring</u>	
Salaries	\$ 104,866		\$ 110,385
Rent	14,464		15,225
Insurance	339		357
Contract services	77,580	\$ 261,491	339,071
Telephone	2,820		2,968
Office supplies	8,995		9,468
Depreciation	282		297
Accounting and legal			13,626
Conference and travel	3,032		3,032
	<u>3,032</u>		<u>3,032</u>
Total expenses	<u>\$ 212,377</u>	<u>\$ 261,491</u>	<u>\$ 494,429</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Description of Organization

North Front Range Water Quality Planning Association, (the organization) is a nonprofit corporation, established under the laws of Colorado to provide area wide water quality planning and monitoring services for Larimer and Weld Counties as described in the Clean Water Act of 1977. The organization uses collaborative regional planning, facilitation, and review to ensure that present and future wastewater needs are met economically and with a focus on water quality protection.

Program activities include the functions necessary to provide support for the organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

2. Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. Deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. The balances occasionally exceed those limits.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Prepaid and Other Assets

Prepaid and other assets are primarily insurance, which is gradually charged to expense over the period covered by the related insurance contract.

Property and Equipment

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	10 years
Equipment	5-10 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly

intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Tax Status

The organization is exempt from federal income tax under Section 501(c) (1) of the Internal Revenue Code (IRC), though it would be subject to tax on income

unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under section 170 of the IRC. The organization is not classified as a private foundation.

Change in Accounting Principles

The organization implemented FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the users of our financial statements.

3. Property and Equipment

Property and equipment comprised the following at December 31, 2019:

	<u>2019</u>
Property & equipment	\$2,296
Less: accumulated depreciation	<u>(2,048)</u>
Net book value	\$ 248

Depreciation expense totaled \$297 for the year ended December 31, 2019.

4. Risk Management

The organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The organization assumes liability for any deductibles and claims in excess of coverage limitations.

5. Concentrations of Risk

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The organization deposits its cash with high quality financial institutions,

and management believes the organization is not exposed to significant credit risk on those amounts.

6. Subsequent Events

Subsequent events have been evaluated through June 17, 2020, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.