Mi Casa Resource Center

Consolidated Financial Statements

December 31, 2019
(With Comparative Totals for December 31, 2018)

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

Board of Directors
Mi Casa Resource Center

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mi Casa Resource Center, which comprise the consolidated statement of financial position as of December 31, 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Board of Directors
Mi Casa Resource Center

Other Matters –
Summarized Comparative Information
The consolidated financial statements of Mi Casa Resource Center for the year ended December 31, 2018 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on August 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of activities on page 20 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Kundinger, Corder & Engle, P.C.

May 18, 2020

Mi Casa Resource Center

Consolidated Statement of Financial Position
December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Assets		
Cash and cash equivalents	$ 1,168,919	1,332,263
Cash held for others	–	54,046
Investments (note 3)	2,827,716	2,398,477
Accounts receivable	128,891	170,428
Contributions and grants receivable, net of allowance of $3,074 (note 4)	511,143	451,464
Loans receivable, net of allowance of $8,632 (note 5)	106,781	60,096
Prepaid expenses	29,824	31,006
Other assets (note 6)	63,228	121,031
Property and equipment, net (notes 7 and 8)	2,634,689	2,664,939
Total assets	$ 7,471,191	7,283,750
Liabilities and net assets		
Accounts payable and accrued expenses	$ 58,052	73,577
Accrued payroll liabilities	147,513	123,990
Cash due others	–	54,046
Capital lease obligation (note 8)	11,654	18,524
Note payable (note 9)	58,000	67,500
Total liabilities	275,219	337,637
Net assets		
Without donor restrictions		
Undesignated	1,151,901	1,420,156
Property and equipment	2,634,689	2,664,939
Board designated endowment (note 10)	2,295,195	1,898,467
Total without donor restrictions	6,081,785	5,983,562
With donor restrictions (note 10)	1,114,187	962,551
Total net assets	7,195,972	6,946,113
Commitments (note 11)		
Total liabilities and net assets	$ 7,471,191	7,283,750

See the accompanying notes to the consolidated financial statements.

Mi Casa Resource Center
Consolidated Statement of Activities
Year Ended December 31, 2019
(With Comparative Totals for 2018)

		Without donor restrictions	With donor restrictions	2019 Total	2018 Total
Operating revenue and support					
Contributions					
Corporations	$	310,407	472,293	782,700	1,090,362
Foundations		580,602	771,188	1,351,790	920,000
Government		663,631	–	663,631	648,083
Individuals		147,650	27,662	175,312	156,522
In-kind contributions		125,181	–	125,181	108,989
Social Enterprise Ventures income		46,496	–	46,496	208,319
Contract revenue		85,927	–	85,927	160,952
Special events revenue		9,000	–	9,000	197,236
Less direct expenses		(4,066)	–	(4,066)	(152,191)
Other revenue		47,070	–	47,070	99,885
Net assets released from restrictions (note 10)		1,201,800	(1,201,800)	–	–
Total operating revenue and support		3,213,698	69,343	3,283,041	3,438,157
Operating expenses					
Program services		2,435,410	–	2,435,410	2,183,843
Management and general		679,257	–	679,257	592,786
Fund raising		407,085	–	407,085	358,120
Total nonprofit expenses		3,521,752	–	3,521,752	3,134,749
Social Enterprise Ventures expense		18,083	–	18,083	294,300
Total operating expenses		3,539,835	–	3,539,835	3,429,049
Change in net assets from operations		(326,137)	69,343	(256,794)	9,108
Nonoperating activities					
Investment return, net (note 3)		429,240	–	429,240	(152,045)
Loss on dissolution of enterprise funds		(9,380)	–	(9,380)	–
ProBoPat acquisition (note 12)		–	82,293	82,293	–
Gain on sale of property		4,500	–	4,500	–
Change in net assets		98,223	151,636	249,859	(142,937)
Net assets at beginning of year		5,983,562	962,551	6,946,113	7,089,050
Net assets at end of year	$	6,081,785	1,114,187	7,195,972	6,946,113

See the accompanying notes to the consolidated financial statements.

Mi Casa Resource Center

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Career Pathways	Business Pathways	Youth & Family Development	Partner-ships	Collective Impact	Total Program Services	Management and General	Fund-raising	Total Supporting Services	Social Enterprise Ventures	2019 Total	2018 Total
Salaries	$ 348,909	743,239	289,383	36,641	86,774	1,504,946	382,032	279,281	661,313	–	2,166,259	2,125,643
Benefits and payroll taxes	73,489	137,843	52,882	7,002	14,186	285,402	67,469	46,982	114,451	–	399,853	336,331
Facilities	17,410	24,265	61,099	18,977	1,354	123,105	23,713	5,637	29,350	–	152,455	202,661
Programming	25,481	136,545	15,983	48,534	30,377	256,920	8,780	23,918	32,698	–	289,618	143,860
Professional services	67	679	–	–	–	746	17,342	9,535	26,877	–	27,623	33,875
Supplies	5,709	6,675	10,023	617	102	23,126	3,895	1,024	4,919	–	28,045	36,979
Communications	20,151	30,660	16,217	2,301	889	70,218	20,479	7,300	27,779	–	97,997	130,165
Interest	206	296	38	63	7	610	300	65	365	–	975	1,898
Staff training	11,229	11,724	1,265	56	106	24,380	22,680	12,458	35,138	–	59,518	81,796
Insurance	5,406	8,743	4,018	99	297	18,563	5,612	2,309	7,921	–	26,484	27,354
Bad debt	–	2,813	–	–	–	2,813	57,036	–	57,036	18,083	77,932	25,912
Equipment	691	704	682	9	–	2,086	164	2,004	2,168	–	4,254	53,332
Software	3,099	4,271	–	15	324	7,709	9,398	2,093	11,491	–	19,200	23,890
Bank charges	–	–	–	–	–	–	9,715	2,044	11,759	–	11,759	15,830
Travel	2,051	10,651	599	18	314	13,633	10,140	1,407	11,547	–	25,180	29,208
Dues and memberships	4,731	9,867	1,697	145	406	16,846	5,428	1,011	6,439	–	23,285	23,063
Printing and copier	1,451	2,907	1,055	306	64	5,783	1,946	1,599	3,545	–	9,328	17,011
Property taxes, postage and moving	80	78	1,827	58	12	2,055	3,723	213	3,936	–	5,991	5,760
	520,160	1,131,960	456,768	114,841	135,212	2,358,941	649,852	398,880	1,048,732	18,083	3,425,756	3,314,568
Depreciation	26,142	37,492	3,885	8,044	906	76,469	29,405	8,205	37,610		114,079	114,481
Total expenses	$ 546,302	1,169,452	460,653	122,885	136,118	2,435,410	679,257	407,085	1,086,342	18,083	3,539,835	3,429,049

See the accompanying notes to the consolidated financial statements.

Mi Casa Resource Center
Consolidated Statement of Cash Flows
Year Ended December 31, 2019
(With Comparative Totals for 2018)

		2019	2018
Cash flows from operating activities			
Change in net assets	$	249,859	(142,937)
Adjustments to reconcile change in net assets to net cash used in operating activities			
Depreciation expense		114,079	114,481
Gain on disposal		(4,500)	–
Loss on dissolution of enterprise funds		9,380	–
Realized and unrealized (gain) loss on investments		(364,318)	216,350
Changes in in operating assets and liabilities			
Grants and contributions receivable		(59,679)	58,652
Accounts receivable		32,157	(265,576)
Loans receivable		(46,685)	(30,916)
Prepaid expenses		1,182	2,902
Other assets		57,803	(6,297)
Accounts payable and accrued expenses		(15,525)	(15,059)
Accrued payroll liabilities		23,523	53,032
Net cash used in operating activities		(2,724)	(15,368)
Cash flows from investing activities			
Purchases of property and equipment		(79,328)	(21,611)
Purchases of investments		(449,811)	(335,547)
Proceeds from the sale of investments		384,889	271,240
Net cash used in investing activities		(144,250)	(85,918)
Cash flows from financing activities			
Payments on capital lease obligation		(6,870)	(5,945)
Payments on line of credit		–	(15,052)
Payments on note payable		(9,500)	(7,500)
Net cash used in financing activities		(16,370)	(28,497)
Decrease in cash and cash equivalents		(163,344)	(129,783)
Cash and cash equivalents, beginning of year		1,332,263	1,462,046
Cash and cash equivalents, end of year	$	1,168,919	1,332,263
Supplemental information			
Cash paid for interest	$	974	823

See the accompanying notes to the consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Since 1976, Mi Casa Resource Center (MCRC) has identified and responded to the needs of low-income individuals and families in order to accomplish our mission to create pathways to opportunity. MCRC has a four-decade track record in generating impact through educational and employment outcomes for adult learners. To date, our successful track record has enabled MCRC to stand the test of time. Our nationally acclaimed training in Business and Career Pathway development pairs culturally competent, evidence-based skills education with basic needs navigation (case management), along with financial coaching and access to capital. Our comprehensive approach provides participants with the ability to generate income, move up career ladders, and build wealth through business ownership.

As Denver's largest and longstanding Latinx-led and serving organization, MCRC's reputation as a trusted and valued community resource is our most distinctive attribute. Over the years, we have earned the trust of the community by providing high-quality, culturally competent services grounded in community need. Combined expertise in career and business development uniquely positions MCRC as a best-in-class professional pathways organization designed to address equity gaps in economic mobility.

MCRC is supported primarily by foundation grants and government contracts, as well as by individual and corporate donations. MCRC provides services within the program framework outlined below:

Career Pathways utilizes flexible, multi-service solutions designed to train, support, and connect low-income jobseekers to high-demand careers that meet their professional and personal needs. Career Pathways entails four pillars to support jobseekers: workshops, navigation, training, and coaching. The approach aligns with the efforts of economic development, education, workforce development, government and business stakeholders at the local, regional and state levels. The Career Pathways strategy offers progressive levels of education, training, support services, and credentials for specific occupations in a way that optimizes the success of individuals with varying levels of abilities and needs. This approach helps individuals earn marketable credentials, engage in further education and employment, and achieve economic success.

Business Pathways, which operates The Women's Business Center, provides comprehensive support services for underserved business owners/entrepreneurs with particular focus on women, minorities and low-income clientele. Services include knowledge and skill building through workshops, intensive training and 1-1 consulting, industry-focused support, access to capital, legal support, financial coaching and wrap-around supports. This programming supports participants through all stages of business development from start-up to growth and expansion.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Business Pathways, Continued - Business ownership is an essential strategy towards economic independence, both for business owners and their employees, contributing to increased prosperity in their communities. All programming is provided in English and Spanish. Additionally, MCRC operates ProBoPat, a program that impacts low-income inventors in Colorado, Montana, New Mexico, Utah, and Wyoming by connecting them to patent practitioners for patent preparation and prosecution legal services on a pro bono basis. See note 12.

Youth & Family Development offers out-of-school time enrichment for low-income, mostly Latino youth in middle school. These engaging programs focus on areas of technology, career exploration, STEM (science, technology, engineering and math) and leadership. MCRC also offers family support services to help parents advance their own education, overcome challenges and support their children's education.

Partnerships allow collaborations with community organizations to increase access to economic advancement services helping families achieve their educational, professional, and entrepreneurial goals. These partnerships offer: financial coaching and credit counseling, mental health counseling, general and small business legal support, access to low-cost internet and computers, High School Equivalency (HSE) exam preparation courses and English Language Acquisition (ELA) classes.

Collective Impact - In partnership with the Community College of Aurora (CCA), Metropolitan State University of Denver (MSU Denver), and local banks and credit unions MCRC built a first-of-its-kind stackable credential pathway for the financial services industry to on-ramp adult learners to meaningful employment and post-secondary credentials simultaneously.

Social Enterprise - MCRC had two Social Enterprise Initiatives that existed to generate revenue that would be reinvested in MCRC's nonprofit programs. Mi Casa TalentSolutions is a full-service staffing agency specializing in bilingual and diverse talent. Mi Casa Back Office Solutions is a bookkeeping and accounting business that focuses on serving nonprofit organizations and small businesses. These initiatives have been established as separate entities wholly owned by MCRC. The Social Enterprises ceased operations in late 2018 and formally dissolved in early 2019. MCRC incurred a net loss of ($9,380) as a result of the dissolution.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of MCRC and the two social enterprise funds, collectively referred to as MCRC. All intercompany balances and transactions have been eliminated in consolidation.

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Accounting

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

(d) Financial Statement Presentation

MCRC 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 MCRC. These net assets may be used at the discretion of MCRC's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of MCRC 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 statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributed to MCRC's ongoing activities and program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

(f) Cash and Cash Equivalents

For purposes of the statement of cash flows, MCRC considers all highly liquid investments with an initial maturity of three months or less, and which are not held as part of an investment portfolio, to be cash equivalents.

(g) Concentrations of Credit Risk

Financial instruments which potentially subject MCRC to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. MCRC places its cash and investments with credit worthy, high quality, financial institutions. At times, a significant portion of the cash and cash equivalents may exceed the amount insured by the FDIC. Credit risk with respect to contributions and other receivables is considered low because a substantial portion of the receivables are from well-known and respected members of the community, and from organizations and individuals with a demonstrated history of payment.

(1) Summary of Significant Accounting Policies, Continued

(h) Investments

MCRC reports investments at fair value. Fair value is determined as more fully described in note 1(i). MCRC's management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable. Unrealized gains and losses are included in the change in net assets in the statement of activities.

(i) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. 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). MCRC groups assets 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.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in MCRC's consolidated financial statements.

(j) Accounts Receivable

Accounts receivable represent amounts due from transactions occurring during the normal course of business. The allowance for doubtful accounts is based on past experience and analysis of the collectibility of current accounts receivable. Uncollectible accounts are charged to the allowance in the year they are deemed uncollectible. Based on management's analysis, no allowance was recorded at December 31, 2019. Accounts receivable are considered to be past due based on contractual terms.

(1) Summary of Significant Accounting Policies, Continued

(k) Loans Receivable and Allowance for Loan Loss

Management provides an allowance for loan losses based upon estimated collectability as determined based upon past loss experience and other relevant factors that in management's judgment deserve consideration.

(l) Property and Equipment

Purchases of furniture, equipment, vehicles, building and building improvements in excess of $5,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which are generally 5-30 years

(m) Contributions and Contributions Receivable

Contributions are recognized when cash, securities, 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 MCRC substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, MCRC has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as deferred revenue in the statement of financial position.

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. At December 31, 2019, contributions receivable expected to be collected in more than one year have not been discounted to net present value because the amount is insignificant.

As of December 31, 2019, MCRC has received $140,306 in contributions that are conditional upon certain barriers being met, and a right of return exists in the agreement. These contributions are conditional based on the following barriers:

Incurrence of allowable qualifying expenses (federal and state grants)	$ 124,306
Achievement of a specified outcome	16,000
Total	$ 140,306

These amounts will be recognized as revenue in the period in which the conditions are fulfilled.

(1) Summary of Significant Accounting Policies, Continued

(n) In-kind Contributions

Contributed goods and services are recorded as contributions and corresponding expenses at their estimated fair values on the date of donation. In-kind contributions for the year ended December 31, 2019 consisted of the following:

Services	$ 71,309
Facility	53,760
Bus passes	112
Total in-kind contributions	$ 125,181

(o) Revenue Recognition

Contract revenue is billed after the services have been performed. Revenue is recognized when the services are billed. Since contract revenue is invoiced after the services have been performed, there is typically no deferred revenue.

MCRC receives other income from class fees and tuition, rental income and loan interest. Class fees and tuition are recognized during the year in which the related services are provided to the students. Building rentals are recognized when the performance obligation of providing space is satisfied. Loan interest is recognized monthly based on the terms of the loan agreement.

(p) Estimates

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

(q) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. MCRC incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. MCRC also conducts a number of activities which benefit both its program objectives 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 headcount, square-footage, or estimates of time and effort incurred by personnel.

(1) Summary of Significant Accounting Policies, Continued

(r) Income Tax Status

MCRC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from activities not directly related to MCRC's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income for the year ended December 31, 2019.

MCRC is the sole shareholder of two social enterprise ventures. Those ventures were formed in 2013 and are subject to income taxes. However, both organizations have had net operating losses since inception and no taxes are due.

Management is required to evaluate tax positions taken by MCRC and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none. MCRC is subject to routine audits by taxing jurisdictions: however, there are currently no audits for any tax periods in progress. Management believes that MCRC is no longer subject to income tax examinations for years prior to December 31, 2016.

(s) Subsequent Events

MCRC has evaluated subsequent events through May 18, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the operations of MCRC in 2020. The potential impact is unknown at this time. Subsequent to year-end, MCRC has received a Paycheck Protection Program loan under the 2020 CARES ACT (Coronavirus Aid, Relief, and Economic Security) to cover payroll and other allowable expenses. The loan was approved in the amount of $487,425, maturing April 21, 2022, with a fixed rate of 1%. These funds are provided in the form of unsecured loans that may be subject to forgiveness provided MCRC meets certain criteria.

(t) Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MCRC's consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

(1) Summary of Significant Accounting Policies, Continued

(u) Reclassifications

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

(v) New Accounting Pronouncements

On January 1, 2019, MCRC adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606*), using the modified retrospective method. The update requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. Additionally, the guidance requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASU 2014-09 had no impact on MCRC's statement of financial position or statement of activities.

During 2019, MCRC adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 in the accompanying consolidated financial statements under a modified prospective basis. There was no effect on net assets in connection with the implementation of ASU 2018-08.

(2) Liquidity and Availability of Financial Assets

The following table reflects MCRC's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures, or expenditures not to be incurred within one year.

Cash and cash equivalents	$ 1,168,919
Investments	2,827,716
Contributions and grants receivable	511,143
Accounts receivables	128,891
Total financial assets available to meet cash expenditures over the next twelve months	4,636,669
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(1,114,187)
Board designated endowment fund	(2,295,195)
Plus net assets with time or purpose restrictions expected to be met in one year	1,109,187
	(2,300,195)
Financial assets available for general expenditures over the next twelve months	$ 2,336,474

To manage liquidity, MCRC structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, MCRC's board may appropriate funds from the board designated endowment fund to be available within twelve months of year-end. The appropriation is based on a percentage of the three year rolling average of the board designated endowment fund balance at December 31st, and is available to fund expenditures for general operations. At December 31, 2019, the maximum amount that may be made available within twelve months of year-end is $83,212. See note 10.

(3) Investments

Investments are stated at fair value and consisted of the following at December 31, 2019:

Mutual funds invested in domestic equities	$ 1,266,996
Mutual funds invested in fixed income	811,965
Mutual funds invested in international equities	419,693
Mutual funds invested in multi-strategies	151,104
Mutual funds invested in global real estate	104,488
Cash and cash equivalents	73,470
	$ 2,827,716

As of December 31, 2019, all investments were considered Level 1 investments.

(3) Investments, Continued

Net investment return consisted of the following for the year ended December 31, 2019:

Interest and dividends	$ 87,008
Less investment fees	(22,086)
Net investment income	64,922
Realized losses	(36,851)
Unrealized gains	401,169
Total realized and unrealized	364,318
Total investment return, net	$ 429,240

(4) Contributions and Grants Receivable

Contributions and grants receivable consist of the following at December 31, 2019:

Contributions and grants restricted for specific programs or future periods	$ 438,481
Contributions to support future operations	72,662
	$ 511,143
Amounts due in:	
Less than one year	$ 506,143
One to five years	5,000
	$ 511,143

(5) Loans Receivable

Loans receivable are comprised of unsecured small business loans. Loans receivable consist of the following at December 31, 2019**:**

Amounts due in:	
Less than one year	$ 48,092
Greater than one year	67,321
	115,413
Allowance for loan losses	(8,632)
Net loans receivable	$ 106,781

Management calculates the allowance for loan loss based on many factors including: an annual review by the loan committee of each individual microloan and its collectability based on knowledge of the recipients, payment history and any other pertinent information, and the committee's loan risk assessment. Loans are considered past due depending on contractual terms, generally when payments are over 30 days past due.

(5) Loans Receivable, Continued

The following is an aging of MCRC's loans receivable at December 31, 2019:

Current	$ 94,852
31-60 days	2,769
61-90 days	4,000
Over 90 days	5,160
Total	$ 106,781

Loans are serviced through Community Enterprise Development Services (CEDS). Processes including collections, payment reminders, past due client communications, recording and tracking loan transactions and processing paid in full loans are performed by CEDS. Loans are considered past due depending on contractual terms, generally when payments are over 30 days past due.

(6) Other Assets

MCRC has entered into a participation agreement with Unemployment Services Trust (the Trust). The Trust provides services and an alternative means for funding unemployment costs. Trust administrative expenses are funded by participating employers. Participation may be revoked upon 90 days' notice, at which time MCRC would begin paying its unemployment responsibility directly to the State. Contributions to the Trust are adjusted annually. At December 31, 2019, MCRC had contributed $60,178 in excess of claims filed with the Trust.

(7) Property and Equipment

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

Buildings and improvements	$ 2,723,862
Furniture and equipment	87,655
Leased equipment	30,874
Vehicles	78,450
	2,920,841
Less: accumulated depreciation	(286,152)
Property and equipment, net	$ 2,634,689

(8) Capital Lease Obligation

MCRC has acquired office equipment under a capital lease arrangement. The future minimum lease payments as of December 31 are:

2020	$ 6,792
2021	4,490
2022	2,166
Total payable	13,448
Less amount representing interest	(1,794)
Present value of capital lease obligation	$ 11,654

(9) Note Payable

During 2016, MCRC and Mi Casa Back Office Solutions (BOS) subsidiary negotiated a promissory note with the Colorado Trust. In February 2019, BOS was dissolved and the note was modified to substitute MCRC as the borrower on the note. It is the understanding of MCRC's management that the principal amount of the note, together with all accrued interest, is due February 15, 2024. The note bears interest at 1% and is unsecured. In the event the lender elects not to call the note due on the maturity date, the terms of the note shall automatically extend an additional five years. The balance on the note at December 31, 2019 is $58,000. No interest was accrued on this note in 2019 as it would have been immaterial.

(10) Net Assets

Board Designated Endowment Fund

The board designated endowment is a fund established to support the long-term sustainability of MCRC programs and operations. On December 31st of each year, the annual spending rate, not to exceed 4%, is applied to the 3-year rolling average of the endowment fund balance to calculate the total maximum appropriation. Distributions are made quarterly. The Finance Committee of the Board of Directors may, at its discretion, choose not to make an annual distribution, but may not choose to distribute more than 4% without a 75% vote of the Board.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

Subject to specific purposes:	
Collective Impact	$ 315,197
Business Pathways	152,847
Career Pathways	135,000
Total subject to purpose restrictions	603,044
Subject to time restrictions:	
Contributions and grants receivable for future operations	511,143
Total net assets with donor restrictions	$ 1,114,187

(10) Net Assets, Continued

For the year ended December 31, 2019, net assets released from restrictions as a result of MCRC incurring expenditures satisfying the related restricted purposes were as follows:

Business Pathways	$ 707,694
Supporting programs	213,271
Youth	144,717
Collective Impact	136,118
Total net assets released from restrictions	$ 1,201,800

(11) Pension Plan

MCRC has established a 403(b) retirement plan. Employee contributions are matched up to 4% of gross wages. MCRC's contributions to the plan were $50,246 for 2019.

(12) Assets Acquired from the Colorado Bar Association

During 2019, the fiscal sponsorship agreement with the Colorado Bar Association was terminated. The remaining cash and receivables related to the ProBoPat program of $82,293 were transferred to MCRC. ProBoPat is now a program of MCRC and the assets received are restricted for that program.

Mi Casa Resource Center
Consolidating Statement of Activities
Year Ended December 31, 2019

		Mi Casa Resource Center	Mi Casa Talent Solutions	Mi Casa Back Office Solutions	Eliminations	Total
Operating revenue and support						
Contributions						
Corporations	$	782,700	–	–	–	782,700
Foundations		1,351,790	–	–	–	1,351,790
Government		663,631	–	–	–	663,631
Individuals		175,312	–	–	–	175,312
In-kind contributions		125,181	–	–	–	125,181
Social Enterprise Ventures income		–	58,473	69,985	(81,962)	46,496
Contract revenue		85,927	–	–	–	85,927
Special events revenue		9,000	–	–	–	9,000
Less direct expenses		(4,066)	–	–	–	(4,066)
Other revenue		47,070	–	–	–	47,070
Total operating revenue and support		3,236,545	58,473	69,985	(81,962)	3,283,041
Operating expenses						
Program services		2,435,410	–	–	–	2,435,410
Management and general		761,219	–	–	(81,962)	679,257
Fund raising		407,085	–	–	–	407,085
Total nonprofit expenses		3,603,714	–	–	(81,962)	3,521,752
Social Enterprise Ventures expense		–	92	17,991	–	18,083
Total operating expenses		3,603,714	92	17,991	(81,962)	3,539,835
Change in net assets from operations		(367,169)	58,381	51,994	–	(256,794)
Nonoperating activities						
Investment return, net		429,240	–	–	–	429,240
Loss on dissolution of enterprise funds		(147,374)	–	–	137,994	(9,380)
ProBoPat acquisition		82,293	–	–	–	82,293
Gain on sale of property		4,500	–	–	–	4,500
Change in net assets		1,490	58,381	51,994	137,994	249,859
Net assets at beginning of year		7,194,482	(58,381)	(51,994)	(137,994)	6,946,113
Net assets at end of year	$	7,195,972	–	–	–	7,195,972

See the accompanying independent auditor's report.