

Mi Casa Resource Center

Financial Statements

December 31, 2020

(With Comparative Totals for December 31, 2019)

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Independent Auditor's Report

Board of Directors Mi Casa Resource Center

Report on the Financial Statements

We have audited the accompanying financial statements of Mi Casa Resource Center, which comprise the statement of financial position as of December 31, 2020, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mi Casa Resource Center as of December 31, 2020, 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**

Report on Summarized Comparative Information

We have previously audited MCRC's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 18, 2020. In our opinion, the summarized information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Keundinger, Cochrane & Congle, P.C.

May 24, 2021

Mi Casa Resource Center
Statement of Financial Position
December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 734,251	1,168,919
Investments (note 3)	3,066,577	2,827,716
Accounts receivable	161,232	128,891
Contributions and grants receivable (note 4)	562,760	511,143
Loans receivable, net of allowance (note 5)	106,605	106,781
Prepaid expenses	47,331	29,824
Other assets (note 6)	65,090	63,228
Property and equipment, net (notes 7 and 8)	2,517,411	2,634,689
Total assets	\$ 7,261,257	7,471,191
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 191,284	58,052
Accrued payroll liabilities	154,552	147,513
Capital lease obligation (note 8)	4,862	11,654
Note payable (note 9)	58,000	58,000
Total liabilities	408,698	275,219
Net assets		
Without donor restrictions		
Undesignated	1,223,702	1,151,901
Property and equipment	2,517,411	2,634,689
Board designated endowment (note 10)	2,520,178	2,295,195
Total without donor restrictions	6,261,291	6,081,785
With donor restrictions (note 10)	591,268	1,114,187
Total net assets	6,852,559	7,195,972
Commitments (notes 11 through 14)		
Total liabilities and net assets	\$ 7,261,257	7,471,191

See the accompanying notes to the financial statements.

Mi Casa Resource Center
Statement of Activities
Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without donor restrictions	With donor restrictions	2020 Total	2019 Total
Operating revenue and support				
Contributions and Grants				
Corporations	\$ 418,805	90,500	509,305	782,700
Foundations	557,741	496,000	1,053,741	1,351,790
Government	1,442,996	500	1,443,496	663,631
Individuals	122,598	–	122,598	175,312
In-kind contributions	56,511	–	56,511	125,181
Social Enterprise Ventures income	–	–	–	46,496
Contract revenue	58,000	–	58,000	85,927
Special events revenue	–	–	–	9,000
Less direct expenses	–	–	–	(4,066)
Other revenue	28,919	–	28,919	47,070
Net assets released from restrictions (note 10)	1,109,919	(1,109,919)	–	–
Total operating revenue and support	3,795,489	(522,919)	3,272,570	3,283,041
Operating expenses				
Program services	2,662,144	–	2,662,144	2,435,410
Management and general	710,681	–	710,681	679,257
Fund raising	503,375	–	503,375	407,085
Total nonprofit expenses	3,876,200	–	3,876,200	3,521,752
Social Enterprise Ventures expense	–	–	–	18,083
Total operating expenses	3,876,200	–	3,876,200	3,539,835
Change in net assets from operations	(80,711)	(522,919)	(603,630)	(256,794)
Nonoperating activities				
Investment return, net (note 3)	260,217	–	260,217	429,240
Loss on dissolution of enterprise funds	–	–	–	(9,380)
ProBoPat acquisition	–	–	–	82,293
Gain on sale of property	–	–	–	4,500
Change in net assets	179,506	(522,919)	(343,413)	249,859
Net assets at beginning of year	6,081,785	1,114,187	7,195,972	6,946,113
Net assets at end of year	\$ 6,261,291	591,268	6,852,559	7,195,972

See the accompanying notes to the financial statements.

Mi Casa Resource Center
Statement of Functional Expenses
Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Career Pathways	Business Pathways	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2020 Total	2019 Total
Salaries	\$ 678,705	650,199	1,328,904	424,674	320,756	745,430	2,074,334	2,166,259
Benefits and payroll taxes	135,609	136,879	272,488	84,765	54,331	139,096	411,584	399,853
Facilities	21,261	20,151	41,412	15,742	3,896	19,638	61,050	152,455
Programming	315,296	431,027	746,323	28,233	88,335	116,568	862,891	289,618
Professional services	9,240	3,522	12,762	41,426	185	41,611	54,373	27,623
Supplies	3,051	3,760	6,811	4,393	833	5,226	12,037	28,045
Communications	28,845	36,783	65,628	12,062	5,532	17,594	83,222	97,997
Staff training	8,302	7,207	15,509	8,865	1,900	10,765	26,274	59,518
Insurance	11,570	8,195	19,765	7,772	2,428	10,200	29,965	26,484
Bad debt	—	3,012	3,012	18,212	—	18,212	21,224	77,932
Equipment	5,656	4,860	10,516	2,478	2,421	4,899	15,415	4,254
Software	15,130	17,287	32,417	20,265	9,500	29,765	62,182	19,200
Bank charges	—	—	—	9,146	—	9,146	9,146	11,759
Travel	3,168	501	3,669	290	715	1,005	4,674	25,180
Dues and memberships	3,563	7,816	11,379	929	4,281	5,210	16,589	23,285
Printing and copier	1,692	1,694	3,386	1,184	345	1,529	4,915	9,328
Other	991	875	1,866	1,377	61	1,438	3,304	6,966
	<u>1,242,079</u>	<u>1,333,768</u>	<u>2,575,847</u>	<u>681,813</u>	<u>495,519</u>	<u>1,177,332</u>	<u>3,753,179</u>	<u>3,425,756</u>
Depreciation	45,062	41,235	86,297	28,868	7,856	36,724	123,021	114,079
Total expenses	<u>\$ 1,287,141</u>	<u>1,375,003</u>	<u>2,662,144</u>	<u>710,681</u>	<u>503,375</u>	<u>1,214,056</u>	<u>3,876,200</u>	<u>3,539,835</u>

See the accompanying notes to the financial statements.

Mi Casa Resource Center
Statement of Cash Flows
Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (343,413)	249,859
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	123,021	114,079
Gain on disposal	–	(4,500)
Loss on dissolution of enterprise funds	–	9,380
Realized and unrealized gain on investments	(211,559)	(364,318)
Forgiveness of Paycheck Protection Program loan	(487,425)	–
Changes in operating assets and liabilities		
Grants and contributions receivable	(51,617)	(59,679)
Accounts receivable	(32,341)	32,157
Loans receivable	176	(46,685)
Prepaid expenses	(17,507)	1,182
Other assets	(1,862)	57,803
Accounts payable and accrued expenses	133,232	(15,525)
Accrued payroll liabilities	7,039	23,523
Net cash used in operating activities	<u>(882,256)</u>	<u>(2,724)</u>
Cash flows from investing activities		
Purchases of property and equipment	(5,743)	(79,328)
Purchases of investments	(762,999)	(449,811)
Proceeds from the sale of investments	735,697	384,889
Net cash used in investing activities	<u>(33,045)</u>	<u>(144,250)</u>
Cash flows from financing activities		
Payments on capital lease obligation	(6,792)	(6,870)
Payments on note payable	–	(9,500)
Proceeds from Paycheck Protection Program loan	487,425	–
Net cash used in financing activities	<u>480,633</u>	<u>(16,370)</u>
Decrease in cash and cash equivalents	(434,668)	(163,344)
Cash and cash equivalents, beginning of year	<u>1,168,919</u>	<u>1,332,263</u>
Cash and cash equivalents, end of year	<u>\$ 734,251</u>	<u>1,168,919</u>
Supplemental information		
Cash paid for interest	<u>\$ 160</u>	<u>974</u>

See the accompanying notes to the financial statements.

Mi Casa Resource Center

Notes to Financial Statements

December 31, 2020

(1) Summary of Significant Accounting Policies

(a) Organization

Mi Casa Resource Center (MCRC) identifies and responds to the needs of low-income individuals and families to create pathways to opportunity. Since 1976, our comprehensive and community-focused programming has helped our participants achieve their version of educational and economic success. As Denver's largest and longstanding Latinx-led and serving organization, we have earned community trust by providing culturally competent services grounded in community need. MCRC is Colorado's only Women's Business Center under the Small Business Administration and one of only a few organizations in the state that offers full-scale support in both English and Spanish. In 2017, we were named the National Women's Business Center. In 2020, we were named the UnidosUS Far West Affiliate of the Year. Our expertise in career and business development uniquely positions MCRC as a leader in addressing equity gaps in economic mobility.

Our Business and Career Pathways programs pair skills education with basic needs navigation, financial coaching, and access to capital. Career Pathways trains, supports, and connects low-income jobseekers to high-demand careers that meet their personal and professional needs. Business Pathways combines trainings, consulting, and wrap-around services for underserved business owners and entrepreneurs at every stage. With MCRC's support, participants gain the education and skills needed to generate income, move up career ladders, and build wealth through business ownership.

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

Career Pathways utilizes flexible, multi-service solutions designed to train, support, and connect low-income youth and adults to high-demand careers that meet their professional and personal needs. In order to build progressive levels of education, training, support services, and credentials to optimize participant success, Career Pathways is built on four primary pillars to support jobseekers across the spectrum: workshops and webinars, navigation, training, and coaching.

MCRC offers two blended learning training programs for low-income job seekers: Specialized Skills Training and Technical Skills Training. Participants work with our trained Recruitment staff to choose the program that best fits their needs, interests, and goals. Both the Specialized Skills Training and Technical Skills Training measure program completion rates, employment attainment, and employment retention for participants.

Mi Casa Resource Center

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Career Pathways, Continued

MCRC's Coaching offers one-on-one career support throughout the job search and employment process. Our bilingual Career Coach offers individual appointments to provide technical skills training on job search tools, digital literacy, and communication. These individual appointments are supplemented with group job search supports managed by the Career Coach and MCRC Trainers.

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 learners to meaningful employment and postsecondary credentials simultaneously. Both adult learners and high school students can earn postsecondary credentials through Prior Learning Assessments and jumpstart their path to higher education, while also receiving personalized coaching from a Student Services Coordinator who supports them along their path.

In partnership with area high schools, MCRC provides Career Skills and Financial Services Training through a contextualized digital literacy learning environment for high school seniors. PWR is rooted in the Positive Youth Development (PYD) framework to support young people in ways that are developmentally appropriate and meaningfully address their needs.

Other community resources such as financial coaching, digital lending and skill building, English Language Acquisition (ELA) classes, mental health counseling, free legal advice, and tax preparation services augment the important work of the Career Pathways program. MCRC partners with a range of government agencies, Community Development Financial Institutions (CDFIs), and local community and nonprofit partners to provide these additional services. MCRC provides wrap-around navigation services to guide participants to these resources in order to increase their success. Navigators use a strengths-based support to combine goal setting with action plans that meet potential barriers to employment such as transportation, childcare, housing, and food access.

Business Pathways

Business Pathways which operates the Women's Business Center under the U.S. Small Business Administration, provides comprehensive support services for underserved business owners and entrepreneurs with particular focus on women, minorities, and low-income clients. Services include knowledge and skill building through workshops, intensive training, one-on-one consulting, industry-focused connections, access to capital, legal support, financial coaching and wraparound supports. This programming supports participants through all stages of business development from start-up to growth and expansion.

Mi Casa Resource Center

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Business Pathways, Continued

Business ownership is an essential strategy for economic independence, both for business owners and their employees. In low-income communities, business ownership generates wealth through generations, creating a ripple effect of increased prosperity in families and communities. MCRC offers all Business Pathways programming in English and Spanish to serve the most vulnerable members of our community.

Business Pathways offers a modular training series to support entrepreneurs at every phase of business ownership, from ideation to growth and expansion. With four modules (Plan, Launch, Manage, and Grow), training covers creation of an elevator pitch and business plan, marketing, key business strategies, fiscal and financial responsibility, and more. Business owners can join the module most suited to their needs. Program success is measured through program completion rates, businesses launched, revenue generated, and jobs created or retained.

Business Pathways collaborates with local community partners to prevent involuntary displacement by supporting business owners. Additionally, we administer a ProBoPat Program, which refers qualified low-income inventors to volunteer patent professionals. ProboPat serves residents of Colorado, Montana, New Mexico, Utah, and Wyoming and is part of a nationwide network of patent pro bono services coordinated by the U.S. Patent & Trademark Office.

Other community resources such as financial coaching, digital lending and skill building, English Language Acquisition (ELA) classes, mental health counseling, free legal advice, and tax preparation services augment the important work of the Career Pathways program. MCRC partners with a range of government agencies, Community Development Financial Institutions (CDFIs), and local community and nonprofit partners to provide these additional services. MCRC provides wrap-around navigation services to guide participants to these resources in order to increase their success. Navigators use a strengths-based support to combine goal setting with action plans that meet potential barriers to employment such as transportation, childcare, housing, and food access.

(b) Basis of Accounting

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

Mi Casa Resource Center

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) 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.

(d) Measure of Operations

The 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.

(e) 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.

(f) 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.

Mi Casa Resource Center

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Investments

MCRC reports investments at fair value. Fair value is determined as more fully described in note 1(h). 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.

(h) 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 financial statements.

(i) 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, 2020. Accounts receivable are considered to be past due based on contractual terms.

Mi Casa Resource Center

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) 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.

(k) 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

(l) Revenue Recognition

Contract Revenue and Other Income

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.

Contributions and Grants

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, 2020, contributions receivable expected to be collected in more than one year have not been discounted to net present value because the amount is insignificant.

A portion of MCRC's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when MCRC has incurred expenditures in compliance with specific contract and grant provisions.

Mi Casa Resource Center

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Revenue Recognition, Continued

Contributions and Grants, Continued

As of December 31, 2020, MCRC has received \$508,077 in cost-reimbursement grants and 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)	\$ 439,177
Number of participants served	<u>68,900</u>
Total	\$ <u>508,077</u>

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

(m) In-kind Contributions

Contributed 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, 2020 consisted of donated legal services and totaled \$56,511.

(n) 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.

(o) 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.

Mi Casa Resource Center
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) 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, 2020.

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, 2017.

(q) Subsequent Events

MCRC has evaluated subsequent events through May 24, 2021, the date the financial statements were available to be issued. See note 15.

(r) 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 financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Mi Casa Resource Center

Notes to Financial Statements, Continued

(2) Liquidity and Availability of Financial Assets

The following table reflects MCRC's financial assets as of December 31, 2020, 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	\$ 734,251
Investments	3,066,577
Contributions and grants receivable	562,760
Accounts receivables	<u>161,232</u>
Total financial assets available to meet cash expenditures over the next twelve months	4,524,820
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(591,268)
Board designated endowment fund	(2,520,178)
Plus net assets with time or purpose restrictions expected to be met in one year	<u>591,268</u>
	<u>(2,520,178)</u>
Financial assets available for general expenditures over the next twelve months	\$ <u>2,004,642</u>

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, 2020, the maximum amount that may be made available within twelve months of year-end is \$85,960. MCRC also has a \$300,000 line of credit. See notes 12 and 15.

(2) Investments

Investments are stated at fair value and consisted of the following at December 31, 2020:

Mutual funds invested in domestic equities	\$ 1,524,685
Mutual funds invested in fixed income	984,196
Mutual funds invested in international equities	511,574
Cash and cash equivalents	<u>46,122</u>
	\$ <u>3,066,577</u>

As of December 31, 2020, all investments were considered Level 1 investments.

Mi Casa Resource Center
Notes to Financial Statements, Continued

(3) Investments, Continued

Net investment return consisted of the following for the year ended December 31, 2020:

Interest and dividends	\$ 71,814
Less investment fees	<u>(23,156)</u>
Net investment income	48,658
Realized losses	(33,557)
Unrealized gains	<u>245,116</u>
Total realized and unrealized	<u>211,559</u>
Total investment return, net	\$ <u>260,217</u>

(4) Contributions and Grants Receivable

Contributions and grants receivable consist of the following at December 31, 2020:

Contributions and grants restricted for specific programs or future periods	\$ 177,000
Contributions to support future operations	<u>7,500</u>
	\$ <u>562,760</u>

All amounts are due in less than one year.

(5) Loans Receivable

Loans receivable are comprised of unsecured small business loans. Loans receivable consist of the following at December 31, 2020:

Amounts due in:	
Less than one year	\$ 98,363
Greater than one year	<u>11,896</u>
	110,259
Allowance for loan losses	<u>(3,654)</u>
Net loans receivable	\$ <u>106,605</u>

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.

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Notes to Financial Statements, Continued

(5) Loans Receivable, Continued

The following is an aging of MCRC's loans receivable at December 31, 2020:

Current	\$ 96,401
31-60 days	-
61-90 days	2,959
Over 90 days	<u>7,245</u>
Total	\$ <u>106,605</u>

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, 2020, MCRC had contributed \$58,590 in excess of claims filed with the Trust.

(7) Property and Equipment

Property and equipment consist of the following at December 31, 2020:

Buildings and improvements	\$ 2,723,862
Furniture and equipment	93,398
Leased equipment	30,874
Vehicles	<u>78,450</u>
	2,926,584
Less: accumulated depreciation	<u>(409,173)</u>
Property and equipment, net	\$ <u>2,517,411</u>

(8) Capital Lease Obligation

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

2021	\$ 4,490
2022	<u>2,166</u>
Total payable	6,656
Less amount representing interest	<u>(1,794)</u>
Present value of capital lease obligation	\$ <u>4,862</u>

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Notes to Financial Statements, Continued

(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, 2020 is \$58,000. No interest was accrued on this note in 2020 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, 2020:

Subject to specific purposes:

Collective Impact	\$ 319,491
Business Pathways	<u>87,277</u>
Total subject to purpose restrictions	406,768

Subject to time restrictions:

Contributions and grants receivable for future operations	<u>562,760</u>
Total net assets with donor restrictions	\$ <u>591,268</u>

For the year ended December 31, 2020, net assets released from restrictions as a result of MCRC incurring expenditures satisfying the related restricted purposes were as follows:

Collective Impact	\$ 570,706
Business Pathways	243,070
Career Pathways	179,000
Supporting programs	<u>117,143</u>
Total net assets released from restrictions	\$ <u>1,109,919</u>

Mi Casa Resource Center

Notes to Financial Statements, Continued

(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 \$52,289 for 2020.

(12) Line of Credit Agreement

MCRC has a \$300,000 collateralized revolving line of credit. The line of credit bears interest at 1% Interest as it accrues is due and payable monthly. The line of credit matures on demand, at which time all unpaid principal and accrued interest is due and payable in full. At December 31, 2020, the balance on the note is \$0. MCRC did not borrow against or pay interest on this note during the year ended December 31, 2020.

(13) Financial Services Pathways Partnership

MCRC entered into a memorandum of understanding (MOU) establishing a joint partnership between MCRC, Community College of Aurora and Metropolitan State University of Denver to connect adult learners to employment and up to four industry-recognized credentials simultaneously. MCRC's responsibilities under the MOU include acting as the fiscal sponsor, supporting the fundraising efforts to fully cover the operationalization of the program, providing financial services classes, and distributing funds to the partnership. MCRC's goal is to raise over \$1,000,000 for the program, but payment obligations to the partnership are based only on total funding raised. The MOU is in effect until January 31, 2022. See note 1(a).

(14) Paycheck Protection Program

Subsequent to year-end in February 2021, MCRC applied for and received a Paycheck Protection Program loan in the amount of \$488,587 under the 2020 CARES Act (Coronavirus Aid, Relief, and Economic Security), as amended by the Economic Aid Act, to cover payroll and other allowable expenses. The loan matures February 16, 2026 and has an initial fixed rate of 1%. These funds are provided in the form of an unsecured loan that is eligible for forgiveness provided MCRC meets certain criteria. MCRC expects to meet the criteria and intends to apply for loan forgiveness. MCRC previously received a \$487,425 Paycheck Protection Program loan in April 2020 and received full forgiveness in December 2020. Forgiveness of the loan is included in government contributions in the accompanying statement of activities for the year ended December 31, 2020.

(15) Subsequent Event

On April 6, 2021, MCRC was approved for a \$250,000 loan from the Metro Denver Nonprofit Loan Fund. The loan bears no interest and matures 36 months from the closing date. No payments are required during the initial 12 months of the loan term. Thereafter, equal quarterly payments of principal are due in an amount sufficient to fully amortize the loan. All outstanding principal is due at maturity.