

**JEFFCO ACTION CENTER,
INC.**

**Financial Statements with
Accompanying Independent
Auditor's Report**

June 30, 2009 and 2008

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Kristin L. Flewelling, CPA, PC

P.O. Box 209 • Louisville, CO 80027 • (303) 499 7445 • Fax (303) 967 2372

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Jeffco Action Center, Inc.
Lakewood, Colorado

I have audited the accompanying statement of financial position of Jeffco Action Center, Inc. as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jeffco Action Center, Inc. as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Kristin L. Flewelling, CPA, PC

October 9, 2009

JEFFCO ACTION CENTER, INC.

Statement of Financial Position
June 30, 2009 and 2008

| ASSETS | | <u>2009</u> | <u>2008</u> |
|---|-----------|-------------------------|-------------------------|
| Cash and cash equivalents | \$ | 579,749 | \$ 393,960 |
| Grants and contributions receivable (less: allowance for doubtful accounts of \$0) | | 48,096 | 18,571 |
| Prepaid expenses | | 39,245 | 37,413 |
| Unconditional promises to give | | 520,640 | 509,892 |
| Endowment investments | | 380,388 | 320,042 |
| Property and equipment - net | | <u>2,048,575</u> | <u>2,110,934</u> |
| Total Assets | \$ | <u>3,616,693</u> | <u>3,390,812</u> |

LIABILITIES AND NET ASSETS

| | | | |
|---|-----------|-------------------------|-------------------------|
| Liabilities: | | | |
| Accounts payable | \$ | 22,255 | \$ 34,911 |
| Payroll taxes and benefits payable | | 29,601 | 29,827 |
| Deferred revenue | | 92,792 | — |
| Mortgage payable | | <u>179,093</u> | <u>184,956</u> |
| Total Liabilities | | <u>323,741</u> | <u>249,694</u> |
| Commitments and Contingencies | | — | — |
| Net Assets | | | |
| Unrestricted net assets: | | | |
| Undesignated | | 2,252,667 | 2,283,653 |
| Board-designated for endowment | | 274,703 | 183,719 |
| Board-designated for facilities reserve | | 50,000 | — |
| Board-designated for technology reserve | | <u>40,000</u> | <u>—</u> |
| Total Unrestricted Net Assets | | <u>2,617,370</u> | <u>2,467,372</u> |
| Temporarily restricted net assets | | 551,424 | 549,608 |
| Permanently restricted net assets | | <u>124,158</u> | <u>124,138</u> |
| Total Net Assets | | <u>3,292,952</u> | <u>3,141,118</u> |
| Total Liabilities and Net Assets | \$ | <u>3,616,693</u> | <u>3,390,812</u> |

See accompanying *Notes to Financial Statements*

JEFFCO ACTION CENTER, INC.

Statement of Activities For the Years Ended June 30, 2009 and 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2009 Total</u> | <u>2008 Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| Revenues, Gains and Other Support | | | | | |
| Contributions - promises to give | \$ — | \$ 269,035 | \$ — | \$ 269,035 | \$ 237,463 |
| Contributions - other | 1,659,003 | 30,784 | 20 | 1,689,807 | 1,444,996 |
| In-kind contributions | 3,830,581 | — | — | 3,830,581 | 3,607,600 |
| Government grants and contracts | 568,469 | — | — | 568,469 | 172,089 |
| Special projects and events (less: costs of direct benefits to donors of \$22,993 and \$25,062 in 2009 and 2008, respectively) | 90,366 | — | — | 90,366 | 53,835 |
| Investment return (deficit) | (47,491) | — | — | (47,491) | (9,353) |
| Other revenue | 23,873 | — | — | 23,873 | 24,999 |
| Net assets released from restrictions | 298,003 | (298,003) | — | — | — |
| Total Revenues, Gains and Other Support | 6,422,804 | 1,816 | 20 | 6,424,640 | 5,531,629 |
| Expenses | | | | | |
| Programs: | | | | | |
| Client services | 3,048,780 | — | — | 3,048,780 | 2,226,793 |
| Food Pantry | 2,250,541 | — | — | 2,250,541 | 2,247,069 |
| Shelter | 493,924 | — | — | 493,924 | 462,545 |
| Total Programs | 5,793,245 | — | — | 5,793,245 | 4,936,407 |
| Management and general | 215,855 | — | — | 215,855 | 214,180 |
| Fundraising | 263,706 | — | — | 263,706 | 222,063 |
| Total Expenses..... | 6,272,806 | — | — | 6,272,806 | 5,372,650 |
| Loss on disposal of property and equipment | — | — | — | — | 19,439 |
| Total Expenses and Losses | 6,272,806 | — | — | 6,272,806 | 5,392,089 |
| Increase in Net Assets | 149,998 | 1,816 | 20 | 151,834 | 139,540 |
| Net Assets at Beginning of Year | 2,467,372 | 549,608 | 124,138 | 3,141,118 | 3,001,578 |
| Net Assets at End of Year | \$ 2,617,370 | \$ 551,424 | \$ 124,158 | \$ 3,292,952 | \$ 3,141,118 |

See accompanying *Notes to Financial Statements*

ACTION CENTER, INC.
Statement of Functional Expenses
For the Years Ended June 30, 2009 and 2008

| | Program Services | | | | Supporting Services | | | |
|--------------------------------------|----------------------------|----------------------------|--------------------------|----------------------------|--------------------------|--------------------------|----------------------------|----------------------------|
| | Client Services | Food Pantry | Shelter | Total Programs | Mgt and General | Fund-raising | 2009 Total | 2008 Total |
| Salaries and labor | \$ 391,235 | \$ 45,264 | \$ 145,731 | \$ 582,230 | \$ 110,708 | \$ 109,705 | \$ 802,643 | \$ 690,944 |
| Donated services | 114,678 | — | — | 114,678 | 20,594 | — | 135,272 | 111,160 |
| Benefits and taxes | <u>80,954</u> | <u>10,676</u> | <u>24,933</u> | <u>116,563</u> | <u>20,055</u> | <u>21,670</u> | <u>158,288</u> | <u>150,962</u> |
| Total Personnel Services | <u>586,867</u> | <u>55,940</u> | <u>170,664</u> | <u>813,471</u> | <u>151,357</u> | <u>131,375</u> | <u>1,096,203</u> | <u>953,066</u> |
| Operating expense | 99,967 | 12,114 | 28,452 | 140,533 | 32,944 | 62,464 | 235,941 | 183,000 |
| Facilities costs | 96,613 | 11,928 | 38,256 | 146,797 | 18,808 | 20,075 | 185,680 | 177,871 |
| Direct assistance: | | | | | | | | |
| Food | 29,065 | 73,585 | 451 | 103,101 | — | — | 103,101 | 56,634 |
| Housing | 271,166 | — | 1,200 | 272,366 | — | — | 272,366 | 32,298 |
| Transportation | 20,350 | — | 4,940 | 25,290 | — | — | 25,290 | 17,500 |
| Utilities | 320,555 | — | — | 320,555 | — | — | 320,555 | 239,071 |
| Donated goods | 1,374,250 | 2,090,388 | 227,320 | 3,691,958 | — | — | 3,691,958 | 3,435,829 |
| Other | 25,536 | 78 | 4,048 | 29,662 | — | — | 29,662 | 19,888 |
| Medical | 21,184 | — | — | 21,184 | — | — | 21,184 | 14,217 |
| Helping Hearts & Hands | 155,633 | — | — | 155,633 | — | — | 155,633 | 69,016 |
| Gift cards | — | — | — | — | — | — | — | 30,225 |
| Other expenses | <u>1,200</u> | <u>140</u> | <u>399</u> | <u>1,739</u> | <u>1,830</u> | <u>40,695</u> | <u>44,264</u> | <u>43,903</u> |
| | <u>2,415,519</u> | <u>2,188,233</u> | <u>305,066</u> | <u>4,908,818</u> | <u>53,582</u> | <u>123,234</u> | <u>5,085,634</u> | <u>4,319,452</u> |
| Total expense before depreciation | 3,002,386 | 2,244,173 | 475,730 | 5,722,289 | 204,939 | 254,609 | 6,181,837 | 5,272,518 |
| Depreciation | <u>46,394</u> | <u>6,368</u> | <u>18,194</u> | <u>70,956</u> | <u>10,916</u> | <u>9,097</u> | <u>90,969</u> | <u>100,132</u> |
| Total Expenses | <u>\$ 3,048,780</u> | <u>\$ 2,250,541</u> | <u>\$ 493,924</u> | <u>\$ 5,793,245</u> | <u>\$ 215,855</u> | <u>\$ 263,706</u> | <u>\$ 6,272,806</u> | <u>\$ 5,372,650</u> |

See accompanying *Notes to Financial Statements*

JEFFCO ACTION CENTER, INC.

Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Increase (decrease) in net assets | \$ 151,834 | \$ 139,540 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 90,969 | 100,132 |
| Donated equipment | — | (4,500) |
| Loss on disposal of property and equipment | — | 19,439 |
| (Gain) loss on endowment investments | 64,765 | 26,339 |
| Net changes in: | | |
| Grants and contributions receivable | (29,525) | (9,646) |
| Prepaid expenses | (1,832) | (25,206) |
| Unconditional promises to give | (10,748) | 19,879 |
| Accounts payable | (12,656) | 26,502 |
| Accrued taxes and benefits | (226) | (1,330) |
| Deferred revenue | 92,792 | (2,102) |
| Net Cash Provided by Operating Activities | <u>345,373</u> | <u>289,047</u> |
| Cash Flows from Investing Activities | | |
| Purchase of endowment investments | (125,111) | (110,761) |
| Purchase of property and equipment | (28,610) | (22,694) |
| Net Cash Used by Investing Activities | <u>(153,721)</u> | <u>(133,455)</u> |
| Cash Flows from Financing Activities | | |
| Payments on debts | (5,863) | (5,792) |
| Net Cash Used by Financing Activities | <u>(5,863)</u> | <u>(5,792)</u> |
| Net Increase in Cash and Cash Equivalents | 185,789 | 149,800 |
| Cash and Cash Equivalents at Beginning of Year | <u>393,960</u> | <u>244,160</u> |
| Cash and Cash Equivalents at end of Year | \$ 579,749 | \$ 393,960 |

See accompanying *Notes to Financial Statements*

JEFFCO ACTION CENTER, INC.

Notes to Financial Statements June 30, 2009 and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Jeffco Action Center, Inc. (the Organization) is a non-profit Colorado Charitable corporation. The Organization's mission is to provide an immediate response to basic human needs and to promote pathways to self-sufficiency. Jeffco Action Center, Inc. serves clients who reside or are homeless in Jefferson County, Colorado.

The Organization's major programs include:

Client Services: Provides emergency counseling and support, including financial assistance, health assistance, tenant-landlord counseling, a clothing bank, and other programs to meet immediate, basic needs.

Food Pantry: Operates a Food Pantry to alleviate hunger for needy individuals.

Shelter: Operates a shelter for the homeless in Jefferson County.

The primary funding source of the Organization is private contributions of cash and in-kind goods and services from individuals, churches, businesses and foundations. In addition, the Organization receives revenue from special events and government grants.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted auditing standards requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Cash and Cash Equivalents and Concentration of Credit Risk

The Organization considers all unrestricted, highly liquid investments with an initial maturity date of three months or fewer to be cash and cash equivalents. There are no limitations on the use of cash and cash equivalents at June 30, 2009 and 2008.

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization maintains its cash accounts in commercial banks located in Jefferson County, Colorado, and Maricopa County, Arizona. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2009 and 2008, the Organization's cash deposits did not exceed the FDIC limit.

Functional Allocation of Expense

Expenses by function have been allocated among programs and supporting services classifications on the basis of square feet occupied, full-time employees' time, and on estimates made by the Organization's management.

Reclassifications

Certain reclassifications have been made to the 2008 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these classifications.

Fair Value of Financial Instruments

The Organization discloses fair value information about financial instruments when it is practicable to estimate that value. The carrying value of the Organization's cash, receivables, prepaid expenses, accounts payable, accrued expenses and deferred revenue approximate their estimated fair values due to their short-term maturities.

The fair value of investments in marketable equity and debt securities, including endowment investments, is based on quoted market prices. The fair value of unconditional promises to give is estimated by discounting the future cash flows using the long-term applicable Federal rate. The carrying amount reported for the mortgage payable approximates fair value because the Organization can obtain similar loans at the same terms.

Income Taxes

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income tax is recorded in the accompanying financial statements. The Organization has elected to defer the provisions of FIN 48 (FASB ASC 740-10), "Accounting for Income Taxes," under the provisions of FSP FIN 48-3.

NOTE2: DEFERRED REVENUE

Deferred revenue of \$92,792 and \$0 at June 30, 2009 and 2008 respectively, consisted of the following:

| | 2009 | 2008 |
|---|-----------|------|
| Metro Denver Emergency Food and Shelter Board (FEMA) payments received in advance | \$ 85,750 | \$ — |
| Copier buyout payments received in advance | 7,042 | — |
| Distributed to Clients | \$ 92,792 | \$ — |

JEFFCO ACTION CENTER, INC.

Notes to Financial Statements June 30, 2009 and 2008

NOTE 3: DONATED MATERIALS AND SERVICES

Materials:

The Organization received a substantial amount of donated materials which are in turn given to the Center's clients. These donations account for a large part of the program services that the Center provides. Donated materials for the year ended June 30, 2009 and 2008 include the following:

| | 2009 | 2008 |
|------------------------------|--------------|--------------|
| Food | \$ 2,317,709 | \$ 2,140,002 |
| Clothing | 646,751 | 611,870 |
| Personal items | 301,455 | 293,419 |
| Household goods | 102,978 | 106,740 |
| Toys | 185,460 | 151,855 |
| School supplies | 134,581 | 131,944 |
| Gift certificates | 3,351 | 56,110 |
| Other | 3,024 | 4,500 |
| Distributed to Clients | \$ 3,695,309 | \$ 3,496,440 |

The Organization records the estimated fair value of goods that are received and distributed to clients during the year as in-kind contributions revenue and donated goods expense.

Services:

The Organization recognized in-kind contribution revenue for certain services received at the estimated fair value of those services. Most of these services were valued using the volunteer rates published by the Independent Sector of \$20.25 and \$19.51 per hour for the years ending June 30, 2009 and 2008, respectively, and include the following:

| | 2009 | 2008 |
|---------------------------------------|------------|------------|
| Legal services | \$ 880 | \$ 890 |
| Accounting and audit | 4,300 | 2,289 |
| Information technology services | 3,040 | 3,002 |
| Construction services | 2,405 | — |
| Client services - counselors | 75,290 | 74,478 |
| Tenant/landlord counseling | 35,490 | 25,701 |
| Organizational development consulting | 10,849 | — |
| Hair care services | 2,178 | 4,800 |
| Other | 840 | — |
| Total Contributed Services | \$ 135,272 | \$ 111,160 |

The Organization received additional contributed services which did not meet the requirements for recognition in the financial statements. Those services included the following:

| | 2009 | 2008 |
|------------------------------|------------|------------|
| Administrative services | \$ 18,164 | \$ 10,441 |
| Client services receptionist | 104,267 | 76,714 |
| Telephone receptionist | 48,641 | 35,532 |
| Computer services | 58,583 | 53,457 |
| Shelter assistants | 1,296 | 7,550 |
| Funds development | 12,555 | 25,402 |
| Warehouse management | — | 4,878 |
| Other | — | 1,200 |
| Total | \$ 243,506 | \$ 215,174 |

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 3: DONATED MATERIALS AND SERVICES (continued)

In addition to the services noted previously, hundreds of other individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fund-raising events, and various committee assignments. Jeffco Action Center, Inc. received more than 42,667 and 33,705 additional volunteer hours from more than 1,100 volunteers during the years ended June 30, 2009 and 2008, respectively.

NOTE 4: PROMISES TO GIVE

Unconditional promises to give consists of the following:

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| Unrestricted promises | \$ 589,311 | \$ 582,094 |
| Less: Allowance for uncollectible promises to give | (18,000) | (18,000) |
| Less: Discount to present value | (50,671) | (54,202) |
| Net Unconditional Promises to Give | <u>\$ 520,640</u> | <u>\$ 509,892</u> |
| Amounts due in: | | |
| Less than one year | \$ 236,358 | \$ 228,961 |
| One to five years | 284,282 | 280,931 |
| Total Amounts Due..... | <u>\$ 520,640</u> | <u>\$ 509,892</u> |

Unconditional promises to give in more than one year are reflected at the present value of estimated future cash flows, using a discount rate of 4.28% and 4.57% at June 30, 2009 and 2008, respectively.

NOTE 5: ENDOWMENT INVESTMENTS

Endowment investments are held with Wachovia Securities and Community First Foundation. The aggregate market value of endowment investments, as determined by quoted market prices, at June 30, 2009 and 2008, consists of the following:

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| <i>Wachovia Securities:</i> | | |
| Cash and cash equivalents held for long-term investments | \$ 21,071 | \$ 15,775 |
| Fixed income | 31,164 | 12,002 |
| Equity securities | 226,468 | 172,128 |
| <i>Community First Foundation Investments:</i> | | |
| Money market | 5,104 | 7,461 |
| Fixed income | 46,582 | 45,075 |
| Equity securities | 49,999 | 67,601 |
| Total Endowment Investments | <u>\$ 380,388</u> | <u>\$ 320,042</u> |

The following schedule summarizes the return on cash and investments for the years ended June 30, 2009 and 2008. All of the income from investments is classified as unrestricted on the Statement of Activities:

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|--------------------|
| Interest income | \$ 17,274 | \$ 16,986 |
| Net realized and unrealized gains (losses) | (64,765) | (26,339) |
| Total Investment Return (Deficit) | <u>\$ (47,491)</u> | <u>\$ (9,353)</u> |

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment purchased for over \$2,500 with a useful life of at least one year are capitalized at cost. Donated capital assets are capitalized at their estimated fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3-40 years.

Expenditures for maintenance and repairs are charged to the appropriate expense accounts as incurred. Expenditures for renewals or betterments which materially extend the useful lives of assets or increase their productivity are capitalized at cost. The costs and related allowances for depreciation of assets retired or otherwise disposed of are eliminated from the accounts. The resulting gains or losses are included in the determination of net income.

The following is a detail of property and equipment at June 30, 2009 and 2008:

| | 2009 | | 2008 | |
|------------------------|--------------|-----------------------------|--------------|-----------------------------|
| | Cost | Accumulated Depreciation | Cost | Accumulated Depreciation |
| Land | \$ 116,082 | \$ — | \$ 116,082 | \$ — |
| Buildings | 2,597,014 | 743,216 | 2,597,014 | 663,341 |
| Building improvements | 28,685 | 6,854 | 24,764 | 5,447 |
| Furniture and fixtures | 93,641 | 50,923 | 80,962 | 45,533 |
| Vehicles | 37,659 | 23,513 | 29,935 | 23,502 |
| Total | \$ 2,873,081 | \$ 824,506 | \$ 2,848,757 | \$ 737,823 |

NOTE 7: OPERATING LEASE COMMITMENTS

On September 26, 2008, the Organization entered into two leases with an unrelated party for two office suites in the building next door to the one owned by Jeffco Action Center, Inc. The leases call for monthly rentals of \$2,280 combined. The lease term is for three years ending October 1, 2011.

During the year ending June 30, 2008, the Organization entered into two leases for warehouse space in Lakewood, Colorado with unrelated parties. The first lease calls for monthly rentals of \$1,133, increasing to \$1,178 per month on September 1, 2008, until the end of the lease term on August 31, 2009. This lease was replaced with a lease at another warehouse building on September 1, 2009, specifying monthly rentals of \$685 until August 31, 2011. The second lease calls for payments of \$800 per month until April 30, 2010.

The Organization had rent expense on these facilities of \$49,050 and \$14,061 during the years ending June 30, 2009 and 2008, respectively. Future minimum lease payments are as follows:

| | |
|---------------------|-----------|
| Year ended June 30, | |
| 2010 | \$ 44,566 |
| 2011 | 35,580 |
| 2012 | 8,210 |
| Thereafter | — |
| | \$ 88,356 |

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 8: MORTGAGE PAYABLE

The Organization holds a mortgage payable which requires monthly installments of \$1,472 to First Bank of Colorado, dated October 11, 2005 and maturing October 10, 2015. Interest is fixed at 6.25% until October 10, 2010, at which time the rate would be based on the five-year U.S. Treasury Index plus 2.2%. The interest rate would change on October 10, 2010 and every five years thereafter. The loan is collateralized by a deed of trust on the building at 8755 W. 14th Avenue, Lakewood, Colorado. The balance of the mortgage at June 30, 2009 and 2008 was \$179,093 and \$184,956, respectively.

Maturities are as follows:

| | |
|---------------------|-------------------|
| Year ended June 30, | |
| 2010 | \$ 6,504 |
| 2011 | 6,929 |
| 2012 | 7,352 |
| 2013 | 7,860 |
| Thereafter | <u>150,448</u> |
| | <u>\$ 179,093</u> |

NOTE 9: EMPLOYEE RETIREMENT PLAN

The Organization adopted a 401(k) employee salary reduction savings plan in 2007. The plan provides participating employees a pre-tax contribution towards their retirement. All employees are eligible to enroll in the plan immediately after employment. The Organization does not contribute to the plan.

NOTE 10: RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2009 and 2008:

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| Unconditional promises to give in future years | \$ 520,640 | \$ 509,892 |
| Restricted for Helping Hearts and Hands for FYE 6/30/10 | 20,000 | — |
| Restricted for utility assistance | 10,784 | 30,238 |
| Restricted for J-Help program | — | 5,793 |
| Restricted for shelter | — | 3,685 |
| Total | <u>\$ 551,424</u> | <u>\$ 549,608</u> |

Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2009 and 2008 are comprised of the following:

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|-------------------|
| Endowment held by Community First Foundation | \$ 120,158 | \$ 120,138 |
| Martha Edwards Donor Restricted Fund | 4,000 | 4,000 |
| Total | <u>\$ 124,158</u> | <u>\$ 124,138</u> |

JEFFCO ACTION CENTER, INC.

Notes to Financial Statements June 30, 2009 and 2008

NOTE 11: COMMITMENTS AND CONTINGENCIES

Government Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the entity. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although in the opinion of the Organization, they would have no material effect on the entity's financial position.

NOTE 12: LINE OF CREDIT

The Organization has a line of credit with 1st Bank of Colorado with a limit of \$150,000. The line accrues interest at a fixed rate at 6.0% until November 1, 2008, at which time it may become variable at the rate of the Wall Street Journal prime rate plus 1%, with a minimum interest rate of 6%. It is secured by a deed of trust on the building at 8755 West 14th Avenue, Lakewood, Colorado. The line matures on October 14, 2009.

The balance due on the line of credit at June 30, 2009 and 2008 was \$0.

NOTE 13: JOINT VENTURES

Jeffco Action Center participates in two joint ventures, the Estes Street Community Clinic and J-Help. The Estes Street Community Clinic is a joint venture with MetroCommunity Providers Network (MCPN) and Exempla/Lutheran Hospital to provide a four exam room clinic. Jeffco Action Center's role in this collaboration is to provide physical space and case management services for all Jeffco Action Center patients seen at the clinic. MCPN is the medical services provider and operates the clinic under their medical standards and insurance requirements.

Exempla/Lutheran Hospital provides all lab and other diagnostic testing, as well as some financial assistance for operations.

J-Help is a collaborative venture with Volunteers of America (VOA) to extend VOA's Meals on Wheels program to clients under the age of 60. These clients are not eligible for the Meals on Wheels program because of their age, but have the same physical need for the service. Jeffco Action Center provides space and administrative and volunteer support for the program within its facility and raises funds to purchase the additional meals for the J-Help clients.

NOTE 14: CASH FLOW INFORMATION

Cash paid for interest during the year ended June 30, 2009 and 2008 was \$12,100 and \$12,396, respectively.

Noncash investing and financing activities consisted of donated equipment of \$0 and \$4,500 in the years ending June 30, 2009 and 2008, respectively.

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 15: FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS N. 157, "Fair Value Measurements" (FASB ASC 820-10) in order to establish a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements. SFAS No. 157 (FASB ASC 820-10) also expands disclosures about fair value measurements. The Standard applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. SFAS No. 157 (FASB ASC 820-10) was originally effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years with early adoption permitted.

In early 2008, the FASB issued Staff Position (FSP) FAS-157-2, "Effective Date of FASB Statement No. 157" (FASB ASC 820-10), which delays by one year the effective date of SFAS No. 157 (FASB ASC 820-10) for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The delay pertains to items including, but not limited to, non-financial assets and non-financial liabilities initially measured at fair value in a business combination, non-financial assets (such as real estate or donations in kind) recorded at fair value at the time of donation, and long-lived assets measured at fair value for impairment assessment under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (FASB ASC 958-360-50-2).

The Organization has adopted the portion of SFAS No. 157 (FASB ASC 820-10) that has not been delayed by FSP FAS-157-2 as of the beginning of its fiscal year ending June 30, 2009, and plans to adopt the balance of its provisions as of the beginning of its fiscal year ending June 30, 2010. Items carried at fair value on a recurring basis (to which SFAS No. 157 (FASB ASC 820-10) applies in fiscal year ending June 30, 2009 consist primarily of non-cash contributions of materials, equipment and services received, unconditional promises to give, and investments, which are primarily based on other observable inputs. The Organization also uses fair value concepts to test various long-lived assets for impairment. The Organization is continuing to evaluate the impact the standard will have on the determination of fair value related to non-financial assets and non-financial liabilities in post-June 30, 2009 years.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2009 are as follows:

| | <u>Fair Value Measurements at Reporting Date Using:</u> | | | |
|--------------------------------|---|---|---|--|
| | <u>Fair Value</u> | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>June 30, 2009</u> | | | | |
| Unconditional promises to give | \$ 520,640 | \$ — | \$520,640 | \$ — |
| Endowment investments | 380,388 | 380,388 | — | — |
| Mortgage payable | (179,093) | — | (179,093) | — |
| Total | <u>\$ 721,935</u> | <u>\$ 380,388</u> | <u>\$341,547</u> | <u>\$ —</u> |

There are no assets or liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 16: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 9, 2009, which was the date the financial statements were available to be issued. There were no significant subsequent events noted.

NOTE 17: ENDOWMENT

Jeffco Action Center, Inc.'s endowment consists of two agency endowment funds established for two different purposes: \$101,685 for the Organization's Homeless Shelter and \$278,703 for a general endowment fund. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Jeffco Action Center, Inc. has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Colorado UPMIFA. In accordance with Colorado UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of Jeffco Action Center, Inc. and the donor-restricted endowment fund.
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and the appreciation of investments.
- f) Other resources of the Organization
- g) The investment policies of the Organization

Endowment Net Asset Composition by Type of Fund as of June 30, 2009:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Donor-restricted endowment funds | \$(18,473) | \$ — | \$ 124,158 | \$ 105,685 |
| Board-designated endowment funds | <u>274,703</u> | <u>—</u> | <u>—</u> | <u>274,703</u> |
| Total Funds..... | <u>\$ 256,230</u> | <u>\$ —</u> | <u>\$ 124,158</u> | <u>\$ 380,388</u> |

JEFFCO ACTION CENTER, INC.

**Notes to Financial Statements
June 30, 2009 and 2008**

NOTE 17: ENDOWMENT (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2009:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 195,904 | \$ — | \$ 124,138 | \$ 320,042 |
| Net asset reclassification, based on change in law | — | — | — | — |
| Endowment net assets after reclassification | <u>195,904</u> | <u>—</u> | <u>124,138</u> | <u>320,042</u> |
| Investment return: | | | | |
| Investment income (net of expenses) | 5,598 | 4,412 | — | 10,010 |
| Net realized and unrealized gains (losses) | <u>(60,353)</u> | <u>(4,412)</u> | — | <u>(64,765)</u> |
| Total Investment Return (Deficit) | <u>(54,755)</u> | <u>—</u> | <u>—</u> | <u>(54,755)</u> |
| Contributions | 115,081 | — | 20 | 115,101 |
| Appropriation of endowment assets for expenditure | — | — | — | — |
| Endowment Net Assets, End of Year | <u>\$ 256,230</u> | <u>\$ —</u> | <u>\$ 124,158</u> | <u>\$ 380,388</u> |

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

| | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|--|--------------------------|--------------------------|
| Permanently Restricted Net Assets | | |
| (1) The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by Colorado UPMIFA | <u>\$ 124,158</u> | <u>\$ 124,138</u> |
| Total Endowment Funds Classified as Permanently Restricted Net Assets | <u>\$ 124,158</u> | <u>\$ 124,138</u> |
| Temporarily Restricted Net Assets | | |
| (1) Term endowment funds | \$ — | \$ — |
| (2) The portion of perpetual endowment funds subject to a time restriction under Colorado UPMFI: | | |
| Without purpose restrictions | — | — |
| With purpose restrictions | — | — |
| Total Endowment Funds Classified as Temporarily Restricted Net Assets | <u>\$ —</u> | <u>\$ —</u> |

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Colorado UPMIFA requires Jeffco Action Center, Inc. to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$18,473 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently-restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Deficiencies as of June 30, 2008 were \$1.

JEFFCO ACTION CENTER, INC.

Notes to Financial Statements June 30, 2009 and 2008

NOTE 17: ENDOWMENT (continued)

Return Objectives and Risk Parameters

Jeffco Action Center, Inc. has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 7.29% annually for board directed funds in stocks and bonds and 2.3% annually for cash equivalent funds. Jeffco Action Center, Inc. expects its endowment funds, over time, to provide an average rate of return of approximately 7.25% annually for funds invested by the Community First Shelter endowment. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Jeffco Action Center, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy of the Jeffco Action Center, Inc. Board-Designated Endowment

Jeffco Action Center, Inc. has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior six quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, Jeffco Action Center, Inc. expects the current spending policy to allow its endowment to grow at an average of 7.29% annually for board-directed stocks and bonds funds and 2.3% for cash-equivalent funds. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Spending Policy and How the Investment Objectives Relate to Spending Policy of the Jeffco Action Center, Inc.'s Shelter Endowment

Community First Policy: Jeffco Action Center, Inc. has a policy of appropriating for distribution each year 5% of the average of the net fair market value of the assets of the Fund on the last business day of each of the three calendar years preceding the date of distribution (or such lesser number of calendar years as there may be between the date of the transfer of the Initial Contribution to the Foundation and date of distribution).

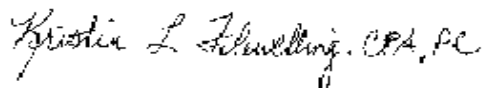
In establishing this policy, Jeffco Action Center, Inc. considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 7.25% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

To the Board of Directors
Jeffco Action Center, Inc.
Lakewood, Colorado

My report on my audit of the basic financial statements of Jeffco Action Center, Inc. For the years ended June 30, 2009 and 2008 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Statement of Activities for Helping Hearts and Hands is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kristin L Flewelling, CPA, PC

A handwritten signature in cursive script that reads "Kristin L Flewelling, CPA, PC". The signature is written in black ink and is positioned below the typed name.

October 9, 2009

JEFFCO ACTION CENTER, INC.

Statement of Activities for Helping Hearts and Hands
For the Year Ended June 30, 2009

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|------------------------|-----------------------------------|-----------------------------------|-------------------------|
| Revenues, Gains and Other Support | | | | |
| Contributions | \$ 180,370 | \$ 20,000 | \$ — | \$ 200,370 |
| Special projects and events | 23,591 | — | — | 23,591 |
| Investment return | 103 | — | — | 103 |
| Other revenue | <u>8</u> | <u>—</u> | <u>—</u> | <u>8</u> |
| Total Revenues, Gains and Other Support | <u>204,072</u> | <u>20,000</u> | <u>—</u> | <u>224,072</u> |
| Expenses | | | | |
| Programs: | | | | |
| Client services | <u>189,417</u> | <u>—</u> | <u>—</u> | <u>189,417</u> |
| Total Programs | 189,417 | — | — | 189,417 |
| Management and general | 12,485 | — | — | 12,485 |
| Fundraising | <u>2,234</u> | <u>—</u> | <u>—</u> | <u>2,234</u> |
| Total Expenses..... | <u>204,136</u> | <u>—</u> | <u>—</u> | <u>204,136</u> |
| Increase (Decrease) in Net Assets | <u><u>\$ (64)</u></u> | <u><u>\$ 20,000</u></u> | <u><u>\$ —</u></u> | <u><u>\$ 19,936</u></u> |

See Independent Auditor's Report on Supplemental Information

JEFFCO ACTION CENTER, INC.

**Notes to the Supplemental Information
June 30, 2009**

NOTE 1: HELPING HEARTS AND HANDS

On January 1, 2008, the Organization became the fiscal sponsor for Helping Hearts and Hands. Helping Hearts and Hands provides one-time financial assistance to needy individuals who have been unable to obtain benefits from other agencies. The revenues and expenses in the accompanying supplemental schedule are included in the Statement of Activities of the Organization on page 3.