

BOULDER COUNTY AIDS PROJECT

Financial Statements As Of December 31, 2020
(With Summarized Comparative Financial Information
As Of December 31, 2019)

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boulder County AIDS Project:

We have audited the accompanying financial statements of Boulder County AIDS Project, (“BCAP”), 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.

Independent Auditors' Report, Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boulder County AIDS Project 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.

Reporting on Summarized Comparative Information

We have previously audited BCAP's December 31, 2019, financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 26, 2020. In our opinion, the summarized comparative 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.

JDS Professional Group

July 23, 2021

BOULDER COUNTY AIDS PROJECT

Statement Of Financial Position

As Of December 31, 2020

(With Summarized Financial Information As Of December 31, 2019)

Page -4-

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$ 654,522	\$ 422,321
Grants receivable	114,276	143,344
Prepaid expenses	7,691	5,739
Total Current Assets	<u>776,489</u>	<u>571,404</u>
Property and Equipment:		
Equipment, vehicles, and furnishings	195,171	184,463
Land and buildings	558,213	558,213
Leasehold improvements	351,722	351,722
	<u>1,105,106</u>	<u>1,094,398</u>
Less: Accumulated depreciation	<u>(560,002)</u>	<u>(544,509)</u>
Total Property and Equipment	<u>545,104</u>	<u>549,889</u>
Other Assets:		
Beneficial interest in asset held by The Community Foundation Serving Boulder County Endowment Fund	21,046	20,543
Deposits	200	50
Total Other Assets	<u>21,246</u>	<u>20,593</u>
TOTAL ASSETS	<u>\$ 1,342,839</u>	<u>\$ 1,141,886</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 36,536	\$ 16,360
Accrued paid time off	27,346	28,052
Accrued payroll	7,580	20,631
Refundable advance - PPP Loan	53,800	
Total Current Liabilities	<u>125,262</u>	<u>65,043</u>
Net Assets:		
Without donor restrictions	1,129,333	1,010,795
With donor restrictions	88,244	66,048
Total Net Assets	<u>1,217,577</u>	<u>1,076,843</u>
TOTAL LIABILITIES AND NET	<u>\$ 1,342,839</u>	<u>\$ 1,141,886</u>

The accompanying notes are an integral part of the financial statements.

BOULDER COUNTY AIDS PROJECT

Statement Of Activities

For The Year Ended December 31, 2020

(With Summarized Financial Information For The Year Ended December 31, 2019)

Page -5-

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support And Revenue:				
Government grants	\$ 775,793	\$ 46,100	\$ 821,893	\$ 888,873
Other grants	192,750		192,750	78,260
Government contracts	103,300		103,300	54,500
Contributions	202,842	77,338	280,180	215,862
Contributions in-kind	257,953		257,953	276,218
Special events, net of direct expenses of \$0	12,562		12,562	79,327
Rent income	17,532		17,532	17,196
Other income	4,417		4,417	2,622
Change in beneficial interest in trust		502	502	2,156
Net assets released from restrictions- Satisfaction of program restrictions	101,744	(101,744)		
Total Support And Revenue	<u>1,668,893</u>	<u>22,196</u>	<u>1,691,089</u>	<u>1,615,014</u>
Expenses:				
Program Services	1,306,882		1,306,882	1,152,890
Supporting Services-				
Management and general	144,544		144,544	128,455
Fundraising	98,929		98,929	190,182
Total Supporting Services	243,473		243,473	318,637
Total Expenses	<u>1,550,355</u>		<u>1,550,355</u>	<u>1,471,527</u>
CHANGES IN NET ASSETS FROM OPERATIONS	118,538	22,196	140,734	143,487
Net Assets, Beginning Of Year	1,010,795	66,048	1,076,843	933,356
NET ASSETS, END OF YEAR	<u>\$ 1,129,333</u>	<u>\$ 88,244</u>	<u>\$ 1,217,577</u>	<u>\$ 1,076,843</u>

The accompanying notes are an integral part of the financial statements.

BOULDER COUNTY AIDS PROJECT

Statement Of Functional Expenses

For The Year Ended December 31, 2020

(With Summarized Financial Information For The Year Ended December 31, 2019)

Page -6-

	Program Services	Management and General	Fundraising	2020 Total Expenses	2019 Total Expenses
Direct client assistance	\$ 193,314	\$	\$	\$ 193,314	\$ 193,760
Indirect assistance	67,000			67,000	55,833
Eaton house	10,456			10,456	6,401
Longmont service center	12,024			12,024	11,780
Food assistance	103,307			103,307	73,426
Education/outreach/testing	42,113			42,113	45,789
Community outreach	796			796	5,881
Accounting/audit		38,130		38,130	39,980
Advertising/marketing	155	343	5,354	5,852	3,533
Agency vehicle	6,926	855	770	8,551	15,281
Bank and credit card fees		3,329		3,329	4,272
Building maintenance	3,758	464	418	4,640	4,178
Contract labor/consulting	15,169	1,873	1,686	18,728	7,745
Donor/volunteer relations	87	11	10	108	937
Employee benefits and payroll taxes	113,835	14,054	12,648	140,537	141,700
Governance		1,339		1,339	1,770
Insurance	11,655	1,439	1,295	14,389	15,496
Information technology/computers	14,919	1,842	1,658	18,419	15,203
Leases - equipment	5,976	738	664	7,378	8,134
Leases - facilities	87,286	10,776	9,698	107,760	66,684
Membership/dues/fees	7,147	882	794	8,823	6,483
Office/other supplies	6,779	837	753	8,369	9,053
Postage	805	100	90	995	1,177
Printing	1,380	170	153	1,703	1,886
Program evaluation	52,104			52,104	18,500
Repairs and maintenance	165	20	18	203	482
Salaries/wages	520,237	64,227	57,804	642,268	665,651
Special events			2,100	2,100	10,415
Telephone/internet	8,320	1,027	924	10,271	8,064
Training/conferences	747	92	83	922	3,479
Travel/mileage	2,378			2,378	6,039
Utilities	3,397	419	377	4,193	5,223
Website maintenance	228	28	238	494	1,295
Work-study interns	1,869			1,869	3,307
Depreciation	12,550	1,549	1,394	15,493	12,690
Total expenses	\$ 1,306,882	\$ 144,544	\$ 98,929	\$ 1,550,355	\$ 1,471,527

The accompanying notes are an integral part of the financial statements.

BOULDER COUNTY AIDS PROJECT

Statement Of Cash Flows

For The Year Ended December 31, 2020

(With Summarized Financial Information For The Year Ended December 31, 2019)

Page -7-

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 140,734	\$ 143,487
Adjustments to reconcile changes in net assets from to net cash provided by operating activities:		
Depreciation	15,493	12,691
Change in beneficial interest in trust	(503)	(2,156)
Changes in assets and liabilities -		
Grants receivable	29,068	(72,757)
Prepaid expenses	(1,952)	2,424
Deposits	(150)	550
Accounts payable and accrued liabilities	6,419	(3,160)
Net cash provided by operating activities	<u>189,109</u>	<u>81,079</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(10,708)</u>	<u>(58,615)</u>
Net cash (used in) investing activities	<u>(10,708)</u>	<u>(58,615)</u>
Cash flows from financing activities:		
Proceeds from refundable advances - PPP Loan	<u>53,800</u>	<u> </u>
Net cash provided by financing activities	<u>53,800</u>	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	232,201	22,464
Cash And Cash Equivalents, Beginning Of Year	<u>422,321</u>	<u>399,857</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 654,522</u>	<u>\$ 422,321</u>

The accompanying notes are an integral part of the financial statements.

BOULDER COUNTY AIDS PROJECT

Notes To Financial Statements
For The Year Ended December 31, 2020

Page -8-

(1) Organization And Summary Of Significant Accounting Policies

Organization and Summary

Boulder County Health Network, Inc. was incorporated as a Colorado not-for-profit corporation in 1985, and changed its name to Boulder County AIDS Project (“BCAP”) in 1991. The mission of BCAP is to provide support, advocacy and education to individuals in the Boulder County community living with or affected by the Human Immunodeficiency Virus (HIV), and to serve as an outreach and information center to prevent further transmission of HIV and the resulting Acquired Immune Deficiency Syndrome (AIDS). To support its mission and programs, BCAP relies upon grants from federal, state, municipal, and private sources, and upon support from individuals, businesses, and organizations in the Boulder, Broomfield, Gilpin and Clear Creek counties in Colorado.

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, BCAP is required to report information regarding 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 the organization. These net assets may be used at the discretion of BCAP’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 BCAP or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

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 attributable to BCAP’s ongoing program services and investment income. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Use Of Estimates

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

Fair Value Measurements

BCAP follows *Fair Value Measurements*, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Beneficial interest in trust: Valued as reported by the Organization holding the endowment.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the BCAP believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, grants receivable, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Cash And Cash Equivalents

For purpose of the statement of cash flows, cash and cash equivalents consists of demand deposits and all highly liquid investments with an original maturity of three months or less.

Property And Equipment

Property and equipment is recorded at cost if purchased, or fair market value if donated. BCAP capitalizes property and equipment additions greater than \$500. Donated property and equipment are reported as unrestricted support unless the donor has restricted use of the donated asset to a specific purpose. Office equipment and furnishings are depreciated using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are depreciated using the straight-line basis over the term of the underlying lease. Buildings are depreciated using the straight-line basis over forty years.

Land, buildings and certain equipment include an affordable housing property jointly owned with Boulder County Housing Authority (a 1/100 interest) and operated by BCAP, commonly known as the Eaton House. Under a Beneficiary and Rent Use Covenant entered into on October 28, 2003, with the Colorado Division of Housing, the property is restricted to provide housing only to eligible beneficiaries at affordable rents for 50 years. If the property is not used for these beneficiaries, grant funds attributed to the property shall be required to be repaid to the State.

Revenue And Revenue Recognition

Government contracts consist of revenue which is conditioned upon certain performance requirements for services provided by BCAP including support, advocacy and education programs. BCAP recognizes revenue during the year in which the performance requirements are met. The performance requirements consist of delivering support and related services to individuals in the community. Amounts are recognized as services are provided and the requirements satisfied. Payments received prior to performance requirements being met are reflected as refundable advances in the statement of financial position. Special events revenues are recognized as the events are held.

BCAP recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of December 31, 2020, BCAP received no advances on conditional promises to give.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

A portion of BCAP's revenue is derived from cost-reimbursable federal, state and local government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BCAP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. BCAP was awarded cost-reimbursable grants of \$269,470 that have not been recognized at December 31, 2020, because qualifying expenditures have not yet been incurred.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services

Contributed services are recognized when the services create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills that would otherwise need to be purchased if not donated.

BCAP received an insignificant amount of hours of donated services in 2020 from many unpaid volunteers who assist BCAP with its programs, fund raising and administration. No amounts have been recognized in the accompanying financial statements since these services do not meet the criteria for recognition.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of BCAP. Costs not directly attributable to a function, including agency vehicle, building maintenance, contract labor & consulting, donor & volunteer relations, employee benefits & payroll taxes, information technology & computers, equipment leases, facility leases, membership dues & fees, office & other supplies, salaries & wages, telephone & internet, training & conferences, utilities, website maintenance, and depreciation are allocated to a functional region based on estimates of time and effort.

Prior Year Summarized 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 BCAP's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Risks and Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts BCAP's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, BCAP may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, BCAP cannot reasonably estimate the impact at this time.

Subsequent Events

BCAP has evaluated subsequent events through July 23, 2021, the date which the financial statements were available to be issued.

(2) **Tax Exempt Status**

BCAP is a nonprofit organization that is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. BCAP has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). BCAP has no unrelated business income subject to income tax.

BCAP follows *Accounting for Uncertainty in Income Taxes* accounting standard which clarifies the accounting and reporting for uncertainties in income tax law and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in an impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming the tax position is examined by the appropriate taxing authority that has knowledge of all relevant information. During the year ended December 31, 2020, BCAP performed an evaluation of uncertain tax positions and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

BCAP is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2017. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, BCAP believes no issues would arise.

(3) **Investments**

Investments consist of BCAP's beneficial interest in the Community Foundation Serving Boulder County ("Community Foundation") which is considered a Level 3 investment and reflected at fair market value.

The changes in the investments for which BCAP has used Level 3 inputs to determine the fair values during the year ended December 31, 2020, are as follows:

Balance, January 1, 2020	\$ 20,543
Total gains or losses (realized and unrealized), net of fees of \$260	503
Balance, December 31, 2020	<u>\$ 21,046</u>

The fair value is based on the value of BCAP's portion of the underlying investments in the beneficial interest using valuation methods that are appropriate for those investments as determined by the Community Foundation.

Quantitative information related to valuation inputs is not available since the value of which provided by the Community Foundation was used without adjustment. On an annual basis, BCAP's management evaluates the return received from the beneficial interest against the value of its portion of the beneficial interest for reasonableness as compared with current market returns. Management believes that the sensitivity in the fair value measurement of the beneficial interest is related to market fluctuations, as the investments held in the beneficial interest are primarily marketable securities.

(4) **Concentrations Of Credit Risk**

During the year ended December 31, 2020, BCAP received approximately 57% of its support from the Federal and State government under the Ryan White Care Act, Housing Opportunities for People Living with AIDS, and the Colorado HIV/AIDS Prevention Program. If the programs were to be modified, reduced or eliminated, BCAP's finances could be materially adversely affected.

(5) **Beneficial Interest In Assets Held By Community Foundation Endowment Fund**

The Board of Directors established an agency endowment fund with the Community Foundation. The endowment is managed by the Community Foundation and is subject to the policies of the Community Foundation. It is BCAP's intention to build up the fund to provide a source of revenue in the future.

BCAP granted variance power to the Community Foundation which allows the Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of The Foundation's Board of Directors such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of BCAP. In accordance with the requirements of the Transfers of Assets to a Nonprofit Organization or Charitable Trust That Raises or Holds Contributions for Others accounting standard, the transfer was not considered to be a contribution from BCAP to the Endowment Fund, but rather was accounted for as reciprocal transfer between BCAP and the Endowment Fund. Therefore, the transfers are reflected collectively in the Statement of Financial Position as Beneficial interest in assets held by Community Foundation Endowment Fund.

The Endowment Fund is held and invested by the Community Foundation for the benefit of BCAP. BCAP receives annual distributions of the lesser of five percent of the monthly average balance of the Fund during the preceding year, or the net investment income of the Fund, reduced by fees and investment management expense. Excess earnings, if any, are reinvested in the Fund. As of December 31, 2020, the fair value of the assets of the Endowment Fund was \$21,046. Distributions from the endowment fund are available to BCAP for its unrestricted use. No distributions were received during the year ended December 31, 2020.

(6) Endowment**General**

BCAP's endowment fund was established by action of the Board of Directors (the "Board") to be maintained in perpetuity. The endowment fund may include both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. Endowment funds may be established for either specific purposes or general operating use. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

BCAP is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, BCAP would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. BCAP has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater. The beneficial interest in trust amount reflected in net assets with donor restrictions is adjusted for the annual appreciation or depreciation and distribution of the funds held by Community Foundation.

In accordance with UPMIFA, BCAP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of BCAP and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of BCAP
- (7) The investment policies of BCAP

Changes in endowment net assets during the year ended December 31, 2020

Endowment net assets, beginning of year	\$ 20,543
Investment income, net of fees of \$260	503
Endowment net assets, end of year	<u>\$ 21,046</u>

Return Objectives and Risk Parameters

BCAP follows the investment and spending policies adopted by Community Foundation 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 endowment assets. Beneficial interest in trust include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, BCAP relies on the Community Foundation's investment policy and strategy which strive to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The funds are held in a pooled investment portfolio which are invested with a long-term strategy with a balanced portfolio of equity, fixed-income, alternative assets, and cash.

Spending Policy and How the Investment Objectives Relate to Spending Policy

BCAP can receive annual distributions of the lesser of five percent of the monthly average balance of the Community Foundation Endowment Fund during the preceding year, or the net investment income of the Fund, reduced by fees and investment management expense, as discussed in Note 5. During the year ended December 31, 2020, BCAP did not spend any funds.

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following purposes as of December 31, 2020:

<u>Subject to expenditure for specified purpose:</u>	
Care	\$ 40,831
Prevention	26,367
<u>Subject to spending policy and appropriation:</u>	
Investments held in perpetuity	21,046
Total	<u>\$ 88,244</u>

(8) Operating Leases

BCAP rents office space at 2118 14th Street, Boulder, CO under a non-cancelable lease expiring in 2022. Rent payments totaled \$14,964 in 2020. The accompanying financial statements include an additional in-kind contribution of \$92,796 for 2020, representing donated market value of rent over actual rent charged. BCAP is responsible for specified insurance coverage, routine repairs and maintenance, and certain utilities. The lease provides for annual percentage rate increases bases upon the Consumer Price Index.

BCAP also rents office space at 515 Kimbark, Longmont, CO, which expires September 30, 2022. The lease may be terminated at any time during the term upon providing 90-day notification. Rent payments totaled \$9,675 for 2020.

Office equipment leases include two photocopier leases. Related lease payments for this equipment totaled \$7,378 for 2020.

Minimum annual payments required in monthly installments under these leases at current rates are as follows:

Year ending December 31,	
2021	23,979
2022	21,654
	<u>\$ 45,633</u>

(9) Refundable Advance - PPP Loan

On April 16, 2020, BCAP qualified for and received a refundable advance pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate amount of \$53,800. The advance was forgiven subsequent to year end and will be reflected in government contributions on the statement of activities for the year ending December 31, 2021.

(10) Liquidity And Availability Of Financial Assets

BCAP's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 654,522
Grants receivable	114,276
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 768,798</u>

BCAP has an established policy to maintain financial assets to meet at least three months of operating expenses. As part of the BCAP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. BCAP can also receive minimal distributions from its beneficial interest in trust which are not included above.

(10) Employee Benefit Plans

In 1997, BCAP established a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Eligible employees may make contributions to the plan up to a maximum amount allowed under the Internal Revenue Code. BCAP does not make employer contributions to this plan.

(11) In-Kind Goods And Services

In-kind goods and services consisted of the following as of December 31, 2020:

HIV care services (e.g. food, acupuncture, psychotherapy)	\$ 123,821
Prevention services (e.g. HIV and HCV testing and syringe access supplies)	18,482
Development (e.g. graphic/web design and special events)	7,666
Administration (e.g. facility rent and consulting)	107,984
Total	<u>\$ 257,953</u>

(12) New Accounting Pronouncements

In December of 2018, FASB issued ASU No. 2018-20, *Leases*. ASU No. 2018-20 which requires an organization to recognize all leased assets on the statement of financial position with corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for BCAP's year ended December 31, 2022. BCAP has not evaluated the impact due to the timing of implementation of this standard.