



**COMMUNITY PARTNERSHIP
FOR CHILD DEVELOPMENT, INC.**

**Financial Statements
For the Year Ended October 31, 2022
And
Independent Auditors' Report**

COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Partnership for Child Development, Inc.

Opinion

We have audited the accompanying financial statements of Community Partnership for Child Development, Inc. (a non-profit organization), which comprise the statements of financial position as of October 31, 2022 and the related statements of operations and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Partnership for Child Development as of October 31, 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Partnership for Child Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Community Partnership for Child Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Partnership for Child Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Partnership for Child Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Community Partnership for Child Development, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co. LLP

January 17, 2023

COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2022 (with comparative totals for 2021)

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,381,416	\$ 705,989
Grants reimbursement receivable	951,257	1,074,337
Pledges receivable, net	211,978	183,438
Investments	6,542,907	7,719,327
Other current assets	<u>371,446</u>	<u>218,652</u>
Total current assets	10,459,004	9,901,743
PLEDGES RECEIVABLE, NET	220,437	
PROPERTY AND EQUIPMENT, NET	<u>1,300,780</u>	<u>1,304,903</u>
TOTAL ASSETS	<u>\$ 11,980,221</u>	<u>\$ 11,206,646</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 256,191	\$ 177,889
Accrued payroll expenses	364,664	276,485
Accrued vacation expense	572,551	364,664
Other accrued expenses	1,341,832	556,319
Deferred revenue	<u>96,596</u>	<u>129,146</u>
Total liabilities	<u>2,631,834</u>	<u>1,504,503</u>
NET ASSETS		
Without donor restriction	(490,773)	284,153
Without donor restriction - Board designated	<u>7,843,687</u>	<u>9,024,230</u>
Total without donor restriction	7,352,914	9,308,383
With donor restriction	<u>1,995,473</u>	<u>393,760</u>
Total net assets	<u>9,348,387</u>	<u>9,702,143</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,980,221</u>	<u>\$ 11,206,646</u>

See notes to financial statements.

COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED OCTOBER 31, 2022 (with comparative totals for 2021)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	Total
SUPPORT AND REVENUE				
Federal programs	\$ 14,936,934		\$ 14,936,934	\$ 15,176,498
Colorado Preschool Program	3,818,165		3,818,165	3,202,825
Contributions	(39,978)	\$ 3,124,699	3,084,721	1,222,200
Donated services, classroom space, and materials	2,132,668		2,132,668	1,774,620
School district grants	563,025		563,025	809,854
Conditional grant				110,916
Miscellaneous program income	140,317		140,317	13,310
Miscellaneous contracts	19,271		19,271	31,019
Investment income (loss)	(1,296,295)		(1,296,295)	1,189,878
Net assets released from restrictions – Satisfaction of restrictions	<u>1,522,986</u>	<u>(1,522,986)</u>		
Total support and revenue	<u>21,797,093</u>	<u>1,601,713</u>	<u>23,398,806</u>	<u>23,531,120</u>
EXPENSES				
Program services	21,935,671		21,935,671	20,273,977
General and administrative	1,666,929		1,666,929	1,498,358
Fund raising	<u>149,962</u>		<u>149,962</u>	<u>128,668</u>
Total expenses	<u>23,752,562</u>	<u>—</u>	<u>23,752,562</u>	<u>21,901,003</u>
CHANGE IN NET ASSETS	(1,955,469)	1,601,713	(353,756)	1,630,117
NET ASSETS, Beginning of year	<u>9,308,383</u>	<u>393,760</u>	<u>9,702,143</u>	<u>8,072,026</u>
NET ASSETS, End of year	<u>\$ 7,352,914</u>	<u>\$ 1,995,473</u>	<u>\$ 9,348,387</u>	<u>\$ 9,702,143</u>

CLASSIFICATION OF NET ASSET WITHOUT DONOR RESTRICTIONS

Undesignated	\$ (490,773)	\$ 284,153
Board designated for:		
REACH Investment Fund	3,973,172	4,675,121
General Operations Fund	2,569,735	3,044,206
Net equity in property and equipment	<u>1,300,780</u>	<u>1,304,903</u>
Total	<u>\$ 7,352,914</u>	<u>\$ 9,308,383</u>

See notes to financial statements.

COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 2022 (with comparative totals for 2021)

	2022			Total	2021 Total
	Program Services	General and Administrative	Fund Raising		
EXPENSES					
Employee compensation:					
Salaries	\$ 12,915,522	\$ 1,062,673	\$ 87,305	\$ 14,065,500	\$ 12,848,553
Payroll taxes and benefits	<u>3,446,070</u>	<u>298,283</u>	<u>21,928</u>	<u>3,766,281</u>	<u>3,317,653</u>
Total employee compensation	<u>16,361,592</u>	<u>1,360,956</u>	<u>109,233</u>	<u>17,831,781</u>	<u>16,166,206</u>
Other expenses:					
Donated services, classroom space and materials	1,905,571			1,905,571	1,834,825
Contract services and professional fees	1,317,583	82,018	4,618	1,404,219	1,563,412
Food - classroom lunch	923,844			923,844	448,953
Occupancy	520,938	750		521,688	522,875
Staff training and recruiting	54,911	163,331	697	218,939	179,832
Supplies	192,525	4,409	412	197,346	278,652
Equipment, repairs and maintenance	155,854	3,247	3,247	162,348	283,607
Depreciation	136,273	5,678		141,951	116,497
Communications	90,894			90,894	81,835
Events and volunteer training and recruiting	54,465	8,297	28,119	90,881	79,301
Child services - medical and dental	77,171			77,171	118,196
Parent services	48,156	10,705		58,861	41,111
Staff travel	37,956	844	311	39,111	15,536
Printing and copying	22,884	9,611	2,921	35,416	104,418
Dues and postage	12,274	17,083	404	29,761	26,495
Vehicle expense	<u>22,780</u>			<u>22,780</u>	<u>39,252</u>
Total other expenses	<u>5,574,079</u>	<u>305,973</u>	<u>40,729</u>	<u>5,920,781</u>	<u>5,734,797</u>
TOTAL	<u>\$ 21,935,671</u>	<u>\$ 1,666,929</u>	<u>\$ 149,962</u>	<u>\$ 23,752,562</u>	
PERCENT OF TOTAL	92%	7%	1%	100%	
COMPARATIVE TOTALS – 2021	<u>\$ 20,273,977</u>	<u>\$ 1,498,358</u>	<u>\$ 128,668</u>		<u>\$ 21,901,003</u>
PERCENT OF TOTAL – 2021	92%	7%	1%		100%

See notes to financial statements.

COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2022 (with comparative totals for 2021)

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ (353,756)	\$ 1,630,117
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	141,951	116,497
Realized and unrealized losses (gains) on investments	1,386,926	(1,141,090)
Gain on sale of property and equipment	(7,950)	(5,300)
Changes in operating assets and liabilities:		
Grants reimbursement receivable	123,080	(849,486)
Pledges receivable	(248,977)	68,851
Other assets	(152,794)	19,631
Accounts payable and accrued expenses	1,068,098	254,592
Right of use asset	(107,753)	
Lease liability	91,783	
Deferred revenue	(32,550)	104,440
Conditional grant		(110,916)
Net cash provided by operating activities	<u>1,908,058</u>	<u>87,336</u>
INVESTING ACTIVITIES		
Purchase of investments	(2,790,049)	(2,725,429)
Proceeds from sale of investments	2,579,543	55,000
Purchase of property and equipment	(30,075)	(450,148)
Proceeds from sale of property and equipment	<u>7,950</u>	<u>5,300</u>
Net cash used in investing activities	<u>(232,631)</u>	<u>(3,115,277)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	1,675,427	(3,027,941)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>705,989</u>	<u>3,733,930</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,381,416</u>	<u>\$ 705,989</u>

See notes to financial statements.

COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Community Partnership for Child Development, Inc. (the Organization) is a Colorado not-for-profit organization. The Organization provides support and encourages activities and programs which promote the health, education, social and cultural development, public safety and general welfare of children (particularly of preschool age) and families residing in Colorado.

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management’s discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time.

Cash and Cash Equivalents — The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At October 31, 2022 and 2021, cash equivalents consist primarily of money market funds.

Investments and Investment Return — The Organization's investments consist of mutual funds, and money market accounts, which are held as investments, carried at fair market value. The mutual funds and money market accounts are valued based on quoted prices in active markets. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

Investment return is reflected in the statement of activities as without donor restriction or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Revenue Recognition — Contributions received are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets when the assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized in future years and is reported as contribution revenue.

Revenue and Cost Recognition on Contracts — The Organization recognizes revenues on contracts by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when (or as) the performance obligation is satisfied.

The Organization's contract revenue is recognized pursuant to contracts under which the Organization typically transfers services to the customer over time. The Organization recognizes revenue over time as the performance obligations are satisfied.

Property and Equipment — All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which are twenty years for buildings and improvements and range from five years to fifteen years for furnishings and equipment.

Donated Services — Donated services, classroom space and materials are recorded as both a revenue and expenditure in the accompanying statement of activities at their estimated values.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

In addition to the donated services recorded in the financial statements, the Organization utilizes the services of numerous volunteers, which are recognized as in-kind contributions related to the Head Start Programs, the Early Childhood Development Program, the First Visitors Program and various school districts. Some of these volunteers and in-kind contributions include the following:

- Parents
- Community
- Community services
- Students
- Staff training
- Parent services and training
- Travel

Government Grants — Support funded by grants is recognized as the Organization performs the contracted services or incurs eligible expenditures for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Use of Estimates — Preparation of the Organization's 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 income and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes — The Organization is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a). In addition, the Organization qualified for the charitable contribution deduction.

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of October 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or time restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2022	2021
Cash and cash equivalents	\$ 2,381,416	\$ 705,989
Grants reimbursement receivable	951,257	1,074,337
Pledges receivable, net	211,978	183,438
Investments	<u>6,542,907</u>	<u>7,719,327</u>
Total financial assets	10,087,558	9,683,091
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	1,721,618	338,809
Restricted by donors with time restrictions	<u>273,855</u>	<u>54,951</u>
Total amounts unavailable for general expenditures within one year	<u>1,995,473</u>	<u>393,760</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 8,092,085</u>	<u>\$ 9,289,331</u>

As part of the Organization'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. The Organization's policy to manage an emergency cash flow need is to maintain a minimum of three months non-Federal cash flow, which is approximately three million dollars, in the non-Federal checking and money market accounts. The organization also maintains a Finance Committee directed investment account in the amount of three hundred thousand dollars which is held specifically for the purpose of emergency cash flow issues, if needed. The Organization manages its cash flow through a one-year cycle through monthly monitoring of the liquidity required and resources available to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a board approved, balanced budget and anticipates sufficient revenue to cover general expenditures, liabilities, and other obligations.

3. FUNCTIONAL EXPENSES ALLOCATION METHOD

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include any expenditures which are not directly attributable to a specific program and include salaries, payroll taxes, occupancy, telephone, travel, supplies, training, and recruitment, which are allocated on the basis of estimates of time and effort.

4. PLEDGES RECEIVABLE

Pledges receivable, which are with donor restriction, consist of the following unconditional promises to give at October 31:

	2022	2021
Due within one year	\$ 211,978	\$ 183,438
Due within one to five years	<u>247,732</u>	<u> </u>
Total	459,710	183,438
Discount to net present value of estimated cash flows	<u>(27,295)</u>	<u> </u>
Pledges receivable, net	<u>\$ 432,415</u>	<u>\$ 183,438</u>
Reflected in the statement of financial position as:		
Pledges receivable – current	\$ 211,978	\$ 183,438
Pledges receivable – long-term	<u>220,437</u>	<u> </u>
Total	<u>\$ 432,415</u>	<u>\$ 183,438</u>

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. 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: Prices determined using significant unobservable inputs.

The investment'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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of October 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2022:				
Domestic equity mutual funds	\$ 3,762,254	\$ 3,762,254		
Fixed income mutual funds	1,362,522	1,362,522		
Foreign equity mutual funds	903,203	903,203		
Money market accounts	249,523	249,523		
Other alternative mixed asset	198,873	198,873		
Real asset ETF	<u>66,532</u>	<u>66,532</u>		
Total investments	<u>\$ 6,542,907</u>	<u>\$ 6,542,907</u>	<u>\$ —</u>	<u>\$ —</u>
2021:				
Domestic equity mutual funds	\$ 4,140,875	\$ 4,140,875		
Fixed income mutual funds	1,190,614	1,190,614		
Foreign equity mutual funds	1,736,824	1,736,824		
Money market accounts	<u>651,014</u>	<u>651,014</u>		
Total investments	<u>\$ 7,719,327</u>	<u>\$ 7,719,327</u>	<u>\$ —</u>	<u>\$ —</u>

Investment income (loss) consists of the following for the years ended October 31:

	2022	2021
Interest and dividend income	\$ 90,631	\$ 48,788
Realized and unrealized investment gains (losses)	<u>(1,386,926)</u>	<u>1,141,090</u>
Total	<u>\$ (1,296,295)</u>	<u>\$ 1,189,878</u>

6. CONDITIONAL GRANT

Community Partnership for Child Development, Inc. received a \$1,300,000 Paycheck Protection Program (PPP) Loan established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*.

Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. If conditions are met, the amount of the refundable advance will be forgiven. During the year ended October 31, 2020, \$1,189,084 had been expended on qualifying expenses and had been recognized as revenue. During the year ended October 31, 2021, the remaining \$110,916 was expended on qualifying expenses and has been recognized as revenue.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at October 31:

	2022	2021	Estimated Useful Lives
Land	\$ 162,142	\$ 162,142	
Building and improvements – 2330 Robinson	1,164,825	1,280,320	20 years
Building and improvements – 2340 Robinson	1,280,320	1,164,825	20 years
Modular, playground and shed structures	1,149,182	1,149,182	7-15 years
Vehicles	637,821	696,086	5 years
Office equipment	262,960	262,960	5-7 years
Capital lease asset	107,753		4 years
Computer equipment	<u>41,304</u>	<u>41,304</u>	5-7 years
Total	4,806,307	4,756,819	
Less accumulated depreciation	<u>(3,505,527)</u>	<u>(3,451,916)</u>	
Property and equipment, net	<u>\$ 1,300,780</u>	<u>\$ 1,304,903</u>	

8. LINE OF CREDIT

The Organization has a \$400,000 line of credit with a financial institution with a maturity date of May 1, 2023. The line of credit bears interest at the prime rate, which was 6.5% at October 31, 2022, and is unsecured. There were no outstanding borrowings at October 31, 2022 and 2021.

9. PENSION PLAN

The Organization has a retirement plan covering substantially all employees. Employees who have attained age 21, completed one year of service, and worked a minimum of 1,000 hours in the prior four quarters are eligible. The Organization is not required to make contributions on the employees'

behalf. The plan allows participant 401(k) and Roth deferrals. Contributions to the plan were \$983,751 and \$654,144 for the years ended October 31, 2022 and 2021, respectively.

10. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes at October 31:

	2022	2021
Program restricted:		
CDHS Stabilization grant	\$ 801,976	
CDHS Workforce Stability	305,663	
Behavioral health program	319,992	\$ 62,063
Early Head Start	50,450	61,020
Colorado Preschool Program	36,315	67,508
CDA parent program	35,868	62,984
Other	171,354	85,234
Time restricted	<u>273,855</u>	<u>54,951</u>
Total	<u>\$ 1,995,473</u>	<u>\$ 393,760</u>

11. RELEASE OF NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes as follows for the years ended October 31:

	2022	2021
Program restricted:		
Early Head Start	\$ 134,020	\$ 82,883
Behavioral health program	128,070	64,043
CDA parent program	76,816	113,449
Colorado Preschool Program	43,693	130,500
Family Crisis	3,166	65,533
Caregiver resiliency program	1,149	152,077
Other	965,093	96,618
Time restricted	<u>170,979</u>	<u>82,424</u>
Total	<u>\$ 1,522,986</u>	<u>\$ 787,527</u>

12. COMMITMENTS AND CONTINGENCIES

Grant Requirements — Both federal and nonfederal grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

Unliquidated Obligations — The Organization has unliquidated obligations related to Head Start and Early Head Start Programs of \$63,184 and \$906,799 as of October 31, 2022 and 2021, respectively, which are recorded as expenses during the following fiscal year.

13. CONCENTRATIONS

Contracts with the federal government provided the Head Start and Early Head Start Programs with approximately 62% and 64% of the Organization's revenue for each of the years ended October 31, 2022 and 2021, respectively.

As of October 31, 2022, 13% of the Organization's grants reimbursement receivable was due under the Child and Adult Food Care program. As of October 31, 2022 and 2021, 56% and 84%, respectively, of the Organization's grants reimbursements receivable was due under the Head Start program.

The Organization has a money market account at a financial institution with a balance that frequently exceeds the FDIC insurance limits. The Organization has not experienced any losses in such account.

14. RELATED PARTY TRANSACTIONS

During the years ended October 31, 2022 and 2021, the Organization recognized approximately \$24,163 and \$21,110 of contribution revenue from related parties (primarily Board members and senior management), respectively.