

SIX POINTS EVALUATION AND TRAINING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

SIX POINTS EVALUATION AND TRAINING, INC.

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HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Six Points Evaluation and Training, Inc.
Gunnison, Colorado

We have audited the accompanying financial statements of Six Points Evaluation and Training, Inc., which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Six Points Evaluation and Training, Inc. as of June 30, 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.

Hamblin and Associates

Golden, Colorado
December 11, 2020

Basic Financial Statements

Six Points Evaluation and Training, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

Current Assets		
Cash and cash equivalents	\$	282,551
Restricted cash		22,233
Accounts receivables (no allowance necessary)		78,365
Prepaid expenses		8,568
Rent deposits		500
		<u>392,217</u>
	Total current assets	
Fixed Assets		
Land		566,000
Buildings and improvements		1,528,057
Furniture and equipment		8,661
Vehicles		73,733
		<u>2,176,451</u>
	Total fixed assets	
Less accumulated depreciation		<u>(349,116)</u>
	Net fixed assets	<u>1,827,335</u>
	TOTAL ASSETS	<u>\$ 2,219,552</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$	10,179
Accrued expenses		12,372
Accrued compensated absences		4,321
PPP Loan (Note G and Note I)		121,500
		<u>148,372</u>
	Total current liabilities	
Net Assets		
With donor restrictions (Note F)		22,233
Without donor restrictions:		
Board designated (Note F)		10,786
Undesignated		2,038,161
		<u>2,071,180</u>
	Total net assets	
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,219,552</u>

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

Six Points Evaluation and Training, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Contracts and grants	\$ 526,669	\$ -	\$ 526,669
Room and board charges	45,646	-	45,646
Contributions	46,939	753	47,692
Merchandise sales	378,768	-	378,768
Investment income	333	-	333
Fundraising	5,058	-	5,058
Miscellaneous	3,436	-	3,436
Net assets released from restrictions	<u>444</u>	<u>(444)</u>	<u>-</u>
Total Revenue and Support	<u>1,007,293</u>	<u>309</u>	<u>1,007,602</u>
 Expenses			
Program services	600,518	-	600,518
Management and general	276,110	-	276,110
Fundraising	<u>82,165</u>	<u>-</u>	<u>82,165</u>
Total Expenses	<u>958,793</u>	<u>-</u>	<u>958,793</u>
Change in Net Assets	48,500	309	48,809
Net Assets, Beginning of Year	<u>2,000,447</u>	<u>21,924</u>	<u>2,022,371</u>
Net Assets, End of Year	<u>\$ 2,048,947</u>	<u>\$ 22,233</u>	<u>\$ 2,071,180</u>

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

Six Points Evaluation and Training, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 48,809
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	46,643
Changes in assets and liabilities (Increase) decrease in:	
Accounts receivable	(25,667)
Increase (decrease) in:	
Accounts payable	(6,357)
Accrued expenses	<u>(1,113)</u>
Net cash provided by operating activities	<u>54,246</u>
Cash flows from investing activities:	
Purchase of capital assets	<u>(7,849)</u>
Net increase (decrease) in cash and cash equivalents	46,397
Cash and cash equivalents, beginning of period	<u>129,132</u>
Cash and cash equivalents, end of period	<u><u>\$ 175,529</u></u>

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

Six Points Evaluation and Training, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 403,918	\$ 182,415	\$ 65,148	\$ 651,481
Payroll taxes	32,723	14,778	5,278	52,779
Professional fees- accounting	-	23,350	-	23,350
Advertising	4,882	367	2,082	7,331
Office expenses	9,523	33,330	4,761	47,614
Information technology	951	3,803	-	4,754
Occupancy	3,492	873	-	4,365
Travel	15,072	697	-	15,769
Depreciation	35,449	9,329	1,866	46,643
Insurance	27,239	7,168	1,434	35,841
Client needs	53,775	-	-	53,775
Fundraising	-	-	1,596	1,596
Thrift store	13,494	-	-	13,494
Total expenses	<u>\$ 600,518</u>	<u>\$ 276,110</u>	<u>\$ 82,165</u>	<u>\$ 958,792</u>
	62.6%	28.8%	8.6%	

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

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Six Points Evaluation and Training, Inc.'s significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Six Points Evaluation and Training, Inc. (Six Points) is a nonprofit corporation formed in July 1981 to improve quality of life for persons with physical or developmental disabilities by providing rehabilitation services, training, placement and employment. It also provides such individuals with the opportunity to have a residential living experience apart from an institution, and to be integrated into the community. Six Points' governing body consists of an eleven-member board of directors.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

3. Cash and Cash Equivalents

For purposes of the statements of cash flows, Six Points considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

4. Fixed Assets

Equipment and furniture are stated at cost, except for donated items, which are recorded at fair market value at the date of acquisition. Six Points' policy is to capitalize assets with an estimated useful life of more than one year and a cost of \$1,000 or more. Depreciation is computed on the straight-line basis with estimated useful lives of 3 to 5 years for furniture and equipment, 10 to 15 for vehicles, 15 to 20 years for building improvements, 5 to 7 years for leasehold improvements, and 10 to 40 years for buildings.

5. Financial Statement Presentation

The Organization complies with established not-for-profit standards for external reporting, which requires that resources be classified for reporting purposes into two net asset categories according to donor-imposed restrictions. The two net asset categories are as follows:

Without donor restrictions. Net assets that are not subject to donor-imposed stipulations.

With donor restrictions. Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. Once a donor stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of net assets without donor restrictions.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Investments

Six Points reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The Organization had no investments in year-ended June 30, 2020.

7. Income Taxes

Six Points is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation 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). There was no unrelated business income for the year ending June 30, 2020.

Six Points has adopted the provisions of ASC 740-10-25, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to the organization, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

8. Allocation of Functional Expenses

Six Points receives contract revenues from various agencies, which are designated for specific purposes. The majority of the Organization's expenses are allocated to specific programs based on the percentage of time spent on each project compared to total time worked. In addition, costs, which can be identified with specific projects/programs/activities, are allocated directly to that program.

9. Inventory

Inventory in the thrift store consists of donated items, and is not recorded on the balance sheet because no objective basis is available to determine its value.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Compensated Absences

Personal time off is accumulated at the rate of 160 hours per fiscal year for permanent employees who have worked less than five years. Those employed between five and ten years accrue 200 hours annually, and those employed over ten years accrue 240 hours. Employees can carry over a maximum of 32 hours to the next fiscal year.

11. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases Net Assets With Donor Restrictions. When a restriction expires, 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.

Donated goods are recorded in the accompanying statements at the amount of proceeds received from their sale.

12. Estimates

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

13. Receivables

Six Points considers all receivables to be fully collectible. Therefore, there is no allowance set aside for doubtful accounts. Management uses the direct write off method to recognize bad debt expense for uncollectible accounts. After reasonable collection efforts are made by management past due accounts are written off. There was \$0 in bad debt write offs for the year ending June 30, 2020.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B: DESCRIPTION OF PROGRAMS

1. Supported Living Services

The Supported Living Services (SLS) program provides assistance to individuals with developmental disabilities in becoming independent in their own homes and communities. Services provided include, personal assistance, budgeting, homemaking, supported community connections, mentorship and transportation. Within the SLS program we also offer a vocational service program that assists individuals with jobs in the community as well as job training and coaching.

2. Comprehensive Services

Comprehensive Services program includes residential services that provide assistance to individuals with developmental disabilities by providing them with an opportunity to have a residential living experience apart from an institution, and to be integrated into the community. Services provided include assistance with housing, cooking, cleaning, budgeting, household management, medical needs management and transportation. Within the Comprehensive Services program vocational services are also provided. These services assist individuals with jobs in the community as well as providing job training and coaching.

NOTE C: CASH AND CASH EQUIVALENTS

Six Points maintains cash balances at financial institutions located in Colorado. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2020, all of the Organization's deposits were covered by this insurance.

NOTE D: DONATED MATERIALS AND SERVICES

During the fiscal year ending 2020, Six Points received \$1,041 donations of materials and services, reported as in-kind revenue.

Six Points does not recognize any support or expense from services contributed by volunteers as the value of these services is not susceptible to objective measurement or valuation.

NOTE E: LEASE COMMITMENTS

Six Points is responsible for several residential leases for which the tenant is a client of Six Points. The terms of these leases vary, but none are for more than one year.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE F: NET ASSETS, DONOR-RESTRICTED AND BOARD-DESIGNATED

Net assets with donor restrictions reflected in the statement of financial position at June 30, 2020, represent restricted resources for which qualifying expenses have not yet been incurred. Sources and qualifying uses reflected in the statement of activities for the year ended June 30, 2020 were restricted by the respective donors for the following purposes:

	<u>Balance at July 01, 2019</u>	<u>Contributions Restricted by Donor</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2020</u>
Restricted by donor:				
Capital Improvements	\$ 6,272	\$ -	\$ -	\$ 6,272
Staff Appreciation Fund	-	753	-	753
Recreation Fund	15,652	-	(444)	15,208
	<u>\$ 21,924</u>	<u>\$ 753</u>	<u>\$ (444)</u>	<u>\$ 22,233</u>

Board-designated net assets without donor restrictions consisted of the following:

	<u>Balance at July 01, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>
Board designated:				
Capital Improvements	\$ 5,871	\$ 2,400	\$ -	\$ 8,271
Auction Income Fund	-	2,515	-	2,515
	<u>\$ 5,871</u>	<u>\$ 4,915</u>	<u>\$ -</u>	<u>\$ 10,786</u>

NOTE G: SUBSEQUENT EVENTS

Management evaluated events that occurred subsequent to the period ending June 30, 2020 through the date these financial statements were available to be issued. There were no subsequent events that required recognition or disclosure. Additionally, Six Points received loan forgiveness notification on November 2, 2020, eliminating the \$121,500 PPP long-term debt (See Note I, below), and will recognize \$121,500 debt forgiveness revenue in year-ended June 30, 2021.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H: LIQUIDITY AND AVAILABILITY

Financial assets availability for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	June 30, 2020	June 30, 2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 282,551	\$ 129,132
Receivables	78,365	52,698
Total financial assets at year-end:	360,916	181,830
Less amounts unavailable:		
Cash designated by Board	10,786	21,924
Cash in amounts restricted by donors	22,233	5,871
Total amounts unavailable:	33,019	27,795
Financial assets available to meet general expenditures over the next 12 months	\$ 327,897	\$ 154,035

The Organization’s goal is to generally maintain financial assets to meet 90-150 days of operating expenses. As part of the liquidity plan, the Organization transfers excess cash into a money market account.

NOTE I: PAYCHECK PROTECTION PROGRAM LOANS

On April 21, 2020, Six Points Evaluation and Training received loan proceeds in the amount of \$121,500 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. Six Points Evaluation and Training intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE I: PAYCHECK PROTECTION PROGRAM LOANS (Cont.)

To the extent that Six Points Evaluation and Training is not granted forgiveness, Six Points Evaluation and Training will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 21, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

Six Points Evaluation and Training has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended June 30, 2020. Six Points Evaluation and Training is required to repay any remaining balance of the \$121,500 plus interest accrued at 1% per annum in monthly payments. Principal and interest payments will be required through the maturity date of April 21, 2022. As disclosed in Note G, above, this loan was forgiven on November 2, 2020, after the date of these financial statements.