

SIX POINTS EVALUATION AND TRAINING, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

SIX POINTS EVALUATION AND TRAINING, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



February 28, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of **Six Points Evaluation and Training, Inc.**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 Six Points Evaluation and Training, Inc. as of June 30, 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Six Points Evaluation and Training, Inc. 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 the 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 Six Points Evaluation and Training, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's 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, including omissions, 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 Six Points Evaluation and Training, Inc.'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 Six Points Evaluation and Training, Inc.'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

Other auditors previously audited Six Points Evaluation and Training, Inc.'s financial statements and they expressed an unqualified opinion in their report dated December 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial information from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER COLORADO

SIX POINTS EVALUATION AND TRAINING, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Assets</u>		
Cash and cash equivalents	\$ 410,003	\$ 304,784
Accounts receivable	29,346	78,365
Deposits	500	500
Prepaid expenses	8,073	8,568
Property and equipment (Note 4)	1,808,443	1,827,335
Total assets	\$ 2,256,365	\$ 2,219,552
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 9,478	\$ 10,179
Accrued payroll costs	37,324	16,693
Notes payable (Note 5)	146,720	121,500
Total liabilities	193,522	148,372
 <u>Net assets</u>		
Without donor restrictions		
Undesignated	2,036,805	2,038,161
Board designated (Note 6)	5,693	10,786
With donor restrictions (Note 6)	20,345	22,233
Total net assets	2,062,843	2,071,180
Total liabilities and net assets	\$ 2,256,365	\$ 2,219,552

The accompanying notes are an integral part of these financial statements

SIX POINTS EVALUATION AND TRAINING, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Merchandise sales	\$ 410,266	\$ -	\$ 410,266	\$ 378,768
Contracts and grants	359,780	-	359,780	526,669
PPP loan forgiveness (Note 5)	121,500	-	121,500	-
Contributions	65,112	480	65,592	47,692
Room and board	41,470	-	41,470	45,646
Fundraising	13,008	-	13,008	5,058
Interest income	246	-	246	333
Inkind contributions (Note 7)	6,500	-	6,500	-
Other income	150	-	150	3,436
Net assets released from restrictions (Note 8)	2,368	(2,368)	-	
Total revenue and other support	<u>1,020,400</u>	<u>(1,888)</u>	<u>1,018,512</u>	<u>1,007,602</u>
<u>Expense</u>				
Program services	615,583	-	615,583	600,518
Supporting services				
Management and general	319,459	-	319,459	276,110
Fund-raising	91,807	-	91,807	82,165
Total expense	<u>1,026,849</u>	<u>-</u>	<u>1,026,849</u>	<u>958,793</u>
Change in net assets	(6,449)	(1,888)	(8,337)	48,809
Net assets, beginning of year	<u>2,048,947</u>	<u>22,233</u>	<u>2,071,180</u>	<u>2,022,371</u>
Net assets, end of year	<u>\$ 2,042,498</u>	<u>\$ 20,345</u>	<u>\$ 2,062,843</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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	Supporting Services				
	Program Services	Manage- ment and General	Fundraising	Total	Total
Salaries	\$ 413,212	\$ 206,606	\$ 68,869	\$ 688,687	\$ 651,481
Payroll taxes	45,723	22,862	7,620	76,205	52,779
Office expenses	12,400	43,401	6,200	62,001	47,614
Client needs	54,619	-	-	54,619	53,775
Insurance	23,099	11,550	3,850	38,499	35,841
Professional fees - accounting	-	18,001	-	18,001	23,350
Bank fees	8,933	2,977	-	11,910	-
Travel	8,152	2,717	-	10,869	15,769
Advertising	3,198	533	1,599	5,330	7,331
Information technology	2,111	2,110	-	4,221	4,754
Thrift store	4,001	-	-	4,001	13,494
Occupancy	482	482	-	964	4,365
Indirect fundraising	-	-	930	930	1,596
Other	2,512	1,256	418	4,186	-
	578,442	312,495	89,486	980,423	912,149
Depreciation	37,141	6,964	2,321	46,426	46,643
	\$ 615,583	\$ 319,459	\$ 91,807	\$1,026,849	\$ 958,792

The accompanying notes are an integral part of these financial statements

SIX POINTS EVALUATION AND TRAINING, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (8,337)	\$ 48,809
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	46,426	46,643
Paycheck Protection Program loan forgiveness	(121,500)	-
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	49,019	(25,667)
(Increase)decrease in prepaid expenses	495	-
Increase(decrease) in accounts payable and accrued liabilities	19,930	(7,470)
Net cash provided by operating activities	(13,967)	54,246
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	(27,534)	(7,849)
<u>Cash flows from financing activities</u>		
Borrowing on Paycheck Protection Program loan	146,720	121,500
Net increase(decrease) in cash and cash equivalents	105,219	167,897
Cash and cash equivalents, beginning of year	304,784	136,887
Cash and cash equivalents, end of year	\$ 410,003	\$ 304,784
<u>Supplemental disclosure of information:</u>		
Cash paid during the period for interest	\$ 964	\$ 4,465

The accompanying notes are an integral part of these financial statements

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 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. The Organization is supported primarily through thrift store merchandise sales, contracts and grants, and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

a. Basis of Accounting and Framework

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. These financial statements are prepared in accordance with Generally Accepted Accounting Principles.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, such as those that the donor stipulates those resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

c. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

e. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

f. 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.

g. Income Taxes

Six Points Evaluation and Training, Inc. has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

h. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels; quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

i. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

j. Lease Commitments

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

k. Functional Reporting of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The significant expenses that are allocated include personnel, depreciation, and interest, which are allocated on the basis of estimated time and effort.

l. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021.

m. Subsequent Events

Management has evaluated subsequent events through February 28, 2022, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents Six Points Evaluation and Training, Inc.'s financial assets as of June 30, 2021 including donor restricted cash that will be spent during the coming year.

<u>Financial assets at year-end</u>	<u>Amount</u>
Cash and cash equivalents	\$ 410,002
Grants and accounts receivables	29,846
Less donor restricted and board designated net assets:	(26,038)
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 413,810</u>

Six Points Evaluation and Training, Inc.'s goal is to maintain available financial assets sufficient to meet 90-150 days of general operating expenses.

NOTE 4 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 566,000
Buildings and improvements	1,532,792
Vehicles	79,882
Furniture and equipment	<u>8,661</u>
Total	2,187,335
Less: accumulated depreciation	<u>(378,892)</u>
Net property and equipment	<u>\$ 1,808,443</u>

Depreciation and amortization expense for the year was \$46,426.

NOTE 5 - NOTE PAYABLE

SBA PPP Loan

On April 21, 2020, the Organization received a \$121,500 loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the Cares Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met. The loan is considered a *refundable advance of a conditional contribution* (liability) until such time that the loan has been explicitly forgiven by the SBA. When the loan is forgiven, the conditions will be considered met and the Organization will recognize contribution revenue in the amount of the loan forgiveness. On November 2, 2020, the loan balance was forgiven and the Organization recognized contribution revenue.

On February 17, 2021, the Organization received an additional SBA PPP loan for \$146,720.

NOTE 6 - DONOR RESTRICTED AND BOARD DESIGNATED NET ASSETS

Donor restricted net assets are to be used for the following purposes:

<u>Program</u>	<u>Amount</u>
Recreation fund	\$ 12,995
Capital improvements	6,272
Staff appreciation fund	<u>1,078</u>
Total	<u>\$ 20,345</u>

Additionally, the Organization has a board designated fund of \$5,693 for auction income.

NOTE 7 - IN-KIND CONTRIBUTION

The Organization received an in-kind contribution of a vehicle valued at \$6,500. Donated goods and services are reflected in the accompanying financial statements at their estimated value at date of receipt.

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released by satisfying program restrictions as follows:

<u>Program</u>	<u>Amount</u>
Recreation fund	\$ 2,213
Staff appreciation fund	<u>155</u>
Total	<u>\$ 2,368</u>

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization places most of its cash balance in one financial institution. The accounts at these institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation. During the years ended June 30, 2021 and 2020, the Organization's cash balances in the accounts exceeded the insured amounts.