

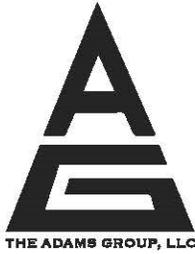
**THRIVE-TRANSFORMATION AT WORK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

## C O N T E N T S

Independent Auditors' Report	2 - 3
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 -7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 15



CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Board of Directors  
Thrive-Transformation At Work  
Denver, Colorado

### **Opinion**

We have audited the accompanying financial statements of Thrive-Transformation At Work (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Thrive-Transformation At Work as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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 Thrive-Transformation At Work and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Thrive-Transformation At Work's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 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, 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 Thrive-Transformation At Work'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 Thrive-Transformation At Work'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.

### ***Emphasis of Matter***

As discussed in Note 2, Thrive-Transformation At Work adopted Financial Accounting Standards Board (FASB) FASB Topic 842, *Leases* using the full retrospective approach which required restatement of previously presented balances. Our opinion is not modified with respect to this matter.

*The Adams Group, LLC*

February 23, 2023  
Denver, Colorado

THRIVE-TRANSFORMATION AT WORK  
STATEMENTS OF FINANCIAL POSITION

December 31,	2022	2021
<u>Assets</u>		
Cash and cash equivalents	\$ 255,080	\$ 343,537
Promise to give	40,000	0
Prepaid expenses	8,481	6,223
Property and equipment, net	4,402	4,376
Right of use-operating lease, net	53,310	0
Other assets	2,292	0
Total Assets	\$ 363,565	\$ 354,136
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 14,333	\$ 21,371
Operating lease liability	58,549	0
Total liabilities	72,882	21,371
<u>Net Assets</u>		
Without donor restriction		
Undesignated	140,683	182,765
Board designated	110,000	150,000
	250,683	332,765
With donor restriction	40,000	0
Total net assets	290,683	332,765
Total Liabilities and Net Assets	\$ 363,565	\$ 354,136

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

THRIVE-TRANSFORMATION AT WORK  
STATEMENTS OF ACTIVITIES

For the Years Ended December 31,	2022	2021
Changes in net assets without donor restriction:		
<u>Support, Revenues, and Other Gains</u>		
Contributions	\$ 633,375	\$ 621,433
Contributed nonfinancial assets	0	22,682
Other income	0	45,778
Total support, revenue, and other gains	633,375	689,893
 <u>Expenses</u>		
Program activities	511,322	479,274
Supporting services		
General and administrative	81,578	94,481
Fundraising	122,557	81,229
Total supporting services	204,135	175,710
Total expenses	715,457	654,984
Changes in net assets	(82,082)	34,909
Changes in net assets with donor restriction:		
Contributions	40,000	0
Total changes in net assets	(42,082)	34,909
Net assets - beginning of year	332,765	297,856
Net assets - end of year	\$ 290,683	\$ 332,765

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

THRIVE-TRANSFORMATION AT WORK  
STATEMENT FUNCTIONAL EXPENSES

For the Year Ended December 31,

2022

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Activities</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Support Total</u>	
Salaries	\$ 304,175	\$ 17,787	\$ 72,152	\$ 89,939	\$ 394,114
Payroll taxes	24,772	1,412	5,648	7,060	31,832
Benefits	76,096	5,746	12,087	17,833	93,929
Retirement	26,678	1,779	7,215	8,994	35,672
Subtotal	<u>431,721</u>	<u>26,724</u>	<u>97,102</u>	<u>123,826</u>	<u>555,547</u>
Occupancy	12,330	3,722	1,614	5,336	17,666
Communications	3,521	0	600	600	4,121
Office supplies	6,694	9,448	0	9,448	16,142
Volunteer expense	972	0	0	0	972
Printing	2,502	46	1,381	1,427	3,929
Postage & shipping	221	243	110	353	574
Conferences and meetings	1,709	1,840	656	2,496	4,205
Travel	3,442	69	373	442	3,884
Professional fees	17,435	29,739	2,429	32,168	49,603
Marketing	1,235	82	8,849	8,931	10,166
Miscellaneous expenses	0	4,290	0	4,290	4,290
Depreciation	0	1,289	0	1,289	1,289
Interest expense	848	9	111	120	968
Training	5,900	365	6,600	6,965	12,865
Staff appreciation	91	386	75	461	552
Insurance	2,414	3,122	0	3,122	5,536
Amortization of operating lease	20,287	204	2,657	2,861	23,148
Total expenses	<u>\$ 511,322</u>	<u>\$ 81,578</u>	<u>\$ 122,557</u>	<u>\$ 204,135</u>	<u>\$ 715,457</u>

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

THRIVE-TRANSFORMATION AT WORK  
STATEMENT FUNCTIONAL EXPENSES

For the Year Ended December 31,

2021

	<u>Supporting Services</u>				Total Expenses
	<u>Program Activities</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Support Total</u>	
Salaries	\$ 300,750	\$ 17,269	\$ 38,995	\$ 56,264	\$ 357,014
Payroll taxes	23,855	1,727	3,218	4,945	28,800
Benefits	69,841	4,003	1,678	5,681	75,522
Retirement	26,203	1,368	3,899	5,267	31,470
Subtotal	<u>420,649</u>	<u>24,367</u>	<u>47,790</u>	<u>72,157</u>	<u>492,806</u>
Occupancy	15,527	892	2,013	2,905	18,432
Communications	3,475	2,400	325	2,725	6,200
Office supplies	5,747	10,825	47	10,872	16,619
Volunteer expense	1,545	236	0	236	1,781
Printing	1,742	1,733	0	1,733	3,475
Postage & shipping	141	54	0	54	195
Conferences and meetings	2,477	1,098	228	1,326	3,803
Travel	1,498	74	292	366	1,864
Professional fees	15,473	27,381	0	27,381	42,854
Marketing	11,000	12,125	18,884	31,009	42,009
Miscellaneous expenses	0	2,786	0	2,786	2,786
Depreciation	0	1,049	0	1,049	1,049
Training	0	5,675	11,650	17,325	17,325
Staff appreciation	0	2,002	0	2,002	2,002
Insurance	0	1,784	0	1,784	1,784
Subtotal	<u>117,065</u>	<u>64,650</u>	<u>32,809</u>	<u>115,120</u>	<u>229,644</u>
Total expenses	<u>\$ 479,274</u>	<u>\$ 94,481</u>	<u>\$ 81,229</u>	<u>\$ 175,710</u>	<u>\$ 654,984</u>

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

THRIVE-TRANSFORMATION AT WORK  
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2022	2021
Cash flows from operating activities		
Received from contributions	\$ 633,375	\$ 635,433
Paid to suppliers and employees	(700,591)	(624,821)
Interest paid	(968)	0
Other receipts	0	75
Net cash provided by (used in) operating activities	<u>(68,184)</u>	<u>10,687</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(2,364)</u>	<u>(3,664)</u>
Cash flows from financing activities		
Principal payments on operating lease	<u>(17,909)</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	(88,457)	7,023
Cash and cash equivalents at beginning of year	<u>343,537</u>	<u>336,514</u>
Cash and cash equivalents at end of year	<u>\$ 255,080</u>	<u>\$ 343,537</u>
Supplemental noncash information:		
Right of use-operating lease	<u>\$ (76,458)</u>	<u>\$ 0</u>
Contributed nonfinancial assets	<u>\$ 0</u>	<u>\$ 22,682</u>

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

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Thrive-Transformation at Work (the Organization) is a charitable organization within the meaning of section 501(c) (3) of the Internal Revenue Code located in Lafayette, Colorado. Thrive helps people overcome barriers and work their way to self-sufficiency and stability through employment. Thrive was created to offer a holistic approach to eliminating poverty through relationships, employment support services, skills development, and education. Thrive partners with willing and capable people to work toward the goal of economic self-sufficiency and stability through employment by helping members overcome barriers to gaining, maintaining and advancing at work.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Colorado state law, and contributions to it are deductible within the limitations prescribed by the Code. The Organization has been classified as publicly supported organization which are not private foundations under Section 509(a) of the Code.

The Organization did not have any material unrelated business income tax liability for the year ended December 31, 2022. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's ending open audit periods are December 31, 2019 and thereafter. The Organization believes it has no significant uncertain tax positions for the years ended December 31, 2022 and 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets are now reported by category within the financial statements with additional disclosures for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The ASU was applied using the retrospective method. The amendments did not change the recognition and measurement requirements for those assets. See Note 12.

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization adopted FASB Topic 842, *Leases* (ASC 842), using the full retrospective approach with January 1, 2021 as the date of initial adoption. No restatement was necessary as a result of the adopting the new standard as of and for the year ended December 31, 2022.

The Organization leases office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases with an initial term of twelve months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Operating leases are included in operating right-of-use (ROU) asset and operating lease liability in the accompanying statements of financial position. The Organization had no financing leases as of December 31, 2022 and 2021. See Note 10.

Classes of Net Assets and Revenue Recognition

The financial statements report amounts separately by class of net assets.

Amounts Without Donor Restriction are those currently available at the discretion of the Board for use in the Organization's exempt purpose and those resources invested in property and equipment.

Amounts With Donor Restriction are those which are restricted by donors for specific purposes or with a stipulated time restriction.

When a donor 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.

Contributions (the principal source of revenue) are unconditional and recognized when the cash is received or when the ownership of the donated asset has been transferred to the Organization.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, including certificates of deposits, and excluding assets whose use is limited.

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Expenditures for property and equipment are recorded at cost, if purchased, or at fair market value on the date of the gift if donated. Depreciation of equipment is computed on the straight-line method over the estimated useful lives of the assets.

The Organization reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or long-lived assets are placed in service.

Cash Deposits in Excess of Federally Insured Limits

The Organization has determined that current operational cash needs will result in cash balances in excess of insured limits. The Organization is selective in choosing financial institutions with which to maintain accounts.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities. The expenses that are allocated are principally depreciation, occupancy costs, salaries, benefits, other employee-related costs, facility and maintenance, supplies and events, interest, and general operating costs. Depreciation, occupancy, interest, and facility and maintenance costs are allocated on an estimated square-footage basis and all other costs are allocated on the basis of estimated time and effort.

Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated.

The Organization's financial statements were available to be issued on February 23, 2023, and this is the date through which subsequent events were evaluated. The Organization did not identify any subsequent events requiring disclosure.

Other Matters

Advertising costs are expensed as incurred.

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 3 - LIQUIDITY OF RESOURCES AND AVAILABILITY

The Organization's financial assets available within one year of December 31, 2022 for general expenditure are as follows:

Cash and cash equivalents	\$	255,080
nise to give (less than one year)		20,000
Less: Board designation		<u>(110,000)</u>
Available for general expenditure	\$	<u>165,080</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 utilizes a 60-day time horizon to assess its immediate liquidity needs. This period of time was established based on management's review of the typical life cycle of converting its financial assets to cash and typical payments on trade payables.

Occasionally, the Board designates a portion of any operating surplus to its liquidity reserve. As of December 31, 2022, the operating reserve was \$110,000. This is a governing board-designated fund with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 4 - PROMISES TO GIVE

Promises to give are recorded at the net present value, determined using a discount rate commensurate with the IRS Applicable Federal Rate on the date of the promise, as receivables in the year made. Management has determined that the discount rate is not significant and has not been recorded. Donor restricted promises to give are reported as additions to the appropriate donor restricted net assets.

The promises to give from one donor were as follow at December 31, 2022:

	<u>2022</u>	
Less than one year	\$	20,000
One to five years		<u>20,000</u>
Total promises to give	\$	<u>40,000</u>

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 5 - PROPERTY AND EQUIPMENT

	2022	2021
Office equipment and furnishings	\$ 10,311	\$ 8,996
Less: accumulated depreciation	(5,909)	(4,620)
Total property and equipment, net	\$ 4,402	\$ 4,376

Depreciation expense for the year ended December 31, 2022 and 2021 was \$1,289 and \$1,049, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are available for the following purposes as of December 31:

	2022	2021
Subject to time restrictions - Promises to give	\$ 40,000	\$ 0

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors of the Organization has several standing Board policies that affect the presentation of Board designations of net assets. The Board of Directors has established operating reserve fund for excess funds not needed during the year.

Net assets without donor restriction - Board designated as of December 31:

	2022	2021
Operating reserve	\$ 110,000	\$ 150,000

NOTE 8 - PENSION PLAN

The Organization has established a cash or deferred profit sharing 401(k) retirement plan for all employees who have attained age 21 and have one year of employment. The Plan is with the employees' elective salary deferrals, both pre-tax or after tax or a combination, and employer safe harbor matching contributions. The Organization is required to contribute a safe harbor matching contribution equal to 100% of the participant's elective deferrals up to 10% of the participant's compensation. Additional employer discretionary contributions are permitted. Pension expense for 2022 and 2021 was \$35,671 and \$31,470, respectively.

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 9 - CONCENTRATIONS

Amounts received from a single donor whose contributions exceed ten percent of total support, revenues, and other gains are considered a concentration for the Organization. During the years ended December 31, 2022 and 2021, 45% and 56%, respectively, of total support, revenues, and other gains was received in contributions from one donor. The Organization monitors their cash flows so that they do not rely on these large donations to perform their exempt purpose.

NOTE 10 - COMMITMENTS

Leases

As of December 31, 2022 and 2021, the ROU asset had a balance of \$53,310 and \$0, as shown on the statements of financial position. As of December 31, 2022 and 2021, the current portion of the lease liability was \$25,923 and \$0, respectively. The long-term portion of the lease liability as of December 31, 2022 and 2021 was \$32,626 and \$0, respectively, which are included in the accompanying statements of financial position.

The following summarizes the line items in the statements of functional expenses which include the components of lease expense for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Amortization of financing lease	\$ 23,148	\$ 0
Interest expense	968	968
Total operating lease expenses	<u>\$ 24,116</u>	<u>\$ 968</u>

Future maturities of lease liabilities are as follows for the years ended December 31,:

2023	\$ 25,923
2024	26,701
2025	6,875
Total lease payments	<u>59,499</u>
Less: interest	<u>(950)</u>
Present value of operating lease liability	<u>\$ 58,549</u>

The weighted average remaining lease term and weighted average discount rate are as follows as of December 31, 2022:

Weighted average remaining lease term (years)	<u>2.25</u>
Weighted average discount rate	<u>1.37%</u>

THRIVE-TRANSFORMATION AT WORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NOTE 11 - CONTINGENCIES

Paycheck Protection Program

The Organization received \$45,703 pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll and certain other expenses. The loans and accrued interest are forgivable after 24 weeks if the borrower uses the loan proceeds for eligible purposes. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. In May 2021, the loan and accrued interest were formally forgiven. Accordingly, it was recognized as other income for the year ended December 31, 2021.

NOTE 12 - CONTRIBUTED NONFINANCIAL ASSETS

The Organization’s policy related to contributed nonfinancial assets is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. During the years ended December 31, 2022 and 2021 the amount of contributed nonfinancial assets sold and materials was not significant. All donated services were utilized during the period received.

Donated Services

Donated services are recognized at fair value if the service requires specialized skills and would otherwise need to be purchased by the Organization. The estimated fair value of donated services is determined using comparable lease rates and labor rates. The amount of donated services reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses or additions to property and equipment. No significant services donated to the Organization during the year ended December 31, 2022.

Services donated to the Organization during the year ended December 31, 2021 were utilized for the following programs and activities:

	<u>Program Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Rent	\$ 15,527	\$ 892	\$ 2,013	\$ 18,432
Communications	250	2,400	0	2,650
Marketing	1,000	0	0	1,000
Other	400	200	0	600
	<u>400</u>	<u>200</u>	<u>0</u>	<u>600</u>
Total	<u>\$ 17,177</u>	<u>\$ 3,492</u>	<u>\$ 2,013</u>	<u>\$ 22,682</u>