

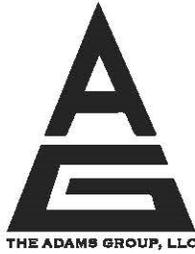
THRIVE-TRANSFORMATION AT WORK

FINANCIAL STATEMENTS

DECEMBER 31, 2021

C O N T E N T S

Independent Auditors' Report	2 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



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 statement of financial position as of December 31, 2021, and the related statements of activities 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 Thrive-Transformation At Work as of December 31, 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 Thrive-Transformation At Work 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 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.

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 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.

The Adams Group, LLC

February 16, 2022
Denver, Colorado

THRIVE-TRANSFORMATION AT WORK
STATEMENT OF FINANCIAL POSITION

December 31,	2021
<u>Assets</u>	
Cash and cash equivalents	\$ 343,537
Prepaid expenses	6,223
Property and equipment, net	<u>4,376</u>
Total Assets	<u>\$ 354,136</u>
<u>Liabilities and Net Assets</u>	
<u>Liabilities</u>	
Accounts payable and accrued liabilities	<u>\$ 21,371</u>
Total liabilities	<u>21,371</u>
<u>Net Assets</u>	
Without donor restriction	
Undesignated	182,765
Board designated	<u>150,000</u>
Total net assets	<u>332,765</u>
Total Liabilities and Net Assets	<u>\$ 354,136</u>

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

THRIVE-TRANSFORMATION AT WORK
STATEMENT OF ACTIVITIES

For the Year Ended December 31,	2021
Changes in net assets without donor restriction:	
	<u>Total</u>
<u>Support, Revenues, and Other Gains</u>	
Contributions	\$ 621,433
In-kind contributions	22,682
Other income	45,778
Total support, revenue, and other gains	<u>689,893</u>
 Expenses	
Program activities	<u>479,274</u>
 Supporting services	
General and administrative	94,481
Fundraising	81,229
Total supporting services	<u>175,710</u>
 Total expenses	<u>654,984</u>
 Changes in net assets	34,909
 Net assets - beginning of year	<u>297,856</u>
 Net assets - end of year	<u>\$ 332,765</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>				<u>Total Expenses</u>
	<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>117,527</u>	<u>64,481</u>	<u>31,813</u>	<u>115,525</u>	<u>228,846</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
STATEMENT OF CASH FLOWS

For the Year Ended December 31,	2021
Cash flows from operating activities	
Received from contributions	\$ 635,433
Paid to suppliers and employees	(624,821)
Other receipts	75
Net cash provided by operating activities	<u>10,687</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(3,664)</u>
Net increase in cash and cash equivalents	7,023
Cash and cash equivalents at beginning of year	<u>336,514</u>
Cash and cash equivalents at end of year	<u>\$ 343,537</u>
Supplemental noncash information:	
In-kind contributions	<u>\$ 22,682</u>

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

THRIVE-TRANSFORMATION AT WORK
NOTES TO THE FINANCIAL STATEMENTS

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, 2021. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's ending open audit periods are December 31, 2018 and thereafter. The Organization believes it has no significant uncertain tax positions for the year ended December 31, 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.

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.

THRIVE-TRANSFORMATION AT WORK
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classes of Net Assets and Revenue Recognition (continued)

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.

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.

In-Kind Contributions

The Organization receives non-cash donations of office space, technology and office supplies. Fair market values of the items are assigned at the time of receipt. The Organization recognized \$22,682 as in-kind contributions for the year ended December 31, 2021.

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.

THRIVE-TRANSFORMATION AT WORK
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 16, 2022, and this is the date through which subsequent events were evaluated. The Organization did not identify any subsequent events requiring disclosure except for as disclosed in Note 8.

Other Matters

Advertising costs are expensed as incurred.

NOTE 3 - LIQUIDITY OF RESOURCES AND AVAILABILITY

The Organization's financial assets available within one year of December 31, 2021 for general expenditure are as follows:

Cash and cash equivalents	\$ 343,537
Less: Board designation	<u>(150,000)</u>
Available for general expenditure	<u>\$ 193,537</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, 2021, the operating reserve was \$150,000. 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.

THRIVE-TRANSFORMATION AT WORK
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - PROPERTY AND EQUIPMENT

Office equipment and furnishings	\$ 8,996
Less: accumulated depreciation	<u>(4,620)</u>
Total property and equipment, net	<u><u>\$ 4,376</u></u>

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

NOTE 5 - 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, 2021:

Operating reserve	<u><u>\$ 150,000</u></u>
-------------------	--------------------------

NOTE 6 - 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 2021 was \$31,470.

NOTE 7 - 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 year ended December 31, 2021, 56% 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 large donations to perform their exempt purpose.

THRIVE-TRANSFORMATION AT WORK
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 - COMMITMENTS

The Organization leases office space in Colorado starting January 2022 and expiring through 2025. Lease expense was \$18,432, the entire amount was an in-kind contribution, for the year ended December 31, 2021. Future required minimum lease payments for the fiscal year ending December 31 are:

2022	\$	18,876
2023		25,923
2024		26,701
2025		6,875

NOTE 9 - 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.

Global COVID-19 Pandemic

The 2020 outbreak of COVID-19 has been declared a pandemic and has spread to multiple global regions. The impact of this pandemic has been extensive in many aspects of society, which has resulted in significant disruptions to the global economy. In an effort to halt the outbreak of COVID-19, many governments around the world have encouraged or required that people only leave their home for essential tasks and many businesses have announced closures. This may have a negative impact on the Organization, the magnitude and duration of which is uncertain.