

**Family Tree, Inc.**

**Consolidated  
Financial Statements and  
Supplementary Information**

*For the Years Ended  
June 30, 2024 and 2023*

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

	<u>Page</u>
Independent Auditors' Report	1-3
<b>Financial Statements</b>	
Statements of Financial Position	4-5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8-9
Notes to Consolidated Financial Statements	10-29
<b>Supplementary Information:</b>	
Consolidating Statement of Financial Position -2024 only	31-32
Consolidating Statement of Activities -2024 only	33
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	38-40
Schedule of Findings and Questioned Costs	41
Summary Schedule of Prior Audit Findings	42



## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Family Tree, Inc.

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Family Tree, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Family Tree, Inc. as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Family Tree, 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 opinions.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Tree, Inc.'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 Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Family Tree, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Tree, 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***

We have previously audited Family Tree, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

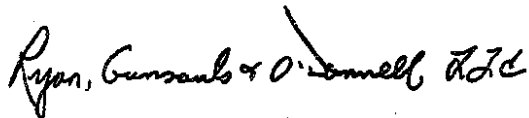
#### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities for year ended June 30, 2024, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of the Family Tree, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Family Tree, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Family Tree, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ryan, Gunsauls & O'Donnell, LLC". The signature is written in a cursive, flowing style.

Denver, Colorado  
October 25, 2024

**Family Tree, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

**ASSETS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b><u>(Consolidated)</u></b>	
Current assets:		
Cash and cash equivalents	\$ 914,320	\$ 1,117,969
Restricted cash	79,166	87,424
Money market funds	1,229,994	578,137
Accounts receivable	2,176,946	1,631,862
Right of use asset- operating, current portion	7,584	7,019
Prepays	71,814	37,618
Investments	<u>1,242,331</u>	<u>1,190,000</u>
<b>Total current assets</b>	<b><u>5,722,155</u></b>	<b><u>4,650,029</u></b>
Land	534,633	534,633
Donated building, net	2,422,369	2,492,923
Property and equipment, net	4,937,133	3,983,042
Right-of-use assets-operating, net of amortization and net of current portion	9,963	17,547
Other assets:		
Note receivable from LLLP, net of allowance	900,339	-
Lease receivable - ground lease, net of allowance	276,527	-
Beneficial interest in Colorado Gives Foundation	274,750	266,773
Investment in Marshall Homes Development, LLC	220,776	-
Investment in Marshall Homes, LLLP	<u>265,600</u>	<u>-</u>
<b>Total other assets</b>	<b><u>1,937,992</u></b>	<b><u>266,773</u></b>
<b>Total long-term assets</b>	<b><u>9,842,090</u></b>	<b><u>7,294,918</u></b>
<b>Total assets</b>	<b><u>\$ 15,564,245</u></b>	<b><u>\$ 11,944,947</u></b>

*See accompanying independent auditors' report and notes to consolidated financial statements.*

**Family Tree, Inc.**  
**Statements of Financial Position (continued)**  
**June 30, 2024 and 2023**

**LIABILITIES AND NET ASSETS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b><u>(Consolidated)</u></b>	
Liabilities:		
Accounts payable	\$ 254,056	\$ 353,168
Accrued expenses and other liabilities	483,361	828,392
Deferred revenue	466,972	2,000
Due to Marshall Homes, LLLP	265,600	-
Current portion of lease liability-operating leases	7,584	7,019
Current portion of note payable, net of issuance costs	<u>27,540</u>	<u>26,143</u>
<b>Total current liabilities</b>	<b><u>1,505,113</u></b>	<b><u>1,216,722</u></b>
Non-current liabilities:		
Long-term portion of lease liability-operating leases	9,963	17,547
Deferred lease revenue	1,266,665	-
Note payable, net of issuance costs	<u>279,863</u>	<u>307,391</u>
<b>Total non-current liabilities</b>	<b><u>1,556,491</u></b>	<b><u>324,938</u></b>
<b>Total liabilities</b>	<b><u>3,061,604</u></b>	<b><u>1,541,660</u></b>
Net assets:		
Without donor restrictions:		
Undesignated	9,291,582	7,232,018
Designated by board for strategic investments	<u>187,245</u>	<u>296,327</u>
Total without donor restrictions	<u>9,478,827</u>	<u>7,528,345</u>
With donor restrictions:		
Perpetual in nature	174,917	174,917
Time restricted for future periods	2,422,369	2,492,922
Purpose restrictions	<u>426,528</u>	<u>207,103</u>
Total with donor restrictions	<u>3,023,814</u>	<u>2,874,942</u>
<b>Total net assets</b>	<b><u>12,502,641</u></b>	<b><u>10,403,287</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 15,564,245</u></b>	<b><u>\$ 11,944,947</u></b>

*See accompanying independent auditors' report and notes to consolidated financial statements.*

**Family Tree, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2024 (Consolidated) With Summarized Comparative Totals for 2023**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2024 (Consolidated)</u>	<u>2023 (Summarized)</u>
<b>Revenue and support:</b>				
Contributed support:				
Federal government grants	\$ 3,701,096	\$ -	\$ 3,701,096	\$ 3,833,815
Program service fees	1,855,461	-	1,855,461	2,219,782
Other government grants	1,838,211	-	1,838,211	1,456,104
Corporations and individual contributions	646,595	136,981	783,576	662,813
Foundation grants	347,358	328,505	675,863	493,940
Development fee income	159,250	-	159,250	-
Contributed nonfinancial assets	303,094	-	303,094	424,842
Special events, net	136,242	-	136,242	127,977
Mile High United Way	20,000	-	20,000	75,000
	9,007,307	465,486	9,472,793	9,294,273
Net assets released from restrictions	263,953	(263,953)	-	-
<b>Total contributed support</b>	<b>9,271,260</b>	<b>201,533</b>	<b>9,472,793</b>	<b>9,294,273</b>
Revenues from contracts:				
Earned revenues from program services	613,784	-	613,784	654,110
Treasure Trunk Thrift Store	-	-	-	92,066
<b>Total revenues from contracts</b>	<b>613,784</b>	<b>-</b>	<b>613,784</b>	<b>746,176</b>
Lease income	<b>64,065</b>	<b>-</b>	<b>64,065</b>	<b>78,934</b>
<b>Total revenues and support</b>	<b>9,949,109</b>	<b>201,533</b>	<b>10,150,642</b>	<b>10,119,383</b>
<b>Functional expenses:</b>				
Program services	8,723,155	-	8,723,155	9,227,551
General and administration	941,745	-	941,745	954,292
Fund development	609,534	-	609,534	558,130
<b>Total functional expenses</b>	<b>10,274,434</b>	<b>-</b>	<b>10,274,434</b>	<b>10,739,973</b>
<b>Change in net assets from operating activities</b>	<b>(325,325)</b>	<b>201,533</b>	<b>(123,792)</b>	<b>(620,590)</b>
<b>Non-operating income (expense):</b>				
Capital grant income	1,141,010	-	1,141,010	2,056,537
Grant revenue for the Project	900,339	-	900,339	101,798
Development fee income-nonoperating	265,600	-	265,600	-
Investment return	177,031	-	177,031	-
Change in beneficial interest	3,815	17,919	21,734	-
Net capitalized lease income from the Project	9,862	-	9,862	16,750
Depreciation	(138,862)	(70,580)	(209,442)	(140,350)
Depreciation on donated building	(70,580)	-	(70,580)	(70,554)
Loss on sale of fixed assets	-	-	-	(75,960)
Interest expense	(12,410)	-	(12,410)	(12,236)
<b>Total non-operating income</b>	<b>2,275,805</b>	<b>(52,661)</b>	<b>2,223,144</b>	<b>1,875,985</b>
<b>Change in net assets</b>	<b>1,950,480</b>	<b>148,872</b>	<b>2,099,352</b>	<b>1,255,395</b>
Net assets at beginning of year	7,528,347	2,874,942	10,403,289	9,147,894
<b>Net assets at end of year</b>	<b>\$ 9,478,827</b>	<b>\$ 3,023,814</b>	<b>\$ 12,502,641</b>	<b>\$ 10,403,289</b>

*See accompanying independent auditors' report and notes to consolidated financial statements.*



**Family Tree, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2024 (Consolidated) With Summarized Comparative Totals for 2023**

	<b>Housing and Family Stabilization Services</b>	<b>Domestic Violence Services</b>	<b>Child and Youth Services</b>	<b>Integrated Services</b>	<b>Total program services</b>	<b>General and administrative</b>	<b>Fund development</b>	<b>Total support services</b>	<b>2024 Total Consolidated Expenses</b>	<b>2023 Summarized total expenses</b>
Salaries and benefits	\$ 2,129,206	\$ 1,488,449	\$ 1,235,993	\$ 480,703	\$ 5,334,351	\$ 1,131,764	\$ 403,936	\$ 1,535,700	\$ 6,870,051	\$ 7,142,216
Direct client costs	2,056,625	227,992	162,910	2,280	2,449,807	-	-	-	2,449,807	2,399,785
Repairs and maintenance	88,069	41,338	-	53,778	183,185	-	-	-	183,185	217,593
Contract services	60,496	31,946	3,050	6,557	102,049	69,930	5,175	75,105	177,154	254,007
Utilities	66,121	20,308	-	30,326	116,755	-	-	-	116,755	135,115
Insurance	44,784	20,830	9,373	8,321	83,308	18,788	2,083	20,871	104,179	98,108
Supplies and printing	6,140	10,183	3,930	15,843	36,096	34,835	23,272	58,107	94,203	113,785
Building lease and rent	100	-	-	76,347	76,447	-	-	-	76,447	80,630
Phone, IT, connectivity, postage	18,573	12,890	11,776	6,117	49,356	7,136	1,842	8,978	58,334	64,595
Travel	15,789	6,680	30,338	1,797	54,604	1,399	1,033	2,432	57,036	52,946
Merchant fees, other fees, dues	4,131	6,636	3,964	309	15,040	16,696	7,222	23,918	38,958	40,827
Staff development, meetings, recruitment	5,555	3,934	2,544	8,986	21,019	10,936	1,188	12,124	33,143	68,036
Outreach	-	-	999	-	999	-	6,186	6,186	7,185	13,452
Volunteer and board	-	-	-	-	-	1,972	4,734	6,706	6,706	5,313
Merchandise and other	-	1,000	15	-	1,015	40	236	276	1,291	53,565
Facilities and allocations	376,218	251,068	212,998	(641,160)	199,124	(351,751)	152,627	(199,124)	-	-
<b>Total functional expenses</b>	<b>\$ 4,871,807</b>	<b>\$ 2,123,254</b>	<b>\$ 1,677,890</b>	<b>\$ 50,204</b>	<b>\$ 8,723,155</b>	<b>\$ 941,745</b>	<b>\$ 609,534</b>	<b>\$ 1,551,279</b>	<b>\$ 10,274,434</b>	<b>\$ 10,739,973</b>

*See accompanying independent auditors' report and notes to consolidated financial statements.*

**Family Tree, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2024 (Consolidated) and 2023**

	<u>2024</u>	<u>2023</u>
	<u>(Consolidated)</u>	
Cash flows from operating activities:		
Change in net assets	\$ 2,099,352	\$ 1,255,395
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Capital grants income	(1,141,010)	(2,056,537)
Grant revenue for the Project	(900,339)	-
Development fee income-nonoperating	(265,600)	-
Net capitalized lease income from the Project	(9,862)	-
Net realized and unrealized (gain) loss on investments	(141,244)	(95,055)
Loss on sale of property and equipment	-	75,960
Depreciation	209,442	140,350
Depreciation on donated building	70,580	70,554
Change in beneficial interest	(7,977)	(16,750)
Amortization of right of use asset-operating	7,019	3,509
(Increase) decrease in operating assets:		
Accounts receivable	(545,084)	3,818
Inventory	-	53,214
Prepays	(34,222)	11,824
Increase (decrease) in operating liabilities:		
Accounts payable	(99,112)	76,847
Accrued expenses and other liabilities	(345,031)	467,797
Deferred revenue	464,972	(188,048)
Operating lease liabilities	(7,019)	(3,509)
<b>Net cash used in operating activities</b>	<u><b>(645,135)</b></u>	<u><b>(200,631)</b></u>
Cash flows from investing activities:		
Purchase of investments	(1,151,703)	(141,993)
Transfer of cash to money market funds	(1,000,000)	-
Proceeds on sale of investments	1,630,285	49,983
Reinvestments	(41,526)	(29,609)
Proceeds on sale of property and equipment	-	8,000
Purchases of property and equipment	(1,163,533)	(2,127,966)
Proceeds from capital grants	1,141,010	2,056,537
Proceeds received on lease revenue	1,000,000	-
Due to Marshall Homes, LLLP	265,600	-
Investment in Marshall Homes Development, LLC	(220,776)	-
<b>Net cash provided by (used in ) investing activities</b>	<u><b>459,357</b></u>	<u><b>(185,048)</b></u>

*See accompanying independent auditors' report and notes to consolidated financial statements.*

**Family Tree, Inc.**  
**Statements of Cash Flows (continued)**  
**For the Years Ended June 30, 2024 (Consolidated) and 2023**

	<u>2024</u>	<u>2023</u>
	<u>(Consolidated)</u>	
Cash flows from financing activities:		
Payments on note payable	\$ <u>(26,131)</u>	\$ <u>(25,202)</u>
<b>Net cash used in financing activities</b>	<b><u>(26,131)</u></b>	<b><u>(25,202)</u></b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>(211,909)</b>	<b>(410,881)</b>
Total cash and cash equivalents and restricted cash, beginning of year	<u>1,205,395</u>	<u>1,616,276</u>
<b>Total cash and cash equivalents and restricted cash , end of year</b>	<b>\$ <u>993,486</u></b>	<b>\$ <u>1,205,395</u></b>
Cash and cash equivalents	914,320	1,117,969
Restricted cash	<u>79,166</u>	<u>87,424</u>
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ <u>993,486</u></b>	<b>\$ <u>1,205,393</u></b>
<b><u>Supplemental disclosure of non-cash operating activity:</u></b>		
Right of use assets purchased through operating leases	\$ <u>-</u>	\$ <u>28,075</u>
<b><u>Supplemental disclosure of non-cash investing activities:</u></b>		
Note receivable from lease income	\$ <u>1,200,000</u>	\$ <u>-</u>
Bad debts and allowance on lease receivable	\$ <u>(923,473)</u>	\$ <u>-</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>		
Interest paid	\$ <u>12,410</u>	\$ <u>12,236</u>

*See accompanying independent auditors' report and notes to consolidated financial statements.*

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1: Nature of Operations and Services**

Nature of Operations

Family Tree, Inc.'s (Family Tree) mission is to partner with all people to prevent and overcome the interconnected issues of homelessness, child abuse, and domestic violence, to promote safety, stability, and healing across generations. Family Tree began filling service gaps in child abuse and domestic violence in Jefferson County in 1976 and began offering homelessness services in 1989.

Family Tree operates nine programs across three programmatic areas – Child and Youth Services, Domestic Violence Services, and Housing and Family Stabilization Services. Family Tree works with priority populations located in the seven-county Denver metro region who have been affected by child abuse, domestic violence, and homelessness. During Family Tree's most recently completed fiscal year (2023-2024), internal data indicates, it serve primarily female-headed households (70%), most adults are between 26-45 years old (60%), with annual income under \$20,000 (60%) upon intake. In fiscal year 2023-2024, Family Tree served 4,788 clients with direct, in-person services, and responded to an additional 17,547 crisis and helpline calls. Through the three residential facilities, Family Tree assisted 645 clients and provided over 28,500 nights of safe shelter to individuals and families.

Family Tree's services include:

***Child & Youth Services:*** Offers community-based education, treatment, crisis intervention, and case management to stabilize children and youth and to help families overcome and prevent situations of child abuse and neglect.

***Community Family Resource Team (CFRT):*** Four-month, home-based therapeutic program providing crisis intervention, school-based assistance, and support to stabilize families and keep youth safely in their homes. During fiscal year 2023-2024, 65 households with at-risk youths were assisted with in-home services; 89% of families who successfully completed services reported that CFRT helped them become more empowered and able to effectively advocate for themselves.

***Safecare Colorado:*** Evidence-based, in-home program providing direct skills training in parenting, child safety, and health in Adams and Jefferson counties. In fiscal year 2023-2024, 155 families actively engaged with the program and 74% of those families completed one or more Safecare topics, proving a significant increase in parenting skills.

***Kinship Programs:*** Home-based financial/supportive services for relative caretakers struggling to maintain stability/housing for children in their care. This program assists families who are parenting a relative's or non-biological child(ren) and/or for families receiving child-only TANF. During fiscal year 2023-2024, 403 families (1,190 individuals) received supportive services to increase children's stability in their homes and 98% of survey respondents reported increased stability for the children in their care.

***Domestic Violence Services:*** Keeps domestic violence survivors safe through crisis intervention, advocacy, outreach, emergency shelter, and legal advocacy. During fiscal year 2023-2024, 7,189 callers were assisted through the crisis/helpline with resource connections, advocacy, counseling, and crisis intervention.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1: Nature of Operations and Services, continued**

Family Tree's Services include, continued

***Domestic Violence Services:(continued)***

2023-2024, 7,189 callers were assisted through the crisis/helpline with resource connections, advocacy, counseling, and crisis intervention.

*Roots of Courage:* Provides 45-day confidential shelter, case management, and support for survivors and their children who are fleeing domestic violence situations. 8,824 nights of shelter were provided in fiscal year 2023-2024. 89% of survey respondents reported they know more ways to plan for their safety.

*Legal Advocacy Program:* Increases immediate and long-term safety through civil/criminal legal advocacy and crisis intervention. 331 people were served in fiscal year 2023-2024. 89% of those surveyed reported they know more ways to plan for their safety.

*Domestic Violence Outreach Program:* Increases safety/healing, and decreases isolation of victims and their children through advocacy in a safe, community setting. During fiscal year 2023-2024, 364 people were served and 86% of those surveyed reported they know more ways to plan for their safety.

*Parenting Time Program:* Provides a safe environment for children to spend time with nonresidential parent(s) closed permanently on March 15, 2024. Recent changes to “Family Time” laws went into effect on January 1, 2024 and require courts to order the least restrictive environments for supervised visits, allowing family, friends, or other people identified by the family to supervised visits, decreasing the need for Parenting Program services. This programmatic change was community-driven to meet cultural and familial needs. This is an inclusive approach that Family Tree supports and is in alignment with its values. Prior to closure during fiscal year 2023-2024, Parenting Time services provided 2,324 hours of safe, supervised visits for 177 parents and 120 children.

***Housing & Family Stabilization Services:*** Provides individual and family stabilization services through emergency shelter, crisis helpline, homeless prevention services, case management, education, housing and rental assistance and employment services, along with ancillary support for people experiencing homelessness and those at risk of becoming homeless.

*Homelessness Program:* Comprehensive support, case management and employment guidance, stabilizing individuals/families and providing access to affordable housing. During fiscal year 2023-2024, 4,737 people were connected to resources through the crisis helpline, and 488 households received direct services including rental assistance and case management. 90% of exiting households moved into safe and stable housing.

*House of Hope:* 90-day shelter, case management, and support for women with children experiencing homelessness. During fiscal year 2023-2024, House of Hope provided 8,884 nights of shelter to 128 individuals, comprising 42 families, with 88% of exiting families moving to safe and stable housing.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1: Nature of Operations and Services, continued**

Family Tree's Services include, continued

***Housing & Family Stabilization Services:(continued)***

*Generational Opportunities to Achieve Long-term Success (GOALS) Program:(continued)*

Two-generation program designed to break the intergenerational cycle of poverty and homelessness providing families experiencing homelessness with holistic, wrap-around support including temporary housing for up to nine months and access to quality early childhood education, work force development, physical and mental health and other support services. During fiscal year 2023-2024, GOALS housed 129 individuals, providing 10,695 nights of shelter and 71% of exiting families moved into safe and stable housing.

***Integrated Services: Provides services that support clients across the organization in achieving their goals.***

*Continuous Improvement Practice (CIP):* An extensive set of tools and practices developed to improve Family Tree's work and outcomes for the benefit of its clients using a relevant, strong, and aligned data impact strategy along with data collection tools and data management and program evaluation practices that help track a client's progress toward short- and long-term goals.

*Diversity, Equity and Inclusion:* Works to ensure a welcoming and equitable environment for a diverse and inclusive community across all levels of the organization.

*Property Management:* Provides safe and secure facilities to ensure continuous operation and control of physical facilities owned and/or used for services.

Consolidation of Family Tree GP, LLC - wholly owned entity of Family Tree

In February 2023, Family Tree, Inc. formed Family Tree GP, LLC (GP) to hold its .0025% interest in the Marshall Homes Limited Liability Limited Partnership (the LLLP). GP was incorporated under the laws of the State of Colorado and is 100% owned by Family Tree, Inc. The results of GP's operations have been included in Family Tree, Inc.'s financial statements.

Marshall Street Landing

On February 29, 2024, Family Tree closed a transaction to redevelop approximately 1.87 acres of land owned by Family Tree (the Site). The redevelopment plan contemplates the development of an apartment building to be known as Marshall Street Landing (the Project) which will provide 85 units of permanent supportive housing for individuals and families who are at or below 30% area median income and have experienced homelessness.

The Project is owned by Marshall Homes, LLLP (the LLLP). The LLLP is owned as follows:

- .0025% by Family Tree GP, LLC (GP), a single member limited liability company wholly owned by Family Tree, as Administrative General Partner;

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 1: Nature of Operations and Services, continued**

Marshall Street Landing, continued

- .0075% by Mountain Dew, LLC, a limited liability company wholly owned by principals of Blueline Development, Inc. (Blueline), as Managing General Partner;
- .0075% by Mountain Dew, LLC, a limited liability company wholly owned by principals of Blueline Development, Inc. (Blueline), as Managing General Partner;
- .01% by Foothills Regional Housing Authority as Special Limited Partner
- 99.88% by BF Marshall Homes, LLC and BFIM Special Limited Partner, Inc as Investor Limited Partner

The Managing General Partner manages all aspects of planning, construction and completion of the Project, including supervision of financing, design, construction and compliance. Family Tree is the lead service provider for the Project.

The Developer of the Project is Marshall Homes Development, LLC (the Developer). Family Tree is a 25% owner and Blueline is 75% owner of the Developer. The Developer oversees the construction and/or rehabilitation of the Project. Family Tree's 25% interest in the Developer is shown as Investment in Marshall Homes Development, LLC on the balance sheet.

The Developer has entered into a Development Agreement with the LLLP to provide development services and receive development fees as compensation for such services. Total development fees are \$4,513,000 which includes \$1,328,000 of additional fees permitted by financing authorities for projects providing permanent supportive housing and referred to as a developer fee boost (the Boost Fee). These fees are recognized as revenue as described in Note 9.

The Project will be constructed on the Site which has been leased to the LLLP pursuant to a 75-year ground lease (the Ground Lease). The Ground Lease limits the use of the Site to the development of the Project and requires the use to be in compliance with all legal, contractual and regulatory requirements of the Project. Total consideration for the Ground Lease is \$2.2 million, of which \$1 million was received in fiscal year 2024. The remaining \$1.2 million was taken back as a note receivable as described in Note 8.

Financing for the Project was closed in February 2024 and included \$18,469,743 in equity from federal and state Low Income Housing Tax Credits; \$11,740,000 in permanent debt proceeds; \$6,750,000 in subordinate debt (including \$1,700,00 of debt to Family Tree as described in Note 7), and \$1,247,411 in deferred development fees as described in Note 9.

**Note 2: Summary of Significant Accounting Policies**

This summary of significant accounting policies of Family Tree is presented to assist in the understanding of Family Tree's consolidated financial statements. The consolidated financial statements and notes are representations of Family Tree management, who is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 2: Summary of Significant Accounting Policies, continued**

Basis of Presentation, continued

The consolidated financial statements have been prepared in accordance with U.S. GAAP which requires Family Tree to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Family Tree.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Family Tree or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on an accrual basis in accordance with U.S. GAAP; and accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenues and expense during the reporting period. Accordingly, actual results could differ from those estimates. It is reasonably possible that estimates may change in the near term.

Principles of Consolidation

The consolidated financial statements for June 30, 2024 include the accounts of Family Tree, Inc. and GP in accordance with *Consolidation of Variable Interest Entities*. This topic requires that consolidated financial statements include entities in which the organization has a controlling financial interest, i.e. a majority voting interest.

Fair Value

Cash, cash equivalents, money market funds, receivables, prepaid expenses, investments, payables, and accrued expenses and other liabilities are reflected in the consolidated financial statements at fair value. The amounts reported in the consolidated financial statements approximate fair values because of their short maturities.



**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 2: Summary of Significant Accounting Policies, continued**

Cash and Cash Equivalents

Family Tree considers all highly liquid investments with original maturities of three months or less that are not part of the investment portfolio to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash or cash equivalents.

Restricted Cash

Restricted cash is comprised of funds internally designated for future health insurance increases that are not available for general use.

Money market funds

Money market funds are liquid funds held by professional managers. These funds are not considered cash or cash equivalents.

Accounts Receivable

Accounts receivable represents amounts due from government grants, program service fee contracts, and amounts to be received under other agreements. Individual governmental and private grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for resources provided. Instead, revenues are recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. These receivables are all due within one year.

Contributions receivable, including promises to give, are recognized as revenues in the period received. Unconditional pledges with terms greater than one year are initially recorded at fair value based on their estimated future cash flows. Pledges are discounted to present value using a discount rate commensurate with the risk involved. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Gifts of assets other than cash are recorded at their estimated fair value.

Family Tree uses the allowance method to determine uncollectible receivables. The allowance method is based on prior years' experience and management's analysis of specific receivable balances. Accounts receivable consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Accounts receivable-government	\$ 2,132,249	\$ 1,581,922
Accounts receivable-other	44,697	27,900
Contributions-pledges and grants	-	26,475
Allowance	_____ -	_____ (4,435)
 Total accounts receivable	 <u>\$ 2,176,946</u>	 <u>\$ 1,631,862</u>

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 2: Summary of Significant Accounting Policies, continued**

Long-lived Assets

Whenever certain events occur, Family Tree's management assesses the carrying value of its long-lived assets for impairment. If management determines that impairment has occurred, a loss is recognized based on the excess of the assets' carrying values over the estimated fair values. No impairment losses were recognized for the years ended June 30, 2024 and 2023.

Donated Buildings

Effective November 1, 2018, Family Tree entered into a long-term lease of four buildings located in Aurora, Colorado on the site of a former non-profit residential campus. Terms include \$100 per year base rent, with an initial lease term of 40 years and four options to extend the term of the lease for an additional 10 years each. The lease includes an option to purchase the buildings for \$100 and enter into a 99-year ground lease of the underlying land at the time certain redevelopment work on the campus is completed. The property houses the GOALS program which provides housing and supportive services to families overcoming homelessness.

The lease was recorded as a contribution with donor restriction for time with a fair value of \$2,822,176 at the date the lease was executed and classified in the statement of financial position as donated buildings. The donated buildings will be depreciated over the 40-year term on a straight-line basis. Corresponding amounts will also be released from restriction. The balance, net of depreciation, at June 30, 2024 and 2023 was \$2,422,369 and \$2,492,923, respectively, and is disclosed separately in the statement of financial position. Depreciation expense for the donated buildings for each of the years ending June 30, 2024 and 2023 totaled \$70,580 and \$70,554, respectively.

Property and Equipment

It is Family Tree's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Property and equipment are stated at cost, and depreciation is calculated using the straight-line method of depreciation over the following estimated useful lives:

		<u>2024</u>	<u>2023</u>
Building and land improvements	10-40 years	\$ 6,579,359	\$ 5,535,330
Furniture, fixtures, and equipment	5-15 years	260,899	150,410
Vehicles	5-10 years	<u>41,672</u>	<u>41,672</u>
Total		6,881,930	5,727,412
Less accumulated depreciation		<u>(1,944,797)</u>	<u>(1,744,370)</u>
Property and equipment, net		<u>\$ 4,937,133</u>	<u>\$ 3,983,042</u>

Gains and losses on fixed assets are recognized in the year of disposal. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred. Depreciation expense for the years ending June 30, 2024 and 2023 totaled \$209,442 and \$140,350, respectively.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 2: Summary of Significant Accounting Policies, continued**

Investments

Family Tree has adopted the guidance for *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under the guidance, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses, dividends and interest income are included in the change in net assets.

Compensated Absences

In accordance with the guidance for *Accounting for Compensated Absences*, Family Tree accrues vacation pay when earned. The liability for earned but unused balances at June 30, 2024 and 2023 totaled \$154,195 and \$187,651, respectively.

Public Support and Contributions

Public support and contributions received are recorded as revenues and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by Family Tree are considered contributions.

Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled, (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the support is reported as net assets without donor restrictions.

Revenue Recognition

In accordance with ASC Sub-Topic 958-605, *Revenue Recognition*, Family Tree must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of release or a promise to transfer assets exist. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of an agreement. Topic 958 prescribes that Family Tree should not consider probability of compliance with the barrier when determining if such contributions are conditional and should be reported as conditional contribution liability until such conditions are met.

Contributed Nonfinancial Assets

Family Tree has adopted the provisions of *Accounting for Contributions Received and Contributions Made*. Donated services are recognized as contributions if services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Family Tree. Donated materials are valued as of the date of contribution and recognized accordingly. Contributed nonfinancial assets that consisted of donated

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 2: Summary of Significant Accounting Policies, continued**

Contributed Nonfinancial Assets, continued

materials and services for the years ended June 30, 2024 and 2023 were \$303,094 and \$424,842, respectively.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the programs, management and general, and fund-raising functions based on various methods to reflect the effort expended on that program or function. Examples include estimated time worked for specific employees and budgeted number of full-time equivalent employees.

Self-Insurance

Family Tree has elected to self-insure for state unemployment insurance. Family Tree is liable for certain expected losses. Provisions for losses expected under these programs are recorded based upon Family Tree's estimates of the aggregate liability for claims incurred. For the years ended June 30, 2024 and 2023, \$30,529 and \$7,177, respectively, was recorded as a provision for expected losses, and is included in accrued expenses and other liabilities on the statement of financial position.

Income Taxes

Family Tree has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Family Tree is subject to federal income tax on any unrelated business taxable income. In addition, Family Tree qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation under 509(a).

Comparative Financial Information

The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2023, from which the summarized information was derived. The June 30, 2023 financial statements were not consolidated.

New Accounting Standards

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. Family Tree adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. Family Tree did not restate prior comparative periods as presented under FASB ASC

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 2: Summary of Significant Accounting Policies, continued**

New Accounting Standards, continued

840 and instead evaluated whether a cumulative effect adjustment to changes in net assets as of July 1, 2022 was necessary for the cumulative impact of adoption of FASB ASC 842.

The most significant effects of adopting FASB ASC 842 was the recognition of \$28,075 of operating lease right of use (ROU) assets and a total of \$28,075 of current and long-term operating lease liabilities on the statement of financial position as of July 1, 2022. No cumulative effect adjustment to changes in net assets as of July 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023. As part of the transition, Family Tree implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU enhances presentation and disclosure requirements for not-for-profit entities to increase the transparency in reporting contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021. Family Tree adopted this ASU for the year ended June 30, 2023, using the retrospective transition method, with no impact to the financial statements for the year then ended.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, also known as Current Expected Credit Losses (CECL). This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date and replaces the previous allowance for loan and lease losses. The ASU is effective for annual periods beginning after December 15, 2022. This ASU does not apply to Family Tree.

**Note 3: Availability and Liquidity**

Family Tree manages its liquidity and reserves using three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Family Tree has set a goal to have operating reserves of 3 to 9 months' expenses with monthly calculation and monitoring procedures in place.

The following represents Family Tree's financial resources available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 914,320	\$ 1,117,969
Restricted cash	79,166	87,424

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 3: Availability and Liquidity, continued**

	<u>2024</u>	<u>2023</u>
Money market funds	1,229,994	578,137
Accounts receivable	2,176,946	1,631,862
Investments	<u>1,242,331</u>	<u>1,190,000</u>
Total financial assets	5,642,757	4,605,392
Less amounts not available to be used within one year:		
Restricted cash	(79,166)	(87,424)
Restricted funds	<u>(132,985)</u>	<u>(95,498)</u>
Total amounts unavailable	(212,151)	(182,922)
 Financial resources available to meet general expenditures over the next twelve months	 <u>\$ 5,430,606</u>	 <u>\$ 4,422,470</u>

Family Tree receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Family Tree's beneficial interest in Colorado Gives Foundation consists of funds restricted for a specific purpose. The funds are not available for general expenditure. Income from the beneficial interest fund is restricted for specific purposes. Donor- restricted funds are not available for general expenditure.

**Note 4: Off Balance Sheet Credit Risk**

Family Tree maintains its cash balances at a financial institution which at times exceeded amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per institution per account holder. Family Tree has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**Note 5: Fair Value of Investments**

Family Tree has adopted the provisions of ASC 820, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. This framework defines fair values, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. Under this guidance, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 5: Fair Value of Investments, continued**

- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the instrument’s own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Family Tree did not have Level 3 securities as of June 30, 2024 and 2023.

There have been no changes in the methodologies used at June 30, 2024 and 2023. The Level 2 investments of Family Tree are not publicly traded but are based on quoted prices. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Family Tree believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, Family Tree assets at fair value as of June 30, 2024 and 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2024</u>
Fixed income	\$ 24,906	\$ -	\$ -	\$ 24,906
Mutual fund	329,031	-	-	329,031
Exchange traded funds	888,394	-	-	888,394
Beneficial interest in Colorado Gives Foundation	<u>-</u>	<u>274,750</u>	<u>-</u>	<u>274,750</u>
<b>Total assets at fair value</b>	<b>\$ <u>1,242,331</u></b>	<b>\$ <u>274,250</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>1,517,081</u></b>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2023</u>
Equity funds	\$ 492,842	\$ -	\$ -	\$ 492,842
Fixed income fund	591,352	-	-	591,352
Exchanged traded funds	105,806	-	-	105,806
Beneficial interest in Colorado Gives Foundation	<u>-</u>	<u>266,773</u>	<u>-</u>	<u>266,773</u>
<b>Total assets at fair value</b>	<b>\$ <u>1,190,000</u></b>	<b>\$ <u>266,773</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>1,456,773</u></b>

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 6: Investment in Marshall Homes Development, LLC**

Family Tree has a 25% interest in the Developer's member equity. In 2024, Family Tree recognized its investment interest in the Developer and has a balance at June 30, 2024 of \$220,776.

**Note 7: Note Receivable from Marshall Homes LLLP and Grant Income for the Project**

As part of the financing of the Project, Family Tree received a federal grant from Jefferson County for \$500,000 and non-federal grants for the City of Arvada for \$200,000 and from the Colorado Division of Housing for \$1,000,000 (collectively, the Project Grants). These funds were loaned to the LLLP for Project costs and Family Tree received non-recourse Promissory Notes (the Project notes) for each of the loans of the grant funds.

Each of the Project Notes is secured by a Deed of Trust against the Project, subordinate to the Project's construction and permanent debt, bears interest at 3% annum compounded annually, and is due and payable in full on or before February 29, 2064.

The Jefferson County Project Note also required the recording of a Rent Use Covenant against the Site requiring at least 4 units in the Project to be restricted to Affordable Rents as defined by the U.S. Department of Housing and Urban Development for a period of at least 20 years.

Because the Project notes are subordinate to other debt, current cash flow projections indicate that a portion of the Project Notes and related accrued interest will not be collectible. Accordingly, the balance of the Project Notes and accrued interest has been written down to the estimated balance of \$900,339. Grant income for the Project Grants is shown net of the write-off of the uncollectible portion of the Project Notes.

**Note 8: Ground Lease Receivable from Marshall Homes, LLLP and Deferred Lease Revenue**

As a portion of the consideration for the Ground Lease, Family Tree entered into a \$1,200,000 Note Receivable (the Lease Note). The Lease Note bears interest at 4.18% per annum compounded annually and is payable from available cash flow pursuant to the terms of the Marshall Homes LLLP Amended and Restated Partnership Agreement (the Partnership Agreement) with the final payment due on the 40<sup>th</sup> anniversary of the date of the Project's permanent loan conversion. Based on the Project's cash flow projections, Family Tree has determined that portions of the Lease Note and its accrued interest are not collectible and has written them down to an estimated collectible balance of \$276,527.

Lease revenue from the Ground Lease has been deferred and is being recognized over the 75-year life of the lease. As of June 30, 2024, the total balance deferred lease revenue was \$1,266,665.

**Note 9: Development Fees**

Development fees pursuant to the Development Agreement are recognized as revenues by the Developer based on the percentage of completion of the Project. Cash payments for the Development Fees are made based on the achievement of certain milestones throughout the construction and leasing of the Project, with \$1,247,411 being deferred and paid from cash flow pursuant to the Partnership Agreement. 25% of the revenue and cash distributions for the Development Fees excluding the Boost is allocated to Family Tree. 100% of the revenue and cash



**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 9: Development Fees, continued**

distributions for the Boost Fee is allocable to Family Tree and is required by the Partnership Agreement to be contributed to the Partnership to create a reserve for funding supportive services for residents after completion of the Project. Family Tree recognizes Boost Fee revenue as non-operating income and other Development Fee revenue as operating income. In fiscal year 2024, Family Tree recognized \$159,250 of operating revenue and \$265,600 of non-operating revenue for Development Fees. Family Tree also accrued a payable to the LLLP for \$265,500 that it is required to contribute to the LLLP. Family Tree also received cash distributions from the Developer of \$204,099 in fiscal year 2024.

**Note 10: Beneficial Interest in Colorado Gives Foundation**

Family Tree participates in the Nonprofit Preservation Challenge Grant Program established by the Colorado Gives Foundation. The purpose of this program is to assist charitable organizations with the formation of funds perpetual in nature. Under the terms and conditions of the grant award, in 2005 Family Tree made irrevocable transfers of restricted funds perpetual in nature to the Colorado Gives Foundation for the Helen's Hope Program (Helen's Hope), which supports domestic violence victims moving out of the Roots of Courage (formerly Women in Crisis) shelter into safe and stable housing.

The Colorado Gives Foundation matched contributions received by Family Tree through July 2005 and provides investment management services. Distributions from the fund, per terms of the agreements, will be paid to Family Tree to support the Helen's Hope program. In addition, Family Tree pays the Colorado Gives Foundation a 1% fee for investment management services. Funds held by the Colorado Gives Foundation for the benefit of Family Tree are recorded as interest in net assets of the Colorado Gives Foundation, including contributions transferred, matched, and investment earnings, totaled \$274,750 and \$266,773 at June 30, 2024 and 2023, respectively.

**Note 11: Note Payable**

Family Tree has a note payable to Bank of America with interest rate of 3.69% maturing on January 1, 2034. The note is collateralized by certain property and assignment of rents on the related property. Monthly installments are \$3,212. Future annual maturities, net of issuance costs, of notes payable outstanding are as follows as of June 30:

2025	\$	27,540
2026		28,754
2027		29,647
2028		30,739
2029		31,913
Thereafter		<u>158,810</u>
 Total payments	 \$	 307,403
 Current portion		 <u>(27,540)</u>
 Long-term portion	 \$	 <u>279,863</u>

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 12: Net Assets Without Donor Restrictions**

Net assets without donor restrictions at June 30, have been designated for the following purposes:

	<u>2024</u>	<u>2023</u>
Designated by Board for Strategic Investments	\$ 187,245	\$ 296,327
Undesignated	<u>9,291,582</u>	<u>7,232,018</u>
Total assets without donor restrictions	<u>\$ 9,478,827</u>	<u>\$ 7,528,345</u>

**Note 13: Net Assets With Donor Restrictions**

Net assets have been classified as with donor restrictions for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for specified purpose:		
Housing and Family Stabilization Services	\$ 184,959	\$ 161,563
Integrated Services	196,310	4,219
Domestic Violence Services	45,259	32,113
Child and Youth Services	-	9,208
Restricted for Future Operations-Donated Building	<u>2,422,369</u>	<u>2,492,922</u>
Sub-total net assets with donor restrictions	<u>\$ 2,848,897</u>	<u>\$ 2,700,025</u>
Beneficial interest-held in perpetuity		
Helen's Hope	<u>174,917</u>	<u>174,917</u>
Total net assets with donor restrictions	<u>\$ 3,023,814</u>	<u>\$ 2,874,942</u>

**Note 14: Lease Obligations**

Family Tree entered into right-of-use operating leases for equipment. ROU assets and lease liabilities are recognized at July 1, 2022, the adoption date of ASU 842. Lease liabilities are based on the present value of future lease payments over the expected lease terms. Family Tree has elected the option to use the risk-free interest rate determined using a period comparable to lease terms as the discount rate for leases where the implicit rate is not readily available. The risk-free rate option has been applied at 5%. Right-of-use assets and liabilities as of June 30, 2024, are presented as separate line items on Family Tree's statements of financial position. The lease term and discount rate are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Right-of-use operating leases remaining terms	4 years	4 years
Right-of-use operating leases discount rate	5%	5%

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 14: Lease Obligations, continued**

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Right-of-use operating:		
Operating lease expense	\$ 7,584	\$ 3,792
Total lease expenses	<u>\$ 7,584</u>	<u>\$ 3,792</u>

Cash paid for amounts is included in the measurements of lease liabilities as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows for operating leases	\$ 7,584	\$ 3,509

The following table summarizes the maturity of right-of-use lease liabilities under operating leases for subsequent years as of June 30, 2024:

2025	\$ 7,584
2026	7,584
2027	<u>861</u>
Total lease payments	16,029
Less: interest	<u>(1,518)</u>
Total lease liabilities	17,547
Less: current portion, lease liabilities	<u>(7,584)</u>
Long-term portion, lease liabilities	<u>\$ 9,963</u>

**Note 15: Government Grants**

Family Tree receives certain revenues from grants with various governmental agencies. The disbursements of funds received under these grants generally requires compliance with terms and conditions specified in the contracts and is subject to audit by contracting agencies. The amount of charges to these grants that may be disallowed, if any, by such audits cannot be presently determined. However, management believes that the effect of any such audits would not have a significant impact on the consolidated financial statements; accordingly, no provision has been made in the consolidated financial statements for any liability that may result.

**Note 16: Contributions**

Contributions are provided to Family Tree either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of Gift</u>	<u>Value Recognized</u>
-----------------------	-------------------------

***Conditional gifts, with or without restrictions:***

Gifts that depend on Family Tree	Not recognized until the gift becomes
----------------------------------	---------------------------------------

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 16: Contributions, continued**

overcoming a donor -imposed barrier to be entitled to the funds. unconditional (i.e. the donor -imposed barrier is met.)

***Unconditional gifts, with or without restrictions:***

Received on the date of gift – cash or other Assets	Fair value
Expected to be collected within one year	Net realizable value

In addition to the amount recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method. When a donor 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional grants and contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenues and net assets without donor restrictions.

**Note 17: Contributed Nonfinancial Assets**

Contributed nonfinancial assets for the years ended June 30, are as follows:

	<u>2024</u>	<u>2023</u>
Goods	\$ 228,235	\$ 338,660
Services	<u>74,859</u>	<u>86,182</u>
Total	<u>\$ 303,094</u>	<u>\$ 424,842</u>

The nonfinancial assets listed above were recognized within revenues. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Donated goods, including clothing, food, furnishings, etc. from various donors are recorded in the accompanying consolidated financial statements at fair value as of the date of donation. The fair value of these types of donations are estimated using market prices of comparable items.

Contributions of services are recognized as revenues at their estimated fair value only when the services received create or enhance nonfinancial assets or required specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The fair value of these types of donations are estimated using market prices of comparable items.

Contributions of buildings are valued at estimated fair rental value based upon rentals of similar real estate.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 17: Contributed Nonfinancial Assets, continued**

In addition, Family Tree has volunteers who work one-on-one with clients, cook, clean, organize, provide administrative assistance, and participate in one-day impact opportunities to create significant improvements for clients. For the years ended June 30, 2024 and 2023, these volunteers provided 15,337 and 20,640 hours of work which is estimated at approximately \$514,000 and \$618,000, respectively. Amounts applicable to contributed hours are not reflected in the accompanying financial consolidated statements because the volunteers' time do not meet the required criteria for contributed services.

**Note 18: Lease Income**

Lease income consists of amounts received by Family Tree for renting buildings and space to non-related parties based on agreed upon lease agreements. During the fiscal years ended June 30, 2024 and 2023, total lease income totaled \$64,065 and \$78,934, respectively.

**Note 19: Revenue from Contracts**

Family Tree recognizes revenue in accordance with U.S. GAAP, when all of the following conditions are satisfied:

- There is persuasive evidence that an arrangement exists;
- The product has been delivered or the services performed;
- The amount of fees to be paid by members and customers are fixed or determinable;
- The collection of fees is reasonably assured.

Family Tree recognizes revenues based upon the satisfaction of the performance of services as determined in contracts. Determining whether and when these criteria have been satisfied involved exercising judgment and using estimates and assumptions that can have a significant impact on the timing and amount of revenue that Family Tree recognizes.

**Program Service Fees**

For the years ended June 30, 2024 and 2023, revenue from contracts with counties, other organizations and individuals of \$613,784 and \$654,108, respectively, has been classified as program service fees. Performance obligations are determined based on the nature of the services provided by Family Tree in accordance with the contract. Revenue is recognized as services are provided or for performance obligations satisfied over time revenue is recognized ratably over the period based on time elapsed. Family Tree believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

**Transaction Price and Recognition**

For program service fees, Family Tree determines the transaction price based on negotiated charges for services agreed upon between Family Tree and the customer. Family Tree determines the contract price based on its cost to provide the service, including overhead, adjusted for negotiated concessions which it determines based on various factors including program impacts, ability to pay

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 19: Revenue from Contracts, continued**

Transaction Price and Recognition, continued

and historical experience with the purchaser. The contracts are generally one year or less and do not have significant financing components. Family Tree bills the individual customers at the time of service and government or private organizations monthly, on terms set forth in the contract, after services are performed. Accounts receivable are due in full when billed.

Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense. Family Tree has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Counties, organizations and other customers that have different reimbursement and payment methodologies and varying financial capacity.

**Note 20: Retirement Plan**

Family Tree has a retirement plan (the Plan) under Internal Revenue Code Section 403(b). Employees regularly scheduled to work a minimum of 20 hours per week are eligible to participate in the Plan. The Plan allows for employees to make before-tax or after-tax Roth contributions up to 100% of their annual compensation, as limited annually by the Internal Revenue Service. All contributions to the Plan are fully vested when made. Effective April 1, 2019, Family Tree amended the Plan to include a discretionary employer match. For the years ended June 30, 2024 and 2023, Family Tree made matching contributions to the Plan of \$55,124 and \$49,019, respectively.

**Note 21: Concentrations**

Family Tree has certain concentrations in specific categories of revenues; these concentrations represent 10% or more of total revenues. If a significant reduction in the level of these revenue sources occurs, it may have an effect on Family Tree's programs and activities.

**Note 22: Contingencies**

As owners of the general partners of the LLLP, Family Tree and the principals of Blueline have entered into joint and several guaranties which guaranty the completion of the Project, payment of debt service, compliance with regulatory requirements, and performance of all requirements under the Project's legal documents (the Guaranties).

Family Tree's obligations under the Guaranties are limited pursuant to an agreement with Blueline (the Co-GP Agreement) which provides that in the event that payment is required under the terms of any Guaranty, except in the event that the payment is a result of Family Tree's gross negligence or gross malfeasance, the Blueline principals will pay 100% of the obligation under the guaranty and 25% of such payment will be considered a loan from the Blueline principals to be repaid solely through priority payments from cash flow of the LLLP.

**Family Tree, Inc.**  
**Notes to Consolidated Financial Statements**  
**June 30, 2024 and 2023**

**Note 23:**    **Reclassifications**

Certain reclassifications have been made to the June 30, 2023 financial statement presentation to correspond to the current year's format. Total change in net assets is unchanged due to these reclassifications.

**Note 24:**    **Subsequent Events**

Family Tree has evaluated subsequent events and transactions for potential recognition or disclosure through the date at which the consolidated financial statements were available to be issued, which is the date of the independent auditors' report, and noted no subsequent event that requires disclosure.

## **Supplementary Information**



**Family Tree, Inc.**  
**Consolidating Statement of Financial Position**  
**June 30, 2024**

	<i>Family Tree, Inc.</i>	<i>Family Tree GP, LLC</i>	<i>Eliminations</i>	<i>Consolidated</i>
<b><u>ASSETS</u></b>				
Current assets:				
Cash and cash equivalents	\$ 914,320	\$ -	\$ -	\$ 914,320
Restricted cash	79,166	-	-	79,166
Money market funds	1,229,994	-	-	1,229,994
Accounts receivable	2,176,946	-	-	2,176,946
Due from Family Tree, Inc.	-	265,700	(265,700)	-
Right of use asset- operating, current portion	7,584	-	-	7,584
Prepays	71,814	-	-	71,814
Investments	1,242,331	-	-	1,242,331
<b>Total current assets</b>	<b><u>5,722,155</u></b>	<b><u>265,700</u></b>	<b><u>(265,700)</u></b>	<b><u>5,722,155</u></b>
Land	534,633	-	-	534,633
Donated building, net	2,422,369	-	-	2,422,369
Property and equipment, net	4,937,133	-	-	4,937,133
Right-of-use assets-operating, net of amortization, net of current portion	9,963	-	-	9,963
Other assets:				
Note receivable from LLLP, net of allowance	900,339	-	-	900,339
Lease receivable - ground lease, net of allowance	276,527	-	-	276,527
Beneficial interest in Colorado Gives Foundation	274,750	-	-	274,750
Investment in Family Tree GP, LLC	265,710	-	(265,710)	-
Investment in Marshall Homes Development, LLC	220,776	-	-	220,776
Investment in Marshall Homes, LLLP	-	265,600	-	265,600
<b>Total other assets</b>	<b><u>1,938,102</u></b>	<b><u>265,600</u></b>	<b><u>(265,710)</u></b>	<b><u>1,937,992</u></b>
<b>Total long-term assets</b>	<b><u>9,842,200</u></b>	<b><u>265,600</u></b>	<b><u>(265,710)</u></b>	<b><u>9,842,090</u></b>
<b>Total assets</b>	<b><u>\$ 15,564,355</u></b>	<b><u>\$ 531,300</u></b>	<b><u>\$ (531,410)</u></b>	<b><u>\$ 15,564,245</u></b>

See accompanying report of independent auditors.

**Family Tree, Inc.**  
**Consolidating Statement of Financial Position (continued)**  
**For the year ended June 30, 3024**

	<i>Family Tree, Inc.</i>	<i>Family Tree GP, LLC</i>	<i>Eliminations</i>	<i>Consolidated</i>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Liabilities:				
Accounts payable	\$ 254,056	\$ -	\$ -	\$ 254,056
Accrued expenses and other liabilities	483,361	-	-	483,361
Deferred revenue	466,972	-	-	466,972
Due to Marshall Homes, LLLP	-	265,600	-	265,600
Due to Family Tree GP, LLC	265,700	-	(265,700)	-
Current portion of lease liability-operating leases	7,584	-	-	7,584
Current portion of note payable, net of issuance costs	<u>27,540</u>	<u>-</u>	<u>-</u>	<u>27,540</u>
<b>Total current liabilities</b>	<b><u>1,505,213</u></b>	<b><u>265,600</u></b>	<b><u>(265,700)</u></b>	<b><u>1,505,113</u></b>
Non-current liabilities:				
Long-term portion of lease liability-operating leases	9,963	-	-	9,963
Deferred lease revenue	1,266,665	-	-	1,266,665
Note payable, net of issuance costs	<u>279,863</u>	<u>-</u>	<u>-</u>	<u>279,863</u>
<b>Total non-current liabilities</b>	<b><u>1,556,491</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,556,491</u></b>
<b>Total liabilities</b>	<b><u>3,061,704</u></b>	<b><u>265,600</u></b>	<b><u>(265,700)</u></b>	<b><u>3,061,604</u></b>
Net assets:				
Without donor restrictions:				
Undesignated	9,291,592	(10)	-	9,291,582
Designated by board for strategic investments	<u>187,245</u>	<u>-</u>	<u>-</u>	<u>187,245</u>
Total without donor restrictions	<u>9,478,837</u>	<u>(10)</u>	<u>-</u>	<u>9,478,827</u>
With donor restrictions:				
Perpetual in nature	174,917	-	-	174,917
Time restricted for future periods	2,422,369	-	-	2,422,369
Purpose restrictions	<u>426,528</u>	<u>-</u>	<u>-</u>	<u>426,528</u>
Total with donor restrictions	<u>3,023,814</u>	<u>-</u>	<u>-</u>	<u>3,023,814</u>
Net assets with controlling interest:				
Member's equity - Family Tree, Inc.	<u>-</u>	<u>265,710</u>	<u>(265,710)</u>	<u>-</u>
Total net assets with controlling interest	<u>-</u>	<u>265,710</u>	<u>(265,710)</u>	<u>-</u>
<b>Total net assets</b>	<b><u>12,502,651</u></b>	<b><u>265,700</u></b>	<b><u>(265,710)</u></b>	<b><u>12,502,641</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 15,564,355</u></b>	<b><u>\$ 531,300</u></b>	<b><u>\$ (531,410)</u></b>	<b><u>\$ 15,564,245</u></b>

See accompanying report of independent auditors.

**Family Tree, Inc.**  
**Consolidating Statement of Activities**  
**For the year ended June 30, 2024**

	<i>Family Tree, Inc.</i>	<i>Family Tree GP, LLC</i>	<i>Eliminations</i>	<i>Consolidated</i>
<b>Revenue and support:</b>				
Contributed support:				
Federal government grants	\$ 3,701,096	\$ -	\$ -	\$ 3,701,096
Program service fees	1,855,461	-	-	1,855,461
Other government grants	1,838,211	-	-	1,838,211
Corporations and individual contributions	783,576	-	-	783,576
Foundation grants	675,863	-	-	675,863
Development fee income	159,250	-	-	159,250
Contributed nonfinancial assets	303,094	-	-	303,094
Special events, net	136,242	-	-	136,242
Mile High United Way	20,000	-	-	20,000
	<u>9,472,793</u>	<u>-</u>	<u>-</u>	<u>9,472,793</u>
Net assets released from restrictions	-	-	-	-
<b>Total contributed support</b>	<b><u>9,472,793</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,472,793</u></b>
Revenues from contracts:				
Earned revenues from program services	<u>613,784</u>	<u>-</u>	<u>-</u>	<u>613,784</u>
<b>Total revenues from contracts</b>	<b><u>613,784</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>613,784</u></b>
<b>Lease income</b>	<b><u>64,065</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>64,065</u></b>
<b>Total revenues</b>	<b><u>10,150,642</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>10,150,642</u></b>
<b>Functional expenses:</b>				
Program services	8,723,155	-	-	8,723,155
General and administration	941,735	10	-	941,745
Fund development	609,534	-	-	609,534
<b>Total functional expenses</b>	<b><u>10,274,424</u></b>	<b><u>10</u></b>	<b><u>-</u></b>	<b><u>10,274,434</u></b>
<b>Change in net assets from operating activities</b>	<b><u>(123,782)</u></b>	<b><u>(10)</u></b>	<b><u>-</u></b>	<b><u>(123,792)</u></b>
<b>Non-operating income (expense):</b>				
Capital grant income	1,141,010	-	-	1,141,010
Grant revenue for the Project	900,339	-	-	900,339
Development fee income-nonoperating	265,600	-	-	265,600
Investment return	177,031	-	-	177,031
Change in beneficial interest	21,734	-	-	21,734
Net capitalized lease income from the Project	9,862	-	-	9,862
Depreciation	(209,442)	-	-	(209,442)
Depreciation on donated building	(70,580)	-	-	(70,580)
Interest expense	(12,410)	-	-	(12,410)
<b>Total non-operating income</b>	<b><u>2,223,144</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,223,144</u></b>
<b>Change in net assets</b>	<b>2,099,362</b>	<b>(10)</b>	<b>-</b>	<b>2,099,352</b>
Net assets at beginning of year	<u>10,403,289</u>	<u>-</u>	<u>-</u>	<u>10,403,289</u>
<b>Net assets at end of year</b>	<b>\$ <u>12,502,651</u></b>	<b>\$ <u>(10)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>12,502,641</u></b>

See accompanying report of independent auditors.

**Family Tree, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Assistance listing number</u>	<u>Pass-through entity ID No./grant ID</u>	<u>Total federal expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed through: State of Colorado Department of Public Health & Environment			
Child and Adult Food Care Program	10.558		\$ 645
	<b>Total U.S. Department of Agriculture</b>		<b>645</b>
<b>U.S. Department of Housing and Urban Development</b>			
Direct:			
Continuum of Care - Supportive Housing Program	14.267	CO0052L8T032215	472,874
Continuum of Care - Supportive Housing Program	14.267	CO0052L8T032316	265,654
Continuum of Care - Supportive Housing Program	14.267	CO0133L8T032106	31,612
Continuum of Care - Supportive Housing Program	14.267	CO0133L8T032207	331,177
Passed through:			
Volunteers of America Colorado Branch			
Continuum of Care - Youth Transition Project	14.267	CO0059L8T031915	137,906
Continuum of Care - Youth Transition Project	14.267	CO0059L8T031913	23,422
Colorado Coalition for the Homeless			
Continuum of Care - Rapid Rehousing Program	14.267	CO0165L8T032203	44,574
Continuum of Care - Rapid Rehousing Program	14.267	CO0165L8T032204	15,428
Colorado Department of Local Affairs			
Emergency Shelter Grants Program	14.228	H3CDB33357	69,823
Emergency Shelter Grants Program	14.231	H4ESG33115	145,940
Emergency Shelter Grants Program	14.231		10,704
Continuum of Care - Permanent Supportive Housing Program	14.267	H3COC32981	16,612
Continuum of Care - Permanent Supportive Housing Program	14.267	H4COC33576	197,270
CDBG Entitlement Grants Cluster:			
Passed through:			
Arapahoe County			
Community Development Block Grant	14.218	ENPS2209	40,000
Community Development Block Grant	14.218		7,934
Community Development Block Grant	14.218	CEPF2303	34,968
Community Development Block Grant	14.218	CEPF2310	133,813
City of Arvada			
Community Development Block Grant	14.218	B-23-MC-08-0001	15,000
Community Development Block Grant	14.218		1,958
Jefferson County			
CARES Pass through Community Development Block Grant	14.218		(32,842)
Total CDBG Entitlement Grants Cluster			<u>200,831</u>
Passed through:			
Jefferson County			
Home Investment Partnerships Program - Marshall Homes	14.239	23-1558	500,000
Enterprise Community Partners, Inc.			
Capacity Building for Community Development and Affordable Housing Grant	14.252	22SG2291	2,652
Capacity Building for Community Development and Affordable Housing Grant	14.252	23SG2813	24,482
Douglas County Department of Human Services			
Community Project Funding	14.521	B-22-CP-CO-0166	633,788
	<b>Total U.S. Department of Housing and Urban Development</b>		<b><u>3,124,749</u></b>
<b>U.S. Department of Justice</b>			
Passed through:			
Adams County			
Byrne Justice Assistance Grants	16.753	2022-12	24,590
	<b>Total U.S. Department of Justice</b>		<b><u>24,590</u></b>
<b>Federal Emergency Management Agency</b>			
Passed through:			
Jefferson County			
Emergency Food and Shelter National Board Program	97.024	104200-001	17,500
	<b>Total Federal Emergency Management Agency</b>		<b><u>17,500</u></b>
<b>U.S. Department of Health and Human Services</b>			
Passed through:			
Colorado Department of Human Services			
Coronavirus State and Local Fiscal Recovery Funds	21.017	24 IHFA 189132	5,021
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services (CARES)	93.671	22 IHFA 172456	14,446
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services (ARPA)	93.671	24 IHFA 189132	15,030
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	24 IHFA 189132	15,092
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services (COVID)	93.671	23 IHFA COVID 24	28,642
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services (COVID)	93.671	23 IHFA COVID 24	22,495
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		7,000
Adams County			
Temporary Assistance for Needy Families	93.558	2021.600	144,548
Temporary Assistance for Needy Families	93.558	2021.600	122,538
Temporary Assistance for Needy Families	93.558	2021.646	112,435
Temporary Assistance for Needy Families	93.558	2023.409	358,977
Temporary Assistance for Needy Families	93.558	2023.445	352,243
	<b>Total U.S. Department of Health and Human Services</b>		<b><u>1,198,467</u></b>
<b>U.S. Department of Treasury: American Rescue Plan Act Funds</b>			
Passed through:			
Colorado Department of Public Safety, Division of Criminal Justice			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-23-126-01	417,422
The Victim Assistance and Law Enforcement Board of the 1st JD			
Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027	2023-12	42,651
Jefferson County			
Emergency Rental Assistance Program	21.023		299,482
City of Aurora			
Coronavirus State and Local Fiscal Recovery Funds	21.027		9,830
	<b>U.S. Department of Treasury: Total American Rescue Plan Act Funds</b>		<b><u>769,385</u></b>
	<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 5,135,336</u></b>

*See the accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.*

**Family Tree, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

**Note 1: Basis of Presentation**

The accompanying schedule of federal expenditures of federal awards (the Schedule) includes the federal grant activity of Family Tree, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of Family Tree, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family Tree, Inc.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or limited to reimbursement.

Family Tree, Inc. has elected to not use the 10% de minimis cost rate as covered in the Uniform Guidance 2 CFR section 200.414 Indirect Costs.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

Board of Directors  
Family Tree, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Family Tree, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Family Tree, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Tree, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Tree, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

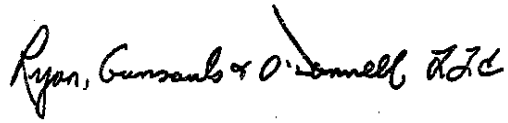
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Family Tree, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ryan, Gursanb & O'Donnell, P.C." The signature is written in a cursive, slightly slanted style.

Denver, Colorado  
October 25, 2024



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Family Tree, Inc.

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Family Tree, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Family Tree, Inc.'s major federal programs for the year ended June 30, 2024. Family Tree, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Tree, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Tree, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Family Tree, Inc.'s compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family Tree, Inc.'s federal programs.

#### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family Tree, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform



Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family Tree, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Family Tree, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Family Tree, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Family Tree, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Ryan, Gunsauls & O'Donnell, P.C.*

Denver, Colorado  
October 25, 2024

**Family Tree, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

**Section I – Summary of Auditors’ Results:**

**Financial statements:**

- Type of auditors’ report issued: Unmodified
- Internal control over financial reporting:
  - Significant deficiency(ies) identified None reported
  - Material weakness(es) identified? No
- Noncompliance material to financial statements noted? No

**Federal awards:**

- Internal control over major program:
  - Significant deficiency(ies) identified None reported
  - Material weakness(es) identified? No
- Type of auditors’ report issued on compliance for major program Unmodified
- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR section 200.516(a) No

- Identification of major program:

Assistance Listing Number  
93.558

Name of Federal Program or Cluster  
Temporary Assistance for Needy Families

- Dollar threshold used to distinguish between type A and type B programs: \$750,000
- Auditee qualified as low-risk auditee? Yes

**Section II – Financial Statement Findings:**

None noted in current year audit.

**Section III – Federal Award Findings and Questioned Costs:**

None noted in current year audit.

**Family Tree, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2024**

There were no findings from the prior year that require an update in this report.