

**COMMUNITY SERVICES OF
BROOMFIELD, INC,
dba BROOMFIELD FISH**

**Financial Statements with
Accompanying Independent
Auditors' Report**

September 30, 2019 and 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-13



287 Century Circle, Suite 200
Louisville, Colorado 80027

[p] 303.499.7445

[f] 303.967.2373

www.flewellingcpa.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Community Services of Broomfield, Inc.
dba Broomfield FISH
Broomfield, Colorado

We have audited the accompanying financial statements of Community Services of Broomfield, Inc., dba Broomfield FISH (the Organization) which comprise the statement of financial position as of September 30, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services of Broomfield, Inc., dba Broomfield FISH as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Flewelling & Mitton, PC

February 7, 2020

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Statement of Financial Position
September 30, 2019 and 2018

ASSETS

	2019	2018
Assets		
Cash and cash equivalents	\$ 130,525	\$ 332,108
Accounts receivable, short-term	77,584	4,579
Inventory	106,078	104,377
Certificates of deposit	252,160	—
Prepaid expenses	9,630	8,541
Accounts receivable, long-term	77,500	—
Property and equipment, net	445,539	488,918
Total Assets	\$ 1,099,016	\$ 938,523

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued liabilities	\$ 22,167	\$ 7,067
Refundable advances	168,968	—
Total Liabilities	191,135	7,067
Net Assets		
Without donor restrictions	892,881	924,956
With donor restrictions	15,000	6,500
Total Net Assets	907,881	931,456
Total Liabilities and Net Assets	\$ 1,099,016	\$ 938,523

See accompanying *Notes to Financial Statements*

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Statement of Activities
For the Years Ended September 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Revenues, Gains and Other Support				
Contributions and Net Revenue:				
<i>Special Events:</i>				
Contributions	\$ 131,019	\$ 15,000	\$ 146,019	\$ 99,654
Less: Cost of direct benefits to donors	(25,351)	—	(25,351)	(25,523)
	<u>105,668</u>	<u>15,000</u>	<u>120,668</u>	<u>74,131</u>
<i>Public Support:</i>				
Contributed food	1,948,575	—	1,948,575	1,732,319
Businesses	21,125	—	21,125	23,792
Churches	18,101	—	18,101	22,449
Individuals	228,342	—	228,342	231,365
Other organizations	1,009	—	1,009	5,218
In-kind rent	193,750	—	193,750	193,750
In-kind donations, other	19,025	—	19,025	26,545
Grants	173,253	—	173,253	84,500
<i>Other Revenue:</i>				
Interest income	2,889	—	2,889	81
Miscellaneous income	685	—	685	1,494
Gain (loss) on sale of equipment	—	—	—	(266)
Net assets released from restrictions	<u>6,500</u>	<u>(6,500)</u>	<u>—</u>	<u>—</u>
 Total Revenues, Gains and Other Support	 <u>2,718,922</u>	 <u>8,500</u>	 <u>2,727,422</u>	 <u>2,395,378</u>
 Expenses				
Program services	2,530,403	—	2,530,403	2,261,434
Management and general	185,358	—	185,358	180,860
Fundraising	35,236	—	35,236	16,387
 Total Expenses	 <u>2,750,997</u>	 <u>—</u>	 <u>2,750,997</u>	 <u>2,458,681</u>
 Increase (Decrease) in Net Assets	 (32,075)	 8,500	 (23,575)	 (63,303)
 Net Assets at Beginning of Year	 <u>924,956</u>	 <u>6,500</u>	 <u>931,456</u>	 <u>994,759</u>
 Net Assets at End of Year	 <u>\$ 892,881</u>	 <u>\$ 15,000</u>	 <u>\$ 907,881</u>	 <u>\$ 931,456</u>

See accompanying *Notes to Financial Statements*

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Statement of Functional Expenses
For the Years Ended September 30, 2019 and 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Salaries	\$ 217,845	\$ 63,343	\$ 23,717	\$ 304,905	\$ 227,121
Payroll taxes	17,978	5,228	1,957	25,163	18,884
Other employee expenses	12,623	6,229	1,374	20,226	17,041
Accounting and consulting	—	33,357	—	33,357	23,001
Advertising and marketing	—	4,933	—	4,933	13,198
Auto	7,589	—	—	7,589	6,159
Bank charges	—	551	—	551	44
Computer and software	18,000	5,128	—	23,128	23,274
Copier lease	1,772	443	—	2,215	2,219
Depreciation expense	34,702	8,676	—	43,378	43,352
Dues and subscriptions	—	1,040	—	1,040	1,608
Energy assistance	255	—	—	255	689
Equipment	1,415	354	—	1,769	35
Food purchase	7,144	—	—	7,144	4,851
Fundraising	—	—	33,539	33,539	38,572
In-kind rent	155,000	38,750	—	193,750	193,750
Value of food distributed or discarded	2,009,828	—	—	2,009,828	1,794,161
Insurance - general liability	—	8,308	—	8,308	10,612
Medical/prescriptions	232	—	—	232	273
Office supplies	—	2,300	—	2,300	1,673
Other	11,604	2,865	—	14,469	23,975
Rent assistance	28,416	—	—	28,416	32,462
Travel assistance	3,840	—	—	3,840	3,930
Volunteer recognition	—	3,853	—	3,853	2,276
Water assistance	2,160	—	—	2,160	1,044
	<u>2,160</u>	<u>—</u>	<u>—</u>	<u>2,160</u>	<u>1,044</u>
Total Expenses Before Cost of Direct Benefits	2,530,403	185,358	60,587	2,776,348	2,484,204
Less: Cost of direct benefits to donors	<u>—</u>	<u>—</u>	<u>(25,351)</u>	<u>(25,351)</u>	<u>(25,523)</u>
Total Expenses	<u>\$ 2,530,403</u>	<u>\$ 185,358</u>	<u>\$ 35,236</u>	<u>\$ 2,750,997</u>	<u>\$ 2,458,681</u>

See accompanying *Notes to Financial Statements*

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Statement of Cash Flows
For the Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$(23,575)	\$(63,303)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,379	43,352
Loss on equipment disposal	—	266
Interest earned on certificates of deposit	(2,160)	—
Change in contributed food inventory	(1,701)	3,725
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	(150,505)	(2,737)
Decrease/(increase) in prepaid expenses	(1,089)	85
(Decrease)/increase in accounts payable and accrued liabilities	15,100	3,614
(Decrease)/increase in refundable advances	168,968	—
Net Cash Provided (Used) by Operating Activities	48,417	(14,998)
Cash Flows from Investing Activities		
Purchases of property and equipment	—	(28,277)
Purchases of certificates of deposit	(250,000)	—
Net Cash Used by Investing Activities	(250,000)	(28,277)
Cash Flows from Financing Activities		
Net Cash Used by Financing Activities	—	—
Increase (Decrease) in Cash and Cash Equivalents	(201,583)	(43,275)
Cash and Cash Equivalents at Beginning of Year	332,108	375,383
Cash and Cash Equivalents at end of Year	\$ 130,525	\$ 332,108

See accompanying *Notes to Financial Statements*

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Community Services of Broomfield, Inc., dba Broomfield FISH (the Organization) is a Colorado non-profit organization, incorporated in May 2001 to provide emergency financial assistance and one-on-one mentoring support and referrals to Broomfield residents living at or below 200% of the federal poverty guidelines.

The Organization's major programs include:

Food Distribution: Distributes food to clients whose income is at or below 200% of the Federal poverty level and are residents of the City and County of Broomfield. Total expenses were \$2,392,880 and \$2,131,871 at September 30, 2019 and 2018, respectively.

Shelter Assistance: Helps clients with rent or mortgage payments who qualify under external grantors' criteria. Total expenses were \$53,964 and \$52,975 at September 30, 2019 and 2018, respectively.

Utility Assistance: Helps with utility payments to clients who qualify under external grantors' criteria. Total expenses at September 30, 2019 and 2018 were \$18,421 and \$14,612, respectively.

Other Funding Assistance: The Organization spends limited amounts on emergency medical prescriptions and transportation costs for clients' job searches or their start of work through their first paycheck. Total expenses were \$65,138 and \$61,976 at September 30, 2019 and 2018, respectively.

The primary funding source of the Organization is private contributions of cash and in-kind goods and services from individuals, churches, businesses, and foundations. In addition, the Organization receives revenue from special events and government grants.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. During the year ended September 30, 2018, the Organization adopted ASU 2016-14.

Contributions and Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the restriction is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates

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

Support

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity date of three months or fewer to be cash and cash equivalents, with the exception of the certificates of deposit.

Property and Equipment

Property and equipment are recorded at cost, except for contributed assets which are stated at estimated fair value at the date of contribution. Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets, which is generally three to fifteen years. Expenditures for renewals or betterments of \$2,500 or more that materially extend the useful lives of assets or increase their productivity are capitalized at cost. The costs and related allowances for depreciation of assets retired or otherwise disposed of are eliminated from the accounts. The resulting gain or loss is included in the determination of increase or decrease in unrestricted net assets.

Concentration of Credit Risk

The Organization maintains its cash accounts in one bank in Broomfield, Colorado. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2019 and September 30, 2018, uninsured cash balances in excess of FDIC limits were \$2,160 and \$85,475, respectively.

Inventory

Inventory, which consists of donated food, is stated at the average wholesale price per gross pound, published by Feeding America, a national food bank distribution network. The average wholesale price per gross pound was \$1.67 and \$1.67 at September 30, 2019 and 2018, respectively.

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain Tax Positions

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income tax is recorded in the accompanying financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal Exempt Organization Income Tax Returns Form 990 prior to 2018 are subject to examination by the IRS generally for three years after they are filed.

Summarized Prior-Year Information

The amounts shown for the year ended September 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>Total</u>
Cash and cash equivalents	\$ 130,525
Certificates of deposit	252,160
Accounts receivable	155,084
Less: Donor restrictions	(15,000)
Less: Board designations	<u>(250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 272,769</u>

The Board of Trustees has established a reserve intended to provide funds for operating expenses in event of an unforeseen interruptions in regular giving. The \$250,000 reserve funds includes \$200,000 as an operating reserve, which is equal to approximately 155 days of cash operating expenses. The reserve fund also includes \$25,000 designated for building maintenance and \$25,000 for the replacement of vehicles. Funds are invested in accordance with Board policy.

The Board periodically reviews the reserve fund to insure it remains adequate. As of the date of this report, no changes to the reserve fund were contemplated.

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018

NOTE 3: CERTIFICATES OF DEPOSIT

Certificates of deposit consisted of the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Three-month maturity	\$ 189,022	\$ —
Six-month maturity	63,138	—
Total	<u>\$ 252,160</u>	<u>\$ —</u>

The certificates bear interest ranging from 1.2% to 2.0% and are all short-term.

NOTE 4: PROPERTY AND EQUIPMENT

The following is a detail of property and equipment at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Building improvements	\$ 369,229	\$ 369,229
Equipment	83,100	83,100
Vehicles	117,150	117,150
	<u>569,479</u>	<u>569,479</u>
Less: accumulated depreciation and amortization	(123,940)	(80,561)
Total	<u>\$ 445,539</u>	<u>\$ 488,918</u>

Depreciation expense was \$43,378 and \$43,352 for the years ended September 30, 2019 and 2018, respectively.

NOTE 5: REFUNDABLE ADVANCES

Refundable advances represent contributions received which include conditions which have not yet been substantially met or explicitly waived by the donor. Refundable advances consisted of the following at September 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Colorado Health Foundation	\$ 150,000	\$ —
City of Broomfield Health & Human Services	13,968	—
El Pomar Foundation	5,000	—
Total	<u>\$ 168,968</u>	<u>\$ —</u>

NOTE 6: OPERATING LEASE COMMITMENTS

The Organization leases a copier under an operating lease arrangement with an unrelated party. Monthly lease payments are for \$116 over 48 months. In addition, the Organization pays a monthly maintenance fee of \$45 for 48 months.

**COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH**

**Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018**

NOTE 6: OPERATING LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows:

Year	Total
2020	\$ 1,932
2021	1,288
Thereafter	—
Total	\$ 3,220

Total lease expense for the years ended September 30, 2019 and 2018 was \$2,215 and \$2,219, respectively.

In June 2017, the Organization moved out of its previous space provided by the City of Broomfield (the City) and into a larger space, approximately 12,500 square feet, which houses its food bank and other offices. The lease is for fifteen years with a renewal option of up to two additional five-year terms. The City is donating the space so long as Broomfield FISH provides food, utility, shelter and transportation services to eligible individuals and families in Broomfield, Colorado. Broomfield FISH is responsible for paying for all tenant improvements, utilities and maintenance of the premises.

NOTE 7: IN-KIND CONTRIBUTIONS

Contributed food consists of 1,116,181 and 1,037,317 pounds of food from a regional food bank (42% and 31%) and the community (58% and 69%) for the years ended September 30, 2019 and 2018, respectively. The Organization valued the contributed food at \$1.67 per pound, for a total revenue of \$1,948,575 and \$1,732,319 for the years ended September 30, 2019 and 2018, respectively.

In-kind rent consists of the office space provided by the City and County of Broomfield for the Organization's operations, which was valued by the City at \$193,750 and \$193,750 at September 30, 2019 and 2018, respectively.

Other in-kind donations consist of the following:

	2019	2018
Event services	\$ —	\$ 6,050
Professional fees	1,025	2,495
Sales Force licenses	18,000	18,000
Total	\$ 19,025	\$ 26,545

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in various ways, but do not meet the requirements for recognition of revenue in the financial statements.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Organization receives grants from various sources which are subject to final review and approval, depending on the allowability of corresponding expenses charged to those programs. Any expenses not allowed by the granting authority would be reimbursable by the Organization.

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018

NOTE 9: FAIR VALUE MEASUREMENT

The Organization's financial instruments consist primarily of cash, certificates of deposit, accounts receivable, prepaid expenditures, accounts payable and accrued expenses, and deferred revenue.

The carrying amount of the Organization's financial instruments approximate their fair value due to the short-term nature of such instruments.

The Organization uses the following hierarchical disclosure framework pursuant to FASB ASC section 820:

Level 1: Measurement based on quoted prices for identical assets in an active market, as of the reporting date.

Level 2: Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Measurement based on the Organization's assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Organization used appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

The Organization's certificates of deposit with a fair value of \$252,160 and \$0 as of September 30, 2019 and 2018, respectively, are considered level 2 investments.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS AND BOARD DESIGNATIONS

Net assets with donor restrictions consisted of the following restrictions at September 30, 2019 and 2018:

	2019	2018
<i>Net assets with time/purpose restrictions</i>		
Harvest of Hope sponsorship	\$ 15,000	\$ 6,500
Total Time/Purpose Restrictions	\$ 15,000	\$ 6,500

In addition to the specified donor restrictions, the Organization's board of directors has designated a portion of net assets without donor restrictions to be set aside and restricted for the following organizational purposes:

	2019	2018
<i>Board designations for operating activities:</i>		
Board-designated for operating reserves	\$ 200,000	\$ 200,000
Board-designated for building maintenance reserves	25,000	25,000
Board-designated for vehicle replacement	25,000	25,000
Total, Board Designations	\$ 250,000	\$ 250,000

COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH

Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018

NOTE 11: CASH FLOW INFORMATION

The Organization made no interest or income tax payments for the years ended September 30, 2019 and 2018.

Noncash financing activities consisted of a donation of equipment of \$1,000 in the year ended September 30, 2018. There were none in the year ended September 30, 2019.

NOTE 12: NEW ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. In 2018, the Organization adopted FASB-ASU 2016-14 and adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements.

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources.
- The financial statements include a new disclosure describing the method used to allocate the functional expenses.

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of October 1, 2018. In comparison to the year ending September 30, 2018, the effect of adopting the new accounting principle was \$0.

**COMMUNITY SERVICES OF BROOMFIELD, INC.
dba Broomfield FISH**

**Notes to Financial Statements
For the Years Ending September 30, 2019 and 2018**

NOTE 14: FUNCTIONAL EXPENSES

The financial statements report certain expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include compensation and benefits, which are allocated on the basis of estimated of time and effort; occupancy costs and depreciation, which mirror the compensation allocations; and supplies, communication and other costs based on identification or estimates of how the costs are used.

NOTE 15: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 7, 2020, which was the date the financial statements were available to be issued. There were no significant subsequent events noted.