

# **Stride**

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**Financial Statements and Report  
of  
Independent Certified Public Accountants**

**June 30, 2013 and 2012**

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**Certified Public Accountants** (a professional corporation)  
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## Report of Independent Certified Public Accountants

Board of Directors  
Stride

We have audited the accompanying financial statements of Stride (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses 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.


### **Auditor's 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stride as of June 30, 2013 and 2012, 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.

A handwritten signature in cursive script that reads "Haynie & Co".

Littleton, Colorado  
May 12, 2014

**Stride**  
**Statements of Financial Position**  
**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash & cash equivalents	\$ -	\$ 2,027
Grants receivable	37,020	54,792
Client receivables (less allowances of \$510 for 2013 and \$1,613 for 2012)	2,283	6,141
Prepaid expenses	<u>1,186</u>	<u>3,072</u>
Total current assets	<u>40,489</u>	<u>66,032</u>
<b>Restricted Cash</b>		
Restricted cash	<u>20,640</u>	<u>12,438</u>
<b>Property and Equipment</b>		
Furniture and equipment	19,171	19,171
Building	310,000	310,000
Building improvements	107,911	95,857
Less: accumulated depreciation	<u>(95,457)</u>	<u>(80,843)</u>
Net property and equipment	<u>341,625</u>	<u>344,185</u>
Total Assets	<u>\$ 402,754</u>	<u>\$ 422,655</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accrued wages, benefits and payroll taxes	\$ 13,444	\$ 21,916
Accounts payable	63,932	58,213
Accrued compensated absences	6,149	9,639
Other accrued liabilities	20,035	12,438
Current portion of mortgage payable	<u>10,659</u>	<u>10,153</u>
Total current liabilities	<u>114,219</u>	<u>112,359</u>
<b>Long-Term Liabilities</b>		
Mortgage payable	<u>167,648</u>	<u>177,515</u>
<b>Net Assets</b>		
Unrestricted net assets	99,731	110,920
Temporarily restricted net assets	<u>21,156</u>	<u>21,861</u>
Total Net Assets	<u>120,887</u>	<u>132,781</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 402,754</u>	<u>\$ 422,655</u>

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

**Stride**  
**Statements of Activities**  
**For the Years Ended June 30, 2013 and 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues</b>						
<b>Unrestricted revenues</b>						
Local housing authority grants	\$ 3,980	\$ 31,000	\$ 34,980	\$ 96,516	\$ -	\$ 96,516
Other government grants	53,695	4,150	57,845	59,671	5,000	64,671
Grants from foundations	54,595	5,405	60,000	91,886	23,800	115,686
Pass through grants	173,769	-	173,769	186,581	-	186,581
Contributions - corporations and individuals	47,953	-	47,953	40,684	-	40,684
Donated materials for clients	19,600	-	19,600	16,300	-	16,300
Special events net of direct expenses of \$1,739 and \$17,854, respectively	37,852	-	37,852	48,310	-	48,310
Interest and other	<u>18,254</u>	<u>-</u>	<u>18,254</u>	<u>8,155</u>	<u>-</u>	<u>8,155</u>
Total unrestricted revenues	<u>409,698</u>	<u>40,555</u>	<u>450,253</u>	<u>548,103</u>	<u>28,800</u>	<u>576,903</u>
Net assets released from restrictions						
Satisfaction of purpose restriction	<u>41,260</u>	<u>(41,260)</u>	<u>-</u>	<u>51,986</u>	<u>(51,986)</u>	<u>-</u>
Total revenues	<u>450,958</u>	<u>(705)</u>	<u>450,253</u>	<u>600,089</u>	<u>(23,186)</u>	<u>576,903</u>
<b>Expenses</b>						
<b>Program services</b>						
Total program services	425,590	-	425,590	515,245	-	515,245
<b>Support services</b>						
Management and general	16,119	-	16,119	28,148	-	28,148
Fundraising	<u>20,438</u>	<u>-</u>	<u>20,438</u>	<u>24,952</u>	<u>-</u>	<u>24,952</u>
Total expenses	<u>462,147</u>	<u>-</u>	<u>462,147</u>	<u>568,345</u>	<u>-</u>	<u>568,345</u>
<b>Change in net assets</b>	(11,189)	(705)	(11,894)	31,744	(23,186)	8,558
<b>Net assets at beginning of year</b>	<u>110,920</u>	<u>21,861</u>	<u>132,781</u>	<u>79,176</u>	<u>45,047</u>	<u>124,223</u>
<b>Net assets at end of year</b>	<u>\$ 99,731</u>	<u>\$ 21,156</u>	<u>\$ 120,887</u>	<u>\$ 110,920</u>	<u>\$ 21,861</u>	<u>\$ 132,781</u>

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

**Stride**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (11,894)	\$ 8,558
<b>Reconciliation of Change in Net Assets to</b>		
<b>Net Cash from Operating Activities:</b>		
Depreciation	14,614	11,097
<b>Net changes in operating assets and liabilities:</b>		
Accounts receivable	3,858	681
Grants receivable	17,772	(39,677)
Prepaid expense and other	1,886	1,712
Restricted cash	(8,202)	3,616
Accounts payable	5,719	36,550
Accrued wages, benefits, and taxes	(8,472)	14,837
Accrued compensated absences	(3,490)	1,771
Other accrued liabilities	<u>7,597</u>	<u>(3,616)</u>
Net cash from operating activities	<u>19,388</u>	<u>35,529</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	<u>(12,054)</u>	<u>(32,870)</u>
Net cash from investing activities	<u>(12,054)</u>	<u>(32,870)</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments for mortgage payable	<u>(9,361)</u>	<u>(8,743)</u>
Net cash from financing activities	<u>(9,361)</u>	<u>(8,743)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(2,027)	(6,084)
Cash—beginning of year	<u>2,027</u>	<u>8,111</u>
Cash—end of year	<u>\$ -</u>	<u>\$ 2,027</u>
Cash paid for interest during year	<u>\$ 9,925</u>	<u>\$ 10,410</u>

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

**Stride**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>				<b>2012</b>			
	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fund Raising</b>			<b>Management and General</b>	<b>Fund Raising</b>	
Personnel expense	\$ 155,378	\$ 9,946	\$ 12,611	\$ 177,934	\$ 223,406	\$ 19,134	\$ 16,959	\$ 259,499
Rent assistance expense	173,769	-	-	173,769	186,581	-	-	186,581
Client needs/assistance	20,531	1,314	1,666	23,511	16,685	1,429	1,267	19,381
Occupancy	10,457	669	849	11,975	13,465	1,153	1,022	15,640
Supplies and equipment	9,034	578	733	10,346	11,641	997	884	13,522
Postage and printing	3,840	246	312	4,398	5,207	446	395	6,048
Professional services	13,041	835	1,058	14,934	23,960	2,052	1,819	27,831
Meetings and travel	1,223	78	99	1,400	1,513	130	115	1,758
Office expenses	7,707	493	626	8,826	5,959	510	454	6,923
Insurance	1,228	79	100	1,406	3,052	261	232	3,545
Depreciation	12,761	817	1,036	14,614	9,554	818	725	11,097
Membership and dues	1,052	67	85	1,205	938	80	71	1,089
Interest expense	10,445	669	848	11,961	10,591	907	804	12,302
Bad debt expense	2,530	162	205	2,897	666	57	51	774
Miscellaneous	2,594	166	210	2,971	2,027	174	154	2,355
Total expenses	<u>\$ 425,590</u>	<u>\$ 16,119</u>	<u>\$ 20,438</u>	<u>\$ 462,147</u>	<u>\$ 515,245</u>	<u>\$ 28,148</u>	<u>\$ 24,952</u>	<u>\$ 568,345</u>

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



# Stride

## Notes to Financial Statements

### June 30, 2013 and 2012

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#### 1. Organization

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Stride is a community-based organization devoted to supporting low-income families in the Denver Metro Area. Stride was created in 1990 by community leaders in Jefferson County, who wanted to improve coordination among public, private, and community agencies serving families attempting to become independent of welfare and other public supports.

Stride's focus is on helping families to enhance their strengths and capabilities that will lead to family stability and success. Stride accomplishes this through life skills and employment training and connecting families to educational and community resources that are tailored to meet each family's unique needs and abilities. Stride is the provider of opportunities for families to gain self-sufficiency. The majority of revenues is derived from grants.

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#### 2. Summary of Significant Accounting Policies

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##### **Financial Statement Presentation**

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Unrestricted - Resources not subject to donor-imposed restrictions.

Temporarily restricted - Resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

There were no permanently restricted net assets as of and for the years ended June 30, 2013 and 2012.

##### **Cash and Cash Equivalents**

Stride considers all demand deposit and savings accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents provided they are not legally restricted as to withdrawal.

**Stride**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**2. Summary of Significant Accounting Policies (continued)**

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**Restricted Cash and Other Accrued Liabilities**

Stride manages The Human Services Network of Colorado, a non-profit for which Stride is the fiscal administrator. During the years ended June 30, 2013 and 2012, Stride held restricted cash in the amounts of \$20,640 and \$12,438, respectively. A corresponding liability is recorded within accounts payable.

**Property and Equipment**

Stride follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000 with a life greater than one year. The fair value of donated assets is similarly capitalized. Expenditures for maintenance, repairs and other renewals of items are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the results of operations. The provision for depreciation of the building, and furniture and equipment is provided using the straight-line basis over estimated useful lives of forty and five years respectively.

Depreciation expense for the years ending June 30, 2013 and 2012, was \$14,614 and \$11,097, respectively.

**Revenue Recognition**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes or future time periods are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Organization receives the majority of its support from local housing authorities and state grants that qualify as "exchange" transactions under Accounting for Contributions made and received. Accordingly, these grants are recognized as revenue when the related program expenditures are incurred and billed to the applicable grantor. The organization also has contracts with local county and community agencies which they receive pass-through rental income from. This contract must be renewed each year and is recorded under "Pass through grants."

**Stride**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**2. Summary of Significant Accounting Policies (continued)**

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**Donated Materials and Services**

These items are reflected at their fair value if an objective basis is available to determine such value. Stride relies upon the services of numerous volunteers to carry out its mission. The value of this volunteer time is not recorded herein due to lack of an objective basis to measure its value. During the current year, Stride received from donors (and gave to their clients) Christmas gifts worth \$19,600 and \$16,300 for the years ended June 30, 2013 and 2012, respectively, which is included as a major component of "Client needs/assistance" in the Statement of Functional Expenses, herein.

**Functional Expenses**

Expenses directly identified with a functional area are charged to such area. The time expended or another reasonable basis allocates an expense affecting more than one area.

**Compensated Absences**

In accordance with the accounting for compensated absences, Stride accrues vacation pay when earned.

**Emergency Fund Loans**

Emergency Loan Funds are used to assist clients of Stride programs who need funds to pay for items that no other programs will or can pay for and that will maintain or advance their level of self-sufficiency; for example car repair or auto insurance.

- Clients are allowed to borrow up to \$200 on their initial loan and can continue to borrow up to \$500 in additional loans, if they maintain consistent payments on previous loan balances.
- No interest is charged on the loans.
- No collateral is required to receive a loan; however, clients who are requesting a loan must be in good standing with Stride program participation.
- Loans are written-off when the client's address is unknown or when no payments have been made for a period of three years and the client is no longer an active participant.
- All loans are issued with a promissory note completed by case manager and client that includes a payment schedule and is signed off by management staff.
- At the end of the fiscal year Stride has an allowance of 18%.

**Stride**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**2. Summary of Significant Accounting Policies (continued)**

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**Income Taxes**

Stride is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. During 2013 and 2012, Stride had no unrelated business activities and 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. Stride's federal tax return (Form 990) for 2013 and 2012 is subject to examination by the IRS, generally for three years after it was filed.

**Use of Estimates**

The preparation of these financial statements requires the use of estimates and assumptions. The estimates and assumptions result in approximate rather than exact amounts.

**Subsequent Events**

Management has evaluated subsequent events through May 12, 2014, the date which the financial statements were available to be issued. During this period, Stride was not aware of any material recognizable subsequent events. Subsequent to year end, the building owned by the Organization was listed for sale. Management believes the building will be sold during fiscal year 2014.

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**3. Concentration of Support**

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Stride receives substantial support from local housing authority grants and other government grants which all originate with the U.S. Department of Housing and Urban Development (HUD) and are passed through local communities. In the years ended June 30, 2013 and 2012, Stride received \$92,825 and \$161,187, respectively, from this source, which represented 21% and 28%, respectively, of Stride's total support for the year. In addition, Stride received support from foundation sources totaling \$60,000 and \$115,686, for the years ended June 30, 2013 and 2012, or 13% and 20%, respectively, of the Stride's total support for the year. Stride received support from fee for services totaling \$173,769 and \$186,581, for the years ended June 30, 2013 and 2012 or 39% and 32%, respectively.

**Stride**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**4. Net Assets Released from Restriction and Temporarily Restricted Net Assets**

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Stride's temporarily restricted net assets at June 30, 2013 and 2012, represent donor restricted contributions that are available for the following purposes (along with activity for the years ended June 30, 2013 and 2012):

	<u>Home Ownership</u>	<u>Transitional Housing</u>	<u>Family Self-Suff</u>	<u>RMA Grant</u>	<u>Other Grants</u>	<u>Total</u>
Balance June 30, 2011	\$ 30,000	\$ 14,401	\$ -	\$ -	\$ 646	\$ 45,047
Revenues restricted by donor	-	1,700	7,300	19,800	-	28,800
Expenses satisfying restriction	<u>(10,444)</u>	<u>(16,101)</u>	<u>(7,300)</u>	<u>(18,000)</u>	<u>(141)</u>	<u>(51,986)</u>
Balance June 30, 2012	19,556	-	-	1,800	505	21,861
Revenues restricted by donor	-	4,150	35,500	-	905	40,555
Expenses satisfying restriction	<u>-</u>	<u>(4,150)</u>	<u>(35,500)</u>	<u>(200)</u>	<u>(1,410)</u>	<u>(41,260)</u>
Balance June 30, 2013	<u>\$ 19,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 21,156</u>

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**5. Notes Payable**

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Stride entered into an agreement with Colorado Housing and Finance Authority in May 2005 to purchase the building where Stride runs its day-to-day operations. The purchase price was financed with a \$245,000 term note together with interest at the rate 5.9%. Stride makes monthly payments of principal and interest on the loan of \$1,741 on the first day of the month. All unpaid principal, accrued and unpaid interest shall be due and payable in full on the first day of June 2025.

The schedule of maturities for each of the next five years is as follows:

2014	\$ 10,659
2015	11,305
2016	11,990
2017	12,717
2018	13,488
Thereafter	<u>118,148</u>
	<u>\$ 178,307</u>