COMMUNITY BUILDERS, INC.

FINANCIAL STATEMENTS

June 30, 2020
# COMMUNITY BUILDERS, INC.
## FINANCIAL STATEMENTS
### June 30, 2020

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PAGE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor’s Report</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>4</td>
</tr>
<tr>
<td>Statement of Functional Expenses</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

Board of Directors
Community Builders, Inc.

We have audited the accompanying financial statements of Community Builders, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

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 The Community Builders, Inc. as of June 30, 2020, 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.

Adjustments to Prior Period Financial Statements
As discussed in Note 9 to the financial statements, Community Builders, Inc. restated its June 30, 2019 financial statements during the current year to properly record net assets in accordance with generally accepted accounting principles in the United States of America. No other changes to total assets, total liabilities, or net assets were recorded.

Certified Public Accountants
Aspen, Colorado
February 26, 2021
COMMUNITY BUILDERS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$839,519</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>100,889</td>
</tr>
<tr>
<td>Employee Advance</td>
<td>800</td>
</tr>
<tr>
<td>Pledges Receivable, Net</td>
<td>121,095</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>1,062,303</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$32,939</td>
</tr>
<tr>
<td>Accrued Payroll</td>
<td>22,702</td>
</tr>
<tr>
<td>Loan Payable - Paycheck Protection Plan</td>
<td>114,900</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>170,541</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Donor Restrictions</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>385,461</td>
</tr>
<tr>
<td>Board Designated Reserve</td>
<td>320,206</td>
</tr>
<tr>
<td><strong>Total Without Donor Restrictions</strong></td>
<td><strong>705,667</strong></td>
</tr>
<tr>
<td>With Donor Restrictions</td>
<td>186,095</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>891,762</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$1,062,303</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
COMMUNITY BUILDERS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Without Donor Restrictions | With Donor Restrictions | Total
---|---|---
**REVENUES, GAINS & OTHER SUPPORT**
Contributions $69,411 | $ | $69,411
Grants 33,855 | 161,195 | 195,050
Fees for Service Revenue 118,099 | - | 118,099
Cost Sharing Revenue 115,074 | - | 115,074
Interest Income 1,283 | - | 1,283
Other Income 200 | - | 200
Net Assets Released from Restrictions:
Satisfaction of Program Restrictions 24,950 | (24,950) | -
**TOTAL REVENUES, GAINS & OTHER SUPPORT** 362,872 | 136,245 | 499,117

**EXPENSES**
Program Expenses
- Technical Assistance Program 373,856 | - | 373,856
- Training Program 89,757 | - | 89,757
- Communications 193,027 | - | 193,027
- Research 87,398 | - | 87,398
Total Program Expenses 744,038 | - | 744,038
Supporting Services
- Management and General 129,854 | - | 129,854
- Fundraising Expenses 8,731 | - | 8,731
Total Supporting Services 138,585 | - | 138,585
**TOTAL EXPENSES** 882,623 | - | 882,623
**CHANGE IN NET ASSETS** (519,751) | 136,245 | (383,506)

**NET ASSETS, Beginning of Year (RESTATED)** 1,225,418 | 49,850 | 1,275,268
**NET ASSETS, End of Year** $705,667 | $186,095 | $891,762

The accompanying notes are an integral part of the financial statements.
COMMUNITY BUILDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Program Expenses</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technical Assistance</strong></td>
<td><strong>Training</strong></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>$190,355</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>16,998</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>15,143</td>
</tr>
<tr>
<td>Accounting</td>
<td>-</td>
</tr>
<tr>
<td>Consultants</td>
<td>122,985</td>
</tr>
<tr>
<td>IT Consultant</td>
<td>-</td>
</tr>
<tr>
<td>Advertising and Promotion</td>
<td>-</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>514</td>
</tr>
<tr>
<td>Information Technology</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy</td>
<td>11,702</td>
</tr>
<tr>
<td>Travel</td>
<td>13,267</td>
</tr>
<tr>
<td>Conferences</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
</tr>
<tr>
<td>Program Costs</td>
<td>2,892</td>
</tr>
<tr>
<td><strong>Total Expenses Included in the expense section on the Statement of Activities</strong></td>
<td>$373,856</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
COMMUNITY BUILDERS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES
Change in Net Assets $ (383,506)
Adjustments to Reconcile Net Income to Net Cash Used In Operating Activities:
(Increase) Decrease in Assets:
  Accounts Receivable 39,363
  Pledges Receivable (71,245)
  Prepaid Expenses 1,548
Increase (Decrease) in Liabilities:
  Accounts Payable 20,130
  Accounts Payable 22,702
NET CASH USED IN OPERATING ACTIVITIES (371,008)

CASH FLOWS FROM FINANCING ACTIVITIES
Proceeds from Paycheck Protection Plan Loan 114,900
NET CASH PROVIDED BY FINANCING ACTIVITIES 114,900

NET DECREASE IN CASH (256,108)
CASH, Beginning of Year 1,095,627
CASH, End of Year $ 839,519

The accompanying notes are an integral part of the financial statements.
COMMUNITY BUILDERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

1. ORGANIZATION AND PURPOSE

Community Builders, Inc. (the “Organization”) was established May 6, 2015 as an independent nonprofit corporation with a mission to help local leaders build livable communities across the American West. The Organization is governed by a board of directors. The Organization has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

BASIS OF PRESENTATION
The organization follows the Not-for-Profit Entities topics of the Financial Accounting Standards Codification. The Organization is required to report information regarding its financial position and activities 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.

Net Assets With Donor Restrictions: Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donors stipulate that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2020, the Organization has no net assets to be held in perpetuity.

CASH
Cash include highly liquid investments not held for resale with original maturities of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts. As of June 30, 2020, and at times throughout the year, the Organization has cash balances in excess of FDIC insurance limits.

ACCOUNTS AND PLEDGES RECEIVABLE
The Organization writes off accounts and pledges when they are considered uncollectible. Pledges due to be received beyond one year from the date of the financial statements are recognized at their estimated present value. For the year ended June 30, 2020, the Organization did not write off any accounts or pledges receivable.
CONTRIBUTIONS AND GRANTS
Contributions and grants received are recorded as increases in net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants received with donor-imposed restrictions that are met in the same year in which the contributions were received are recorded as net assets with donor restrictions and are re-classified to net assets without donor restrictions when the restrictions have been met.

FEES FOR SERVICES
Fees for services received are recorded when the services occur. These fees are primarily grant reimbursements received for educational programs performed and expenses incurred to educate municipal and construction planning leaders on how to build and maintain livable communities.

ADVERTISING
Advertising costs are expensed as incurred. Advertising expense was $45 for the year ended June 30, 2020.

RETIREMENT CONTRIBUTIONS
Community Builders adopted a SIMPLE IRA plan which matches, dollar for dollar, up to 3% of the employee’s salary. For the year ended June 30, 2020, employer contributions were $8,377.

INCOME TAXES
Community Builders is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRS Section 501(c)(3), and qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and (vii), and has been determined not to be a private foundation under IRS Section 509(a)(1) and (3), respectively. Community Builders is annually required to file a Return of Organization Exempt form Income Tax (Form 990) with the IRS.

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs.

USE OF ESTIMATES
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

DATE OF MANagements REVIEW
In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition of disclosure through February 26, 2021, the date which the financial statements were available for issuance.
3. LIQUIDITY AND AVAILABILITY

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 839,519</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>100,889</td>
</tr>
<tr>
<td>Pledges Receivable</td>
<td>26,095</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 966,503</strong></td>
</tr>
</tbody>
</table>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come true.

4. PLEDGES RECEIVABLE

Pledges receivable are due to be received as follows as of June 30, 2020:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In one year or less</td>
<td>$ 121,195</td>
</tr>
<tr>
<td>Less present value discount</td>
<td>(100)</td>
</tr>
<tr>
<td><strong>Pledges Receivable, net</strong></td>
<td><strong>$ 121,095</strong></td>
</tr>
</tbody>
</table>

Discount rates used in the determination of the net present value were based upon a risk-free rate of return as of the date the promise was made and upon the term of the promised future payments and adjusted for risk factors and the probability of future cash flows. The discount rate used is 0.2%.

5. PAYROLL PROTECTION PLAN LOAN

During April 2020, the Organization obtained a loan through the Small Business Administration Federal Payroll Protection Program for $114,900. The loan is contingently forgiven if the Organization meets certain expenditure requirements. Any unforgiven portion of the loan will require monthly principal and interest payments beginning August 2021, carries an interest rate of 1%, and matures on April 1, 2022. Management intends to apply for loan forgiveness in the 2020-2021 fiscal year.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of pledges receivable of $121,095 to be received within one-year of June 30, 2020 and $65,000 of donor restricted funds to be used for a specific purpose.

7. LEASE COMMITMENTS

The Company has contractual obligations in the form of a lease for office space and records the related expenses on a monthly basis. Rent expense related to such leases is recorded on the basis stated in the actual lease agreement. For the year ended June 30, 2020 the Company recorded $19,997 for all rental expenses. The Organizations office space lease expires on January 31, 2021.

For the year ended June 30, 2021, the Organization has estimated future minimum rental payments under operating leases with non-cancelable lease terms of $11,154.
8. CONCENTRATIONS

Pledges
The Organization had two donors that represented 99% of total pledges as of June 30, 2020.

Contributions
The Organization had two donors that represented 81% of total contribution income.

Grants
The Organization had one donor that represented 82% of total grant income.

9. RESTATEMENT

The Organization’s June 30, 2019 net asset balances have been restated. Net assets with donor restrictions increased by $49,850 and net assets without donor restrictions decreased by the same amount. This was due to funds restricted for the multi-year pledges being improperly classified as without donor restrictions.