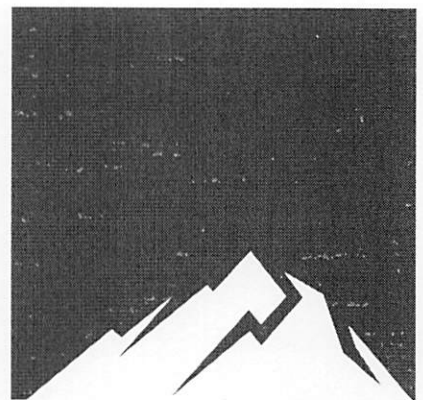
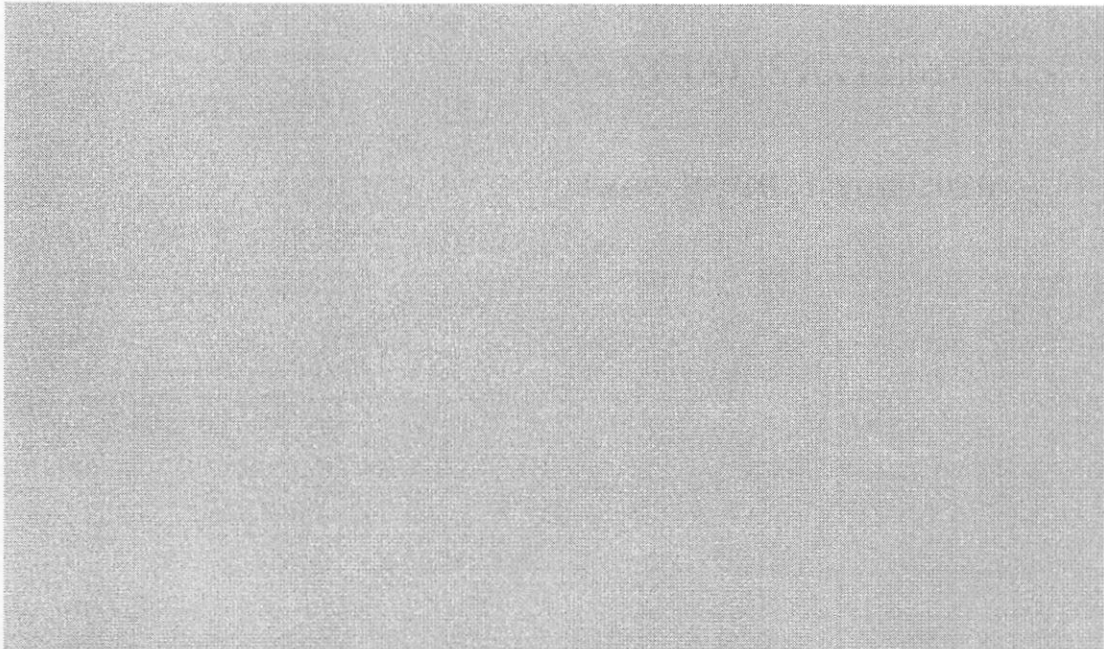


**THE PIÑON PROJECT**  
**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

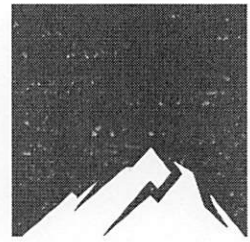


Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

**THE PIÑON PROJECT**  
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**June 30, 2021 and 2020**

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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Directors  
The Piñon Project  
Cortez, Colorado

We have audited the accompanying financial statements of The Piñon Project (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 audits. We conducted our audits 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 from 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 auditors' 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 Piñon Project as of June 30, 2021 and 2020, 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.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

February 15, 2022

Certified Public Accountants

**THE PIÑON PROJECT**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 257,534	\$ 781,518
Grants and Contribution Receivable	264,355	149,484
Accounts receivable, net (Note 3)	36,775	28,626
Prepaid expenses	13,803	15,973
Investments (Note 4)	568,182	179,086
Total current assets	1,140,649	1,154,687
<b>Property and equipment (Note 5)</b>		
Property and equipment	1,599,386	1,400,540
Accumulated depreciation	(763,563)	(712,188)
Property and equipment, net	835,823	688,352
<b>TOTAL ASSETS</b>	<b>\$ 1,976,472</b>	<b>\$ 1,843,039</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 8,039	\$ 21,411
Accrued payroll expenses	56,769	42,111
Compensated Absences	9,284	-
Paycheck protection program loan (Note 8)	-	359,139
Current portion of long-term debt	4,634	4,053
Total current liabilities	78,726	426,714
<b>Noncurrent liabilities</b>		
Compensated Absences	45,687	38,832
Long-term debt (Note 9)	218,779	223,788
Total noncurrent liabilities	264,466	262,620
Total liabilities	343,192	689,334
<b>Net assets</b>		
Net assets without donor restrictions		
Operating	763,909	394,420
Investment in property and equipment, net	612,410	460,511
Total net assets without donor restrictions	1,376,319	854,931
Net assets with donor restrictions (Note 6)	256,961	298,774
Total net assets	1,633,280	1,153,705
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,976,472</b>	<b>\$ 1,843,039</b>

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

**THE PIÑON PROJECT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Government grants and contributions	\$ 393,549	\$ 1,409,983	\$ 1,803,532
Foundation grants and contributions	12,250	517,346	529,596
Tuition	620,508	-	620,508
Contributions	170,817	33,076	203,893
Program service fees	69,675	-	69,675
Special events	-	-	-
In-kind contributions	10,800	-	10,800
Investment income (loss), net (Note 4)	39,319	-	39,319
Other revenue and support	2,760	-	2,760
Total revenue and other support before reclassifications	1,319,678	1,960,405	3,280,083
Net assets released from restriction (Note 6)	2,002,218	(2,002,218)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>3,321,896</b>	<b>(41,813)</b>	<b>3,280,083</b>
<b>EXPENSES</b>			
Program services			
Child care	785,228		785,228
Family programs	810,614		810,614
Early childhood education	687,412		687,412
Community initiatives	135,283		135,283
Total program services	2,418,537		2,418,537
Supporting services			
Management and general	315,293		315,293
Fundraising	66,678		66,678
Total supporting services	381,971		381,971
<b>TOTAL EXPENSES</b>	<b>2,800,508</b>		<b>2,800,508</b>
Change in net assets	521,388	(41,813)	479,575
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>854,931</b>	<b>298,774</b>	<b>1,153,705</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,376,319</b>	<b>\$ 256,961</b>	<b>\$ 1,633,280</b>

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

**THE PIÑON PROJECT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Government grants and contributions	\$ 54,400	\$ 1,510,632	\$ 1,565,032
Foundation grants and contributions	151,125	311,732	462,857
Tuition	627,194	-	627,194
Contributions	147,170	20,028	167,198
Program service fees	67,331	-	67,331
Special events	9,128	-	9,128
In-kind contributions	10,800	-	10,800
Investment income (loss), net (Note 4)	(3,361)	-	(3,361)
Other revenue and support	4,561	-	4,561
Total revenue and other support before reclassifications	1,068,348	1,842,392	2,910,740
Net assets released from restriction (Note 6)	1,777,011	(1,777,011)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,845,359</b>	<b>65,381</b>	<b>2,910,740</b>
<b>EXPENSES</b>			
Program services			
Child care	774,381		774,381
Family programs	769,082		769,082
Early childhood education	677,946		677,946
Community initiatives	130,780		130,780
Total program services	2,352,189		2,352,189
Supporting services			
Management and general	323,121		323,121
Fundraising	69,170		69,170
Total supporting services	392,291		392,291
<b>TOTAL EXPENSES</b>	<b>2,744,480</b>		<b>2,744,480</b>
Change in net assets	100,879	65,381	166,260
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>754,052</b>	<b>233,393</b>	<b>987,445</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 854,931</b>	<b>\$ 298,774</b>	<b>\$ 1,153,705</b>

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

**THE PIÑON PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2021**

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Child Care	Family Programs	Early Childhood Education	Community Initiatives		Management and General	Fundraising		
Salaries and wages	\$ 556,657	\$ 313,333	\$ 392,600	\$ 91,612	\$ 1,354,202	\$ 217,172	\$ 52,953	\$ 270,125	\$ 1,624,327
Payroll taxes and benefits	88,960	50,102	62,737	14,559	216,358	34,759	8,309	43,068	259,426
Program supplies	8,942	82,758	117,142	16,134	224,976	2,443	81	2,524	227,500
Emergency services	-	293,675	-	-	293,675	-	-	-	293,675
Professional fees	2,645	16,605	48,189	2,248	69,687	5,245	-	5,245	74,932
Food	38,860	1,893	880	-	41,633	3,091	202	3,293	44,926
Travel	7,855	4,312	4,835	137	17,139	615	-	615	17,754
Training and conferences	50	9,065	3,991	1,098	14,204	-	-	-	14,204
Licenses, dues and fees	13,916	-	-	-	13,916	12,136	-	12,136	26,052
Utilities	7,782	4,380	5,488	1,281	18,931	3,036	740	3,776	22,707
Telephone	13,304	7,488	9,383	2,189	32,364	5,190	1,266	6,456	38,820
Insurance	6,400	3,603	4,512	1,053	15,568	2,497	611	3,108	18,676
Office supplies	1,920	1,081	1,354	316	4,671	749	476	1,225	5,896
Repair and maintenance	15,681	5,227	2,613	-	23,521	2,614	-	2,614	26,135
Interest	-	-	-	-	-	8,949	-	8,949	8,949
Printing and publications	2,795	1,573	1,971	460	6,799	1,290	266	1,556	8,355
Rent	-	-	4,005	445	4,450	-	-	-	4,450
Postage	865	487	610	142	2,104	338	82	420	2,524
Other	990	5,122	14,685	711	21,508	8,300	17	8,317	29,825
	<u>767,622</u>	<u>800,704</u>	<u>674,995</u>	<u>132,385</u>	<u>2,375,706</u>	<u>308,424</u>	<u>65,003</u>	<u>373,427</u>	<u>2,749,133</u>
Depreciation	17,606	9,910	12,417	2,898	42,831	6,869	1,675	8,544	51,375
<b>Total expenses</b>	<b>\$ 785,228</b>	<b>\$ 810,614</b>	<b>\$ 687,412</b>	<b>\$ 135,283</b>	<b>\$ 2,418,537</b>	<b>\$ 315,293</b>	<b>\$ 66,678</b>	<b>\$ 381,971</b>	<b>\$ 2,800,508</b>

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

**THE PIÑON PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Child Care	Family Programs	Early Childhood Education	Community Initiatives		Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 544,339	\$ 306,399	\$ 383,912	\$ 89,585	\$ 1,324,235	\$ 212,367	\$ 51,781	\$ 264,148	\$ 1,588,383
Payroll taxes and benefits	88,846	50,009	62,660	14,622	216,137	34,662	8,452	43,114	259,251
Program supplies	4,595	67,146	95,628	13,090	180,459	1,981	69	2,050	182,509
Emergency services	-	265,959	-	-	265,959	-	-	-	265,959
Professional fees	3,134	19,674	57,093	2,663	82,564	6,215	-	6,215	88,779
Food	40,642	1,980	920	-	43,542	3,233	211	3,444	46,986
Travel	16,256	11,607	15,413	442	43,718	1,993	-	1,993	45,711
Training and conferences	59	10,641	4,684	1,289	16,673	-	-	-	16,673
Licenses, dues and fees	19,104	-	-	-	19,104	15,629	-	15,629	34,733
Utilities	7,940	4,469	5,600	1,307	19,316	3,097	755	3,852	23,168
Telephone	10,448	5,881	7,368	1,719	25,416	4,076	994	5,070	30,486
Insurance	6,813	3,835	4,805	1,121	16,574	2,658	648	3,306	19,880
Office supplies	2,064	1,162	1,456	340	5,022	805	4,419	5,224	10,246
Repair and maintenance	9,807	3,269	1,635	-	14,711	1,635	-	1,635	16,346
Interest	-	-	-	-	-	10,370	-	10,370	10,370
Printing and publications	2,398	1,350	1,691	395	5,834	2,044	228	2,272	8,106
Rent	-	-	5,251	584	5,835	-	-	-	5,835
Postage	452	254	319	74	1,099	176	43	219	1,318
Other	981	6,158	17,871	833	25,843	15,741	-	15,741	41,584
	<u>757,878</u>	<u>759,793</u>	<u>666,306</u>	<u>128,064</u>	<u>2,312,041</u>	<u>316,682</u>	<u>67,600</u>	<u>384,282</u>	<u>2,696,323</u>
Depreciation	16,503	9,289	11,640	2,716	40,148	6,439	1,570	8,009	48,157
<b>Total expenses</b>	<u>\$ 774,381</u>	<u>\$ 769,082</u>	<u>\$ 677,946</u>	<u>\$ 130,780</u>	<u>\$ 2,352,189</u>	<u>\$ 323,121</u>	<u>\$ 69,170</u>	<u>\$ 392,291</u>	<u>\$ 2,744,480</u>

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



**THE PIÑON PROJECT**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30,**

	2021	2020
<b>Cash flows from operating activities:</b>		
Cash received from grantors and others	\$ 2,218,257	\$ 2,165,484
Cash received from purchasers of services	888,687	889,330
Cash paid to suppliers and employees	(2,709,789)	(2,694,528)
Investment income received	5,816	6,655
Interest paid	(8,949)	(10,370)
Net cash provided (used) by operating activities	394,022	356,571
<b>Cash flows from investing activities:</b>		
Purchases of investments	(380,028)	(37,755)
Proceeds from sales of investments	24,435	31,190
Purchases of property and equipment	(198,846)	-
Net cash provided (used) by investing activities	(554,439)	(6,565)
<b>Cash flows from financing activities:</b>		
Principal payments on notes payable	(4,428)	(4,235)
SBA paycheck protection program loan proceeds/(forgiveness)	(359,139)	359,139
Net cash used by financing activities	(363,567)	354,904
<b>Net increase (decrease) in cash and cash equivalents</b>	(523,984)	704,910
Cash and cash equivalents at beginning of year	781,518	76,608
Cash and cash equivalents at end of year	\$ 257,534	\$ 781,518
 <b>Reconciliation of change in net assets to net cash provided (used by operating activities):</b>		
Change in net assets	\$ 479,575	\$ 166,260
<b>Adjustments to reconcile:</b>		
Depreciation	51,375	48,157
Net Unrealized and Realized (Gain) Loss on Investments	(33,503)	10,016
Decrease (increase) in:		
Grants and contribution receivable	(114,871)	137,595
Accounts receivable, net	(8,149)	13,918
Prepaid expenses	2,170	(12,299)
Increase (decrease) in:		
Accounts payable	(13,372)	(12,669)
Accrued payroll expenses	14,658	3,006
Compensated absences	16,139	2,587
Total adjustments	(85,553)	190,311
Net cash provided (used) by operating activities	\$ 394,022	\$ 356,571

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

**THE PIÑON PROJECT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**NOTE 1 - NATURE OF ACTIVITIES**

The Pinon Project (the Organization) was incorporated in the State of Colorado in 1994 to provide individuals and families a comfortable and friendly place to access services and information by creating a network of human resources through family centers and training programs. Located in Cortez, Colorado, the Organization's mission is to create opportunities to enrich the quality of life for the individuals and families in Montezuma County. The Organization is supported primarily by government grants and contracts, foundation grants, and tuition and operates the following major programs:

Child care - Licensed early childhood program providing full-day, full-week, and full-year care for children aged 0-12.

Family programs - Programs that assist parents in overcoming barriers to being functional and self-sufficient families.

Early childhood education - Programs that increase school readiness and school success for children aged 0-8 and their families.

Community initiatives - Community-based initiatives that build capacity to address larger issues such as suicide, substance and tobacco prevention, employment training, etc.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting and presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with the U.S. generally accepted accounting principles (GAAP). Net assets and revenues, expenses, gains and losses are classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

Without donor restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, receiving interest from operating investments, receiving tuition for the childhood program, raising contributions, and performing administrative functions. These net assets include any board designations with funds that have no restrictions.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Use of estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**THE PIÑON PROJECT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, grants and contracts receivable and other current assets, accounts payable, and accrued liabilities and other payables. As of June 30, 2021 and 2020, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and cash equivalents, accounts receivable, pledges receivable, prepaid expenses, accounts payable, and accrued liabilities and other payables, approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the years ended June 30, 2021 and 2020.

Cash and cash equivalents

Cash and cash equivalents for purposes of the statement of cash flows includes money held in demand deposit accounts. The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Money market funds held in brokerage accounts are considered investments and are not included in cash and cash equivalents.

The Organization maintains its cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits. The Organization has cash balances in excess of amounts federally insured. The uninsured balances totaled approximately \$0 and \$109,139 as of June 30, 2021 and 2020, respectively.

Investments

Investments in marketable securities and exchange traded funds are carried at the quoted market value of the securities. Total investment return consists of investment income in the form of interest and dividends and realized and unrealized gains and losses as reported on the statement of activities, less administrative fees and taxes. Unrealized and realized gains and losses on these investments are reported in the statement of activities without donor restrictions. Securities are generally held in custodial investment accounts administered by certain financial institutions. See Note 4 for further details.

Grants and contribution receivable

Grants and contribution receivables are considered by management to be fully collectible and accordingly no allowance for uncollectible grants or contributions is considered necessary.

Accounts receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Contributions

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

The Organization reports gifts of property and equipment as without donor restrictions unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent donor stipulations regarding how long those long-lived

**THE PIÑON PROJECT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization reports gifts of services in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Revenue recognition**

The Organization has adopted ASU 2014-19, along with all subsequent related ASUs impacting revenue with contracts with customers, effective July 1, 2020 using the modified retrospective method of adoption. The Organization has applied the new revenue recognition standard for the year ended June 30, 2021. There was no cumulative effect of initially applying the new accounting standard to all contracts recognized on July 1, 2020. The Organization meets performance obligations and records revenue for contracts as earned based on service dates. Services are typically contracted based on fixed fees for various types of services and dates of services.

**Capitalization and depreciation**

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of \$1,000 and have a useful life of over one year. The fair value of donated assets is similarly capitalized. Depreciation of property other than land is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives range from 3 to 30 years.

**Compensated Absences**

The Organization grants vacation and sick leave to qualifying employees. The amount of leave earned per year depends on the years of service with the Organization based on the hours worked. Unused vacation time may be carried over only in the amount of hours allowed for one year for that employee, therefore, employees may carry over a maximum of no more than the prior year's accrued vacation. There is no accrual for sick leave as it has to be used.

**Functional allocation of expenses**

The costs of providing the Organization's various programs and supporting services have been reported on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services using a variety of cost allocation techniques.

**Federal income tax status**

The Organization is exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization adopted accounting requirements that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns, including the position that the Organization continues to qualify to be treated as a tax-exempt organization for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. If the Organization has unrelated business income, the federal Exempt Organization Business Income Tax Returns (Form 990T) would be subject to examination by the Internal Revenue Service for three years after filing. Should any penalties and interest be incurred, they would be recognized as management and general expenses.

**THE PIÑON PROJECT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

Based on the results of management's evaluation, the requirements did not have a material effect on the Organization's financial statements. Consequently, no liability is recognized in the accompanying balance sheet for uncertain income tax positions.

**Reclassifications**

Certain reclassifications have been made to the prior year statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged by these reclassifications.

**New Accounting Pronouncement**

During fiscal year 2021, the Organization adopted the provisions of FASB Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update establishes principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The implementation of this standard did not have an impact on the Organization's financial statements, and no adjustments were necessary.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30 are summarized as follows:

	2021	2020
Tuition receivable	\$ 44,375	\$ 42,626
Less: allowance for uncollectible accounts	(7,600)	(14,000)
Total Accounts receivable, net	\$ 36,775	\$ 28,626

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

**Investments**

Investments as of June 30 consisted of the following:

	2021	2020
Exchange trade funds	\$ 137,431	\$ 7,782
Mutual funds	401,483	171,304
Money Market	29,268	-
Total Investments	\$ 568,182	\$ 179,086

**Fair Value Measurements**

U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the primary or most advantageous market for the asset or liability in an orderly transaction between market participants.

The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

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Assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual Funds, Exchange Traded Funds and Stocks - Valued at quoted market prices in active markets.

All investments of the Organization are valued using Level 1 inputs. The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management 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.

Investment income was as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 9,446	\$ 9,115
Realized gain (loss)	4,409	(11,657)
Unrealized gain (loss)	29,094	1,641
Brokerage fees and commissions	<u>(3,630)</u>	<u>(2,460)</u>
Net investment income	<u>\$ 39,319</u>	<u>\$ (3,361)</u>

Included in investment income is interest earned on cash accounts of \$223 and \$87 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 376,115	\$ 192,772
Buildings and improvements	864,468	848,968
Child care equipment	143,130	143,129
Furniture, fixtures, and equipment	104,009	104,007
Vehicles	<u>111,664</u>	<u>111,664</u>
Total	1,599,386	1,400,540
Less: accumulated depreciation	<u>(763,563)</u>	<u>(712,188)</u>
Net property and equipment	<u>\$ 835,823</u>	<u>\$ 688,352</u>

Depreciation expense was \$51,375 and \$48,157 for the years ended June 30, 2021 and 2020, respectively.

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**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions resulting from grants and contributions reflected in the statement of activities for the year ended June 30, 2021 were restricted by the respective donors subject to the passage of time or expenses for the following purposes:

	Net Assets With Donor Restriction June 30, 2020	Restricted Support	Release from Restriction	Net Assets With Donor Restriction June 30, 2021
Child care	\$ 28,260	\$ 58,535	\$ (70,046)	\$ 16,749
Family programs	32,549	666,010	(684,450)	14,109
Early childhood education	158,195	531,526	(535,225)	154,496
Community initiatives	79,770	704,334	(712,497)	71,607
<b>Total</b>	<b>\$ 298,774</b>	<b>\$ 1,960,405</b>	<b>\$ (2,002,218)</b>	<b>\$ 256,961</b>

	Net Assets With Donor Restriction June 30, 2019	Restricted Support	Release from Restriction	Net Assets With Donor Restriction June 30, 2020
Child care	\$ 7,219	\$ 33,000	\$ (11,959)	\$ 28,260
Family programs	19,051	791,362	(777,864)	32,549
Early childhood education	162,097	478,527	(482,429)	158,195
Community initiatives	45,026	539,503	(504,759)	79,770
<b>Total</b>	<b>\$ 233,393</b>	<b>\$ 1,842,392</b>	<b>\$ (1,777,011)</b>	<b>\$ 298,774</b>

**NOTE 7 - RETIREMENT PLAN**

The Organization sponsors a SIMPLE IRA retirement plan covering all employees eligible for benefits. Full time employees are eligible after 90 days of employment and may make contributions to the extent allowed by law. There is no cost to the Organization.

**NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN**

*2020 Paycheck Protection Program Loan*

A loan payable, dated April 18, 2020, was entered into between First Southwest Bank and the Organization which matures on April 18, 2022. The Bank issued \$359,139 to the Organization and funds from the loan may only be used for payroll costs, mortgage interest, rent, and utility costs incurred over the 24 week period after the loan was made. Under the terms of the Paycheck Protection Program, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. As the Organization met the conditions for forgiveness of the loan, it was forgiven in December 2020.

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**NOTE 9 - LONG-TERM DEBT**

Long-term debt at June 30, was as follows:

	2021	2020
Debt payable to the City of Cortez, due June 2027, payable in monthly installments of \$1,216, including interest at 4.50%, collateralized by a building with a carrying value of \$289,246 and \$295,158 as of June 30, 2021 and 2020, respectively.	\$ 223,413	\$ 227,841
Less: current portion	(4,634)	(4,053)
Total	\$ 218,779	\$ 223,788

Future maturities of debt at June 30 are as follows:

Year ending June 30,	Amount
2022	\$ 4,634
2023	4,847
2024	5,069
2025	5,302
2026	5,546
2027-2028	198,015
	\$ 223,413

Interest expense for the years ended June 30, 2021 and 2020 was \$8,949 and \$10,370, respectively.

**NOTE 10 – CONCENTRATIONS**

A considerable portion of the Organization’s support is provided by grants and contracts. Lack of funding from the grantors and contractors would have a significant adverse impact on the Organization; however, the Organization does not expect such a decrease in funding.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. No adjustments have been made to these financial statements as the potential impact is unknown at this time.

**NOTE 12 - SUBSEQUENT EVENTS**

The Piñon Project is subject to the provisions of FASB ASC 855-10-50, *Subsequent Events*, which establishes a requirement for disclosing the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued.



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The Piñon Project has evaluated subsequent events through February 15, 2022, the date the financial statements were available to be issued.

In October 2020 The Piñon Project and BlueLine Development (BLD) entered in a Memorandum of Understanding to develop a low-income apartment complex in Cortez, Colorado. The Piñon Project will be the administrative partner and own 25%, and BLD will be the managerial partner and own 75% of a newly formed limited liability limited partnership. In October 2020, The Piñon Project purchased property for \$115,278 with Denver Foundation grant funds of \$125,000 which in turn, the new partnership will purchase. An application was submitted for the February 1, 2022 low income housing tax credit application cycle. The application will be submitted in February 2022 to the Colorado Division of Housing. Also, an application for 42 project based vouchers to fund service and operations will be submitted to the Colorado Housing and Finance Authority, Inc. This project, if awarded in May or June of 2022, will be fully designed in 2023 and construction will begin in 2023 with completion and lease of apartments in 2024. The estimated costs of this project is \$10.3 million.

**NOTE 13 – LIQUIDITY**

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions.

Financial assets:

Cash and equivalents	\$ 257,534
Accounts receivable, net	36,775
Prepaid expenses	13,803
Investments	568,182
Current liabilities	<u>(78,726)</u>
Financial assets, at year-end	797,568
Less those unavailable for general expenses within one year due to:	
Passage of time or specific use	<u>(256,961)</u>
Financial assets available to meet cash needs for general expenses within one year:	<u><u>\$ 540,607</u></u>