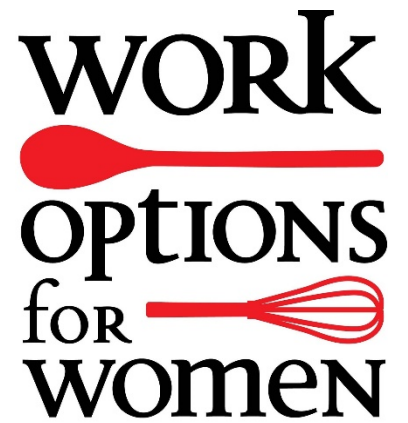


# Work Options For Women

Financial Statements

Year Ended December 31, 2020



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**WORK OPTIONS FOR WOMEN**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Work Options for Women  
Denver, Colorado

We have audited the accompanying financial statements of Work Options for Women (a Colorado nonprofit organization), which comprise the statement of financial position as of December 31, 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; 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. 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 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 Work Options for Women as of December 31, 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.

## **Report on Summarized Comparative Information**

We have previously audited Work Options for Women's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wipfli LLP*

Wipfli LLP

July 6, 2021  
Denver, Colorado

# WORK OPTIONS FOR WOMEN

## Statements of Financial Position December 31, 2020 (With Comparative Totals for December 31, 2019)

### ASSETS

	2020	2019
<b>Current Assets</b>		
Cash and cash equivalents	\$ 142,617	\$ 242,964
Certificates of deposit, current portion	181,502	190,614
Government grants receivable	72,451	87,998
Contributions and grants receivable	97,977	108,117
Accounts receivable	3,162	26,445
Inventory	4,921	19,458
Prepaid expenses	23,546	19,337
Total Current Assets	526,176	694,933
<b>Property and Equipment, net</b>	216,227	104,510
<b>Other Assets</b>		
Certificates of deposit	-	120,213
Lease deposits	5,000	5,000
Total Other Assets	5,000	125,213
Total Assets	\$ 747,403	\$ 924,656

### LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>		
Accounts payable	\$ 51,491	\$ 89,231
Accrued payroll and benefits	43,364	46,341
Accrued sales tax	129	2,592
Other liabilities	312	2,215
Total Current Liabilities	95,296	140,379
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	137,192	(19,807)
Board designated	312,000	475,000
Total net assets without donor restrictions	449,192	455,193
With donor restrictions	202,915	329,084
Total Net Assets	652,107	784,277
Total Liabilities and Net Assets	\$ 747,403	\$ 924,656

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

## WORK OPTIONS FOR WOMEN

### Statements of Activities Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

	Year Ended December 31, 2020			Total 2019
	Without Donor Restrictions	With Donor Restrictions	Total 2020	
<b>Revenues, Support and Gains</b>				
Support and Gains:				
Contributions and grants	\$ 624,661	\$ 154,147	\$ 778,808	\$ 858,749
Paycheck Protection Program grant	170,326	-	170,326	-
Special events, net	27,081	-	27,081	47,781
Investment income	3,162	-	3,162	4,499
Net assets released from restrictions	280,316	(280,316)	-	-
Total Support and Gains	<u>1,105,546</u>	<u>(126,169)</u>	<u>979,377</u>	<u>911,029</u>
Operating Revenues:				
Fees for services - Government grants	286,741	-	286,741	371,584
WOW Café food service	75,754	-	75,754	364,876
Café United food service	60,454	-	60,454	160,838
Other revenues	2,816	-	2,816	3,132
Total Operating Revenues	<u>425,765</u>	<u>-</u>	<u>425,765</u>	<u>900,430</u>
Total Revenues, Support and Gains	<u>1,531,311</u>	<u>(126,169)</u>	<u>1,405,142</u>	<u>1,811,459</u>
<b>Expenses</b>				
Program services:				
Training/WOW Café	746,879	-	746,879	1,092,213
Café United	301,363	-	301,363	244,760
Mobile Culinary Classroom	285,246	-	285,246	307,096
Total Program Services	<u>1,333,488</u>	<u>-</u>	<u>1,333,488</u>	<u>1,644,069</u>
Supporting services:				
Management and general	39,487	-	39,487	42,910
Fundraising	141,466	-	141,466	128,605
Total Supporting Services	<u>180,953</u>	<u>-</u>	<u>180,953</u>	<u>171,515</u>
Total Expenses	<u>1,514,441</u>	<u>-</u>	<u>1,514,441</u>	<u>1,815,584</u>
Change in Net Assets before Depreciation	16,870	(126,169)	(109,299)	(4,125)
Depreciation	(22,871)	-	(22,871)	(18,522)
<b>Change in Net Assets</b>	(6,001)	(126,169)	(132,170)	(22,647)
NET ASSETS, Beginning of Year	<u>455,193</u>	<u>329,084</u>	<u>784,277</u>	<u>806,924</u>
NET ASSETS, End of Year	<u>\$ 449,192</u>	<u>\$ 202,915</u>	<u>\$ 652,107</u>	<u>\$ 784,277</u>

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

## WORK OPTIONS FOR WOMEN

### Statements of Functional Expenses Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	Program Services			Supporting Services		Total Year Ended December 31, 2020	Total Year Ended December 31, 2019	
	Training/ WOW Café	Café United	Mobile Culinary Classroom	Total Program	Management and General			Fund- Raising
Salaries and benefits								
Salaries and wages	\$ 303,470	\$ 170,753	\$ 180,051	\$ 654,274	\$ 21,589	\$ 97,872	\$ 773,735	\$ 816,869
Payroll taxes	24,480	13,480	14,479	52,439	1,629	7,622	61,690	63,860
Employee benefits	46,925	19,492	21,544	87,961	2,830	6,610	97,401	97,090
Total salaries and benefits	<u>374,875</u>	<u>203,725</u>	<u>216,074</u>	<u>794,674</u>	<u>26,048</u>	<u>112,104</u>	<u>932,826</u>	<u>977,819</u>
Student incentive and expenses	117,951	1,394	22,746	142,091	-	-	142,091	151,206
Food and beverage	65,956	25,889	-	91,845	-	-	91,845	244,413
Professional fees	25,550	19,791	20,262	65,603	6,545	18,902	91,050	91,799
Occupancy	45,966	18,768	2,568	67,302	856	1,712	69,870	77,930
Marketing	41,539	5,067	5,395	52,001	1,091	2,782	55,874	93,501
Paper, disposables, uniforms, and linens	25,955	10,106	1,044	37,105	-	-	37,105	73,172
Equipment and repairs	14,116	4,560	5,648	24,324	870	1,515	26,709	22,347
Insurance	8,570	2,051	2,875	13,496	729	1,458	15,683	11,983
Office supplies	6,848	1,309	1,395	9,552	542	658	10,752	8,362
Telephone and internet	3,375	1,823	3,574	8,772	379	596	9,747	9,317
Credit card processing fees	4,067	1,617	365	6,049	1,214	1,072	8,335	21,070
Travel	3,433	1,565	1,867	6,865	343	14	7,222	11,729
Janitorial	4,508	2,545	39	7,092	-	-	7,092	8,944
Dues and subscriptions	3,297	749	1,054	5,100	260	518	5,878	4,901
Training and development	873	404	340	1,617	610	135	2,362	6,019
Bad debts	-	-	-	-	-	-	-	1,072
Total Expenses before Depreciation	<u>746,879</u>	<u>301,363</u>	<u>285,246</u>	<u>1,333,488</u>	<u>39,487</u>	<u>141,466</u>	<u>1,514,441</u>	<u>1,815,584</u>
Depreciation	4,384	1,070	16,926	22,380	164	327	22,871	18,522
Total Expenses	<u>751,263</u>	<u>302,433</u>	<u>302,172</u>	<u>1,355,868</u>	<u>39,651</u>	<u>141,793</u>	<u>1,537,312</u>	<u>1,834,106</u>
Plus cost of direct benefit to donors netted with revenues on the statements of activities	-	-	-	-	-	3,694	3,694	73,396
Total Functional Expenses	<u>\$ 751,263</u>	<u>\$ 302,433</u>	<u>\$ 302,172</u>	<u>\$ 1,355,868</u>	<u>\$ 39,651</u>	<u>\$ 145,487</u>	<u>\$ 1,541,006</u>	<u>\$ 1,907,502</u>
Percentage of Total Expenses	<u>48.8%</u>	<u>19.6%</u>	<u>19.6%</u>	<u>88.0%</u>	<u>2.6%</u>	<u>9.4%</u>	<u>100.0%</u>	

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

## WORK OPTIONS FOR WOMEN

### Statements of Cash Flows Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (132,170)	\$ (22,647)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	22,871	18,522
Change in operating assets and liabilities:		
Receivables	48,970	(104,013)
Inventory	14,537	(5,857)
Prepaid expenses	(4,209)	8,625
Accounts payable	(37,740)	34,834
Accrued payroll and benefits	(2,977)	(5,567)
Accrued sales tax	(2,463)	(127)
Other liabilities	(1,903)	134
Net Cash Flows From Operating Activities	(95,084)	(76,096)
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(134,588)	(12,744)
Proceeds from redemptions of certificates of deposit	220,826	-
Purchases of certificates of deposit	(89,449)	-
Reinvested interest in certificates of deposit	(2,052)	(4,112)
Net Cash Flows From Investing Activities	(5,263)	(16,856)
Net Change in Cash and Cash Equivalents	(100,347)	(92,952)
CASH AND CASH EQUIVALENTS, beginning of year	242,964	335,916
CASH AND CASH EQUIVALENTS, end of year	\$ 142,617	\$ 242,964

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



## **1. Organization and Summary of Significant Accounting Policies**

### ***Organization***

Work Options for Women (WOW) was incorporated on July 25, 1996, under the State of Colorado nonprofit statutes. The primary purpose of WOW is to help people with little or no work experience and extensive barriers to employment gain economic self-sufficiency through job training in the food service industry. Since inception, WOW has helped unemployed and low-skilled women and men gain employment by providing culinary training, job readiness classes, referrals, and support services. Participants gain onsite skills through participating in the operations of catering and cafeterias. WOW operates WOW Café within the Human Services Building owned by the City and County of Denver, Café United within the Mile High United Way Building in Downtown Denver, and the Mobile Culinary Classroom that began in 2018 - which provides training services on site to people living in halfway houses. All food service income is generated by these locations. In addition, WOW receives contributions and/or grants from governmental organizations and foundations.

### ***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

### ***Classification of Net Assets***

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of WOW 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 restrictions. The governing board has designated, from net assets without donor restrictions, funds to be held for an operating reserve.

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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates 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.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**1. Organization and Summary of Significant Accounting Policies (continued)**

***Functional Allocation of Expenses***

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based on estimations of time and effort. Indirect costs such as occupancy and office related expenses have been allocated based upon time spent, utilization, and square footage.

***Income Taxes***

WOW is a nonprofit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, contributions to WOW qualify for the charitable contribution deduction under Section 170(b)(1)(A) and WOW has been classified as an organization that is not a private foundation under Section 509(a)(2).

WOW applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2020 and 2019.

***Concentration of Credit Risk***

WOW maintains several bank accounts at different institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020 and 2019, WOW's cash deposits did not exceed the FDIC insurance limit.

***Cash and Cash Equivalents***

For purposes of the statements of cash flows, WOW considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Government Grants Receivables***

Government grants receivable consist primarily of amounts billed under cost reimbursement contracts reduced by the estimated portion that is expected to be uncollectible. WOW uses the allowance method to record uncollectible government grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management has determined that all amounts are collectible as of December 31, 2020 and 2019.

WOW's government grant and contract revenues are derived from federal and state grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when WOW has incurred expenditures in compliance with specific grant or contract provisions. WOW received government grants and contracts totaling \$326,376 that have not been recognized at December 31, 2020, because qualifying expenditures have not yet been incurred.

**1. Organization and Summary of Significant Accounting Policies (continued)**

***Accounts Receivable***

Accounts receivable consists primarily of amounts due for program related services. Management has determined that all accounts receivable are collectible as of December 31, 2020 and 2019.

***Property and Equipment***

Property and equipment are stated at cost or at the estimated fair value at the date of donation. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 7 years. Leasehold improvements are depreciated using the straight-line method over the term of the lease. All assets with a useful life of more than one year and a cost of more than \$1,000 are capitalized.

Maintenance, repairs, and renewals, which neither materially add to the value of the property and equipment nor prolong its useful life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

***Inventory***

Inventories are valued at the lower of cost or net realizable value on the first-in, first-out basis.

***Contributions and Grants Receivable***

Contributions and grants receivable are unconditional promises to give in future periods. WOW uses the allowance method to record uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific receivables. Management has determined that all amounts are collectible as of December 31, 2020 and 2019.

***Contribution Revenue***

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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 that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

**1. Organization and Summary of Significant Accounting Policies (continued)**

***Grant Revenue***

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

***Donated Materials and Services***

Donated materials and services are recorded as contributions at their estimated fair values at the date of donation. Contribution of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

***Food Service Revenues***

WOW operates a café within the Mile High United Way building and the City and County of Denver facility, both located in Denver, Colorado. Food service revenues from these operations are recognized at the point of sale.

***Summarized Financial Information***

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with WOW's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

***Subsequent Events***

In accordance with the *Subsequent Events* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. WOW's financial statements were available to be issued on July 6, 2021, and this is the date through which subsequent events were evaluated.

**WORK OPTIONS FOR WOMEN**  
**Notes to Financial Statements**  
December 31, 2020 and 2019

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**1. Organization and Summary of Significant Accounting Policies (continued)**

***Upcoming Accounting Pronouncement***

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize on the statement of financial position a right-to-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. WOW is currently evaluating the effect that ASU 2016-02 will have on its financial statements.

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**2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following:

<u>As of December 31.</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 142,617	\$ 242,964
Certificates of deposit, current portion	181,502	190,614
Government grants receivable	72,451	87,998
Contributions and grants receivable	97,977	108,117
Accounts receivable	<u>3,162</u>	<u>26,445</u>
Total financial assets	<u>497,709</u>	<u>656,138</u>
Less:		
Restricted contributions included in cash and cash equivalents	(104,938)	(220,967)
Fees received in advance	(312)	(2,215)
Board designations – amounts set aside for liquidity reserve	<u>(312,000)</u>	<u>(475,000)</u>
	<u>(417,250)</u>	<u>(698,182)</u>
Total financial assets available for general expenditure	<u>\$ 80,459</u>	<u>\$ (42,044)</u>

WOW had board-designated funds totaling \$312,000 and \$475,000 at December 31, 2020 and 2019, respectively. Although WOW does not intend to spend from the board-designated funds other than for the designated purpose, these amounts could be made available if necessary.

WOW also has a line of credit available for cash flow needs of up to \$89,400, as further described in Note 5.

WOW does not have a formal liquidity policy. According to the investment policy, cash is to be invested in a manner consistent with the concept of prudent money management, seeking maximum returns within reasonable levels of risk.

**WORK OPTIONS FOR WOMEN**  
**Notes to Financial Statements**  
December 31, 2020 and 2019

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**3. Certificates of Deposit**

At December 31, 2020 and 2019, WOW held three and four certificates of deposit totaling \$181,502 and \$310,827, respectively, with maturities through December 2021. Certificates of deposit are recorded at cost, and not subject to fair value reporting. One of the certificates of deposit is held as collateral for the line of credit with First Bank (Note 5). Investment income totaled \$3,162 and \$4,499, respectively, for the years ended December 31, 2020 and 2019, and is the result of earnings on these certificates and other interest-bearing cash deposits.

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**4. Property and Equipment**

Property and equipment consisted of the following:

<u>Year Ended December 31,</u>	<u>2020</u>	<u>2019</u>
Equipment	\$ 257,514	\$ 254,819
Leasehold improvements	99,635	99,635
Mobile Culinary Classroom and truck	231,515	101,202
Computers	<u>9,047</u>	<u>7,467</u>
Total	597,711	463,123
Less: Accumulated depreciation	<u>381,484</u>	<u>358,613</u>
Net property and equipment	<u>\$ 216,227</u>	<u>\$ 104,510</u>

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**5. Line of Credit**

On December 18, 2020, WOW entered into a line of credit with First Bank for borrowings of up to \$89,400. The line of credit has an interest rate of prime plus 1% (4.25% at December 31, 2020) and matures on December 18, 2021. The line of credit is secured by one of the certificates of deposit held at First Bank (Note 3). At December 31, 2020, there were no amounts outstanding on the line of credit.

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**6. Service – Government Contracts**

WOW has been awarded a Temporary Aid for Needy Families (TANF) and an Employment Support Fund (ESF) fee for a service contract by the Denver Workforce Development Board. WOW provides food service training to TANF and ESF recipients and submits a monthly invoice for these services. The contract expires on June 30, 2021. For the years ended December 31, 2020 and 2019, TANF and ESF revenues totaled \$94,405 and \$169,152, respectively. Other Government contract revenues totaled \$192,336 and \$202,432, for the years ended December 31, 2020 and 2019, respectively.

Revenues from government contracts account for approximately 20% of total revenues for the years ended December 31, 2020 and 2019.

## **7. Paycheck Protection Program Grant**

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide funds designated to help small organizations cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. WOW applied for and received PPP funding of \$170,326 under this program.

WOW has determined that the award is a conditional grant and has applied the policy as described in Note 1. WOW has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, during the covered period. As of December 31, 2020, WOW had utilized all PPP funding on qualified expenditures and, accordingly, recorded the funding as revenue on the statements of activities.

Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award would be subject to repayment in monthly principal and interest (at 1%) amounts commencing upon receipt of notification of the unforgiven amount by the SBA and would be required to be paid no later than April 2022. WOW has applied for complete forgiveness of the award and expects the PPP funding to be forgiven in full.

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## **8. Donated Facilities**

WOW Café - WOW has entered into a Cafeteria Concession and Catering Services Agreement with the City and County of Denver to utilize the training site (cafeteria) through June 30, 2020. The agreement requires WOW to pay fees of 1% of gross revenues for annual revenues up to \$350,000, 2% for annual revenues between \$350,000 and \$400,000, 3% for annual revenues between \$400,000 and \$450,000, and 4% for annual revenues in excess of \$450,000.

Fees under the above agreements totaled \$758 and \$3,798, for the years ended December 31, 2020 and 2019, respectively. The remainder of the fair value of the agreements is recorded as an in-kind donation as discussed in Note 10.

Café United – WOW rents space at no cost from Mile High United Way (MHUW) under a lease agreement through December 2020, for a space located at 711 Park Avenue West, Denver, for an additional training site. MHUW is one of WOW's donors. The lease includes an additional two-year renewal option. If WOW elects to exercise the option to renew the lease, the rent amount will be renegotiated in good faith. WOW recorded an in-kind donation in the amount of \$16,200, for this space, as discussed in Note 10.

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**9. Lease Commitments**

In December 2018, WOW amended its existing lease agreement with MHUW for its office space at the 711 Park Avenue West, Denver location, the same facility that houses Café United (Note 8). The office lease agreement was structured as a month-to-month lease and was effective through July 31, 2019. On August 1, 2019, WOW entered into a one-year agreement to lease certain space through July 31, 2020. The monthly base rent is \$340 per cubicle for four cubicles and the lease includes an additional one-year renewal option.

Effective July 31, 2020, the lease agreement was amended from \$340 per cubicle to no cost per cubicle through June 30, 2021. In addition, MHUW waived rent for the months of May through July 2020, due to the COVID-19 crisis. As a result, WOW recorded an in-kind donation in the amount of \$10,880 for this space, as discussed in Note 10.

Rent expense, including in-kind, under this operating lease totaled \$17,120 and \$21,920, for 2020 and 2019, respectively.

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**10. In-Kind Contributions**

Donated materials and services are important to WOW's operations and, accordingly, are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Donated materials and services consist of the following:

<u>Year Ended December 31,</u>	<u>2020</u>	<u>2019</u>
WomenCook!:		
Silent auction items	\$ -	\$ 12,931
Food and beverage	-	18,000
Other	<u>-</u>	<u>1,384</u>
Total WomenCook!	<u>-</u>	<u>32,315</u>
Rent:		
WOW Café	36,000	36,000
Less: Rent payable	<u>(758)</u>	<u>(3,798)</u>
Total WOW Café	35,242	32,202
Café United	16,200	16,200
Office space	<u>10,880</u>	<u>-</u>
Total Rent	<u>62,322</u>	<u>48,402</u>
Professional services	<u>320</u>	<u>228</u>
Total Donated Materials and Services	<u>\$ 62,642</u>	<u>\$ 80,945</u>



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**10. In-Kind Contributions (continued)**

The donated materials and services for the WomenCook! event are recorded as a donation and an expense within the special events line on the statements of activities. The donated rent is recorded as a contribution and occupancy expense on the statements of activities. The donated professional services are recorded as a contribution and professional fees on the statements of activities. The WomenCook! event was not held in 2020 due to COVID-19.

No amounts have been reflected in the statements for donated volunteer services because the criteria for recognition under GAAP have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to develop WOW's programs and fundraising events.

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**11. Net Assets Without Donor Restrictions – Board Designated**

Net assets without donor restrictions have been designated by the Board of Directors with the following intent and purposes at December 31<sup>st</sup>:

	<u>2020</u>	<u>2019</u>
<u>Operating Reserve</u> : funds designated as a source of funding in the event of revenue shortfalls and/or unforeseen extraordinary occurrences. This reserve is approximately three months of operating expenditures.	\$ 227,000	\$ 360,000
<u>Fixed Asset Replacement Reserve</u> : funds designated for the replacement of equipment, software, or leasehold improvements, as deemed necessary.	75,000	105,000
<u>Fixed Asset Acquisition Reserve</u> : funds designated to acquire equipment, software, and leasehold improvements which are not replacements of existing equipment, software, or leasehold improvements.	<u>10,000</u>	<u>10,000</u>
Total Board Designated Net Assets	<u>\$ 312,000</u>	<u>\$ 475,000</u>

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**12. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following:

<u>As of December 31,</u>	<u>2020</u>	<u>2019</u>
<u>Subject to expenditure for specified purpose:</u>		
Mobile Culinary Classroom and staff	\$ 58,306	\$ 217,484
Justice involved mobile programming	40,000	-
Other programs	6,632	3,483
<u>Subject to the passage of time:</u>		
Contributions and grant receivable	<u>97,977</u>	<u>108,117</u>
Total Net Assets With Donor Restrictions	<u>\$ 202,915</u>	<u>\$ 329,084</u>

Net assets totaling \$280,316 and \$52,842 were released from net assets with donor restrictions for the years ending December 31, 2020 and 2019, respectively, as a result of WOW incurring expenditures satisfying the related restricted purposes or other events specified by the donor.

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**13. Conditional Grant**

In December 2019, WOW received a \$180,000 conditional grant from The Telluray Foundation for Justice-Involved Mobile Programming operations to be administered by WOW. WOW received and recognized \$40,000 and \$100,000 of the grant in 2020 and 2019, respectively. The remaining \$40,000 will be provided and recognized as revenue by WOW upon the successful completion of certain measurable performance criteria, as determined by the Foundation.

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**14. Risks and Uncertainties**

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

COVID-19 will impact various segments of WOW’s 2021 operations and financial results. Management believes that WOW is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.