

WORK OPTIONS FOR WOMEN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

WORK OPTIONS FOR WOMEN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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August 5, 2022

Independent Auditors' Report

Board of Directors
Work Options for Women
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **Work Options for Women**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Work Options for Women and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Work Options for Women's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Work Options for Women's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Work Options for Women's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

Other auditor's have previously audited the Work Options for Women's 2020 financial statements, and have expressed an unmodified audit opinion on those audited financial statements in their report dated July 6, 2021 In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER COLORADO

WORK OPTIONS FOR WOMEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Assets</u>		
Cash and cash equivalents	\$ 241,084	\$ 142,617
Accounts receivable	-	3,162
Government grants receivable	210,740	72,451
Contributions and grants receivable	79,855	97,977
Prepaid expenses and deposits	33,366	28,546
Inventory	11,327	4,921
Certificates of deposit (Note 3)	182,292	181,502
Property and equipment (Note 4)	184,218	216,227
Total assets	\$ 942,882	\$ 747,403
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 29,917	\$ 51,803
Accrued payroll costs	64,331	43,364
Sales taxes payable	1,610	129
Line of credit (Note 5)	-	-
Commitments (Note 6)		
Total liabilities	95,858	95,296
 <u>Net assets</u>		
Without donor restrictions		
Undesignated	535,024	137,192
Board designated reserves (Note 7)	312,000	312,000
	847,024	449,192
With donor restrictions	-	202,915
Total net assets	847,024	652,107
Total liabilities and net assets	\$ 942,882	\$ 747,403

The accompanying notes are an integral part of these financial statements

WORK OPTIONS FOR WOMEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Government	\$ 718,181	\$ -	\$ 718,181	\$ 286,741
Foundations	281,367	360,000	641,367	664,565
Food service	453,372	-	453,372	136,208
Loan forgiveness income (Note 8)	260,701	-	260,701	170,326
Individual and board donations	51,747	-	51,747	51,601
Special events	10,569	-	10,569	30,775
Less direct event expenses	(3,291)	-	(3,291)	(3,694)
Investment income	1,097	-	1,097	3,162
Other	994	-	994	2,817
In-kind contributions (Note 9)	73,090	-	73,090	62,642
Net assets released from restrictions (Note 10)	562,915	(562,915)	-	-
Total revenue and other support	<u>2,410,742</u>	<u>(202,915)</u>	<u>2,207,827</u>	<u>1,405,143</u>
<u>Expense</u>				
Wow Training Center	745,804	-	745,804	746,879
Helping Hen	472,886	-	472,886	301,363
Mobile Culinary Classroom	338,321	-	338,321	285,246
Adams County Training Center	249,793	-	249,793	-
Total Program	<u>1,806,804</u>	<u>-</u>	<u>1,806,804</u>	<u>1,333,488</u>
Supporting services				
Management and general	44,855	-	44,855	39,487
Fundraising	125,286	-	125,286	141,466
Total expense	<u>1,976,945</u>	<u>-</u>	<u>1,976,945</u>	<u>1,514,441</u>
Change in net assets before depreciation	433,797	(202,915)	230,882	(109,298)
Depreciation	(35,965)	-	(35,965)	(22,871)
Change in net assets	397,832	(202,915)	194,917	(132,170)
Net assets, beginning of year	<u>449,192</u>	<u>202,915</u>	<u>652,107</u>	<u>784,277</u>
Net assets, end of year	<u>\$ 847,024</u>	<u>\$ -</u>	<u>\$ 847,024</u>	<u>\$ 652,107</u>

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The accompanying notes are an integral part of these financial statements

WORK OPTIONS FOR WOMEN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021					2020				
	Program Services				Supporting Services					
	WOW Training Center	Helping Hen	Mobile Cullinary Classroom	Adams County Training Center	Total Program Services	Management and General	Fund- raising	Total Supporting Services	Total	Total
Salaries and wages	\$ 301,080	\$ 228,770	\$ 207,665	\$ 130,869	\$ 868,384	\$ 19,742	\$ 79,136	\$ 98,878	\$ 967,262	\$ 775,253
Payroll taxes and benefits	54,457	42,506	45,289	22,791	165,043	3,432	7,821	11,253	176,296	159,493
Food and beverage	125,215	85,148	1,862	37,087	249,312	95	-	95	249,407	91,845
Student training and incentives	96,765	1,507	27,224	5,081	130,577	-	-	-	130,577	142,091
Rent and occupancy	44,195	29,079	6,355	19,444	99,073	7,142	2,309	9,451	108,524	79,937
Cafe supplies	34,302	19,103	2,446	14,863	70,714	-	-	-	70,714	37,989
Marketing and advertising	24,041	12,593	11,604	670	48,908	2,969	5,319	8,288	57,196	55,988
Accounting	11,960	11,620	11,620	3,040	38,240	4,666	7,172	11,838	50,078	62,114
Equipment	10,701	8,101	5,100	5,533	29,435	8	213	221	29,656	19,778
Insurance	8,066	4,385	3,909	1,360	17,720	976	1,955	2,931	20,651	15,684
computer and software	7,101	4,056	4,056	2,000	17,213	1,031	2,039	3,070	20,283	13,139
Supplies	8,604	3,421	2,913	2,788	17,726	977	1,058	2,035	19,761	9,281
Professional fees	-	4,500	-	-	4,500	-	13,248	13,248	17,748	7,697
Travel	3,735	9,189	2,591	885	16,400	21	-	21	16,421	6,816
Website	6,085	2,765	2,765	135	11,750	691	1,382	2,073	13,823	284
Telephone	3,069	1,755	1,755	880	7,459	438	878	1,316	8,775	4,750
Dues and subscriptions	2,419	2,204	631	174	5,428	158	316	474	5,902	5,877
Bank fees	1,043	665	10	1,820	3,538	68	1,877	1,945	5,483	8,335
Professional development	1,073	424	438	367	2,302	2,368	173	2,541	4,843	2,362
Interest	118	57	57	6	238	17	30	47	285	936
All other	1,775	1,038	31	-	2,844	56	360	416	3,260	14,603
	745,804	472,886	338,321	249,793	1,806,804	44,855	125,286	170,141	1,976,945	1,514,251
Depreciation	11,195	8,506	7,721	4,866	32,288	735	2,942	3,677	35,965	22,871
Total	\$ 756,999	\$ 481,392	\$ 346,042	\$ 254,659	\$ 1,839,092	\$ 45,590	\$ 128,228	\$ 173,818	\$ 2,012,910	\$ 1,537,122

The accompanying notes are an integral part of these financial statements

WORK OPTIONS FOR WOMEN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 194,917	\$ (132,170)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	35,965	22,871
Loan forgiveness income	(260,701)	(170,326)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	3,162	23,283
(Increase)decrease in government grants receivable	(138,289)	15,547
(Increase)decrease in contributions and grants receivable	18,122	10,140
(Increase)decrease in prepaid expenses and deposits	(4,820)	(4,209)
(Increase)decrease in inventory	(6,406)	14,537
(Decrease)increase in accounts payable	(21,887)	(39,643)
(Decrease)increase in accrued payroll costs	20,967	(2,977)
(Decrease)increase in sales taxes payable	1,481	(2,463)
Net cash provided(used) by operating activities	<u>(157,489)</u>	<u>(265,410)</u>
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	(3,956)	(134,588)
Proceeds from redemptions of certificates of deposit	-	220,826
(Purchase) of certificates of deposit	-	(89,449)
(Reinvestment) of investment income	(790)	(2,052)
Net cash provided(used) by investing activities	<u>(4,746)</u>	<u>(5,263)</u>
<u>Cash flows from financing activities</u>		
Borrowing under the Payroll Protection Program	<u>260,701</u>	<u>170,326</u>
Net cash provided(used) by financing activities	<u>260,701</u>	<u>170,326</u>
Net increase(decrease) in cash and cash equivalents	98,467	(100,347)
Cash and cash equivalents, beginning of year	142,617	242,964
Cash and cash equivalents, end of year	<u>\$ 241,084</u>	<u>\$ 142,617</u>
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	<u>\$ 285</u>	<u>\$ 936</u>

The accompanying notes are an integral part of these financial statements

WORK OPTIONS FOR WOMEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES

Work Options for Women dba Work Options (the Organization or WOW) was incorporated on July 25, 1996 under the State of Colorado nonprofit statutes. The mission of WOW is to help people overcome barriers to sustainable employment by building confidence while providing resources and culinary job training. Since inception, WOW has helped unemployed, low skilled individuals with multiple barriers gain employment by providing culinary training, job readiness classes, employment support and support services. Participants gain onsite skills through participation in the operation of the Food Service operations. The Organization operates; The Work Options Cafe within the Denver Human Services Building owned by the City of Denver, The Mountain View Cafe within the Adams County Human Services Building owned by Adams County, a culinary training kitchen in the Mosaic Community Campus (Formerly Johnson and Wales Campus), and a mobile culinary classroom that began in 2018-which provides training services on site at facilities serving the re-entry community, and the Helping Hen a rotisserie chicken food truck that provides internships and further training opportunities. All food service income is generated by these locations. In addition, the Organization receives contributions and/or grants from governmental organizations and foundations.

The Organization is primarily funded by government grants, foundation grants, and food service income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. 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.

2. Basis of Presentation

The financial statements of the Organization, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Inventory

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

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

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

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements

8. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

9. Functional Reporting of Expenses

For the year ended December 31, 2021, 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 and supporting services benefited. The expenses that are allocated include the following: 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

11. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

12. Subsequent Events

Management has evaluated subsequent events through August 5, 2022, the date the financial statements were available to be issued.

NOTE 3 - CERTIFICATES OF DEPOSIT

At year-end, certificates of deposit are stated at their fair value (level 2 input). Interest earned on certificates of deposits and cash balances was \$1,097 for the year.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 270,516
Vehicles	231,516
Leasehold improvements	<u>99,635</u>
Total	601,667
Less: accumulated depreciation	<u>(417,449)</u>
Net property and equipment	<u>\$ 184,218</u>

Depreciation expense for the year was \$35,965.

NOTE 5 - LINE OF CREDIT

On December 18, 2021, WOW entered into a line of credit with a financial institution for borrowings of up to \$89,400. The line of credit has an interest rate of prime plus 1% (4.25% at December 31, 2021) and matures on December 18, 2022. The line of credit is secured by one of the certificates of deposit held at the financial institution. At December 31, 2021, there were no amounts outstanding on the line of credit.

NOTE 6 - COMITMENTS – SPACE LEASES

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. Donated rent for 2021 was estimated to be \$36,000.

Café United – WOW rents space at no cost from Mile High United Way (MHUW) under a lease agreement through December 2021, for a space located in Denver, for an additional training site. 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.

Also at MHUW, the office lease agreement was structured as a month-to-month lease and was effective through June 30, 2021. The monthly base rent was \$340 per cubicle for four cubicles and the lease was discontinued at June 30, 2021. Donated rent was valued at \$5,440 for 2021.

The Organization has negotiated a three-year lease for café facilities in Adams County. The Organization would pay base rent of ten dollars per year. In the event the café sales exceed \$350,000 (three hundred fifty thousand dollars) in any given year, the Organization would pay as additional rent 5% (five percent) of any gross sales in excess of the first three hundred fifty thousand dollars. Donated rent was valued at \$15,120 for 2021.

The Organization negotiated a one-year lease beginning November 1, 2021 for space in Denver in the amount of \$4,000 per month.

NOTE 7 - BOARD DESIGNATED NET ASSETS

The Board of directors have designated the following funds:

Operating reserve – Approximately three months of operating expenditures, to be held in the event of a revenue shortfall or other unforeseen extraordinary occurrences.

Fixed asset replacement reserve - Funds designated for the replacement of equipment, software, or leasehold improvements, as deemed necessary.

Fixed asset acquisition reserve - Funds designated to acquire equipment, software, and leasehold improvements which are not replacements of existing equipment, software, or leasehold improvements.

<u>Description</u>	<u>Amount</u>
Operating reserve	\$ 227,000
Fixed asset replacement reserve	75,000
Fixed asset acquisition reserve	<u>10,000</u>
Total	<u>\$ 312,000</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

On February 20, 2021, the Organization borrowed \$260,701 under the second round of the Paycheck Protection Program (PPP). Congress established the PPP to provide relief to small businesses during the COVID-19 pandemic as part of the \$2 trillion Coronavirus Aid, Relief, And Economic Security (CARES) Act. The loans and accrued interest are forgivable after eight weeks and up to 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes. PPP proceeds are recognized as an advance until the loan is forgiven, and the liability is reduced. On October 22 2021, the loan was forgiven in full. Income was recorded for the amount forgiven totaling \$260,701.

NOTE 9 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Amount</u>
Rent and facilities (Note 6)	\$ 72,760
Food and supplies	<u>330</u>
Total	<u>\$ 73,090</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise.

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, expenditures were made satisfying donor restrictions as follows:

<u>Description</u>	<u>Amount</u>
Culinary Jobs Training	\$ 215,000
Time restricted	97,977
Transforming Safety Initiative	95,000
Mobile Culinary Classroom	80,000
Food truck	58,306
Wow Training Center	10,000
Other programs	<u>6,632</u>
Total	<u>\$ 562,915</u>

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 241,084
Government grants receivable	210,740
Contributions and grants receivable	79,855
Certificates of deposit	<u>182,292</u>
Total financial asset	713,971
Less:	
Board designated net assets	<u>(312,000)</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 401,971</u>

The Organization had board-designated funds totaling \$312,000 at December 31, 2021. 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.

The Organization also has a line of credit available for cash flow needs of up to \$89,400.