

Work Options for Women dba Work Options

Financial Statements

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)



Certified Public Accountants

Work Options for Women dba Work Options

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Work Options for Women dba Work Options

Opinion

We have audited the accompanying financial statements of ` (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 dba Work Options as of December 31, 2023, and the changes in 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 dba Work Options 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 dba Work Options'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.



Certified Public Accountants

Independent Auditor's Report

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 of Work Options for Women dba Work Options'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 dba Work Options'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

The financial statements of Work Options for Women dba Work Options as of and for the year ended December 31, 2022, were audited by other auditors whose report dated October 11, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Olson, Reyes & Sauerwein, LLC". The signature is fluid and cursive, with a slight flourish at the end.

Olson, Reyes and Sauerwein, LLC

Centennial, Colorado

November 15, 2024

Work Options for Women dba Work Options

Statements of Financial Position

December 31, 2023

(With Comparative Totals as of December 31, 2022)

	2023	2022
ASSETS		
Cash	\$ 220,314	\$ 322,572
Contributions and grants receivable, net of unamortized discount of \$2,234 and \$6,639, respectively	133,866	198,610
Government grants receivable	210,099	129,397
Certificates of deposit	-	182,629
Inventory	10,372	19,986
Prepaid expenses and deposits	14,655	47,170
Property and equipment, net	118,517	150,189
Right-of-use asset	164,368	-
TOTAL ASSETS	\$ 872,191	\$ 1,050,553
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 61,543	\$ 37,749
Accrued liabilities	88,863	83,148
Operating lease liability	164,868	-
Total Liabilities	315,274	120,897
Net Assets		
Without donor restrictions:		
Undesignated	111,051	419,046
Board designated	312,000	312,000
Total Net Assets Without Donor Restrictions	423,051	731,046
With donor restrictions	133,866	198,610
Total Net Assets	556,917	929,656
TOTAL LIABILITIES AND NET ASSETS	\$ 872,191	\$ 1,050,553

See Notes to Financial Statements

Work Options for Women dba Work Options

Statements of Activities

For the Year Ended December 31, 2023

(With Comparative Totals as of December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Support and Revenue				
Government grants	\$ 736,775	\$ -	\$ 736,775	\$ 627,019
Contributions and grants	497,439	195,612	693,051	903,479
Food service	630,929	-	630,929	938,786
Special events, net of direct expenses	68,611	-	68,611	-
Interest and other income	6,138	-	6,138	5,837
Employee retention tax credit	-	-	-	324,796
In-kind contributions	17,820	-	17,820	51,120
Net assets released from restrictions	260,356	(260,356)	-	-
Total Support and Revenue	2,218,068	(64,744)	2,153,324	2,851,037
Expenses				
Program Services:				
Adams County Training Center	534,639	-	534,639	758,212
Helping Hen	701,816	-	701,816	574,338
Mobile Culinary Classroom	358,753	-	358,753	374,534
WOW Training Center	587,242	-	587,242	815,043
Total Program Services	2,182,450	-	2,182,450	2,522,127
Support Services:				
Management and general	171,637	-	171,637	129,606
Fundraising	171,976	-	171,976	116,672
Total Support Services	343,613	-	343,613	246,278
Total Expenses	2,526,063	-	2,526,063	2,768,405
Change in Net Assets	(307,995)	(64,744)	(372,739)	82,632
Net Assets - Beginning of Year	731,046	198,610	929,656	847,024
NET ASSETS - END OF YEAR	\$ 423,051	\$ 133,866	\$ 556,917	\$ 929,656

See Notes to Financial Statements

Work Options for Women dba Work Options

Statements of Functional Expenses

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services						Supporting Services			
	Adams County		Mobile Culinary Classroom		WOW Training Center		Total Program Services		Management and General	
	Training Center	Helping Hen							Fund-Raising	Total 2023
Salaries and wages	\$ 255,792	\$ 275,855	\$ 220,044	\$ 329,012	\$ 1,080,704	\$ 72,383	\$ 104,698	\$ 1,257,785	\$ 1,289,377	
Payroll taxes and benefits	54,148	69,124	48,511	66,800	238,583	26,139	18,223	282,945	255,163	
Total Personnel Expenses	309,940	344,979	268,555	395,812	1,319,287	98,522	122,921	1,540,730	1,544,540	
Culinary Classic	-	-	-	-	-	-	-	19,451	19,451	-
Food and beverage	124,506	130,022	7,694	41,205	303,427	2,576	20,359	326,362	428,680	
Student training and incentives	22,914	39,677	26,845	61,060	150,496	3,706	739	154,942	178,943	
Professional fees	15,976	25,618	19,448	27,233	88,275	26,911	9,959	125,144	147,062	
Rent	6,342	71,027	4,312	7,103	88,784	1,268	1,268	91,320	117,130	
Advertising and marketing	17,758	18,171	15,145	18,683	69,757	2,906	2,427	75,090	96,220	
Café supplies	15,289	25,624	541	6,077	47,531	123	63	47,717	74,058	
Depreciation and amortization	6,780	9,336	5,353	8,922	30,391	2,855	2,855	36,101	42,119	
Bank and merchant fees	4,733	1,447	21	1,444	7,645	10,082	555	18,282	11,527	
Vehicles and maintenance	32	14,491	722	2,148	17,393	336	14	17,743	19,726	
Computer and software	2,419	3,962	1,974	3,640	11,995	2,549	2,901	17,445	23,076	
Insurance	2,581	4,589	3,206	4,159	14,535	762	762	16,059	19,966	
Office supplies and expenses	1,037	2,657	-	2,538	6,232	7,682	843	14,757	17,304	
Professional development	779	3,491	553	1,430	6,253	4,189	3,516	13,958	15,162	
Travel, meals and entertainment	927	2,053	1,513	2,799	7,292	3,834	1,453	12,579	15,566	
Dues and subscriptions	864	3,352	1,355	1,496	7,067	2,429	1,226	10,722	9,200	
Utilities	1,761	1,320	1,516	1,493	6,090	908	115	7,113	8,126	
Total Expenses by Function	534,639	701,816	358,753	587,242	2,182,450	171,637	191,427	2,545,514	2,768,405	
Less: expenses included with revenues on the Statements of Activities: special event expenses	-	-	-	-	-	-	-	(19,451)	(19,451)	-
TOTAL EXPENSES AS REPORTED ON THE STATEMENTS OF ACTIVITIES	\$ 534,639	\$ 701,816	\$ 358,753	\$ 587,242	\$ 2,182,450	\$ 171,637	\$ 171,976	\$ 2,526,063	\$ 2,768,405	

Work Options for Women dba Work Options

Statements of Cash Flows

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (372,739)	\$ 82,632
Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation and amortization	36,100	42,119
(Increase) in certificates of deposit	- (337)	(337)
Noncash lease expense	7,500	-
Change in Operating Assets and Liabilities		
(Increase) Decrease in:		
Government grants receivable	(80,702)	81,343
Contributions and grants receivable	64,744	(125,225)
Inventory	9,614	(8,659)
Prepaid expenses	32,515	(13,804)
Increase (Decrease) in:		
Accounts payable	23,794	7,832
Accrued liabilities	5,715	17,207
Operating lease liability	(7,000)	-
Net Cash Flows from Operating Activities	(280,459)	83,108
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of property and equipment	(4,428)	(1,620)
Proceeds from maturity of certificates of deposit	182,629	-
Net Cash Flows from Investing Activities	178,201	(1,620)
Net Increase (Decrease) in Cash	(102,258)	81,488
Cash - Beginning of Year	322,572	241,084
CASH - END OF YEAR	\$ 220,314	\$ 322,572

See Notes to Financial Statements

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

Nature of Organization

Work Options for Women dba Work Options (the "Organization" or "WO") was incorporated on July 25, 1996 under the State of Colorado nonprofit statutes. The mission of WO is to help people overcome barriers to sustainable employment by building confidence while providing resources and culinary job training. Since its inception, WO has helped individuals with multiple barriers gain employment by providing culinary training, job readiness classes, employment support and support services. Participants gain technical culinary skills in commercial training kitchens taught by professional chefs. Students also learn about employment and the responsibilities of both employers and workers through our cognitive behavioral classes and the financial literacy classes taught by volunteers from a local bank. In 2023, Work Options consolidated all programs in one site on the Mosaic Campus, the former home of culinary college Johnson and Wales. We now offer a variety of programs including our Core Culinary Job Training program and our Line of Apprenticeship programs. In 2024, over 220 students enrolled in our Core program and 22 Core program graduates have gone on into the Apprenticeship programs.

WO receives contributions and/or grants from foundations and holds contracts with various governmental agencies providing both meal and training services.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization, 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 in operating, fixed asset replacement and fixed asset acquisition reserves.

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, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents, receivables, accounts payable, and short-term borrowings. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization 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, 2023 and 2022.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior-year presentation does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Contributions and Grants Receivable

Contributions and grants receivable are recognized as revenue in the period awarded and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Contributions and grants receivable are recognized at the net realizable value if expected to be collected within one year, and at fair value if expected to be collected in greater than one year. At December 31, 2023 and 2022, contributions and grants receivable have been determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Government Grants Receivable

Government grants receivable consist of amounts due under agreements with federal and state agencies reduced by the estimated portion that is expected to be uncollectible. The Organization uses the allowance method to record uncollectible government grants receivable. The allowance is based on prior years' experience and management's analysis of specific amounts. Management has determined that all government grants receivable are collectible as of December 31, 2023 and 2022.

Inventory

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

Property and Equipment

Property and equipment is stated at cost or fair market value at the date of contribution, if donated. Maintenance items of a routine nature are expensed as incurred, whereas those which improve or extend the lives of existing assets are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Depreciation is provided on the straight line method over the estimated useful lives of the assets which range from 3 to 10 years.

GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset are insufficient to recover its net carrying value. Management has determined that no impairment of its long-lived assets is deemed necessary at December 31, 2023 and 2022.

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Lease Accounting

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the Balance Sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization has elected to use a risk-free rate in determining the present value of the lease. Lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue Recognition

Food Service Revenue

Food service revenue is recognized at the point of sale.

Contribution Revenue

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution 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 awarded.

Unconditional 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.

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Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (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 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 over 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.

In-Kind Contributions

Donated goods are reflected as contributions in the financial statements at their estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with GAAP for Not-for-Profit Organizations if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Expense Allocation

The statement of functional expenses report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, payroll taxes and benefits, depreciation, insurance, utilities, office supplies and expenses, and rent which are allocated on the basis of estimated time and effort.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-13, Measurement of Credit Losses on Financial Instruments. The amendments of this update require that financial assets measured at amortized cost, including trade receivables, be recorded at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount.

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements (continued)

The Organization adopted this standard effective January 1, 2023 using the modified retrospective approach, which requires a cumulative-effect adjustment through net assets at the time of adoption. No cumulative-effect adjustment was made to net assets as the impact of the adoption of this update was determined to be immaterial to the Organization's financial statements.

Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through November 15, 2024, which is the date the financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure, except as discussed in Note 10.

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2023 and 2022:

	2023	2022
Cash	\$ 220,314	\$ 322,572
Contributions receivable due within one year	121,366	127,249
Government grants receivable	210,099	129,397
Certificates of deposit due within one year	-	167,062
Total Financial Assets	551,779	746,280
Less:		
Board designations - reserve funds	312,000	312,000
Restricted program contributions included in receivables due within one year	-	78,000
	312,000	390,000
Total Financial Assets Available for General Expenditure	\$ 239,779	\$ 356,280

The Organization does not have a formal liquidity policy. The Organization invests its financial assets in a manner consistent with the concept of prudent money management seeking maximum returns with reasonable levels of risk.

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 2 - Liquidity and Availability of Financial Resources (continued)

The Organization had board-designated assets of \$312,000 designated for various reserves as of December 31, 2023 and 2022. Although the Organization does not intend to spend from these board-designated funds other than for the designated purpose, these amounts could be made available if necessary.

Note 3 - Concentration of Credit Risk

Since the Organization periodically places cash in individual financial institutions in excess of FDIC insured limits, the Organization periodically reviews the financial condition of the financial institutions to reduce the Organization's credit risk associated with cash. Additionally, the Organization places its cash with high credit quality financial institutions.

Credit risk associated with contributions and government grants receivable is limited due to the number and creditworthiness of the entities from which the amounts are due. The Organization receives virtually all its revenue from public support and government grants. A significant reduction in the level of support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

For the years ended December 31, 2023 and 2022, 74% and 37%, respectively, of contributions and grants receivable were due from three grantors.

Note 4 - Contributions and Grants Receivable

Contributions and Grants Receivable

Contributions and grants receivable consisted of the following at December 31, 2023 and 2022:

	2023	2022
Receivables due in less than one year	\$ 136,100	\$ 127,249
Receivables due in one to five years	-	78,000
Total contributions receivable	136,100	205,249
Less: unamortized discount	(2,234)	(6,639)
Net Contributions Receivable	\$ 133,866	\$ 198,610

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Notes to the Financial Statements

Note 4 - Contributions and Grants Receivable (continued)

Government Grants Receivable

The Organization's government grant revenues are derived from federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions. The Organization received grants totaling \$733,009 and \$697,203 that have not been recognized at December 31, 2023 and 2022, respectively, because the qualifying expenditures have not been incurred.

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31, 2023 and 2022:

	2023	2022
Leasehold improvements	\$ -	\$ 99,637
Furniture, fixtures and equipment	276,565	272,135
Vehicles	231,516	231,516
Total	508,081	603,288
Less: accumulated depreciation	389,564	453,099
Property and Equipment, Net	\$ 118,517	\$ 150,189

Depreciation expense for the years ended December 31, 2023 and 2022 was \$36,101 and \$35,480, respectively.

Note 6 - Line of Credit

The Organization had a line of credit with First Bank for borrowings of up to \$179,000. The line matured in 2023 and was not renewed. No balance was outstanding at December 31, 2023 and 2022.

Note 7 - Operating Lease Commitments

WOW Cafe' - The Organization had entered into a Cafeteria and Concession and Catering Services Agreement with the City and County of Denver for kitchen and office space. The agreement required the Organization 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. Due to restrictions resulting from the COVID-19 pandemic, the facility was temporarily closed and was re-opened in 2022. No rents were paid for either year and the agreement was discontinued in 2023. The Organization recorded donated rent of \$90,000 and \$36,000 for the years ended December 31, 2023 and 2022.

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Notes to the Financial Statements

Note 7 - Operating Lease Commitments (continued)

The Organization also had a lease for a cafe' facilities in Adams County, CO. The Organization paid rent of \$10 per year and 5% of gross sales in excess of \$350,000. The Organization discontinued the lease with this facility in 2023. No rents were paid for either year. The Organization recorded donated rent of \$8,820 and \$15,120 for the years ended December 31, 2023 and 2022, respectively.

For the year ended December 31, 2022 and through November of 2023, the Organization was leasing office and kitchen space under an informal month to month lease requiring monthly rents of \$6,000. In December 2023, the Organization entered into an agreement to lease office and kitchen space from an unrelated party under an operating lease that matures on November 30, 2025. The agreement requires monthly payments which escalate from \$7,000 to \$8,000 over the term of the lease.

The ROU asset reflected on the Statement of Financial Position represents the Organization's right to use underlying assets for the lease term, and the lease liability reflected on the consolidated balance sheet represents the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liability, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has elected to use a risk free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liability was 5.33%. The weighted-average lease term remaining at December 31, 2023 was 23 months.

Future minimum rent payments due under all operating leases are as follows:

	2023
2024	\$ 85,000
2025	88,000
Total Lease Payments	173,000
Less: present value discount	(8,132)
Operating Lease Liability	<u>\$ 164,868</u>

Lease costs consisted of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease costs	\$ 7,500	\$ -
Donated rent	17,820	51,120
Short-term lease costs	66,000	66,010
	<u>\$ 91,320</u>	<u>\$ 117,130</u>

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 8 - Net Assets

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.

	2023	2022
Operating reserve	\$ 227,000	\$ 227,000
Fixed asset replacement reserve	75,000	75,000
Fixed asset acquisition reserve	10,000	10,000
Total	\$ 312,000	\$ 312,000

Net Assets with Donor Restrictions

As of December 31, 2023 and 2022, net assets with donor restrictions were \$133,866 and \$198,610, respectively, and were time restricted.

During the years ended December 31, 2023 and 2022, \$260,356 and \$449,390 of net assets were released from restrictions due to the Organization incurring expenses that satisfied the restricted purpose specified by the donor.

Note 9 - In-Kind Contributions

In-kind contributions included in the financial statements are as follows for the years ended December 31, 2023 and 2022:

	Valuation Methodology	2023	2022
Rent and facilities	Estimated market value of comparable rentals	\$ 17,820	\$ 51,120
		\$ 17,820	\$ 51,120

Work Options for Women dba Work Options

Notes to the Financial Statements

Note 10 - Subsequent Event - Note Payable

On March 29, 2024, the Organization entered in an agreement for an unsecured note payable with a foundation in the amount of \$50,000. The note bears interest at 2.5% and matures on March 30, 2029. No principal payments are required in the first year of the note, but an interest payment of \$1,250 is due on March 30, 2025. Subsequent to that date, quarterly payments of \$3,294 are required throughout the term of the note.