



| CENTER FOR WORK EDUCATION AND EMPLOYMENT |

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

**Financial Statements
and
Independent Auditors' Report
June 30, 2016 and 2015**

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**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Colorado Women's Employment and Education, Inc.
dba Center for Work Education and Employment, Inc.
Denver, Colorado

We have audited the accompanying financial statements of Colorado Women's Employment and Education, Inc. dba Center for Work Education and Employment, Inc. ("CWEE"), which are comprised of the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to CWEE'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 CWEE'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.

To the Board of Directors
Colorado Women's Employment and Education, Inc.
dba Center for Work Education and Employment, Inc.
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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 Colorado Women's Employment and Education, Inc. dba Center for Work Education and Employment, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EKS;H LLLP
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October 28, 2016
Denver, Colorado

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Statements of Financial Position

	June 30,	
	2016	2015
Assets		
Assets		
Cash and cash equivalents	\$ 356,506	\$ 337,259
Accounts receivable	75,818	146,001
Contributions receivable	10,420	79,117
Prepaid expenses and other current assets	113,377	3,918
Investments	2,014,798	1,874,286
Property and equipment, net	536,963	565,758
Beneficial interest in assets held by the Community First Foundation Endowment Funds	249,150	267,910
Total assets	\$ 3,357,032	\$ 3,274,249
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	\$ 77,935	\$ 65,223
Capital lease obligations	10,741	19,630
Total liabilities	88,676	84,853
Commitments		
Net assets		
Unrestricted		
Undesignated	2,091,464	1,905,141
Net investment in property and equipment	526,222	546,128
Designated for future use	129,100	129,100
Designated for operating reserve	262,000	262,000
Total unrestricted net assets	3,008,786	2,842,369
Temporarily restricted	10,420	79,117
Permanently restricted	249,150	267,910
Total net assets	3,268,356	3,189,396
Total liabilities and net assets	\$ 3,357,032	\$ 3,274,249

See notes to financial statements.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Statements of Activities

	For the Years Ended							
	June 30, 2016			June 30, 2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Contributions	\$ 421,686	\$ 10,420	\$ -	\$ 432,106	\$ 272,339	\$ 79,892	\$ -	\$ 352,231
Fees for services	1,495,797	-	-	1,495,797	1,346,370	-	-	1,346,370
Special event, net of direct benefits to donors of \$10,547 (2016) and \$10,087 (2015)	56,341	-	-	56,341	45,374	-	-	45,374
Other revenue	6,897	-	-	6,897	588	-	-	588
Net assets released from restrictions	79,117	(79,117)	-	-	132,316	(132,316)	-	-
Total support and revenue	<u>2,059,838</u>	<u>(68,697)</u>	<u>-</u>	<u>1,991,141</u>	<u>1,796,987</u>	<u>(52,424)</u>	<u>-</u>	<u>1,744,563</u>
Expenses								
Program services								
Employment and education	<u>1,528,847</u>	<u>-</u>	<u>-</u>	<u>1,528,847</u>	<u>1,387,482</u>	<u>-</u>	<u>-</u>	<u>1,387,482</u>
Supporting services								
General and administrative	142,202	-	-	142,202	186,650	-	-	186,650
Fundraising	<u>250,767</u>	<u>-</u>	<u>-</u>	<u>250,767</u>	<u>193,949</u>	<u>-</u>	<u>-</u>	<u>193,949</u>
Total supporting services	<u>392,969</u>	<u>-</u>	<u>-</u>	<u>392,969</u>	<u>380,599</u>	<u>-</u>	<u>-</u>	<u>380,599</u>
Total expenses	<u>1,921,816</u>	<u>-</u>	<u>-</u>	<u>1,921,816</u>	<u>1,768,081</u>	<u>-</u>	<u>-</u>	<u>1,768,081</u>
Change in net assets from operations	<u>138,022</u>	<u>(68,697)</u>	<u>-</u>	<u>69,325</u>	<u>28,906</u>	<u>(52,424)</u>	<u>-</u>	<u>(23,518)</u>
Non-operating activities								
Investment return, net	28,395	-	-	28,395	(22,472)	-	-	(22,472)
Change in value of beneficial interest	<u>-</u>	<u>-</u>	<u>(18,760)</u>	<u>(18,760)</u>	<u>-</u>	<u>-</u>	<u>(8,114)</u>	<u>(8,114)</u>
Change in net assets from non-operating activities	<u>28,395</u>	<u>-</u>	<u>(18,760)</u>	<u>9,635</u>	<u>(22,472)</u>	<u>-</u>	<u>(8,114)</u>	<u>(30,586)</u>
Change in net assets	166,417	(68,697)	(18,760)	78,960	6,434	(52,424)	(8,114)	(54,104)
Net assets at beginning of year	<u>2,842,369</u>	<u>79,117</u>	<u>267,910</u>	<u>3,189,396</u>	<u>2,835,935</u>	<u>131,541</u>	<u>276,024</u>	<u>3,243,500</u>
Net assets at end of year	<u>\$ 3,008,786</u>	<u>\$ 10,420</u>	<u>\$ 249,150</u>	<u>\$ 3,268,356</u>	<u>\$ 2,842,369</u>	<u>\$ 79,117</u>	<u>\$ 267,910</u>	<u>\$ 3,189,396</u>

See notes to financial statements.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

**Statement of Functional Expenses
For the Year Ended June 30, 2016**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Employment and Education</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Employee-related expenses					
Salaries	\$ 973,149	\$ 35,174	\$ 164,146	\$ 199,320	\$ 1,172,469
Payroll taxes and employee benefits	<u>159,448</u>	<u>11,310</u>	<u>26,505</u>	<u>37,815</u>	<u>197,263</u>
Total employee-related expenses	<u>1,132,597</u>	<u>46,484</u>	<u>190,651</u>	<u>237,135</u>	<u>1,369,732</u>
Other operating expenses					
Condominium fees	60,645	1,348	5,391	6,739	67,384
Equipment and repair	64,267	2,282	11,028	13,310	77,577
Insurance	1,627	36	145	181	1,808
Postage and delivery	949	34	290	324	1,273
Printing	2,120	447	3,382	3,829	5,949
Professional services	47,529	85,773	11,277	97,050	144,579
Alumni/participant expense	125,447	-	-	-	125,447
Marketing	-	-	7,824	7,824	7,824
Staff development	5,030	181	923	1,104	6,134
Dues and subscriptions	5,762	298	967	1,265	7,027
Supplies	9,287	147	1,053	1,200	10,487
Technology	9,589	347	1,709	2,056	11,645
Interest	1,688	61	285	346	2,034
Travel and meetings	5,398	23	106	129	5,527
Miscellaneous	12,685	3,142	1,296	4,438	17,123
Event/luncheon	-	-	6,980	6,980	6,980
Depreciation and amortization	<u>44,227</u>	<u>1,599</u>	<u>7,460</u>	<u>9,059</u>	<u>53,286</u>
Total other operating expenses	<u>396,250</u>	<u>95,718</u>	<u>60,116</u>	<u>155,834</u>	<u>552,084</u>
Total functional expenses	<u>\$ 1,528,847</u>	<u>\$ 142,202</u>	<u>\$ 250,767</u>	<u>\$ 392,969</u>	<u>\$ 1,921,816</u>

See notes to financial statements.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

**Statement of Functional Expenses
For the Year Ended June 30, 2015**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>
	<u>Employment and Education</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Employee-related expenses					
Salaries	\$ 786,875	\$ 37,470	\$ 112,411	\$ 149,881	\$ 936,756
Payroll taxes and employee benefits	<u>178,235</u>	<u>9,106</u>	<u>20,465</u>	<u>29,571</u>	<u>207,806</u>
Total employee-related expenses	<u>965,110</u>	<u>46,576</u>	<u>132,876</u>	<u>179,452</u>	<u>1,144,562</u>
Other operating expenses					
Condominium fees	60,289	2,010	4,689	6,699	66,988
Equipment and repair	38,440	1,771	5,658	7,429	45,869
Insurance	5,632	188	438	626	6,258
Postage and delivery	2,133	100	301	401	2,534
Printing	3,889	146	2,658	2,804	6,693
Professional services	77,480	129,078	12,400	141,478	218,958
Alumni/participant expense	137,188	-	-	-	137,188
Marketing	-	-	13,316	13,316	13,316
Staff development	5,719	401	801	1,202	6,921
Dues and subscriptions	3,867	835	2,191	3,026	6,893
Supplies	6,031	127	420	547	6,578
Technology	8,440	401	1,596	1,997	10,437
Interest	2,641	126	377	503	3,144
Travel and meetings	4,492	60	107	167	4,659
Miscellaneous	17,842	2,531	650	3,181	21,023
Event/luncheon	-	-	8,573	8,573	8,573
Depreciation and amortization	<u>48,289</u>	<u>2,300</u>	<u>6,898</u>	<u>9,198</u>	<u>57,487</u>
Total other operating expenses	<u>422,372</u>	<u>140,074</u>	<u>61,073</u>	<u>201,147</u>	<u>623,519</u>
Total functional expenses	<u>\$ 1,387,482</u>	<u>\$ 186,650</u>	<u>\$ 193,949</u>	<u>\$ 380,599</u>	<u>\$ 1,768,081</u>

See notes to financial statements.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Statements of Cash Flows

	For the Years Ended June 30,	
	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 78,960	\$ (54,104)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	53,286	57,487
Change in value of beneficial interest	18,760	8,114
Realized/unrealized losses on investments	20,749	64,442
Change in operating assets and liabilities		
Accounts receivable	70,183	(105,586)
Contributions receivable	68,697	46,533
Prepaid expenses and other current assets	(109,459)	(201)
Accrued liabilities	<u>12,712</u>	<u>(17,894)</u>
Net cash provided by (used in) operating activities	<u>213,888</u>	<u>(1,209)</u>
Cash flows from investing activities		
Acquisitions of furniture and equipment	(24,491)	(46,171)
Net (purchases of) proceeds from investments	<u>(161,261)</u>	<u>95,692</u>
Net cash (used in) provided by investing activities	<u>(185,752)</u>	<u>49,521</u>
Cash flows from financing activities		
Payments on capital lease obligations	<u>(8,889)</u>	<u>(8,449)</u>
Net cash used in financing activities	<u>(8,889)</u>	<u>(8,449)</u>
Net increase in cash and cash equivalents	19,247	39,863
Cash and cash equivalents at beginning of year	<u>337,259</u>	<u>297,396</u>
Cash and cash equivalents at end of year	<u>\$ 356,506</u>	<u>\$ 337,259</u>

Supplemental disclosure of cash flow information:

Cash paid for interest was \$2,034 and \$3,144 for the years ended June 30, 2016 and 2015, respectively.

See notes to financial statements.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

The Colorado Women's Employment and Education, Inc. dba Center for Work Education and Employment, Inc. ("CWEE"), established in 1982, is a 501(c)(3) non-profit organization that has assisted more than 13,000 low-income parents in overcoming the constraints and disparities of poverty, cultivating self-supporting families, and optimizing collaborative partnerships. CWEE was the first program in Colorado dedicated to helping low-income women gain employment as a means to transition off public assistance. CWEE's mission is to foster personal and professional transformations for low-income single parent families through confidence building, customized skills training, and career advancement. CWEE's integrative program is a solution that reduces poverty in the community through cultivating an educated and skilled workforce and creating self-supporting families.

Historically, CWEE has served a particularly high needs population, the majority of whom experience ongoing generational poverty. During the year ended June 30, 2016, CWEE served 661 participants, a 10% increase over the prior year. All participants reported living below the Federal Poverty Level; 85% of participants were women; 74% were single parents; 54% had two or more children living with them; and 74% were minorities. Of those enrolled in programs, 66% obtained employment at an average full-time wage of \$11.06 an hour, and 72% of those employed retained employment for 90 days or more.

Basis of Presentation

CWEE reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in CWEE's operations and those resources invested in property and equipment. The Board of Directors has designated \$391,100 of unrestricted monies for operating reserves and future operations.

Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are assets that must be maintained permanently by CWEE as required by the donor; however, CWEE is permitted to use or expend part or all of any income derived from those assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

CWEE considers all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents, unless held as part of the investment portfolio. CWEE continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the statement of financial position date, and periodically throughout the year, CWEE has maintained balances in various operating accounts in excess of federally insured limits.

Accounts Receivable

Accounts receivable represent amounts due from county governments and educational institutions. CWEE uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectibility of individual accounts receivable. Management expects that all accounts receivable will be fully collectible. Accordingly, no allowance for doubtful accounts was recorded as of June 30, 2016 or 2015.

As of and for the years ended June 30, 2016 and 2015, 100% and 92%, respectively, of accounts receivable and 75% and 74%, respectively, of revenues were from a county government.

Investments

CWEE is required to report investments in equity and debt securities with readily determinable fair values at their fair values with unrealized gains and losses included in the statements of activities.

Property and Equipment

Property and equipment are recorded at acquisition cost. Expenditures for maintenance, repairs, and minor replacements are charged to operations, and expenditures for major replacements and betterments in excess of \$1,500 are capitalized. Property and equipment are depreciated over their estimated useful lives, which range from 3 to 30 years, using the straight-line method. The cost of properties held under capital lease is equal to the lower of the net present value of the minimum lease payments or the fair value of the leased property at the inception of the lease. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining lease term. Amortization of capital leases is included with depreciation expense.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, CWEE reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CWEE reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Long-Lived Assets

CWEE reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. CWEE looks primarily to the undiscounted future cash flows in its assessment of whether long-lived assets have been impaired. No impairments were recorded at June 30, 2016 and 2015.

Contributions

Contributions are reported as increases in unrestricted, temporarily, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are received for distribution to participants are deferred and recognized when the funds have been distributed.

Donated Goods and Services

Donated goods are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. Many individuals volunteer their time and perform a variety of tasks that assist CWEE in its programs and general operations. The value of these services has not been recorded in the financial statements as it does not meet the criteria for recognition under generally accepted accounting principles.

Recognition of Services Revenue

Revenue from services is recognized by CWEE upon the completion of the service. Prepayments for services are deferred and recognized when the related services are provided.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services.

Income Taxes

CWEE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). CWEE is not a private foundation within the meaning of Section 509(a) of the Code. As such, donors are entitled to a charitable deduction for their contribution to CWEE.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

CWEE 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 June 30, 2016 and 2015. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of June 30, 2016 and 2015.

Subsequent Events

CWEE has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance, noting none requiring disclosure.

Note 2 - Investments

Fair Value

CWEE has adopted a framework for measuring fair value under U.S. GAAP, which requires enhanced disclosures about fair value measurements. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. U.S. GAAP also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measure. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds, mutual funds, and stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Hedge fund: Valued at net asset value per share of the investment fund.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Notes to Financial Statements

Note 2 - Investments (continued)

Fair Value (continued)

Beneficial interest in assets held by a foundation: This category represents funds held by Community First Foundation ("CFF"), the fair value of which is based upon information determined and reported by CFF. The fair value of investments held at CFF includes Levels 1, 2, and 3; however, CWEE's pro rata share of the pooled investments is not quoted in active markets and is, therefore, classified under Level 3 in the fair value hierarchy.

There were no changes to the valuation techniques used during the period.

The following tables set forth by level, within the fair value hierarchy, CWEE's investment assets measured on a recurring basis at fair value.

As of June 30, 2016:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	<u>\$ 647,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,192</u>
Stocks	<u>319,824</u>	<u>-</u>	<u>-</u>	<u>319,824</u>
Mutual funds				
Bond	476,719	-	-	476,719
Exchange traded funds	36,923	-	-	36,923
International equity	149,087	-	-	149,087
Emerging markets equity	50,452	-	-	50,452
Domestic equity	109,742	-	-	109,742
Real estate	<u>20,872</u>	<u>-</u>	<u>-</u>	<u>20,872</u>
Total mutual funds	<u>843,795</u>	<u>-</u>	<u>-</u>	<u>843,795</u>
Hedge funds	<u>-</u>	<u>203,987</u>	<u>-</u>	<u>203,987</u>
Beneficial interest in assets held by a foundation	<u>-</u>	<u>-</u>	<u>249,150</u>	<u>249,150</u>
Total assets at fair value	<u>\$ 1,810,811</u>	<u>\$ 203,987</u>	<u>\$ 249,150</u>	<u>\$ 2,263,948</u>

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
DBA CENTER FOR WORK EDUCATION AND EMPLOYMENT, INC.**

Notes to Financial Statements

Note 2 - Investments (continued)

Fair Value (continued)

As of June 30, 2015:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 531,568	\$ -	\$ -	\$ 531,568
Stocks	186,003	-	-	186,003
Mutual funds				
Bond	303,681	-	-	303,681
International equity	256,724	-	-	256,724
Emerging markets equity	74,372	-	-	74,372
Domestic equity	521,938	-	-	521,938
Total mutual funds	<u>1,156,715</u>	<u>-</u>	<u>-</u>	<u>1,156,715</u>
Beneficial interest in assets held by a foundation	<u>-</u>	<u>-</u>	<u>267,910</u>	<u>267,910</u>
Total assets at fair value	<u>\$ 1,874,286</u>	<u>\$ -</u>	<u>\$ 267,910</u>	<u>\$ 2,142,196</u>

Level 3 Changes

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 267,910	\$ 276,024
Investment return	(3,434)	6,738
Fees	(2,511)	(2,712)
Distributions	<u>(12,815)</u>	<u>(12,140)</u>
Ending balance	<u>\$ 249,150</u>	<u>\$ 267,910</u>

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.
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Notes to Financial Statements

Note 2 - Investments (continued)

Investment Return

The following table is a breakout of the types of investment return earned during the year.

	June 30,	
	2016	2015
Interest and dividends	\$ 56,315	\$ 45,803
Unrealized/realized losses	(20,749)	(64,442)
Less investment management fees	(7,171)	(3,833)
Total	\$ 28,395	\$ (22,472)

Investments in Certain Entities that Calculate Net Asset Value per Share

CWEE has invested in a hedge fund with an income generation and capital preservation investment strategy. The fund invests in a low volatility portfolio of diverse fixed-income securities. The fund seeks to minimize risk through security and sector diversification, while utilizing hedging strategies to reduce individual security and portfolio risk. The fair values of the investments in this fund have been calculated using the net asset value per share of the investments. As of June 30, 2016 and 2015, the fair value of the fund was \$203,987 and \$0, respectively. There were no unfunded commitments for the fund as of June 30, 2016. The fund can be redeemed on a monthly basis, with a redemption notice period of 45 days.

Note 3 - Beneficial Interest in Assets Held by Community First Foundation Endowment Fund

In 2004, CWEE entered into a challenge grant with the Community First Foundation Endowment Fund to establish a permanent endowment fund (the "Fund") to be held by CFF. The challenge period expired July 29, 2005. The challenge grant provided for a dollar-for-dollar match during the challenge period. CWEE granted variance power to the Fund, which allows the Fund to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of CFF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of CWEE. In accordance with U.S. GAAP, the transfers were not considered to be a contribution from CWEE to the Fund, but rather were accounted for as reciprocal transfers between CWEE and the Fund. Therefore, the transfers are reflected collectively in the statements of financial position as a beneficial interest in assets held by CFF.

The Fund is held and invested by CFF for the benefit of CWEE; however, CWEE will never receive the assets held by the Fund. Investment earnings are reinvested in the Fund. As of June 30, 2016 and 2015, the fair value of the assets of the Fund was \$249,150 and \$267,910, respectively. Distributions from the Fund are available to CWEE for its unrestricted use. During the years ended June 30, 2016 and 2015, CWEE received distributions of \$12,815 and \$12,140, respectively, from the Fund.

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Notes to Financial Statements

Note 4 - Property and Equipment

CWEE's property and equipment are comprised of the following:

	June 30,	
	2016	2015
Building	\$ 779,010	\$ 779,010
Building improvements	83,821	82,031
Equipment	108,058	122,625
Software	3,600	3,600
	974,489	987,266
Less accumulated depreciation	(437,526)	(421,508)
	\$ 536,963	\$ 565,758

The building category represents CWEE's ownership of the third floor of the Osage Building in which it operates.

As of June 30, 2016 and 2015, equipment under capital leases is included in property and equipment and amounted to \$28,434 and \$44,328, with \$19,858 and \$28,066, respectively, of related accumulated amortization.

Note 5 - Capital Lease Obligations

Capital lease obligations consist of the following:

	June 30,	
	2016	2015
Capital lease with a finance company, interest at 13.40%, monthly payments of \$797, and matures January 2018.	\$ 10,741	\$ 16,452
Capital lease with a finance company, interest at 11.21%, monthly payments of \$335, and matured April 2016.	-	3,178
	\$ 10,741	\$ 19,630

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Notes to Financial Statements

Note 5 - Capital Lease Obligations (continued)

Future annual maturities of the capital lease obligations outstanding are as follows:

For the Year Ending June 30,

2017	\$ 7,573
2018	<u>4,413</u>
Total minimum lease payments	11,986
Less amount representing interest	<u>(1,245)</u>
Present value of net minimum lease payments	<u>\$ 10,741</u>

Note 6 - Employee Benefit Plan

CWEE has adopted a qualified 403(b) plan (the "Plan") covering virtually all employees. Under provisions of the Plan, employees may elect to contribute a percentage of compensation up to certain IRS limitations. CWEE will match 50% of the participant's deferral contribution, not to exceed 3% of the participant's compensation for each payroll period. Contribution expense for the Plan was approximately \$11,000 and \$7,000 for the years ended June 30, 2016 and 2015, respectively.

Note 7 - Net Assets

Temporarily Restricted Net Assets

The temporarily restricted net assets represent donations that have been restricted by the donors to be used in future periods.

Permanently Restricted Net Assets

The permanently restricted net assets represent donations that have been restricted by the donors to be used for various endowments.

Note 8 - Investment in Endowments

CWEE's endowment consists of the beneficial interest in assets held by CFF (Note 3). As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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Notes to Financial Statements

Note 8 - Investment in Endowments (continued)

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the state of Colorado enacted UPMIFA, and the Financial Accounting Standards Board issued guidance on the net asset classification of donor-restricted endowment funds that is subject to UPMIFA, as well as additional disclosure requirements for both donor-restricted and Board of Directors-designated endowments.

Under U.S. GAAP, the portion of an endowment that is perpetual in nature shall be classified as permanently restricted net assets. The remaining portion of accumulations to donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as dictated by the donor or, in absence of donor stipulation, as temporarily restricted net assets until those amounts are appropriated for expenditure by CWEE in a manner consistent with the standard of prudence prescribed by UPMIFA.

CFF endowment assets are kept at CFF and included in the CFF investment pool. CWEE's assets are placed in the *Strategic Asset Allocation w/o Alternatives* model by CFF. The following is the asset allocation:

Large-cap equity	26%
Core fixed income	26%
International equity	16%
Small/mid-cap equity	11%
Floating rate corporate loans	10%
Emerging markets	7%
High-yield	3%
Cash equivalents	1%

Expenditures from the CFF Endowment Fund are dictated by the agreement mentioned in Note 3.

Invested Endowment Asset Composition by Type of Fund as of June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 249,150	\$ 249,150
Total funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,150</u>	<u>\$ 249,150</u>

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Notes to Financial Statements

Note 8 - Investment in Endowments (continued)

Changes in Invested Endowment Assets for the Fiscal Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ -	\$ -	\$ 267,910	\$ 267,910
Investment return	-	-	(3,434)	(3,434)
Appropriation of endowment assets for expenditure	-	-	(12,815)	(12,815)
Fees	-	-	(2,511)	(2,511)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,150</u>	<u>\$ 249,150</u>

Invested Endowment Assets Composition by Type of Fund as of June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,910</u>	<u>\$ 267,910</u>
Total funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,910</u>	<u>\$ 267,910</u>

Changes in Invested Endowment Assets for the Fiscal Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ -	\$ -	\$ 276,024	\$ 276,024
Investment return	-	-	6,738	6,738
Appropriation of endowment assets for expenditure	-	-	(12,140)	(12,140)
Fees	-	-	(2,712)	(2,712)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,910</u>	<u>\$ 267,910</u>

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Notes to Financial Statements

Note 9 - Commitments

In June 2016, CWEE entered into a lease and purchase agreement for additional floor space in its Osage Building. CWEE will lease the space from August 2016 through January 2017 for \$39,595, with the purchase being finalized in January 2017 for \$830,000. As of June 30, 2016, CWEE had deposited in escrow \$100,000 for the purchase, which is included in prepaid expense and other current assets on the statement of financial position. CWEE expects to finance the purchase with a note payable.