



| CENTER FOR WORK EDUCATION AND EMPLOYMENT |

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

**Financial Statements  
and  
Independent Auditors' Report  
June 30, 2018 and 2017**

**EKS&H**

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

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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  
Denver, Colorado

We have audited the accompanying financial statements of Colorado Women's Employment and Education, Inc. dba Center for Work Education and Employment ("CWEE"), which are comprised of the statements of financial position as of June 30, 2018 and 2017, 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  
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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 as of June 30, 2018 and 2017, 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  
EKS&H LLLP

Denver, Colorado  
October 10, 2018

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

**Statements of Financial Position**

	June 30,	
	2018	2017
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 508,751	\$ 485,388
Accounts receivable	456,923	160,247
Contributions receivable	45,255	360
Prepaid expenses and other current assets	17,560	21,594
Investments	2,159,379	2,121,411
Property and equipment, net	1,260,820	1,301,413
Beneficial interest in assets held by the Community First Foundation Endowment Funds	267,574	263,845
Total assets	\$ 4,716,262	\$ 4,354,258
<b>Liabilities and Net Assets</b>		
Liabilities		
Accrued liabilities	\$ 227,002	\$ 168,583
Capital lease obligation	37,706	4,216
Note payable	793,508	819,531
Total liabilities	1,058,216	992,330
Commitments		
Net assets		
Unrestricted		
Undesignated	2,500,761	2,208,627
Net investment in property and equipment	429,606	477,666
Designated for future use	129,100	129,100
Designated for operating reserve	262,000	262,000
Total unrestricted net assets	3,321,467	3,077,393
Temporarily restricted	69,005	20,690
Permanently restricted	267,574	263,845
Total net assets	3,658,046	3,361,928
Total liabilities and net assets	\$ 4,716,262	\$ 4,354,258

See notes to financial statements.

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

**Statements of Activities**

	For the Years Ended							
	June 30, 2018				June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Contributions	\$ 382,487	\$ 74,255	\$ -	\$ 456,742	\$ 521,580	\$ 21,960	\$ -	\$ 543,540
Fees for services	2,196,024	-	-	2,196,024	1,549,754	-	-	1,549,754
Special event, net of direct benefits to donors of \$46,513 (2018) and \$10,385 (2017)	214,367	-	-	214,367	52,756	-	-	52,756
Other revenue	1,339	-	-	1,339	946	-	-	946
Net assets released from restrictions	<u>25,940</u>	<u>(25,940)</u>	<u>-</u>	<u>-</u>	<u>11,690</u>	<u>(11,690)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,820,157</u>	<u>48,315</u>	<u>-</u>	<u>2,868,472</u>	<u>2,136,726</u>	<u>10,270</u>	<u>-</u>	<u>2,146,996</u>
Expenses								
Program services								
Employment and education	<u>2,082,445</u>	<u>-</u>	<u>-</u>	<u>2,082,445</u>	<u>1,631,675</u>	<u>-</u>	<u>-</u>	<u>1,631,675</u>
Supporting services								
General and administrative	327,163	-	-	327,163	252,137	-	-	252,137
Fundraising	<u>308,358</u>	<u>-</u>	<u>-</u>	<u>308,358</u>	<u>303,998</u>	<u>-</u>	<u>-</u>	<u>303,998</u>
Total supporting services	<u>635,521</u>	<u>-</u>	<u>-</u>	<u>635,521</u>	<u>556,135</u>	<u>-</u>	<u>-</u>	<u>556,135</u>
Total expenses	<u>2,717,966</u>	<u>-</u>	<u>-</u>	<u>2,717,966</u>	<u>2,187,810</u>	<u>-</u>	<u>-</u>	<u>2,187,810</u>
Change in net assets from operations	<u>102,191</u>	<u>48,315</u>	<u>-</u>	<u>150,506</u>	<u>(51,084)</u>	<u>10,270</u>	<u>-</u>	<u>(40,814)</u>
Non-operating activities								
Investment return, net	152,106	-	-	152,106	119,691	-	-	119,691
Change in value of beneficial interest	-	-	3,729	3,729	-	-	14,695	14,695
Loss on disposal of assets	<u>(10,223)</u>	<u>-</u>	<u>-</u>	<u>(10,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets from non-operating activities	<u>141,883</u>	<u>-</u>	<u>3,729</u>	<u>145,612</u>	<u>119,691</u>	<u>-</u>	<u>14,695</u>	<u>134,386</u>
Change in net assets	244,074	48,315	3,729	296,118	68,607	10,270	14,695	93,572
Net assets at beginning of year	<u>3,077,393</u>	<u>20,690</u>	<u>263,845</u>	<u>3,361,928</u>	<u>3,008,786</u>	<u>10,420</u>	<u>249,150</u>	<u>3,268,356</u>
Net assets at end of year	<u>\$ 3,321,467</u>	<u>\$ 69,005</u>	<u>\$ 267,574</u>	<u>\$ 3,658,046</u>	<u>\$ 3,077,393</u>	<u>\$ 20,690</u>	<u>\$ 263,845</u>	<u>\$ 3,361,928</u>

See notes to financial statements.

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

**Statement of Functional Expenses  
For the Year Ended June 30, 2018**

	<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	\$ 1,230,339	\$ 28,284	\$ 155,560	\$ 183,844	\$ 1,414,183
Payroll taxes and employee benefits	237,520	13,150	27,335	40,485	278,005
Total employee-related expenses	<u>1,467,859</u>	<u>41,434</u>	<u>182,895</u>	<u>224,329</u>	<u>1,692,188</u>
Other operating expenses					
Occupancy	96,187	1,007	6,179	7,186	103,373
Equipment and repair	80,968	1,130	6,609	7,739	88,707
Insurance	7,543	79	485	564	8,107
Postage and delivery	1,498	34	189	223	1,721
Printing	2,693	63	823	886	3,579
Professional services	98,803	109,311	38,671	147,982	246,785
Alumni/participant expense	147,278	-	-	-	147,278
Marketing	-	-	45,186	45,186	45,186
Staff development	11,730	3,254	980	4,234	15,964
Dues and subscriptions	5,144	1,133	1,274	2,407	7,551
Supplies	16,529	99	598	697	17,226
Technology	10,473	241	1,324	1,565	12,038
Interest	44,295	499	3,020	3,519	47,814
Travel and meetings	11,272	277	336	613	11,885
Miscellaneous	387	8,723	1,085	9,808	10,195
Event/luncheon	-	-	13,579	13,579	13,579
Transition costs	-	159,043	-	159,043	159,043
Depreciation and amortization	79,786	836	5,125	5,961	85,747
Total other operating expenses	<u>614,586</u>	<u>285,729</u>	<u>125,463</u>	<u>411,192</u>	<u>1,025,778</u>
Total functional expenses	<u>\$ 2,082,445</u>	<u>\$ 327,163</u>	<u>\$ 308,358</u>	<u>\$ 635,521</u>	<u>\$ 2,717,966</u>

See notes to financial statements.

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

**Statement of Functional Expenses  
For the Year Ended June 30, 2017**

	<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	\$ 976,187	\$ 41,315	\$ 166,618	\$ 207,933	\$ 1,184,120
Payroll taxes and employee benefits	175,317	12,840	30,492	43,332	218,649
Total employee-related expenses	<u>1,151,504</u>	<u>54,155</u>	<u>197,110</u>	<u>251,265</u>	<u>1,402,769</u>
Other operating expenses					
Occupancy	83,065	2,130	6,764	8,894	91,959
Rent	25,292	649	2,060	2,709	28,001
Equipment and repair	42,674	1,795	7,794	9,589	52,263
Insurance	6,291	161	512	673	6,964
Postage and delivery	1,433	71	265	336	1,769
Printing	2,821	132	1,943	2,075	4,896
Professional services	62,065	105,578	58,725	164,303	226,368
Alumni/participant expense	127,746	-	-	-	127,746
Marketing	-	-	7,226	7,226	7,226
Staff development	8,208	1,634	2,491	4,125	12,333
Dues and subscriptions	4,907	218	816	1,034	5,941
Supplies	9,164	190	714	904	10,068
Technology	9,324	460	1,727	2,187	11,511
Interest	20,619	550	1,772	2,322	22,941
Travel and meetings	7,081	128	324	452	7,533
Miscellaneous	7,472	3,496	2,508	6,004	13,476
Event/luncheon	-	-	6,198	6,198	6,198
Transition costs	-	79,200	-	79,200	79,200
Depreciation and amortization	62,009	1,590	5,049	6,639	68,648
Total other operating expenses	<u>480,171</u>	<u>197,982</u>	<u>106,888</u>	<u>304,870</u>	<u>785,041</u>
Total functional expenses	<u>\$ 1,631,675</u>	<u>\$ 252,137</u>	<u>\$ 303,998</u>	<u>\$ 556,135</u>	<u>\$ 2,187,810</u>

See notes to financial statements.



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

**Statements of Cash Flows**

	For the Years Ended	
	June 30,	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 296,118	\$ 93,572
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	85,747	68,648
Change in value of beneficial interest	(3,729)	(14,695)
Donated investments	-	(9,728)
Realized/unrealized gains on investments	(85,588)	(58,408)
Loss on sale of property and equipment	10,223	-
Change in operating assets and liabilities		
Accounts receivable	(296,676)	(84,429)
Contributions receivable	(44,895)	10,060
Prepaid expenses and other current assets	4,034	91,783
Accrued liabilities	58,419	90,648
Net cash provided by operating activities	<u>23,653</u>	<u>187,451</u>
Cash flows from investing activities		
Acquisitions of furniture and equipment	(13,377)	(3,098)
Net proceeds (purchases) of investments	47,620	(38,477)
Net cash provided by (used in) investing activities	<u>34,243</u>	<u>(41,575)</u>
Cash flows from financing activities		
Payments on capital lease obligation	(8,510)	(6,525)
Payments on note payable	(26,023)	(10,469)
Net cash used in financing activities	<u>(34,533)</u>	<u>(16,994)</u>
Net increase in cash and cash equivalents	23,363	128,882
Cash and cash equivalents at beginning of year	<u>485,388</u>	<u>356,506</u>
Cash and cash equivalents at end of year	<u>\$ 508,751</u>	<u>\$ 485,388</u>

Supplemental disclosure of cash flow information:

Cash paid for interest was \$47,814 and \$22,941 for the years ended June 30, 2018 and 2017, respectively.

Supplemental disclosure of non-cash activity:

During the year ended June 30, 2018, CWEE financed equipment of \$42,000 through a capital lease.

See notes to financial statements.

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

**Notes to Financial Statements**

**Note 1 - Organization and Summary of Significant Accounting Policies**

Organization

Colorado Women's Employment and Education, Inc. dba Center for Work Education and Employment ("CWEE"), established in 1982, is a 501(c)(3) non-profit organization that has assisted more than 14,500 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, 2018, CWEE served 630 participants. All participants reported living below the federal poverty level; 89% of participants were women; 78% were single parents; 62% had two or more children living with them; and 80% were minorities.

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**

**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. 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, 2018 or 2017.

As of and for the years ended June 30, 2018 and 2017, 99% and 74%, respectively, of accounts receivable and 75% and 70%, respectively, of revenues were from two county governments.

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**

**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, 2018 and 2017.

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**

**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, 2018 and 2017. 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, 2018 and 2017.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017 with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes current revenue recognition requirements and industry-specific guidance. The codification was amended through additional ASUs and, as amended, requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods and services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting in fiscal years that begin after December 15, 2018.

CWEE is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

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

**Notes to Financial Statements**

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

Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation.

Subsequent Events

CWEE has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available to be issued, 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.

As required by U.S. GAAP, CWEE uses net asset value per share or its equivalent ("practical expedient"), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment and requires additional fair value disclosures of CWEE's alternative investments. Certain investments that are measured at fair value using the net asset value practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

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

**Notes to Financial Statements**

**Note 2 - Investments (continued)**

Fair Value (continued)

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

*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, 2018:

<u>Description</u>	<u>Fair Value Measurements</u>			<u>Net Asset Value</u>	<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Money market funds	\$ 61,138	\$ -	\$ -	\$ -	\$ 61,138
Stocks	926,565	-	-	-	926,565
Mutual funds					
Bond	410,954	-	-	-	410,954
International equity	393,369	-	-	-	393,369
Domestic equity	133,528	-	-	-	133,528
Total mutual funds	<u>937,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937,851</u>
Hedge funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,825</u>	<u>233,825</u>
Beneficial interest in assets held by a foundation	<u>-</u>	<u>-</u>	<u>267,574</u>	<u>-</u>	<u>267,574</u>
Total assets at fair value	<u>\$ 1,925,554</u>	<u>\$ -</u>	<u>\$ 267,574</u>	<u>\$ 233,825</u>	<u>\$ 2,426,953</u>

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

**Notes to Financial Statements**

**Note 2 - Investments (continued)**

Fair Value (continued)

As of June 30, 2017:

<u>Description</u>	<u>Fair Value Measurements</u>			<u>Net Asset Value</u>	<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Money market funds	\$ 738,864	\$ -	\$ -	\$ -	\$ 738,864
Stocks	270,791	-	-	-	270,791
Mutual funds					
Bond	509,472	-	-	-	509,472
International equity	233,256	-	-	-	233,256
Domestic equity	127,987	-	-	-	127,987
Real estate	20,864	-	-	-	20,864
Total mutual funds	<u>891,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>891,579</u>
Hedge funds	-	-	-	220,177	220,177
Beneficial interest in assets held by a foundation	-	-	263,845	-	263,845
Total assets at fair value	<u>\$ 1,901,234</u>	<u>\$ -</u>	<u>\$ 263,845</u>	<u>\$ 220,177</u>	<u>\$ 2,385,256</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>2018</u>	<u>2017</u>
Beginning balance	\$ 263,845	\$ 249,150
Investment return	16,439	30,119
Purchases, issuances and settlements, net	2,500	-
Fees	(2,716)	(2,551)
Distributions	<u>(12,494)</u>	<u>(12,873)</u>
Ending balance	<u>\$ 267,574</u>	<u>\$ 263,845</u>



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

**Note 2 - Investments (continued)**

Investment Return

Investment return is comprised of the following:

	June 30,	
	2018	2017
Interest and dividends	\$ 76,324	\$ 65,368
Unrealized/realized gains	85,588	58,408
Less investment management fees	(9,806)	(4,085)
Total	<u>\$ 152,106</u>	<u>\$ 119,691</u>

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, 2018 and 2017, the fair value of the fund was \$233,825 and \$220,177, respectively. There were no unfunded commitments for the fund as of June 30, 2018. 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, 2018 and 2017, the fair value of the assets of the Fund was \$267,574 and \$263,845, respectively. Distributions from the Fund are available to CWEE for its unrestricted use. During the years ended June 30, 2018 and 2017, CWEE received distributions of \$12,494 and \$12,873, respectively, from the Fund.

**COLORADO WOMEN'S EMPLOYMENT AND EDUCATION, INC.  
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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,	
	2018	2017
Building	\$ 1,609,010	\$ 1,609,010
Building improvements	87,321	83,821
Furniture and equipment	95,307	111,157
Software	-	3,600
	1,791,638	1,807,588
Less accumulated depreciation	(530,818)	(506,175)
	\$ 1,260,820	\$ 1,301,413

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

As of June 30, 2018 and 2017, equipment under capital leases is included in property and equipment and amounts to \$42,000 and \$28,434, with \$5,600 and \$25,274, respectively, of related accumulated amortization.

**Note 5 - Capital Lease Obligation**

Capital lease obligation consists of the following:

	June 30,	
	2018	2017
Capital lease with a finance company, interest at 11.68%, monthly payments of \$928, and matures October 2022.	\$ 37,706	\$ -
Capital lease with a finance company, interest at 13.40%, monthly payments of \$797, and matured January 2018.	-	4,216
	\$ 37,706	\$ 4,216

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

**Note 5 - Capital Lease Obligation (continued)**

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

For the Year Ending June 30,

2019	\$	11,131
2020		11,131
2021		11,131
2022		11,131
Thereafter		<u>3,705</u>
Total minimum lease payments		48,229
Less amount representing interest		<u>(10,523)</u>
Present value of net minimum lease payments	\$	<u><u>37,706</u></u>

**Note 6 - Note Payable**

During the year ended June 30, 2017, CWEE entered into a note payable agreement for the purchase of a portion of the second floor of the Osage building. The note is due in monthly installments of principal and interest of \$5,718, with an interest rate of 5.45%, and is collateralized by the building and certain cash held by a financial institution. The note matures January 2027.

Future annual maturities of the long-term note payable obligation are as follows:

For the Year Ending June 30,

2019	\$	25,389
2020		26,712
2021		28,342
2022		29,948
2023		31,645
Thereafter		<u>651,472</u>
	\$	<u><u>793,508</u></u>

**Note 7 - 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 \$12,000 for each of the years ended June 30, 2018 and 2017.

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

**Note 8 - 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 9 - 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.

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 FASB 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.

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

**Note 9 - Investment in Endowments (continued)**

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:

Core fixed income	30%
Large-cap equity	25%
Developed markets	21%
Emerging markets	6%
Small/mid-cap equity	5%
Ultra-short term bonds	4%
Securitized bonds	4%
Inflation linked bonds	3%
High-yield	2%

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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,574</u>	<u>\$ 267,574</u>

**Changes in Invested Endowment Assets for the Fiscal Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ -	\$ -	\$ 263,845	\$ 263,845
Investment return	-	-	16,439	16,439
Purchases, issuances and settlements, net	-	-	2,500	2,500
Appropriation of endowment assets for expenditure	-	-	(12,494)	(12,494)
Fees	-	-	(2,716)	(2,716)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,574</u>	<u>\$ 267,574</u>

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

**Note 9 - Investment in Endowments (continued)**

Invested Endowment Assets Composition by Type of Fund as of June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 263,845	\$ 263,845

Changes in Invested Endowment Assets for the Fiscal Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ -	\$ -	\$ 249,150	\$ 249,150
Investment return	-	-	30,119	30,119
Appropriation of endowment assets for expenditure	-	-	(12,873)	(12,873)
Fees	-	-	(2,551)	(2,551)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,845</u>	<u>\$ 263,845</u>