

**BOULDER COUNTY AIDS PROJECT**

Financial Statements As Of December 31, 2022  
(With Summarized Comparative Financial Information  
As Of December 31, 2021)

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Boulder County AIDS Project:

**Opinion**

We have audited the accompanying financial statements of Boulder County AIDS Project, ("BCAP"), which comprise the statement of financial position as of December 31, 2022, 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 Boulder County AIDS Project as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits 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 BCAP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 BCAP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (Continued)**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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BCAP'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 BCAP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

Independent Auditors' Report, Continued

**Reporting on Summarized Comparative Information**

We have previously audited BCAP's December 31, 2021, financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*JDS Professional Group*

September 8, 2023

# BOULDER COUNTY AIDS PROJECT

## Statement Of Financial Position

As Of December 31, 2022

(With Summarized Financial Information As Of December 31, 2021)

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<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 732,186	\$ 676,392
Grants receivable	86,274	122,778
Prepaid expenses	5,603	6,250
Total Current Assets	<u>824,063</u>	<u>805,420</u>
Property and Equipment:		
Equipment, vehicles, and furnishings	243,810	199,309
Land and buildings	567,407	567,407
Leasehold improvements	351,722	351,722
Right-of-use assets	110,569	
	<u>1,273,508</u>	<u>1,118,438</u>
Less: Accumulated depreciation and amortization	<u>(616,017)</u>	<u>(584,668)</u>
Total Property and Equipment	<u>657,491</u>	<u>533,770</u>
Other Assets:		
Beneficial interest in asset held by The Community Foundation Serving Boulder County Endowment Fund	21,270	24,546
Deposits	500	
Total Other Assets	<u>21,770</u>	<u>24,546</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,503,324</u>	<u>\$ 1,363,736</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 30,466	\$ 32,839
Accrued paid time off	28,569	21,835
Lease liability	27,990	
Total Current Liabilities	<u>87,025</u>	<u>54,674</u>
Noncurrent liabilities:		
Lease liability	<u>79,624</u>	
Total Liabilities	<u>166,649</u>	<u>54,674</u>
Net Assets:		
Without donor restrictions	1,272,403	1,221,473
With donor restrictions	64,272	87,589
Total Net Assets	<u>1,336,675</u>	<u>1,309,062</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,503,324</u>	<u>\$ 1,363,736</u>

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

# BOULDER COUNTY AIDS PROJECT

## Statement Of Activities

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Support And Revenue:</b>				
Government grants	\$ 920,184	\$	\$ 920,184	\$ 857,820
Federal grant - PPP				53,800
Other grants	93,500	38,500	132,000	125,950
Government contracts	104,250		104,250	85,190
Contributions	206,851	500	207,351	260,892
Contributions of nonfinancial assets	383,299		383,299	332,440
Special events, net of direct benefit to donor of \$28,423	81,661		81,661	12,818
Rent income	19,376		19,376	18,432
Other income	3,204		3,204	2,053
Change in beneficial interest in trust		(3,276)	(3,276)	3,500
Net assets released from restrictions-				
Satisfaction of program restrictions	59,041	(59,041)		
<b>Total Support And Revenue</b>	<u>1,871,366</u>	<u>(23,317)</u>	<u>1,848,049</u>	<u>1,752,895</u>
<b>Expenses:</b>				
Program Services	<u>1,547,797</u>		<u>1,547,797</u>	<u>1,416,866</u>
Supporting Services-				
Management and general	158,047		158,047	151,608
Fundraising	114,592		114,592	92,936
<b>Total Supporting Services</b>	<u>272,639</u>		<u>272,639</u>	<u>244,544</u>
<b>Total Expenses</b>	<u>1,820,436</u>		<u>1,820,436</u>	<u>1,661,410</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	50,930	(23,317)	27,613	91,485
Net Assets, Beginning Of Year	<u>1,221,473</u>	<u>87,589</u>	<u>1,309,062</u>	<u>1,217,577</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,272,403</u>	<u>\$ 64,272</u>	<u>\$ 1,336,675</u>	<u>\$ 1,309,062</u>

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

## BOULDER COUNTY AIDS PROJECT

### Statement Of Functional Expenses

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	Program Services	Management and General	Fundraising	2022 Total Expenses	2021 Total Expenses
Direct client assistance	\$ 216,789	\$	\$	\$ 216,789	\$ 210,248
Indirect assistance	76,450			76,450	73,240
Eaton house	9,128			9,128	11,199
Longmont service center	12,420			12,420	12,333
Food assistance	63,779			63,779	87,937
Education/outreach/testing	124,528			124,528	90,812
Accounting/audit		45,709		45,709	37,970
Advertising/marketing			7,028	7,028	5,349
Agency vehicle/parking					3
Bank and credit card fees		4,643		4,643	3,430
Building maintenance	1,940	208	162	2,310	3,104
Contract labor/consulting	11,543	1,237	26,419	39,199	22,408
Donor/volunteer relations	92	10	8	110	59
Employee benefits and payroll taxes	130,521	13,984	10,877	155,382	143,540
Governance		2,450		2,450	550
Insurance	12,789	1,370	1,066	15,225	14,303
Information technology/computers	14,611	1,566	1,217	17,394	17,833
Leases - equipment	4,556	488	380	5,424	7,379
Leases - facilities	159,593	17,099	13,299	189,991	189,000
Membership/dues/fees	2,492	267	208	2,967	7,294
Office/other supplies	3,309	355	275	3,939	2,039
Postage	703	75	58	836	408
Printing	1,193	128	99	1,420	1,383
Program evaluation	55,354			55,354	32,495
Repairs and maintenance	3,326	356	277	3,959	1,308
Salaries/wages	599,122	64,192	49,927	713,241	642,590
Training/conferences	4,572			4,572	1,080
Travel/mileage	2,485			2,485	1,008
Utilities	12,054	1,291	1,005	14,350	15,701
Website maintenance	597	64	299	960	741
Depreciation	23,851	2,555	1,988	28,394	24,666
<b>Total expenses</b>	<b>\$ 1,547,797</b>	<b>\$ 158,047</b>	<b>\$ 114,592</b>	<b>\$ 1,820,436</b>	<b>\$ 1,661,410</b>

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

# BOULDER COUNTY AIDS PROJECT

## Statement Of Cash Flows

For The Year Ended December 31, 2022

(With Summarized Financial Information For The Year Ended December 31, 2021)

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 27,613	\$ 91,485
Adjustments to reconcile changes in net assets from to net cash provided by operating activities:		
Depreciation	28,394	24,666
Amortization of right-of-use assets	2,955	
Change in beneficial interest in trust	3,276	(3,500)
Forgiveness of PPP loan		(53,800)
Changes in assets and liabilities -		
Grants receivable	36,504	(8,502)
Prepaid expenses	647	1,441
Deposits	(500)	200
Accounts payable and accrued liabilities	4,360	(16,788)
Lease liability	(2,955)	
Net cash provided by operating activities	<u>100,294</u>	<u>35,202</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(44,500)</u>	<u>(13,332)</u>
Net cash (used in) investing activities	<u>(44,500)</u>	<u>(13,332)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	55,794	21,870
Cash And Cash Equivalents, Beginning Of Year	<u>676,392</u>	<u>654,522</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 732,186</u></u>	<u><u>\$ 676,392</u></u>

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



# BOULDER COUNTY AIDS PROJECT

Notes To Financial Statements  
For The Year Ended December 31, 2022

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## (1) Organization And Summary Of Significant Accounting Policies

### Organization and Summary

Boulder County Health Network, Inc. was incorporated as a Colorado not-for-profit corporation in 1985, and changed its name to Boulder County AIDS Project (“BCAP”) in 1991. The mission of BCAP is to provide support, advocacy and education to individuals living with or affected by the Human Immunodeficiency Virus (HIV), and to serve as an outreach and information center to prevent further transmission of HIV in the Boulder, Broomfield, Gilpin and Clear Creek counties in Colorado. To support its mission and programs, BCAP relies upon grants from federal, state, municipal, and private sources, and upon support from individuals, businesses, and organizations.

### Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

### Basis Of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor-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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### Recently Adopted Accounting Standards

In 2022, the BCAP adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. BCAP elected not to restate the comparative periods (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, BCAP did not recognize a right-of-use asset and a lease liability, in its balance sheet as of January 1, 2022. The adoption did not result in a significant effect on amounts reported on the statement of operations for the year ended December 31, 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

Fair Value Measurements

BCAP follows *Fair Value Measurements*, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Beneficial interest in trust:* Valued as reported by the Organization holding the endowment.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the BCAP believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, grants receivable, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### Cash And Cash Equivalents

For purpose of the statement of cash flows, cash and cash equivalents consists of demand deposits and all highly liquid investments with an original maturity of three months or less.

#### Property And Equipment

Property and equipment is recorded at cost if purchased, or fair market value if donated. BCAP capitalizes property and equipment additions greater than \$500. Donated property and equipment are reported as unrestricted support unless the donor has restricted use of the donated asset to a specific purpose. Office equipment and furnishings are depreciated using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are depreciated using the straight-line basis over the term of the underlying lease. Buildings are depreciated using the straight-line basis over forty years.

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Land, buildings and certain equipment include an affordable housing property jointly owned with Boulder County Housing Authority (a 1/100 interest) and operated by BCAP, commonly known as the Eaton House. Under a Beneficiary and Rent Use Covenant entered into on October 28, 2003, with the Colorado Division of Housing, the property is restricted to provide housing only to eligible beneficiaries at affordable rents for 50 years. If the property is not used for these beneficiaries, grant funds attributed to the property shall be required to be repaid to the State.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to BCAP's ongoing program services and investment income. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Revenue And Revenue Recognition

Government contracts consist of revenue which is conditioned upon certain performance requirements for services provided by BCAP including support, advocacy and education programs. BCAP recognizes revenue during the year in which the performance requirements are met. The performance requirements consist of delivering support and related services to individuals in the community. Amounts are recognized as services are provided and the requirements satisfied. Payments received prior to performance requirements being met are reflected as refundable advances in the statement of financial position. Special events revenues are recognized as the events are held.

BCAP recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of December 31, 2022, BCAP received no advances on conditional promises to give.

Certain donated services, goods, and facilities that meet the criteria for recognition, are reflected in the financial statements at their estimated fair market value at the time of the donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BCAP.

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A portion of BCAP's revenue is derived from cost-reimbursable federal, state and local government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BCAP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. BCAP was awarded cost-reimbursable grants of \$447,978 that have not been recognized at December 31, 2022, because qualifying expenditures have not yet been incurred.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

#### Contributed Services

Contributed services are recognized when the services create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills that would otherwise need to be purchased if not donated.

BCAP received a significant amount of hours of donated services in 2022 from many unpaid volunteers who assist BCAP with its programs, fund raising and administration. No amounts have been recognized in the accompanying financial statements since these services do not meet the criteria for recognition.

#### Compensated Absences

The Organization accrues for the costs of compensated absences to the extent that the employee's right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated.

#### Leases

BCAP determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the balance sheets. 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. Operating lease expense is recognized on a straight-line basis over the lease term. BCAP does not report ROU assets and lease 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.

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**Methods Used For Allocation Of Expenses From Management And General Activities**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of BCAP. Costs not directly attributable to a function, including agency vehicle, building maintenance, contract labor & consulting, donor & volunteer relations, employee benefits & payroll taxes, information technology & computers, equipment leases, facility leases, membership dues & fees, office & other supplies, salaries & wages, telephone & internet, training & conferences, utilities, website maintenance, and depreciation are allocated to a functional region based on estimates of time and effort.

**Prior Year Summarized Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BCAP's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**Subsequent Events**

BCAP has evaluated subsequent events through September 8, 2023, the date which the financial statements were available to be issued.

**(2) Tax Exempt Status**

BCAP is a nonprofit organization that is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. BCAP has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). BCAP has no unrelated business income subject to income tax.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

BCAP is no longer subject to U.S. federal income tax audits on its Form 990 by taxing authorities for years prior to 2019. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, BCAP believes no issues would arise.

(3) **Investments**

Investments consist of BCAP’s beneficial interest in the Community Foundation Serving Boulder County (“Community Foundation”) which is considered a Level 3 investment and reflected at fair market value.

The changes in the investments for which BCAP has used Level 3 inputs to determine the fair values during the year ended December 31, 2022, are as follows:

Balance, January 1, 2022	\$ 24,546
Total gains or losses (realized and unrealized), net of fees of \$290	<u>(3,276)</u>
Balance, December 31, 2022	<u><u>\$ 21,270</u></u>

The fair value is based on the value of BCAP’s portion of the underlying investments in the beneficial interest using valuation methods that are appropriate for those investments as determined by the Community Foundation.

Quantitative information related to valuation inputs is not available since the value of which provided by the Community Foundation was used without adjustment. On an annual basis, BCAP’s management evaluates the return received from the beneficial interest against the value of its portion of the beneficial interest for reasonableness as compared with current market returns. Management believes that the sensitivity in the fair value measurement of the beneficial interest is related to market fluctuations, as the investments held in the beneficial interest are primarily marketable securities.

(4) **Concentrations Of Credit Risk**

During the year ended December 31, 2022, BCAP received approximately 41% of its support from a Regional Service Provider contract for HIV services with the Colorado Department of Public Health and Environment. If the contract was to be reduced or eliminated, BCAP’s finances could be materially adversely affected.

(5) **Beneficial Interest In Assets Held By Community Foundation Endowment Fund**

The Board of Directors established an agency endowment fund with the Community Foundation. The endowment is managed by the Community Foundation and is subject to the policies of the Community Foundation.

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BCAP granted variance power to the Community Foundation which allows the Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the Community Foundation's Board of Directors such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of BCAP. In accordance with the requirements of the Transfers of Assets to a Nonprofit Organization or Charitable Trust That Raises or Holds Contributions for Others accounting standard, the transfer was not considered to be a contribution from BCAP to the Endowment Fund, but rather was accounted for as reciprocal transfer between BCAP and the Endowment Fund. Therefore, the transfers are reflected collectively in the Statement of Financial Position as Beneficial interest in assets held by Community Foundation Endowment Fund.

The Endowment Fund is held and invested by the Community Foundation for the benefit of BCAP. BCAP receives annual distributions of the lesser of five percent of the monthly average balance of the Fund during the preceding year, or the net investment income of the Fund, reduced by fees and investment management expense. Excess earnings, if any, are reinvested in the Fund. As of December 31, 2022, the fair value of the assets of the Endowment Fund was \$21,270. Distributions from the endowment fund are available to BCAP for its unrestricted use. No distributions were received during the year ended December 31, 2022.

(6) **Endowment**

General

BCAP's endowment fund was established by action of the Board of Directors (the "Board") to be maintained in perpetuity. The endowment fund may include both donor-restricted endowment funds as well as funds designated by the Board to function as endowments. Endowment funds may be established for either specific purposes or general operating use. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.



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Interpretation of Relevant Law

BCAP is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, BCAP would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. BCAP has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater. The beneficial interest in trust amount reflected in net assets with donor restrictions is adjusted for the annual appreciation or depreciation and distribution of the funds held by Community Foundation.

In accordance with UPMIFA, BCAP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of BCAP and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of BCAP
- (7) The investment policies of BCAP

Changes in endowment net assets during the year ended December 31, 2022

Endowment net assets, beginning of year	\$ 24,546
Investment income, net of fees of \$290	(3,276)
Endowment net assets, end of year	<u>\$ 21,270</u>

Return Objectives and Risk Parameters

BCAP follows the investment and spending policies adopted by Community Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Beneficial interest in trust include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, BCAP relies on the Community Foundation’s investment policy and strategy which strive to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The funds are held in a pooled investment portfolio which are invested with a long-term strategy with a balanced portfolio of equity, fixed-income, alternative assets, and cash.

Spending Policy and How the Investment Objectives Relate to Spending Policy

BCAP can receive annual distributions of the lessor of five percent of the monthly average balance of the Community Foundation Endowment Fund during the preceding year, or the net investment income of the Fund, reduced by fees and investment management expense, as discussed in Note 5. During the year ended December 31, 2022, BCAP did not receive any distributions.

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following purposes as of December 31, 2022:

<u>Subject to expenditure for specified purpose:</u>	
Care	\$ 29,095
Prevention	13,907
<u>Subject to spending policy and appropriation:</u>	
Investments held in perpetuity	21,270
Total	<u>\$ 64,272</u>

(8) Leases

BCAP evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents BCAP's right to use the underlying asset for the lease term, and the lease liability represents BCAP's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from operating leases, were calculated based on the present value of the future minimum lease payments over the lease terms. BCAP made an accounting policy election to use a risk-free rate in lieu of its current incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease liabilities as of December 31, 2022, was 4%.

BCAP rents office space at 2118 14<sup>th</sup> Street, Boulder, CO under a non-cancelable lease expiring in 2027, with an option to extend for no less than one additional year and for as much as an additional five year term, commencing on January 1, 2028 and terminating on December 31<sup>st</sup> of the year to which it is extended. Beginning January 1, 2023, lease payments of \$1,580 are due monthly in advance. On January 1, 2024 and the 1<sup>st</sup> day of January each year thereafter during the lease term, the monthly rent shall increase based on the increase in the "Consumer Price Index for all Urban Consumers-All Items" for the Denver Region for the preceding twelve months, not to exceed 5% in any one year. Rent payments totaled \$16,856 under the previous lease that expired December 31, 2022. The accompanying financial statements include additional contributions of nonfinancial assets of \$173,136 for 2022, representing donated market value of rent (including leased parking) over actual rent charged. BCAP is responsible for specified insurance coverage, routine repairs and maintenance, and certain utilities.

BCAP also rents office space at 515 Kimbark, Longmont, CO, which expired September 30, 2022, and was renewed on October 1, 2022, for an additional term through September 30, 2024. Rent payments totaled \$10,830 for 2022.

Future maturities of the lease liability under these leases for the years ended are as follows:

Years Ending December 31	Boulder	Longmont	Total
2023	\$ 18,960	\$ 12,720	\$ 31,680
2024	18,960	9,540	28,500
2025	18,960		18,960
2026	18,960		18,960
2027	18,960		18,960
Total lease payments	\$ 94,800	\$ 22,260	\$ 117,060
Less present value discount	(8,722)	(724)	(9,446)
Total lease obligation	<u>\$ 86,078</u>	<u>\$ 21,536</u>	<u>\$ 107,614</u>

The weighted-average remaining lease term and weighted-average discount rate was 4.35 years and 4%, respectively, as of December 31, 2022.

# BOULDER COUNTY AIDS PROJECT

(9) **Liquidity And Availability Of Financial Assets**

BCAP's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 732,186
Grants receivable	86,274
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 818,460</u>

BCAP has an established policy to maintain financial assets to meet at least three months of operating expenses. As part of the BCAP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. BCAP can also receive minimal distributions from its beneficial interest in trust which are not included above.

(10) **Employee Benefit Plans**

In 1997, BCAP established a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Eligible employees may make contributions to the plan up to a maximum amount allowed under the Internal Revenue Code. BCAP does not make employer contributions to this plan.

(11) **Contributed Nonfinancial Assets**

The value of gifts-in-kind and donated services by program and category included for the year ended December 31, 2022, were as follows:

<u>Program</u>	
HIV care services (e.g. food, acupuncture, psychotherapy)	\$ 90,703
Prevention services (e.g. HIV and HCV testing and syringe access supplies)	69,932
Development (e.g. graphic/web design and special events)	30,440
Administration (e.g. facility rent and consulting)	192,224
Total	<u>\$ 383,299</u>
 <u>Category</u>	
Food and client assistance	\$ 160,635
Professional services	49,528
Facility leases	173,136
Total	<u>\$ 383,299</u>

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During the year ended December 31, 2022, all gifts-in-kind were utilized to carry out the mission of BCAP. The food and client assistance and professional services were valued and reported at the estimated fair value in the financial statements based on current rates for similar services. Facility leases were valued at the market value of rent (including leased parking).

All gifts-in-kind received by BCAP for the year ended December 31, 2022, were considered without donor restrictions and able to be used by BCAP as determined by the Board of Directors and management.

(12) Expenses

Total expenses incurred during the year ended December 31, 2022, are as follows:

Total expenses reported by function	\$ 1,820,436
Cost of direct benefit to donors	28,423
Total Expenses	<u>\$ 1,848,859</u>