COLUMBUS

Entrepreneurs of the Human Spirit™

Columbus Foundation, Inc.

Consolidated Financial Statements

And

Independent Auditor's Report

As of June 30, 2019 and 2018
and for the years then ended

Columbus Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Columbus Foundation, Inc.
Salt Lake City, Utah

Financial Statements

We have audited the accompanying consolidated financial statements of Columbus Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditor's 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 auditor considers internal control relevant to the entity'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 the entity'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.

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 consolidated financial statements referred to above presents fairly, in all material respects, the financial position of Columbus Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As explained in Note 22 to the financial statements, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities,* ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*, and ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* as of and for the year ended June 30, 2019. The requirements of the ASU's have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Detail of Consolidated Statement of Financial Position on page 28 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Shaw & Co., P.C.

Bountiful, Utah
February 14, 2020

Columbus Foundation

Consolidated Statements of Financial Position

June 30, 2019 and 2018

	06/30/2019	06/30/2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,590,843	$ 1,824,781
Current portion of accounts receivable, including promises to give	1,250,654	1,189,770
Allowance for doubtful accounts	(119,800)	-
Prepaid expenses	56,863	30,005
Total current assets	2,778,560	3,044,556
Property and equipment, at cost	10,635,970	8,088,133
Less: accumulated depreciation and amortization	(3,360,347)	(3,191,872)
Property and equipment, net	7,275,623	4,896,261
Cash and cash equivalents, restricted	4,924,639	725,808
Accounts receivable, including promises to give, less current portion	820,000	385,000
Investments, restricted	122,934	112,699
Beneficial interest in assets held by others	46,800	45,022
Notes receivable	6,365,827	-
Equity method investments	83	-
Cost method investments	231	-
Hub in progress	13,954	1,441,933
Total assets	$ 22,348,651	$ 10,651,279
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 37,025	$ 60,673
Accrued salaries and benefits	386,093	345,464
Accrued expenses and other liabilities	12,410	-
Lines of credit	1,028,133	-
Current portion of long-term debt	179,547	151,318
Total current liabilities	1,643,208	557,455
Long-term debt, less current portion	10,243,598	1,191,475
Total liabilities	11,886,806	1,748,930
Net assets		
Columbus Foundation		
Net assets without donor restrictions	5,974,774	5,723,500
Net assets with donor restrictions	4,468,650	3,178,849
Noncontrolling interests in subsidiaries	18,421	-
Total net assets	10,461,845	8,902,349
Total liabilities and net assets	$ 22,348,651	$ 10,651,279

See accompanying notes to financial statements.

Columbus Foundation
Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Revenues			
Fees for service	$ 4,890,309	$ -	$ 4,890,309
Contract revenue	2,368,988	-	2,368,988
Rental income	113,372	-	113,372
Investment income, net	12,799	-	12,799
Gain or loss on disposal	394,723	-	394,723
Other income	294	-	294
Interest income	14,100	-	14,100
Change in value of beneficial interest	1,778	-	1,778
Special event	63,041	-	63,041
Less: cost of direct benefit to donors	(54,453)	-	(54,453)
Total revenues	7,804,951	-	7,804,951
Support			
Capital campaign	-	881,896	881,896
Contributions	132,423	225,667	358,090
Government grants	365,278	250,000	615,278
In-kind contributions	13,512	250,298	263,810
Net assets released from restrictions	318,060	(318,060)	-
Total support	829,273	1,289,801	2,119,074
Total revenues and support	8,634,224	1,289,801	9,924,025
EXPENSES			
Program services	6,685,721	-	6,685,721
Management and general	1,217,151	-	1,217,151
Fundraising	480,078	-	480,078
Total expenses	8,382,950	-	8,382,950
Change in net assets	251,274	1,289,801	1,541,075
Change in net assets attributable to noncontrolling interest in subsidiary	-	-	-
Change in net assets attributable to Columbus Foundation	251,274	1,289,801	1,541,075
Columbus Foundation net assets, beginning of year	5,723,500	3,178,849	8,902,349
Columbus Foundation net assets, end of year	$ 5,974,774	$ 4,468,650	$ 10,443,424

See accompanying notes to financial statements.

Columbus Foundation
Consolidated Statement of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Revenues			
Fees for service	$ 4,712,691	$ -	$ 4,712,691
Contract revenue	3,299,161	-	3,299,161
Rental income	59,494	-	59,494
Investment income, net	13,087	-	13,087
Gain or loss on disposal	-	-	-
Other income	9,107	-	9,107
Interest income	4,439	-	4,439
Change in value of beneficial interest	2,052	-	2,052
Total revenues	8,100,031	-	8,100,031
Support			
Capital campaign	-	453,454	453,454
Contributions	95,130	254,124	349,254
Government grants	355,340	250,000	605,340
Net assets released from restrictions	379,419	(379,419)	-
Total support	829,889	578,159	1,408,048
Total revenues and support	8,929,920	578,159	9,508,079
EXPENSES			
Program services	6,875,028	-	6,875,028
Management and general	1,132,983	-	1,132,983
Fundraising	411,976	-	411,976
Total expenses	8,419,987	-	8,419,987
Change in net assets	509,933	578,159	1,088,092
Net assets, beginning of year	5,213,567	2,600,690	7,814,257
Net assets, end of year	$ 5,723,500	$ 3,178,849	$ 8,902,349

See accompanying notes to financial statements.

Columbus Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services					Supporting Activities			
	Vocational Support Services	Residential Services	Community Employment	Activities	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and wages	$ 1,642,009	$ 1,445,537	$ 577,839	$ 468,617	$ 4,134,002	$ 610,471	$ 298,044	$ 908,515	5,042,517
Payroll taxes	122,750	109,572	42,322	34,477	309,121	43,051	23,324	66,375	375,496
Employee benefits	172,171	148,491	74,897	69,727	465,286	103,930	30,077	134,007	599,293
Total salaries and related expenses	1,936,930	1,703,600	695,058	572,821	4,908,409	757,452	351,445	1,108,897	6,017,306
Contracted services	322,958	26,065	60,096	44,213	453,332	140,518	84,730	225,248	678,580
Supplies	96,356	27,259	16,582	9,633	149,830	26,672	24,832	51,504	201,334
Utilities	64,440	38,226	5,384	14,393	122,443	37,555	-	37,555	159,998
Cost of goods sold	136,530	-	11,111	-	147,641	-	-	-	147,641
Vehicles	66,013	30,503	29,627	4,915	131,058	6,823	4,620	11,443	142,501
Insurance	44,901	39,529	15,801	12,815	113,046	17,399	8,150	25,549	138,595
Rent	-	79,575	-	-	79,575	49,669	-	49,669	129,244
Bad debt	119,800	-	-	-	119,800	-	-	-	119,800
Bank charges	-	-	-	-	-	90,778		90,778	90,778
Food	248	290	502	13,951	14,991	60,756	27	60,783	75,774
Interest	26,675	5,472	2,736	27,360	62,243	5,472	684	6,156	68,399
Dues and fees	8,499	5,113	8,705	1,932	24,249	31,251	-	31,251	55,500
Repairs and maintenance	30,838	2,928	-	4,336	38,102	14,247	-	14,247	52,349
Travel	3,964	-	23,012	-	26,976	7,118	2,380	9,498	36,474
Miscellaneous	105	-	-	-	105	217	-	217	322
Total expenses before depreciation and amortization	2,858,257	1,958,560	868,614	706,369	6,391,800	1,245,927	476,868	1,722,795	8,114,595
Depreciation and amortization	127,023	25,677	12,838	128,383	293,921	25,677	3,210	28,887	322,808
Total functional expenses	$ 2,985,280	$ 1,984,237	$ 881,452	$ 834,752	$ 6,685,721	$ 1,271,604	$ 480,078	$ 1,751,682	$ 8,437,403
RECONCILIATION TO STATEMENT OF ACTIVITIES									
Cost of direct benefit to donors	-	-	-	-	-	(54,453)	-	(54,453)	(54,453)
Total expenses	$ 2,985,280	$ 1,984,237	$ 881,452	$ 834,752	$ 6,685,721	$ 1,217,151	$ 480,078	$ 1,697,229	$ 8,382,950

See accompanying notes to financial statements.

Columbus Foundation

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services					Supporting Activities			
	Vocational Support Services	Residential Services	Community Employment	Activities	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and wages	$ 1,828,143	$ 1,430,593	$ 469,604	$ 383,539	$ 4,111,879	$ 628,544	$ 259,807	$ 888,351	$ 5,000,230
Payroll taxes	137,524	106,335	35,201	28,290	307,350	38,460	22,292	60,752	368,102
Employee benefits	183,687	159,347	59,910	57,883	460,827	61,252	27,489	88,741	549,568
Total salaries and related expenses	2,149,354	1,696,275	564,715	469,712	4,880,056	728,256	309,588	1,037,844	5,917,900
Contracted services	613,809	16,898	21,937	40,744	693,388	160,715	75,058	235,773	929,161
Supplies	103,588	27,568	14,128	8,886	154,170	25,147	11,333	36,480	190,650
Utilities	91,105	38,859	2,930	18,860	151,754	35,707	-	35,707	187,461
Cost of goods sold	165,125	-	-	-	165,125	-	-	-	165,125
Vehicles	106,233	32,634	12,181	4,660	155,708	6,069	-	6,069	161,777
Insurance	46,221	36,170	11,873	9,697	103,961	16,597	6,569	23,166	127,127
Repairs and maintenance	33,431	29,392	-	5,128	67,951	14,330	-	14,330	82,281
Rent	45,504	31,882	-	-	77,386	-	-	-	77,386
Bank charges	-	-	-	-	-	72,795	-	72,795	72,795
Dues and fees	10,425	6,387	31,454	2,313	50,579	20,136	-	20,136	70,715
Food	15	7,978	520	13,575	22,088	13,152	-	13,152	35,240
Interest	12,576	2,580	1,290	12,899	29,345	2,580	322	2,902	32,247
Travel	6,694	-	7,488	-	14,182	8,299	5,740	14,039	28,221
Miscellaneous	2,998	-	-	-	2,998	2,269	-	2,269	5,267
Total expenses before depreciation and amortization	3,387,078	1,926,623	668,516	586,474	6,568,691	1,106,052	408,610	1,514,662	8,083,353
Depreciation and amortization	131,287	26,931	13,465	134,654	306,337	26,931	3,366	30,297	336,634
Total expenses	$ 3,518,365	$ 1,953,554	$ 681,981	$ 721,128	$ 6,875,028	$ 1,132,983	$ 411,976	$ 1,544,959	$ 8,419,987

See accompanying notes to financial statements.

Columbus Foundation

Consolidated Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	06/30/2019	06/30/2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,541,075	$ 1,088,092
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	322,808	336,634
Amortization of debt issuance costs	5,593	5,593
Bad debt	119,800	-
Accrued interest	(12,800)	-
In-kind contributions of investments	(250,298)	-
Contributions restricted for Hub	(681,895)	-
Change in value of beneficial interest	(1,778)	(2,053)
Noncash investment income, net	(10,779)	(13,087)
Gain on disposal of equipment	(394,723)	-
Changes in operating assets and liabilities		
Accounts receivable, including promises to give	(1,136,659)	63,388
Inventory	-	11,802
Prepaid expenses	(26,858)	12,079
Accounts payable	617,126	(22,415)
Accrued salaries and benefits	40,629	27,976
Accrued expenses and other liabilities	12,410	(383,870)
Net cash provided by operating activities	143,651	1,124,139
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,115,850)	(65,077)
Proceeds from sale of property and equipment	1,278,286	-
Issuance of notes receivable	(5,386,932)	-
Purchases of equity method investments	(83)	-
Purchases of cost method investments	(231)	
Purchases of Hub in progress	-	(739,500)
Non-controlling balance sheet accounts	18,421	-
Net cash used in investing activities	(7,206,389)	(804,577)

See accompanying notes to financial statements.

Columbus Foundation

Consolidated Statements of Cash Flows (continued)
Years Ended June 30, 2019 and 2018

	06/30/2019	06/30/2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for Hub	$ 681,895	$ -
Proceeds from sale of investments	242,844	-
Proceeds from issuance of long-term debt	11,358,633	-
Principal payments on long-term debt	(1,255,741)	(145,491)
Net cash provided by financing activities	11,027,631	(145,491)
Net change in cash	3,964,893	174,071
Cash and cash equivalents, beginning of year	2,550,589	2,376,518
Cash and cash equivalents, end of year	$ 6,515,482	$ 2,550,589
Cash and cash equivalents	$ 1,590,843	$ 1,824,781
Cash and cash equivalents, restricted	4,924,639	725,808
Total cash and cash equivalents shown in statement of cash flow	$ 6,515,482	$ 2,550,589
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 68,399	$ 32,247
Cash paid for income taxes	$ -	$ -
In-kind contributions of investments	$ 250,298	$ -
Transfer from Hub in progress to notes receivable	$ 966,095	$ -
Transfer from Hub in progress to property and equipment	$ 475,838	$ -

See accompanying notes to financial statements.

1. ORGANIZATION

Columbus Foundation, Inc. dba Columbus Community Center (the "Organization") was incorporated on March 3, 1968 under the laws of the State of Utah as a 501(c)(3) nonprofit corporation. The Organization offers programs and services to individuals with intellectual and physical disabilities to enable them to live with some level of independence in the community.

Vocational Training

Vocational Training is provided to Columbus Community Center clients who are able to perform a wide range of process and packaging tasks in the Columbus Production Services (CPS) warehouse, located in West Valley City. Additional training is provided in the Organization's secure shredding facility, in the Intermountain Health Care laundry facility in North Salt Lake, and at various locations throughout the valley where grounds and janitorial work are performed.

Residential Services

Residential services are provided to approximately sixty clients ranging from medically fragile to reasonably independent in seven facilities located in the Salt Lake area. Some of the residential facilities are staffed 24-hours daily, while other residential facilities are staffed as needed to provide occasional assistance to clients.

Community Employment

Community employment services are provided to clients to assist them in working in the community, outside of Columbus Community Center's work sites. Job coaches assess abilities and needs and work with clients and local businesses to determine appropriate jobs.

Activities

The Organization's staff provide an activities program for medically fragile and other clients who are not capable of working but are able and willing to socialize with each other. The activities program is operated in a separate building.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Date of Management's Review

Subsequent events were evaluated through February 14, 2020, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

Basis of Accounting and Principles of Consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of Columbus Foundation, Inc. dba Columbus Community Center, Hub Nextwork, LLC, Hub of Opportunity III, LLC, and Hub 4% Management, LLC. Hub Nextwork, LLC, Hub of Opportunity III, LLC, and Hub 4% Management, LLC are owned through a majority equity interest by Columbus Foundation, Inc., and, therefore, are presented on a consolidated basis. All intercompany accounts and transactions have been eliminated. These ownership interests were acquired December 2018. During the years ended June 30, 2019 and 2018, there was no change in net assets associated with these entities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents excludes restricted cash.

Restricted Cash and Cash Equivalents

Restricted cash consisted of the following at June 30, 2019 and 2018:

	2019	2018
Scholarship Funds	$ 29,381	$ 24,617
Dignity Through Work scholarships	-	66,505
Escrow reserve for rented properties	100,068	-
Capital campaign	3,291	634,686
Hub Nextwork, LLC NMTC	4,791,899	-
Total restricted cash	$ 4,924,639	$ 725,808

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At June 30, 2019 and 2018, cash in bank deposit accounts exceeded the FDIC insured limit of $250,000 by $5,832,673 and $1,998,673, respectively. The Organization has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. The Organization’s accounts receivable are generally short-term in nature; thus, the Organization does not accrue finance or interest charges. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. The allowance for doubtful accounts was $119,800 and $0, respectively, as of June 30, 2019 and 2018.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for uncollectible promises has not been established at June 30, 2019 and 2018 because management believes that all promises to give will be fully collectible.

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2019 and 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed $5,000. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation and amortization expense are provided on a straight-line basis over the estimated useful lives of the respective assets or lease terms, which range from five to thirty years. Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was $322,808 and $336,634, respectively.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Therefore, investments are reported at their fair values in the statement of financial position. Investment return, net is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Endowment Fund

The Organization's endowment consists of two funds established to support specific activities (including Dignity Through Work Scholarships) and general operations. The endowment consists of donor-restricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of June 30, 2019 and 2018, there were no such donor stipulations. Consequently, the Organization classifies net assets with donor restrictions as:

- The original value of gifts donated to the perpetual endowment, and
- The original value of subsequent gifts to the perpetual endowment.
- Investment income, net associated with the endowment that has not been appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions, including the possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other sources of the Organization
- The investment policies of the Organization

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

b. *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program Service Revenue

Revenue is measured on the consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes, if any, assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Organization from a customer, are excluded from revenue. The following is a description of the Organization's principal activities which generate program service revenue.

Fees for Service

The Organization has a formal contract with DSPD to provide a variety of services to clients including residential, activity, community employment, and living skills. Fees for service are earned and recognized when the services are provided, calculated on a daily, hourly, or unit basis.

Contract Revenue

The Organization provides grounds, janitorial, and shredding services to customers. Contract revenue is earned and recognized when the services are provided, calculated on a monthly or unit basis.

Rental Income

The Organization leases residential facilities to clients and customers under formal leasing agreements. Rental income is recognized when use of facilities is provided, calculated on a monthly basis. Customer deposits related to future use of the facilities, if any, are included in deferred revenue.

In-kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service. In-kind contributions received during the year ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Donated goods		
Investments in marketable securities	$ 250,298	$ -
Professional consulting services	13,512	-
Total in-kind contributions	$ 263,810	$ -

In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Estimates in the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, and employee benefits are allocated on the basis of estimated time and effort. Depreciation is allocated based on square footage.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the years ended June 30, 2019 and 2018 was $4,104 and $10,143, respectively, which is included in supplies expense in the statement of functional expenses.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2019 and 2018.

The Organization’s Form 990, *Return of Organization Exempt from Income Tax,* for the years ending June 30, 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization’s primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classifications of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization’s tax filings and does not believe that any material uncertain tax positions exist.

Reclassifications

Certain items from June 30, 2018 have been reclassified to conform to the June 30, 2019 presentation.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 consisted of the following:

Cash and cash equivalents	$ 1,590,843
Current portion of accounts receivable, including promises to give	1,250,654
Allowance for doubtful accounts	(119,800)
Current financial assets, at year-end	2,721,697
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	(250,667)
Financial assets available to meet cash needs for general expenditure within one year	$ 2,471,030

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2018 consisted of the following:

Cash and cash equivalents	$ 1,824,781
Current portion of accounts receivable, including promises to give	1,189,770
Current financial assets, at year-end	3,014,551
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	(276,555)
Financial assets available to meet cash needs for general expenditure within one year	$ 2,737,996

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of $2,615,000 and credit cards with an aggregate credit limit of $50,000, which it could draw upon.

4. ACCOUNTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts receivable, including promises to give, consisted of the following at June 30, 2019:

	Accounts Receivable	Promises to Give
Amounts expected to be collected in:		
Less than one year	$ 1,175,654	$ 685,000
One to five years	-	210,000
More than five years	-	-
Total accounts receivable, including promises to give	1,175,654	895,000
Less: current portion	(1,175,654)	(75,000)
Accounts receivable, including promises to give, less current portion	$ -	$ 820,000

Accounts receivable, including promises to give, consisted of the following at June 30, 2018:

	Accounts Receivable	Promises to Give
Amounts expected to be collected in:		
Less than one year	$ 1,149,770	$ 40,000
One to five years	-	385,000
More than five years	-	-
Total accounts receivable, including promises to give	1,149,770	425,000
Less: current portion	(1,149,770)	(40,000)
Accounts receivable, including promises to give, less current portion	$ -	$ 385,000

Management has established an allowance for doubtful accounts as of June 30, 2019 and 2018 of $119,800 and $0, respectively. Promises to give that have been donor-restricted for the capital campaign are included in amounts classified as noncurrent.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	2019	2018
Land	$ 1,051,447	$ 1,577,568
Buildings	8,364,631	5,451,096
Furniture and equipment	496,003	520,444
Vehicles	723,889	539,025
	10,635,970	8,008,133
Less: accumulated depreciation and amortization	(3,360,347)	(3,191,872)
Property and equipment, net	$ 7,275,623	$ 4,896,261

6. FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

Level 1

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued based on quoted NAV of the shares held by the Organization at year-end. The values of underlying common stocks, corporate bonds, and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

Level 3

Pooled investment funds: Valued at net asset value per unit as reported by the Community Foundation of Utah, as a practical expedient for measuring fair value. The Organization uses this practical expedient because the units do not trade in the marketplace and the Community Foundation of Utah reports all its investment assets at fair value. Redemption of pooled investment funds is restricted as described in Note 8.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2019:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Common stock	$ 8,276	$ -	$ -	$ 8,276
Equity mutual funds	114,658	-	-	114,658
Total investments	122,934	-	-	122,934
Pooled investment funds	-	-	46,800	46,800
Total beneficial interest in assets held by others	-	-	46,800	46,800
Total	$ 122,934	$ -	$ 46,800	$ 169,734

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2019:

Balance at June 30, 2018	$ 45,022
Change in value of beneficial interest	1,778
Balance at June 30, 2019	$ 46,800

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2018:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Common stock	$ 6,408	$ -	$ -	$ 6,408
Equity mutual funds	106,291	-	-	106,291
Total investments	112,699	-	-	112,699
Pooled investment funds	-	-	45,022	45,022
Total beneficial interest in assets held by others	-	-	45,022	45,022
Total	$ 112,699	$ -	$ 45,022	$ 157,721

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2018:

Balance at June 30, 2017	$ 42,970
Change in value of beneficial interest	2,052
Balance at June 30, 2018	$ 45,022

7. ENDOWMENT FUND

The Organization's endowment (the Endowment) consists of the Peter Demirali Scholarship Fund and the Heather Lyn Bowman Scholarship Fund. The Peter Demirali Scholarship Fund was established in June 2013 by a Gift Agreement to provide annual funding for specific activities (including Dignity Through Work scholarships) and general operations. The Heather Lyn Bowman Scholarship Fund was established in December 2016 to provide annual funding for Dignity Through Work scholarships.

Endowment net asset composition by type of fund at June 30, 2019 was as follows:

	Without Donor Restrictions	With Donor Restrictions
Peter Demirali Scholarship Fund	$ -	$ 127,315
Healther Lyn Bowman Scholarship Fund	-	25,000
	$ -	$ 152,315

Changes in endowment net assets for the fiscal year ending June 30, 2019 was as follows:

	Without Donor Restrictions	With Donor Restrictions
Net assets, June 30, 2018	$ -	$ 137,315
Contributions	-	15,000
Investment return		
Investment income, net	-	12,799
Appropriation of endowment assets for expenditure	-	(12,799)
Net assets, June 30, 2019	$ -	$ 152,315

Endowment net asset composition by type of fund at June 30, 2018 was as follows:

	Without Donor Restrictions	With Donor Restrictions
Peter Demirali Scholarship Fund	$ -	$ 127,315
Healther Lyn Bowman Scholarship Fund	-	10,000
	$ -	$ 137,315

Changes in endowment net assets for the fiscal year ending June 30, 2018 was as follows:

	Without Donor Restrictions	With Donor Restrictions
Net assets, June 30, 2017	$ -	$ 132,315
Contributions	-	5,000
Investment return		
Investment income, net	-	14,751
Appropriation of endowment assets for expenditure	-	(14,751)
Net assets, June 30, 2018	$ -	$ 137,315

8. HUB IN PROGRESS

The Hub of Opportunity (The Hub) is an innovative transit-oriented, 200,000 square-foot commercial and residential development that will bring together a unique combination of community services, workforce development opportunities, and community living for individuals with disabilities. The Hub is being developed by the Organization in partnership with a government agency and third-party investor through several separate partnerships that will finance the majority of the project through the use of low-income housing tax credits. Amounts paid to fund initial design and construction work related to the project that have not yet been formally invested in one of the partnerships are presented as Hub in Progress. As of June 30, 2018, no assets had been transferred to these partnerships by the partners, because certain details surrounding the agreement had not yet been finalized. At June 30, 2019 and 2018, Hub in Progress totaled $13,954 and $1,441,933, respectively. See also Note 2, Note 11, and Note 12.

9. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization established the Columbus Dignity Through Work Fund through Community Foundation of Utah. The designated purpose of the fund is for the support of the charitable purposes of the Organization. Once the fund balance reaches $50,000, distributions may be made for charitable purposes in accordance with Community Foundation of Utah's spending policy. Distributions in excess of Community Foundation of Utah's spending policy may also be made to (1) acquire or renovate a capital asset, (2) meet an unexpected and nonrecurring financial need, or (3) benefit the Organization, advance its charitable purpose, and benefit the community.

At the time the fund was established, the Organization granted variance power to Community Foundation of Utah. That power gives Community Foundation of Utah the right to modify any restriction or condition on the distribution of funds if such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. At June 30, 2019 and 2018, Community Foundation of Utah has not notified the Organization of any decision to exercise its variance power.

The Organization believes that the fair value of the future cash flows to be received from its beneficial interest in assets held by the Community Foundation of Utah approximates the fair value of the underlying assets held by the Community Foundation of Utah. The assets held by the Community Foundation of Utah are entirely comprised of pooled investment funds held and managed by the Community Foundation of Utah. Fair value is based on the net asset value per share as determined by the Community Foundation of Utah and provided to the Organization. The fund consists primarily of various common and preferred stocks, asset backed obligations, mutual and index funds, government obligations, and cash equivalent funds. The investment is directed by the Community Foundation of Utah and the portfolio is designed to achieve returns consistent with the Community Foundation of Utah's adopted investment policies. At June 30, 2019 and 2018 the fund had a value of $46,800 and $45,022, respectively, which is reported in the statements of financial position as beneficial interest in assets held by others.

10. NOTES RECEIVABLE

On December 31, 2018, Columbus Foundation was issued a note receivable due from Hub of Opportunity II, LLC. The note receivable is non-interest bearing and requires no payments through October 31, 2038. On November 1, 2038, the note requires monthly payments or interest and principal totaling $1,171 through November 2058. Monthly rents are limited to the gross operating revenue available after payment of operating expenses. The note receivable is secured by a deed of trust pledging Hub of Opportunity II, LLC's interest in the Hub of Opportunity project. Annual interest is imputed on this note at 1.818%. At June 30, 2019 and 2018, amounts receivable under this note totaled $421,448 and $0, respectively.

On December 31, 2018, Columbus Foundation was issued a note receivable due from Hub of Opportunity, LLC. The note receivable is non-interest bearing and requires no payments through October 31, 2038. On November 1, 2038, the note requires monthly payments of interest and principal totaling $6,474 through

November 1, 2058. The note receivable is secured by a deed of trust pledging Hub of Opportunity, LLC's interest in the Hub of Opportunity project. Annual interest is imputed on this note at 1.818%. At June 30, 2019 and 2018, amounts receivable under this note totaled $1,252,079 and $0, respectively.

On December 31, 2018, Hub of Opportunity III, which is wholly owned by Columbus Foundation, Inc. and is included in the consolidated reporting entity, was issued a note receivable due from Hub Investment Fund, LLC. The note receivable bears annual interest of 2.6969% and requires interest-only payments through December 2025. In January 2026 the note requires a balloon payment of $2,100,000. On March 15, 2026 the note requires quarterly payments of interest and principal totaling $37,665 through December 2048. The note receivable is secured by a collateral agreement in ownership of the real property and other assets of the Hub Investment Fund, LLC. At June 30, 2019 and 2018, amounts receivable under this note totaled $4,679,500 and $0, respectively.

11. EQUITY METHOD INVESTMENTS

On December 31, 2018, the Columbus Foundation, Inc. acquired a 49% ownership interest in Hub 9% Management, LLC. Hub 9% Management, LLC owns .01% of Hub of Opportunity II, LLC. The Organization is considered to have significant influence over Hub 9% Management, LLC, therefore, this investment is accounted for using the equity method.

12. COST METHOD INVESTMENTS

On December 31, 2018, Hub 4% Management, LLC, which is a wholly owned subsidiary of Columbus Foundation, Inc., acquired a .01% ownership interest in Hub of Opportunity, LLC. Hub 4% Management, LLC is not considered to have significant influence over Hub of Opportunity, LLC, therefore, this investment is accounted for using the cost method.

13. LINES OF CREDIT

The Organization maintains a line of credit with a financial institution with a limit of $600,000 bearing annual interest of LIBOR+2.5% and expiring in July 2024. The line of credit is secured by all financial and intangible assets of Columbus Foundation. At June 30, 2019 and 2018 there was no balance on this line of credit.

The Organization maintains a line of credit with a government agency with a limit of $2,015,000 bearing annual interest of 3.2% and expiring in September 2019. The line of credit is secured by a deed of trust in real property owned by Columbus Foundation as well as assignment of rents. At June 30, 2019 and 2018 the balance on this line of credit was $1,028,133 and $0, respectively.

14. LONG-TERM DEBT

The Organization's long-term debt consists of a bond due to Salt Lake County, equipment loans, and notes payable related to the Hub of Opportunity.

Bond

On November 1, 2000, Salt Lake County issued $2,570,000 of Series 2000 Multi-Mode Variable Rate Training Facilities Revenue Bonds (the Bonds). The County then loaned the proceeds of the Bonds to the Organization (formerly known as Community Foundation for the Disabled, Inc.) for construction of production facilities and administrative offices. The Bonds are special limited obligations of the County and are payable solely out of the amounts from the Organization pursuant to the terms and provisions of the indenture and agreement. The Bonds are 2000-year serial bonds maturing in August 2025, with a variable interest rate, which was 2.05 and 1.66 percent as of June 30, 2019 and 2018, respectively. The Organization may from time to time convert the interest rate mode for the bonds to another interest rate mode in accordance with the terms of the Bond Indenture Agreement. Payment of principal and interest on the Bonds is guaranteed by a loan agreement which provides the County with rights and title to the program revenues and is secured by the production facilities and administrative offices. Interest on the Bonds is payable monthly, with various annual installments of principal through 2025.

In connection with the bond agreements, the Organization agrees that it will not sell, assign, transfer, exchange, or otherwise dispose of the Organization's facilities, and that it will not create, incur, or permit to exist any lien with respect to the Organizations facilities, except for the lien of the bond agreements. The bonds payable are secured by the Organizations facilities and revenues. The Organization has a letter of credit agreement with a bank (equal to the outstanding bond payable balance) which requires an annual payment of 1% of the outstanding bond payable amount.

Letter of credit fees are included in interest expense in the statement of functional expenses. Debt issuance costs, which consist of bond offering costs, are presented as a reduction of bond proceeds payable and are amortized to interest expense using the straight-line method over the life of the bond. At June 30, 2019 and 2018, bond proceeds payable totaled $1,093,645 and $1,218,052 , which consisted of principal of $1,130,000 and $1,260,000 reduced by unamortized debt issuance costs of $36,355 and $41,948, respectively.

Equipment Loans

In August 2014, the Organization issued a note payable to private party. The note payable is non-interest-bearing and requires quarterly payments of $4,750 through August 2019. The note payable is secured by equipment costing $95,000. At June 30, 2019 and 2018, the equipment loan payable under this agreement totaled $9,500 and $28,500, respectively.

In June 2019, the Organization issued a note payable to a financial institution. The note payable bears annual interest of 3.99% and requires monthly payments of $4,057 through June 2024. The note payable is secured by equipment costing $222,168. At June 30, 2019 and 2018, the equipment loan payable under this agreement totaled $220,000 and $0, respectively.

Hub of Opportunity Notes Payable

In December 2018, Hub Nextwork, LLC, which is majority owned by Columbus Foundation and included in the consolidated reporting entity, issued three notes payable to an investor partnership.

> Loan A bears annual interest of 1.8181% through December 2025 and requires interest-only payments through that date. On January 1, 2026, Loan A will be refinanced at an annual interest rate of 6% and will require monthly payments of interest and principal of $13,976 through December 2048. At June 30, 2019 and 2018, amounts payable under Loan A totaled $2,100,000 and $0, respectively.
>
> Loans B and C bear annual interest of 1.8181% through December 2025. They require interest-only payments through December 2025. On January 1, 2026, loans B and C require aggregate monthly payments of principal and interest of $21,704 through December 2048. At June 30, 2019 and 2018, amounts payable under Loans B and C totaled $4,900,000 and $0, respectively.

In December 2018, Hub of Opportunity III, which is wholly owned by Columbus Foundation and included in the consolidated reporting entity, issued a note payable to a financial institution. This note bears annual interest of 6% and requires interest-only payments through December 31, 2025. The entire principal balance is due in a balloon payment in January 2026. At June 30, 2019 and 2018, amounts payable under this loan totaled $2,100,000 and $0, respectively.

The Hub of Opportunity notes payable are secured by collateral agreements in ownership of the real property and other assets of the partnerships. In addition, certain restrictions have been placed on the use of the properties by the lenders completing construction of the Hub of Opportunity according to a specified timeline and budget, operating the facility as qualified low-income housing, and leasing the underlying residential units to individuals whose income does not exceed 80% of the median income of the Metropolitan Statistical area in which it is located.

Future Maturities

Future maturities of long-term debt are as follows:

Year Ending June 30,	Principal	Amortized Debt Issuance Costs
2020	$ 185,140	$ (5,593)
2021	187,292	(5,593)
2022	194,010	(5,593)
2023	205,798	(5,593)
2024	217,260	(5,593)
Thereafter	9,470,000	(8,390)
Total long-term debt	10,459,500	(36,355)
Less: current portion	(185,140)	5,593
Long-term debt, less current portion	$ 10,274,360	$ (30,762)

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose:		
Capital Campaign	$ 3,245,667	$ 2,313,474
Community Employment Expansion	175,667	251,555
Dignity Through Work Scholarships	-	66,505
Promises to give, the proceeds from which have been restricted by donors for:		
Capital Campaign	820,000	370,000
Community Employment Expansion	75,000	25,000
Total subject to expenditure for specified purpose	4,316,334	3,026,534
Restricted in perpetuity:		
Peter Demirali Scholarship Fund	127,315	127,315
Heather Lyn Bowman Scholarship Fund	25,000	10,000
Promises to give, the proceeds from which have been restricted by donors for:		
Heather Lyn Bowman Scholarship Fund	-	15,000
Total restricted in perpetuity:	152,315	152,315
Total net assets with donor restrictions	$ 4,468,649	$ 3,178,849

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the year ended June 30, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions:		
Community Employment Expansion	$ 251,555	$ 270,575
Dignity Through Work Scholarships	66,505	108,844
Total net assets released from donor restrictions	$ 318,060	$ 379,419

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's revenue from contracts with customers that are within the scope of Accounting Standards Codification (ASC) *Topic 606* include fees for service, contract revenue, and rental income.

Disaggregation of Revenue

The Organization's revenue from contracts with customers, disaggregated by major goods and services for the years ended June 30, 2019 and 2018 was as follows:

	2019	2018
Fees for service		
Vocational	$ 805,650	$ 825,441
Residential	2,720,720	2,701,263
Community Employment	287,153	181,760
Activities	1,076,786	1,004,227
Total fees for service	4,890,309	4,712,691
Contract revenue		
Vocational	2,324,014	3,252,409
Community Employment	44,974	46,752
Total contract revenue	2,368,988	3,299,161
Rental income	113,372	59,494
Total revenue from contracts with customers	$ 7,372,669	$ 8,071,346

The Organization's revenue from contracts with customers, disaggregated by contract type, for the years ended June 30, 2019 and 2018 was as follows:

	2019	2018
Goods and services transferred at a point in time	$ 7,372,669	$ 8,071,346
Total revenue from contracts with customers	$ 7,372,669	$ 8,071,346

Contract Balances

The Organization's receivables from contracts with customers, disaggregated by major goods or services, at June 30, 2019 and 2018 were as follows:

	2019	2018
Vocational	$ 567,014	$ 597,062
Community Employment	148,020	57,128
Residential	388,044	397,370
Total receivables from contracts with customers	$ 1,103,078	$ 1,051,560

At June 30, 2019 and 2018, the Organization did not have any contract asset or contract liability balances.

Transaction Price Allocated to Remaining Performance Obligations

At June 30, 2019 and 2018, the Organization did not have any future performance obligations that were unsatisfied (or partially unsatisfied).

17. LEASES

Lessee Arrangements

The Organization leases three residential facilities for use in its Residential Services program. These leases expire in August 2021, but become cancellable in March 2020. Aggregate monthly rent payments required under the leases are $4,750. The Organization has a right of first refusal to purchase these three residential facilities through August 2021. Future minimum payments required under non-cancellable leases are as follows:

Year ending June 30,	
2020	$ 38,000
Thereafter	-
Total future minimum payments	$ 38,000

Rent expense during the year ended June 30, 2019 and 2018 was $129,244 and $77,386, respectively.

Lessor Arrangements

The Organization's residential facilities are used as group homes to support the Organization's Residential Services program. The residential facilities, which cost $886,857 and had a carrying value of $852,141 as of June 30, 2019, are leased to individuals under operating leases requiring combined monthly payments of $5,650 and expiring between December 2019 and July 2020. The Organization also leased office space to a third party under a month-to-month agreement. Future minimum payments to be received under non-cancellable leases are as follows:

Year ending June 30,	
2020	$ 40,000
Thereafter	-
Total future minimum payments	$ 40,000

18. CONCENTRATIONS

During the year ended June 30, 2019, the Organization received 46% of its total revenue and support from Customer A. At June 30, 2019, 14% and 11% of total accounts receivable, including promises to give, was due from Customer A and Donor A, respectively.

During the year ended June 30, 2018, the Organization received 44% of its total revenue and support from Customer A. At June 30, 2018, 25% and 16% of total accounts receivable, including promises to give, was due from Customer A and Donor A, respectively. At June 30, 2018, 41% of total accounts payable was due to Vendor A.

19. COMMITMENTS AND CONTINGENCIES

The Organization participates in various government-assisted state programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization. The Organization may be involved in certain claims arising from the ordinary course of operations, and has purchased insurance policies to cover these risks.

20. RETIREMENT PLAN

As of January 1, 2015, the Organization began participating in a 401(k)-retirement plan sponsored by a third-party service provider that covers employees who meet certain eligibility requirements. The Organization contributes discretionary matching contributions for eligible employees. The Organization's contribution to the Plan during the years ended June 30, 2019 and 2018 was $41,234 and $52,321, respectively.

21. RELATED-PARTY TRANSACTIONS

The Organization provided contract services to a company of which one of the Organization's prior board members is an owner. Net contract service revenue related to contracts with this company during the years ended June 30, 2019 and 2018 totaled $245,468 and $175,339, respectively. At June 30, 2019 and 2018, accounts receivable due from this company totaled $0 and $91,797, respectively.

22. ADOPTION OF NEW ACCOUNTING PRONOUNCMENTS

For the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include:

- Presentation of two classes of net assets, versus the previously required three
- Recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service

- Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses

The guidance also enhances disclosures for liquidity, board designated amounts, composition of net assets with donor restrictions, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented.

For the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash.* This guidance requires that the statement of cash flows explain the change during the period in restricted cash and cash equivalents, in addition to cash and cash equivalents. Therefore, restricted cash and cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flow.

For the year ended June 30, 2019, the Organization adopted the FASB's ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or 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, as well as other disclosures. The Organization adopted this standard retrospectively, however, there was no impact on previously stated changes in net assets.

Columbus Foundation

Detail of Consolidated Statement of Financial Position

June 30, 2019

	Columbus Foundation	Hub Nextwork, LLC	Hub of Opportunity III, LLC	Hub 4% Management, LLC	Eliminations	Totals
ASSETS						
Current assets						
Cash and cash equivalents	$ 1,590,843	$ -	$ -	$ -	$ -	$ 1,590,843
Current portion of accounts receivable, including promises to give	1,820,435	49,993	21,000	-	(640,774)	1,250,654
Allowance for doubtful accounts	(119,800)	-	-	-	-	(119,800)
Prepaid expenses	56,863	-	-	-	-	56,863
Total current assets	3,348,341	49,993	21,000	-	(640,774)	2,778,560
Property and equipment, at cost	7,467,976	3,167,994	-	-	-	10,635,970
Less: accumulated depreciation and amortization	(3,360,347)	-	-	-	-	(3,360,347)
Property and equipment, net	4,107,629	3,167,994	-	-	-	7,275,623
Cash and cash equivalents, restricted	132,740	$ 4,791,899	-	-	-	4,924,639
Accounts receivable, including promises to give, less current portion	820,000	-	-	-	-	820,000
Investments, restricted	122,934	-	-	-	-	122,934
Beneficial interest in assets held by others	46,800	-	-	-	-	46,800
Notes receivable	1,686,327	-	4,679,500	-	-	6,365,827
Equity method investments	83	-	-	-	-	83
Cost method investments	-	-	-	231	-	231
Hub in progress	13,954	-	-	-	-	13,954
Total assets	$ 10,278,808	$ 8,009,886	$ 4,700,500	$ 231	$ (640,774)	$ 22,348,651
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	$ 36,333	$ 641,466	$ -	$ -	$ (640,774)	$ 37,025
Accrued salaries and benefits	386,093	-	-	-	-	386,093
Accrued expenses and other liabilities	12,410	-	-	-	-	12,410
Lines of credit	1,028,133	-	-	-	-	1,028,133
Current portion of long-term debt	179,547	-	-	-	-	179,547
Total current liabilities	1,642,516	641,466	-	-	(640,774)	1,643,208
Long-term debt, less current portion	1,143,598	7,000,000	2,100,000	-	-	10,243,598
Total liabilities	2,786,114	7,641,466	2,100,000	-	(640,774)	11,886,806
Net assets						
Columbus Foundation						
Net assets without donor restrictions	3,024,044	349,999	2,600,500	231	-	5,974,774
Net assets with donor restrictions	4,468,650	-	-	-	-	4,468,650
Noncontrolling interests in subsidiaries	-	18,421	-	-	-	18,421
Total net assets	7,492,694	368,420	2,600,500	231	-	10,461,845
Total liabilities and net assets	$ 10,278,808	$ 8,009,886	$ 4,700,500	$ 231	$ (640,774)	$ 22,348,651

See independent auditor's report and accompanying notes to consolidated financial statements.