THE INN BETWEEN OF LONGMONT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

THE INN BETWEEN OF LONGMONT, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

CONTENTS

May 6, 2024

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Inn Between of Longmont, Inc.
Longmont, Colorado

Opinion

We have audited the accompanying financial statements of **The Inn Between of Longmont, Inc.**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Inn Between of Longmont, Inc. as of December 31, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Inn Between of Longmont, Inc.

and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Inn Between of Longmont, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 The Inn Between of Longmont, Inc.'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 The Inn Between of Longmont, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Inn Between of Longmont, Inc.’s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PllC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER COLORADO

THE INN BETWEEN OF LONGMONT, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 322,839	$ 259,832
Cash and cash equivalents - held for security deposits	41,426	30,476
Certificates of deposits	35,454	-
Accounts receivable	15,353	15,257
Grants and contracts receivable	37,496	118,757
Prepaid expenses	5,367	6,546
Right-of-use asset (Note 3)	45,879	14,455
Property and equipment (Note 4)	3,938,674	4,071,151
Beneficial interest in assets held by others (Note 5)	109,689	63,232
Total assets	$ 4,552,177	$ 4,579,706
Liabilities and net assets		
Liabilities		
Accrued expenses	$ 94,098	$ 82,463
Security deposits	41,426	30,476
Line of credit (Note 6)	5,730	-
Office lease obligation (Note 3)	45,879	14,599
Notes payable (Note 7)	1,827,314	1,898,637
Total liabilities	2,014,447	2,026,175
Net assets		
Without donor restrictions		
Undesignated	183,804	267,825
Board designated endowment (Note 5)	63,000	28,000
Net investment in fixed assets	2,111,360	2,172,514
	2,358,164	2,468,339
With donor restrictions		
Program related (Note 8)	132,877	49,960
Endowment (Note 5)	46,689	35,232
Total net assets	2,537,730	2,553,531
Total liabilities and net assets	$ 4,552,177	$ 4,579,706

The accompanying notes are an integral part of these financial statements

THE INN BETWEEN OF LONGMONT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

	2023				2022
	Without Donor Restrictions	With Donor Restrictions: Program Related	With Donor Restrictions: Endowment	Total	Total
Revenue and other support					
Rental income	$ 838,763	$ -	$ -	$ 838,763	$ 789,753
Government	225,695	85,000	-	310,695	189,856
Employee retention tax credit (Note 9)	285,923	-	-	285,923	-
Foundation	275,896	-	-	275,896	282,614
Contributions	229,955	21,205	1,207	252,367	452,100
Corporate	34,927	-	-	34,927	48,546
Investment income	11,901	-	10,250	22,151	(6,006)
Special event income	5,646	-	-	5,646	4,956
Less: direct event expenses	(1,131)	-	-	(1,131)	(6,883)
Other	7,881	-	-	7,881	7,556
Net assets released from restrictions (Note 10)	23,288	(23,288)	-	-	-
Total revenue and other support	1,938,744	82,917	11,457	2,033,118	1,762,492
Expense					
Program services	1,416,126	-	-	1,416,126	1,396,130
Supporting services					
Management and general	193,116	-	-	193,116	159,086
Fundraising	182,587	-	-	182,587	143,604
Total expense (before depreciation)	1,791,829	-	-	1,791,829	1,698,820
Change in net assets (before depreciation expense)	146,915	82,917	11,457	241,289	63,672
less: depreciation expense	257,090	-	-	257,090	253,598
Change in net assets	(110,175)	82,917	11,457	(15,801)	(189,926)
Net assets, beginning of year	2,468,339	49,960	35,232	2,553,531	2,743,457
Net assets, end of year	$2,358,164	$ 132,877	$ 46,689	$2,537,730	$ 2,553,531

The accompanying notes are an integral part of these financial statements

THE INN BETWEEN OF LONGMONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023				2022
		Supporting Services			
	Program	Management and General	Fund-raising	Total	Total
Salaries	$ 516,225	$ 87,102	$ 117,190	$ 720,517	$ 717,054
Payroll taxes & benefits	89,838	15,158	20,394	125,390	126,635
Repairs & maintenance	303,505	-	-	303,505	267,999
Utilities	166,457	2,627	876	169,960	155,494
Insurance	100,463	1,225	410	102,098	122,531
Accounting	-	66,006	-	66,006	63,201
Dues & subscriptions	45,152	7,619	10,250	63,021	30,663
Interest	58,508	-	-	58,508	60,879
Technology support	26,801	4,522	6,083	37,406	14,905
Rent	23,641	3,988	5,368	32,997	31,152
Tenant expenses	26,729	-	-	26,729	26,608
Advertising	6,931	-	15,464	22,395	26,322
Bad debts	21,281	-	-	21,281	29,236
Supplies & reimbursements	11,728	1,979	2,662	16,369	7,553
Bank fees	11,253	1,898	2,555	15,706	5,590
Staff development	5,737	968	1,303	8,008	5,408
Legal services	1,735	-	-	1,735	7,399
All other	142	24	32	198	191
	1,416,126	193,116	182,587	1,791,829	1,698,820
Depreciation	257,090	-	-	257,090	253,598
Total	$1,673,216	$ 193,116	$ 182,587	$2,048,919	$1,952,418

The accompanying notes are an integral part of these financial statements

THE INN BETWEEN OF LONGMONT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (15,801)	$ (189,926)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	257,090	253,598
(Gains) losses on endowment	(10,250)	8,495
Changes in operating assets and liabilities		
(Increase)decrease in accounts receivable	(96)	(6,356)
(Increase)decrease in grants receivable	81,261	(80,708)
(Increase)decrease in prepaid expenses	1,179	5,486
(Increase)decrease in right-of-use	13,671	30,640
Increase(decrease) in accounts payable	1,823	17,467
Increase(decrease) in payroll accruals	9,812	842
Increase(decrease) in office lease obligation	(13,815)	(30,496)
Increase(decrease) in security deposits	10,950	(7,345)
Net cash provided(used) by operating activities	335,824	1,697
Cash flows from investing activities		
(Purchase) of fixed assets	(124,613)	(46,939)
Net cash provided(used) by investing activities	(124,613)	(46,939)
Cash flows from financing activities		
(Purchase) of endowment assets	(36,207)	(3,989)
Proceeds from line of credit	5,730	-
(Repayment) on notes payable	(71,323)	(68,952)
Net cash provided(used) by financing activities	(101,800)	(72,941)
Net increase(decrease) in cash and cash equivalents	109,411	(118,183)
Cash and cash equivalents, beginning of year	290,308	408,491
Cash and cash equivalents, end of year	$ 399,719	$ 290,308
Supplemental disclosure of information:		
Cash paid during the period for interest	$ 58,508	$ 60,879

The accompanying notes are an integral part of these financial statements

NOTE 1 - NATURE OF ACTIVITIES

The Inn Between of Longmont, Inc. (the Organization) is located in Longmont, Colorado, Their mission is to promote and provide support and transitional housing to at-risk emancipated youth, single adults and families. The Organization's service area is primarily the St. Vrain Valley community in Colorado. The Organization offers affordable housing and federally subsidized housing for up to two years and services for a diverse homeless population to assist in their development as productive members of the community. This diverse population includes single and two parent families, teen parents, women exiting domestic violence relationships, persons with physical and/or mental disabilities, single adults and youth who are unable to live at home for a variety of reasons.

Micah Project – In January 2018, a local church donated ¼ acre of church land to the Organization. Plans for the property are to partner with the Organization to construct six permanent supportive apartments for low-income, homeless, or at-risk individuals, including elderly and disabled. Micah home residents will receive all the supportive services the Organization offers to empower them to lead sustainable and self-sufficient lives.

Terry Street Project – During 2020, additional property was purchased for transitional housing. The maintenance of the Terry Street apartments was critical for continued service to the community. Fabrication and installation of new staircases, railings and walkways was to better serve the residents of Terry Street apartments. .

The Organization is funded primarily by rental income, government contracts, foundation awards, and individual contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

   The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

   The financial statements of the Organization, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization. to report information regarding its financial position and activities according to the following net asset classifications:

   Net assets without donor restrictions**:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Certificates of deposit

The Organization holds two certificates of deposit (Level 2), which one matures in six months, and one in 14 months.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $5,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Rental Income

The Organization recognizes revenue from renting affordable housing and federally subsidized housing to its qualified clients. With rental income, there is a contracted monthly rental billed and collected that approximates its performance obligations.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

9. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

10. Leases

The Organization determines if an arrangement is or contains a lease at inception and whether it will be classified as an operating or finance lease based upon the accounting criteria. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses its incremental borrowing rate to determine the present value of the future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization applies the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms 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.

11. Functional Reporting of Expenses

For the year ended December 31, 2023, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following: Salaries, benefits, and rent are allocated based on time spent in departments.

12. Summarized Prior-Year 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 the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

13. Subsequent Events

Management has evaluated subsequent events through May 6, 2024, the date the financial statements were available to be issued.

NOTE 3- OFFICE SPACE RIGHT-OF-USE AND LEASE OBLIGATION

The Organization leases office space under a facility lease that expires June 30, 2025. The Organization is also required to pay its pro-rata share of taxes and common area maintenance under the office lease. In February 2023, the Organization has exercised a 2-year option to renew for the space in Longmont Colorado. Beginning November 1, 2023, and on each November 1 thereafter, the Organization will pay an amount computed by multiplying the rent of $2,700.00 per month by the percent by which the Consumer Price Index (CPI) for the latest immediately preceding September exceeds the index figure for September 2022.

Under the new accounting guidance, the Organization recognized a right-of-use lease asset and corresponding lease liability of $59,958. At year-end, the present value of the remaining lease payments was $45,879, discounted using the Organization's incremental borrowing rate of 6%.

Future maturities of undiscounted cash flows of the operating lease obligation are as follows:

Fiscal Year	Amount
2024	$ 32,400
2025	16,200
Total payments remaining	48,600
Less: imputed interest	(2,721)
Net present value of remaining payments	$ 45,879

The remaining lease term for the operating lease is 1.5 years. Lease expense for the year was $30,800.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Description	Amount
Land	$ 78,600
Buildings and improvements	6,847,606
Furniture and equipment	5,599
Vehicle	6,350
Total	6,938,155
Less: accumulated depreciation	(2,999,481)
Net property and equipment	$ 3,938,674

Depreciation expense for the year was $257,090.

NOTE 4 - PROPERTY AND EQUIPMENT – (Continued)

Property restrictions

In 2002, the Organization purchased a 13 unit apartment building in Longmont, Colorado for $837,500 and another 8 unit apartment building in 2005 for $625,000. The Organization used grants of approximately $1,800,000 of Boulder County Worthy Cause Tax Funding for the purchase and improvements to these properties. In 2013, $100,000 was granted for building improvement. In 2015, 2017, 2018, and 2019. an additional $100,000, $50,000, $150,000, and $150,000 respectively was granted. In 2020, the Organization was granted $250,000 towards the Terry Street building purchase. Deeds of trust and promissory notes were executed with Boulder County giving the County the first right of refusal in disposition of these properties. The grants become repayable if any of the following events occur: (a) the property is sold or transferred without Boulder County's permission; (b) the Organization files a petition of any proceedings under federal or state bankruptcy acts or other similar-type proceedings seeking protection from creditors; (c) the Organization gives an assignment for the benefit of creditors; (d) dissolution of the Organization as a corporate entity: (e) the Organizations failure to use the property for a period of 30 or more consecutive days as a necessary and integral part of its program.

The Colorado Division of Housing provided a grant of $108,000 to be used for one of these properties that is subject to a restriction in perpetuity. The grant becomes repayable if the rents are not "affordable" to low income households according to certain HUD guidelines.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

An endowment fund is held by the Longmont Community Foundation for operational purposes. Under the terms of the endowment, the contributions are held in perpetuity, but the organization may take an annual distribution of up to 4% of the fund. Also, in the event of an emergency, and with a vote of ¾ of all directors, the Organization can take a distribution to meet an emergency. The Organization could terminate the fund, with a vote of ¾ vote of the board of directors.

Description	Amount
Contributions at December 31, 2023	$ 33,901
Transfers in from Organization	63,000
Accumulated interest and gains on endowment	12,788
Total	$ 109,689

Description	Amount
Balance, beginning of year	$ 63,232
Additions to fund	36,207
Gain on endowment	10,250
Balance, at year-end	$ 109,689

NOTE 6 - LINE OF CREDIT

The Organization has established a $20,000 revolving line of credit with a commercial bank. At year end, the annual percentage rate was 9.5%. The line of credit matures August 2025 and is secured by business assets. At December 31, 2023, outstanding principal on this line of credit was $5,730.

NOTE 7 - NOTES PAYABLE

During 2020, the Organization purchased an apartment building located in Longmont, Colorado for approximately $1,500,000. The Organization financed a mortgage with a 10-year loan totaling $1,050,000, with principal and interest payments of $5,465 and a fixed interest rate of 3.81% per year. This loan is secured by the property. A balloon payment of the remaining amount will be due June 24,2030. The remaining principal will be due as follows:

Year	Amount
2024	$ 29,037
2025	30,283
2026	31,473
2027	32,711
2028 and after	833,185
Total	$ 956,689

During 2012, the Organization purchased an apartment complex located in Longmont, Colorado for approximately $795,000. During 2020, the Organization refinanced the mortgage with a 10-year loan totaling $628,000, with principal and interest payments of $3,741 and a fixed interest rate of 3.75% per year. This loan is secured by the property. A balloon payment of the remaining amount will be due February 20, 2030. The remaining principal will be due as follows:

Year	Amount
2024	$ 24,677
2025	25,689
2026	26,684
2027	30,686
2028 and after	433,684
Total	$ 541,420

During 2019, the Organization negotiated a mortgage with a 20-year loan totaling $287,300, with the City of Longmont, with monthly principal payments of $1,197 and a fixed interest rate of 0% per year. This loan is secured by the property. Any remaining balance at December 1, 2040 will become due and will accrue interest at that time. The remaining principal will be due as follows:

Year	Amount
2024	$ 14,365
2025	14,365
2026	14,365
2027	14,365
2028 and after	186,745
Total	$ 244,205

NOTE 7 - NOTES PAYABLE – (Continued)

During 2020, the Organization negotiated a mortgage with a 20-year loan totaling $100,000, with the City of Longmont, with monthly principal payments of $416.67 and a fixed interest rate of 0% per year. This loan is secured by the property. Any remaining balance at December 1, 2040 will become due and will accrue interest at that time. The remaining principal will be due as follows:

Year	Amount
2024	$ 5,000
2025	5,000
2026	5,000
2027	5,000
2028 and after	65,000
Total	$ 85,000

NOTE 8 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes:

Description	Amount
Capital improvements	$ 132,877

NOTE 9 - EMPLOYEE RETENTION TAX CREDIT

The Organization amended applicable 941 quarterly tax filings to apply for an Employee Retention Tax Credit (ERTC) The Organization received refunds from the amended 941 filings in March 2023. The Organization engaged with an outside firm to administrate and help apply for the ERTC. The outside firm collected a 15% fee for the services provided, the total amount received equaled $285,923.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the Organization.

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by satisfying the restricted program purposes:

Description	Amount
Student incentive	$ 10,575
Youth/scholarship	9,000
Capital improvements	2,083
Starfish	1,630
Total	$ 23,288

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2023:

Description	Amount
Cash and cash equivalents	$ 322,839
Certificates of deposit	35,454
Receivables	52,849
Financial assets available to meet cash needs for general expenditures within one year	$ 411,142

The organization's goal is to maintain financial assets to meet 60 days of operating expenses, which would approximate $175,000. A $20,000 line-of-credit is available if needed.