

**CLOTHES TO KIDS OF DENVER, INC**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**DECEMBER 31, 2022 AND 2021**





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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management  
Clothes To Kids of Denver, Inc.

### Opinion

We have audited the accompanying financial statements of Clothes To Kids of Denver, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clothes To Kids of Denver, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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 Organization 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 Organization'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 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

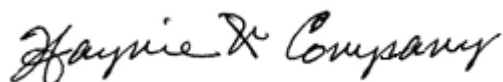
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Matters**

##### *Report on Summarized Comparative Information*

We have previously audited the Clothes To Kids of Denver, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado  
March 27, 2023

**Clothes To Kids of Denver, Inc.**  
**Statements of Financial Position**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 776,459	\$ 731,867
Pledges and grants receivable	30,000	-
Inventory	175,411	201,145
<b>Total current assets</b>	<b>981,870</b>	<b>933,012</b>
<b>Noncurrent assets:</b>		
Security deposit	2,200	2,200
Property and equipment, at cost:		
Furniture and equipment	33,808	33,808
Computers and software	11,070	8,168
Leasehold improvements	36,117	18,944
	80,995	60,920
Less: accumulated depreciation	(57,650)	(54,098)
Property and equipment, net	23,345	6,822
Right-of-use asset for operating lease	190,777	-
Less: accumulated amortization	(52,465)	-
Right-of-use asset for operating leases, net	138,312	-
<b>Total noncurrent assets</b>	<b>163,857</b>	<b>9,022</b>
<b>Total assets</b>	<b>\$ 1,145,727</b>	<b>\$ 942,034</b>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 16,942	\$ 18,307
Lease commitments- Current portion	52,769	-
<b>Total current liabilities</b>	<b>69,711</b>	<b>18,307</b>
<b>Noncurrent liabilities:</b>		
Lease commitments- Long-term portion	86,897	-
<b>Total noncurrent liabilities</b>	<b>86,897</b>	<b>-</b>
<b>Net assets:</b>		
Net assets without donor restrictions	989,119	923,727
<b>Total net assets</b>	<b>989,119</b>	<b>923,727</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,145,727</b>	<b>\$ 942,034</b>

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

**Clothes To Kids of Denver, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Support and Revenue:</b>				
In-kind contributions	\$ 1,072,520	\$ -	\$1,072,520	\$ 918,059
Grants	277,161	33,525	310,686	282,354
Individual donations	133,319	-	133,319	134,867
Special events, net of \$46,781 and \$39,371 respectively, in direct benefit to donors	239,525	-	239,525	205,036
Other income	-	-	-	1,268
Interest income	1,845	-	1,845	140
Net assets released from restrictions	33,525	(33,525)	-	-
Total support and revenue	<u>1,757,895</u>	<u>-</u>	<u>1,757,895</u>	<u>1,541,724</u>
<b>Expenses:</b>				
Program services	<u>1,583,667</u>	<u>-</u>	<u>1,583,667</u>	<u>1,342,706</u>
Supporting services:				
Fundraising	45,819	-	45,819	47,418
Management and general	63,017	-	63,017	63,847
Total supporting services	<u>108,836</u>	<u>-</u>	<u>108,836</u>	<u>111,265</u>
Total expenses	<u>1,692,503</u>	<u>-</u>	<u>1,692,503</u>	<u>1,453,971</u>
<b>Change in Net Assets</b>	65,392	-	65,392	87,753
Net assets beginning of year	<u>923,727</u>	<u>-</u>	<u>923,727</u>	<u>835,974</u>
Net assets end of year	<u>\$ 989,119</u>	<u>\$ -</u>	<u>\$ 989,119</u>	<u>\$ 923,727</u>

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

**Clothes To Kids of Denver, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 65,392	\$ 87,753
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,552	4,655
Non-cash lease expense	1,354	-
Changes in assets and liabilities:		
Change in inventory	25,734	(4,412)
Change in grants receivable	(30,000)	22,426
Change in accounts payable and accrued liabilities	(1,365)	1,387
Net cash from operating activities	64,667	111,809
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(20,075)	-
Net cash from investing activities	(20,075)	-
Net change in cash and cash equivalents	44,592	111,809
<b>Cash balance—beginning of year</b>	<b>731,867</b>	<b>620,058</b>
<b>Cash balance—end of year</b>	<b>\$ 776,459</b>	<b>\$ 731,867</b>
 <b>Supplemental disclosure information for Statement of Cash Flows:</b>		
Cash paid or amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	\$ 52,964	
Right-of-use assets obtained in exchange for lease obligations:	190,777	

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

**Clothes To Kids of Denver, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>			<b>2021</b>	
	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>	<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>		
Inventory	\$ 1,199,232	\$ -	\$ -	\$ 1,199,232	\$ 1,003,760
Compensation and related expenses:					
Compensation	247,781	30,912	27,365	306,058	276,722
Payroll taxes and employee benefits	33,957	4,246	3,981	42,184	24,025
Occupancy:					
Rent	57,221	1,164	1,164	59,549	57,671
Storage	18,720	-	-	18,720	20,800
Telephone and internet	2,802	61	61	2,924	2,864
Store fixtures and other	7,820	809	-	8,629	8,371
Technology and equipment	3,008	462	1,048	4,518	8,611
Insurance:					
General liability	-	1,593	-	1,593	1,593
Property	1,336	56	-	1,392	1,392
Directors and officers	-	1,193	-	1,193	997
Workers' compensation and unemployment	1,880	260	470	2,610	2,988
Accounting and audit	-	12,800	-	12,800	14,885
General marketing	4,444	-	11,132	15,576	5,219
Business expenses	20	119	287	426	546
Postage and shipping	118	579	234	931	2,898
Printing and copying	-	-	-	-	4,803
Supplies and other	-	325	153	478	1,204
Background checks	2,134	-	-	2,134	300
Credit card processing	-	4,933	-	4,933	4,910
Volunteer appreciation	2,370	-	-	2,370	2,033
Membership and dues	681	20	-	701	616
Depreciation and amortization	3,552	-	-	3,552	4,655
Miscellaneous	-	-	-	-	2,108
Total expenses	<u>\$ 1,587,076</u>	<u>\$ 59,532</u>	<u>\$ 45,895</u>	<u>\$ 1,692,503</u>	<u>\$ 1,453,971</u>

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



# Clothes To Kids of Denver, Inc.

## Notes to Financial Statements

### December 31, 2022 and 2021

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#### 1. Organization

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Clothes To Kids of Denver (the "Organization") is a private, not-for-profit organization established in 2008 to provide new and quality used clothing to students from low-income or in-crisis families in the Denver Metro Area, free of charge. To be eligible for clothing from the Organization, students must live in Metro Denver, be enrolled in grades preschool-12 or pursuing a GED (21 years old and younger) and be considered in need of assistance because:

- \* their family is in crisis or experiencing economic hardship (due to COVID-19, job loss, disaster, poverty, homelessness or displacement),
- \* they are refugees or asylum seekers,
- \* they are eligible for Free or Reduced Lunch (FRL) at school,
- \* they are in kinship or foster care, and/or
- \* they are receiving services from a school, human service agency, shelter, hospital, clinic or place of worship.

To ease the burden on both families and our community partners (*i.e.*, schools, human service agencies, shelters, counseling centers, hospitals/clinics, etc.), the Organization suspended their requirement to provide a referral or proof of automatic qualification in early 2021. The need in the Denver Metro Area is significant, more than 207,000 students currently qualifying for Free and Reduced Lunch in the Organization's service area.\*

Central to the Organization's mission is a 3,000-sq.-ft. boutique where students are invited to browse a wide selection of clothing for a school wardrobe (21 pieces or more) that includes five outfits, one pair of shoes, one coat, one bra (optional), five pairs each of new socks and new underwear, and extras (accessories, school supplies, books, etc.). Students who qualify may schedule an appointment to select a wardrobe of clothes every four months. The Organization relies on in-kind and monetary contributions as its primary source for providing these services. The Organization's inventory comes from individuals, community clothing drives, retail stores and clothing manufacturers. While most inventory is donated, the Organization purchases new socks and underwear, as well as clothing items and shoe sizes that are in short supply.

*\* The Organization serves students from 11 counties (Denver, Boulder, Broomfield, Douglas, Jefferson, Gilpin, Clear Creek, Adams, Arapahoe, Elbert and Park), which includes 28 school districts (Adams 12 Five Star Schools, Adams County School District 14, Westminster Public Schools, Agate School District # 300, Aurora Public Schools, Bennett School District 29J, Big Sandy 100J, Boulder Valley School District, 27J Schools (Brighton), Byers School District, Cherry Creek School District, Clear Creek School District, Deer Trail 26J, Denver Public Schools, Douglas County School District, Elbert County School District C2, Elizabeth School District, Englewood Schools, Gilpin County School District RE-1, Jefferson County Public Schools, Kiowa Schools, Littleton Public Schools, Mapleton Public Schools, Park County Re-2 School District, Platte Canyon School District 1, Sheridan School District No. 2, St. Vrain Valley School District and Strasburg School District 31J).*

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**2. Summary of Significant Accounting Policies**

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**Method of Accounting**

The Organization's records are maintained on the accrual basis of accounting in conformity with generally accepted accounting principles as applicable to not-for-profit organizations.

**Basis of Accounting**

Financial statement presentation follows the Accounting Standards Codification guidance for not-for-profit organizations, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Basis of Presentation**

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations, the Organization is required 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 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, whereby 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

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all cash on hand and demand deposits. The Organization considers all highly liquid investments, except those restricted for endowment, with an original maturity of three months or less to be cash equivalents.

**Inventory**

Inventory primarily consists of quality used clothing, excluding socks and underwear which are new. Purchased inventory items are valued at cost. Inventory of clothes and other items donated to the Organization are valued at the estimated thrift-store value.

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**2. Summary of Significant Accounting Policies (continued)**

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**Property and Equipment**

Property and equipment are recorded at cost, if purchased, or at estimated fair value at the date of receipt if donated. Acquisitions in excess of \$500 are capitalized. Depreciation is computed on the straight-line method over estimated useful lives of the assets and leasehold improvements are amortized over the expected term of the related lease. Repairs and maintenance are charged to expense as incurred. Fixed assets are depreciated over the following useful lives:

Furniture and fixtures	5-7 Years
Computers and software	3 Years
Leasehold improvements	15 Years

**Revenue Recognition**

Special event revenue is recognized in the period in which the event is held. Revenue is recognized when earned. Contributions are recognized when cash, or other assets, 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 or the donor has explicitly released the restriction.

**Contributions and Grants**

A contribution that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in permanently or temporarily restricted net assets. When a donor restriction expires, that is, when the purpose restriction is accomplished by an expenditure meeting the stated purpose or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as a transfer in satisfaction of program restrictions.

**Donated Goods and Services**

Donated goods, use of facilities, and services are recognized at fair value as of the date of donation. The related expense is recognized as the item is used. Contributions of services are recognized when 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.

**Deferred Revenue**

Deferred revenue consists of amounts received from a donor to be used in a subsequent year. Revenues received in advance are recorded as a liability, deferred revenue, and the revenue is recognized as the programming services are performed.

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**2. Summary of Significant Accounting Policies (continued)**

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**Use of Estimates**

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

**Functional Allocation of Expenses**

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 program and supporting service benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Inventory	Direct costs
Compensation	Time and effort
Occupancy	Square footage
Administrative expenses	Time and effort
Marketing and fundraising	Time and effort
Contracts	Direct costs

**Recently Adopted Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 “Leases (Topic 842)” (ASU 2016-02). Under the new guidance, lessees are required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of a specified asset for the lease term.

Effective January 1, 2022, the Organization adopted ASU 2016-02, as discussed further in Note 11. All amounts and disclosures set forth in this report have been updated to comply with this new standard with results for reporting periods beginning after January 1, 2022, presented under ASU 2016-02, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period.

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**2. Summary of Significant Accounting Policies (continued)**

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The Organization adopted the requirements of ASU 2016-02 utilizing the modified retrospective method of transition to identified leases as of January 1, 2022 (the “effective date”). The initial recognition of additional operating lease liabilities was \$51,111 for the current portion and \$139,666 for the long-term portion and corresponding operating ROU assets were recorded in the amount of \$190,777. This represents the operating leases existing as of the effective date which has a lease term as further described in Note 11.

**Prior-Year Summarized Financial 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, 2021, from which the summarized information was derived.

**Tax Exempt Status**

Clothes To Kids of Denver, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from State income taxes under similar provisions of the Colorado Income Tax Code, except on net income derived from unrelated business activities. During 2022, the Organization had no unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal tax return (Form 990) for 2022 is subject to examination by the IRS, generally for three years after the return is filed.

**Subsequent Events**

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued. During this period, the Organization was not aware of any material recognizable subsequent events.

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**3. Availability and Liquidity**

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The following represents Clothes To Kids of Denver Inc.'s financial assets at December 31, 2022:

	<b>2022</b>
Financial assets at period end:	
Cash & cash equivalents	\$ 776,459
Accounts receivable	30,000
Total financial assets	\$ 806,459
Less amounts not available to be used within on year:	
Net assets with donor restrictions	-
Financial assets available to meet general expenditures over the next twelve months	\$ 806,459

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**4. Concentration of Credit Risk**

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The Organization's cash demand deposits are held at financial institutions, which are insured up to \$250,000 by the FDIC. As of December 31, 2022 and 2021, the Organization's bank balances exceeded this limitation by \$309,909 and \$486,926, respectively.

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**5. Inventory**

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Inventory at December 31, 2022 and 2021 consisted of the following:

	<b>Carrying Value</b>	
	<b>2022</b>	<b>2021</b>
Purchased inventory		
Socks and underwear	\$ 88,258	\$ 77,558
Donated inventory		
Clothing and shoes	87,153	123,587
Total inventory	\$ 175,411	\$ 201,145

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**6. Concentrations**

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The Organization receives a substantial amount of its support from individual donations of clothing and other items. A significant reduction in the level of this support, if this was to occur, would have a significant effect on the Organization's programs and activities.

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**7. Property and Equipment**

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An analysis of the changes in property and equipment during 2022 are as follows:

	<u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u>
Assets at cost:				
Furniture and equipment	\$ 33,808	\$ -	\$ -	\$ 33,808
Computers and software	8,168	2,902	-	11,070
Leasehold improvements	18,944	17,173	-	36,117
Total assets	<u>60,920</u>	<u>20,075</u>	<u>-</u>	<u>80,995</u>
Accumulated depreciation and amortization	<u>(54,098)</u>	<u>(3,552)</u>	<u>-</u>	<u>(57,650)</u>
Assets, net of accumulated depreciation and amortization	<u>\$ 6,822</u>	<u>\$ 16,523</u>	<u>\$ -</u>	<u>\$ 23,345</u>

An analysis of the changes in property and equipment during 2021 are as follows:

	<u>12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2021</u>
Assets at cost:				
Furniture and equipment	\$ 33,808	\$ -	\$ -	\$ 33,808
Computers and software	8,168	-	-	8,168
Leasehold improvements	18,944	-	-	18,944
Total assets	<u>60,920</u>	<u>-</u>	<u>-</u>	<u>60,920</u>
Accumulated depreciation and amortization	<u>(49,443)</u>	<u>(4,655)</u>	<u>-</u>	<u>(54,098)</u>
Assets, net of accumulated depreciation and amortization	<u>\$ 11,477</u>	<u>\$ (4,655)</u>	<u>\$ -</u>	<u>\$ 6,822</u>

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**8. In-Kind Contributions**

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Certain goods and services are provided to the Organization gratis or at a cost substantially less than fair market value. The difference between the actual charge and the estimated fair value is reflected as in-kind contribution and expense or capitalized as property and equipment in the accompanying financial statements.

**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**8. In-Kind Contributions (continued)**

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In-kind contributions consist of the following for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Clothing	\$ 1,053,800	\$ 897,259
Storage facility	18,720	20,800
Total	\$ 1,072,520	\$ 918,059

The Organization receives donations of miscellaneous accessories and items such as school supplies, toys, books and winter weather gear (“Extras”). Due to the wide variety of Extras, they are difficult to value and therefore have not been included as in-kind contributions or inventory. The Organization tracks outgoing Extras by weight. During 2022 and 2021, Extras distributed to student shoppers were 31,111 and 22,541 pounds, respectively.

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**9. Volunteers**

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A substantial number of unpaid volunteers have made contributions of their time. These volunteer contributions do not meet the criteria for financial statement recognition; however, approximately 7,953 hours (6,222 adult and group hours and 1,731 youth hours) at an estimated value of \$24.14 per hour, for a total unrecorded value of approximately \$191,885 was received in 2022. The total unrecorded value for 2021 was approximately \$158,672.

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**10. Net Assets**

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Net assets without donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Net assets without donor restrictions	\$ 989,119	\$ 923,727
	\$ 989,119	\$ 923,727

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**11. Retirement Plan**

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During 2022, the Organization established a SIMPLE IRA Plan (the “Plan”) to which employees may contribute a portion of their salary each year. Under this plan, the Organization matches a contribution equal to the employee’s contribution up to a limit of 3% of the employees compensation. As of December 31, 2022, matching contributions paid by the Organization was \$1,386.



**Clothes To Kids of Denver, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2022 and 2021**

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**12. Commitments and Contingencies**

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As of December 31, 2022, assets recorded under the operating lease was \$190,777, and accumulated amortization associated with this operating lease was \$52,465.

On July 7, 2008, the Organization entered into the original lease agreement for its primary office space. The original lease was subsequently amended and extended through July 31, 2025. During the years ended December 31, 2022 and 2021, rent expense under this operating lease was \$52,964 and \$57,671, respectively. This lease contains a provision for one renewal period of five years at a fair market value agreed upon by both the landlord and the Organization. As the rental rate can not yet be determined, it has not been factored into the right-of-use asset and lease liability calculation.

The weighted average remaining lease term on this lease is 2.58 years. The weighted average discount rate applied to this lease is 1.14%.

Future minimum lease payments under this non-cancelable lease as of December 31, 2022 were as follows:

	<b>Operating Leases</b>
2023	\$ 54,032
2024	55,115
2025	32,527
Less: imputed interest	(2,008)
Total future minimum lease payments	\$ 139,666
Lease commitments - current portion	52,769
Lease commitments - Long-term portion	86,897
Total	\$ 139,666

The Organization also entered into a lease agreement on April 5, 2018, for storage space for clothing and other items. The lease is a month-to-month agreement, with discounted monthly payments of \$1, and may be terminated with 30 days notice. As the rental rate on this space is below market rents, the Organization recorded estimated in-kind contributions and related rental expenses in the amount of \$18,787 and for the year ended December 31, 2022. The Organization recorded estimated in-kind contributions and related rental expenses in the amount of \$20,800 for the year ended December 31, 2021.