

KARIS COMMUNITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

KARIS COMMUNITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

September 12, 2025

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Karis Community
Denver, Colorado

We have reviewed the accompanying financial statements of **Karis Community** (a Colorado nonprofit corporation) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of my (our) procedures provide a reasonable basis for our conclusion.

We are required to be independent of Karis Community and meet our other ethical responsibilities, in accordance with relevant ethical requirements related to my our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously reviewed Karis Community's 2024 financial statements, and in our report dated September 30, 2024, stated that based on our procedures, we were unaware of any material modifications that should be made to the 2024 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are unaware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2024, for it to be consistent, in all material respects with the reviewed financial information from which it has been derived.

Taylor Roth and Company PLLC

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

KARIS COMMUNITY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 379,877	\$ 164,090
Resident fees receivable	3,644	-
Employee receivable	515	-
Contributions receivable	-	233,562
Prepaid expenses	3,057	3,977
Property and equipment (Note 4)	<u>1,592,526</u>	<u>1,667,551</u>
Total assets	<u>\$ 1,979,619</u>	<u>\$ 2,069,180</u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 10,269	\$ 13,094
Payroll liabilities	9,397	19,305
Resident fee deposits	4,000	4,400
Deferred Revenue	685	1,106
Line of credit (Note 5)	<u>-</u>	<u>-</u>
Liabilities	<u>24,351</u>	<u>37,905</u>
 Net assets		
Without donor restrictions	1,182,861	1,062,852
With donor restrictions (Note 6)	<u>772,407</u>	<u>968,423</u>
Total net assets	<u>1,955,268</u>	<u>2,031,275</u>
Total liabilities and net assets	<u>\$ 1,979,619</u>	<u>\$ 2,069,180</u>

See accompanying notes and independent accountants' review report

KARIS COMMUNITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>			<u>2024</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>				
Resident fees	\$ 156,852	\$ -	\$ 156,852	\$ 157,051
Individuals and board contributions	148,662	-	148,662	117,509
Foundations	87,600	50,000	137,600	417,348
Special events	71,112	-	71,112	49,851
Less cost of direct benefits to donors	(16,278)	-	(16,278)	(15,311)
Corporations	4,017	-	4,017	23,582
Investment income	2,470	-	2,470	781
Other	-	-	-	3,233
Net assets released from restrictions (Note 7)	246,016	(246,016)	-	-
Total revenue and support	700,451	(196,016)	504,435	754,044
<u>Expense</u>				
Program services				
Karis	346,831	-	346,831	415,076
Cottage	25,825	-	25,825	28,451
Total program services	372,656	-	372,656	443,527
Supporting services				
Management and general	70,988	-	70,988	64,733
Fundraising	61,773	-	61,773	77,096
Total	505,417	-	505,417	585,356
Change in net assets before depreciation	195,034	(196,016)	(982)	168,688
Less: Depreciation expense	75,025	-	75,025	75,252
Change in net assets	120,009	(196,016)	(76,007)	93,436
Net assets, beginning of year	1,062,852	968,423	2,031,275	1,937,839
Net assets, end of year	<u>\$ 1,182,861</u>	<u>\$ 772,407</u>	<u>\$ 1,955,268</u>	<u>\$ 2,031,275</u>

See accompanying notes and independent accountants' review report

KARIS COMMUNITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025					2024	
	Program			Supporting Services		Total	Total
	Karis	Cottage	Total Program	Management and General	Fund- raising		
Salaries	\$ 204,107	\$ 6,615	\$ 210,722	\$ 31,131	\$ 39,765	\$ 281,618	\$ 361,953
Payroll taxes and benefits	43,411	786	44,197	6,622	8,457	59,276	79,612
Resident programs and activities	34,808	4,334	39,142	-	-	39,142	36,784
Maintenance and repairs	28,920	4,188	33,108	300	164	33,572	24,273
Insurance	13,994	4,532	18,526	146	79	18,751	14,001
Occupancy	10,628	2,597	13,225	110	61	13,396	24,561
Accounting	-	-	-	11,950	-	11,950	900
Professional services	-	-	-	10,472	-	10,472	7,090
Indirect fundraising	-	-	-	-	9,909	9,909	12,153
Independent accountant fees	-	-	-	7,700	-	7,700	5,000
Telephone/ internet	4,562	2,733	7,295	43	24	7,362	9,456
Staff and board development	2,659	-	2,659	405	517	3,581	2,234
Membership dues and subscriptions	2,478	-	2,478	377	483	3,338	2,901
Uncollectible accounts expense	81	-	81	-	1,604	1,685	615
Office supplies	1,183	-	1,183	180	231	1,594	1,502
Bank fees	-	-	-	1,052	-	1,052	312
Donation processing fees	-	-	-	-	479	479	598
Interest	-	-	-	150	-	150	-
Postage	-	-	-	-	-	-	94
All other	-	40	40	350	-	390	1,317
	<u>346,831</u>	<u>25,825</u>	<u>372,656</u>	<u>70,988</u>	<u>61,773</u>	<u>505,417</u>	<u>585,356</u>
Depreciation	43,037	31,298	74,335	445	245	75,025	75,252
Total	<u>\$ 389,868</u>	<u>\$ 57,123</u>	<u>\$ 446,991</u>	<u>\$ 71,433</u>	<u>\$ 62,018</u>	<u>\$ 580,442</u>	<u>\$ 660,608</u>

See accompanying notes and independent accountants' review report

KARIS COMMUNITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (76,007)	\$ 93,436
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	75,025	75,252
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in resident fees receivable	(3,644)	629
(Increase)decrease in contributions receivable	233,562	(203,562)
(Increase)decrease in employee receivable	(515)	-
(Increase)decrease in prepaid expenses	920	3,051
(Decrease)increase in accounts payable	(2,825)	4,093
(Decrease)increase in accrued payroll liabilities	(9,908)	3,409
(Decrease)increase in deferred revenue	(421)	(874)
(Decrease)increase in resident fee deposits	(400)	400
Net cash provided(used) by operating activities	215,787	(24,166)
Net increase in cash and cash equivalents	215,787	(24,166)
Cash and cash equivalents, beginning of year	164,090	188,256
Cash and cash equivalents, end of year	\$ 379,877	\$ 164,090
<u>Supplemental disclosure of information:</u>		
Amounts paid in interest	\$ 150	\$ -

See accompanying notes and independent accountants' review report

KARIS COMMUNITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 - NATURE OF ACTIVITIES

Karis Community (The Organization) is a Denver-based non-profit organization offering a community-oriented residential program for adults managing serious and persistent mental illness as well as co-occurring substance use disorders. Established in 1976, the mission of Karis is to provide a community where people heal together. The Empowerment Program provides a safe, supportive, and minimally restrictive environment where Community Members are encouraged to pursue growth and personal change. At Karis, recovery goals often center around managing/reducing symptoms, learning coping strategies, developing life skills, and increasing the capacity to engage in healthy relationships with others. Karis Community consists of two properties: the main Karis Community building, which can house up to 18 Community Members, and the Stepping Stone Cottage (Cottage), which can house up to seven Community Members. The Organization is primarily supported by resident fees, individual and board contributions and foundations.

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 Organization is required to report information regarding its financial position and activities according to two classes of net assets:

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 board of directors.

Net assets with donor restrictions: Net assets that are 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 that 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 statement of activities.

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

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

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. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities and other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met. Resident fees are recognized as revenue when the services have been delivered.

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. 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.

7. 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.

8. Functional Reporting of Expenses

For the year ended June 30, 2025, 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 allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Occupancy is allocated on square footage. All other expenses are allocated on a time and effort basis.

9. 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 June 30, 2024, from which the summarized information was derived.

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

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

11. Subsequent Events

Management has evaluated subsequent events through September 12, 2025, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents Karis Community's financial assets at June 30, 2025:

<u>Financial assets at year-end</u>	<u>Amount</u>
Cash and cash equivalents	\$ 379,877
Resident fees and employee receivables	<u>4,159</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 384,036</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.

NOTE 4 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Building and improvements	\$2,420,719
Furniture and fixtures	98,327
Office equipment	<u>10,182</u>
Total	2,529,228
Less: accumulated depreciation	<u>(936,702)</u>
Net property and equipment	<u>\$1,592,526</u>

Depreciation expense for the year was \$75,025.

In 2011, the Organization, received a grant totaling \$300,000 from the State of Colorado (State) and a \$300,000 grant from the City and County of Denver (City) for the renovation of the Karis Community Building. In 2015, the Organization received grants totaling \$415,000 and \$175,000 from the City and State, respectively, for the purchase and renovation of the Stepping Stone Cottage.

NOTE 4 - PROPERTY AND EQUIPMENT - Continued

Each of these grants includes a covenant that has been recorded against the property to ensure that all affordable units identified in the agreements continue to be used to provide affordable housing for low-income persons for thirty years from the date of the agreements. Should the housing conditions not be met during the 30-year period, the grants must be repaid to the State or City.

Additionally, in 2012, a \$25,000 grant was received from a private foundation that requires the Organization to continue their program in the Karis Community Building for a 30-year period.

NOTE 5 - LINE OF CREDIT

At year-end there is a \$0 balance on a \$150,000 line of credit that was established with Bank of the West. The line of credit bears variable interest at the Bank of the West Prime Rate (the Index) plus 1.10%. At June 30, 2025, the interest rate was 8.60%.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Karis Community building	\$ 371,333
Stepping Stone cottage	335,667
Clinical staff salaries	<u>65,407</u>
Total	<u>\$ 772,407</u>

NOTE 7 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Clinical staff salaries	\$ 155,516
Empowerment program	50,000
Stepping Stone Cottage	20,833
Karis Community building	<u>19,667</u>
Total	<u>\$ 246,016</u>

NOTE 8 - PENSION PLAN

The Organization has adopted a Simple IRA retirement plan. The plan allows eligible employees to defer a portion of their compensation. The Organization matches up to 3% of each employee's salary after one year of service. During the year pension expense was \$6,524.

NOTE 9 - CONCENTRATION OF CREDIT

The Organization places all of its cash with one financial institution. Amounts over \$250,000 at a single institution are not insured by the FDIC or related entity. At year-end, the Organization's uninsured balance of cash at that institution was approximately \$132,700. Management has evaluated its banking needs and the strength of the financial institution and feels it is in the best long-term interest of the Organization to continue its existing relationship.