

**THE ASSOCIATION FOR COMMUNITY
LIVING IN BOULDER AND
BROOMFIELD COUNTIES**

FINANCIAL STATEMENTS

DECEMBER 31, 2022

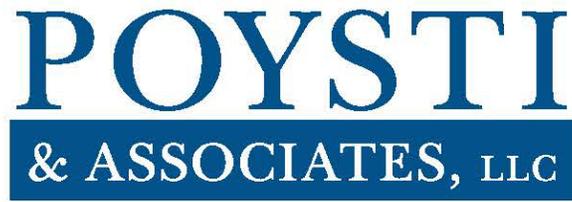


ASSOCIATION FOR COMMUNITY LIVING

The Arc Serving Boulder & Broomfield Counties

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Independent Auditor's Report

Board of Directors
The Association for Community Living in Boulder and Broomfield Counties
Longmont, Colorado

Opinion

I have audited the accompanying financial statements of The Association for Community Living in Boulder and Broomfield Counties (a Colorado nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Association for Community Living in Boulder and Broomfield Counties as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Association for Community Living in Boulder and Broomfield Counties and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Association for Community Living in Boulder and Broomfield Counties' 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

My objective is 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 my 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, I:

- 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 Association for Community Living in Boulder and Broomfield Counties' 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 Association for Community Living in Boulder and Broomfield Counties' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

February 8, 2023
Denver, Colorado



THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
STATEMENTS OF FINANCIAL POSITION

December 31,	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 385,070	\$ 154,298
Accounts receivable	12,263	5,840
Investments	1,212,559	1,652,808
Property and equipment, net of accumulated depreciation	1,063,640	1,082,718
Other assets	<u>1,178</u>	<u>1,178</u>
Total Assets	<u>\$ 2,674,710</u>	<u>\$ 2,896,842</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 121,959	\$ 127,778
Note payable	<u>0</u>	<u>150,000</u>
	<u>121,959</u>	<u>277,778</u>
<u>Net assets</u>		
Without donor restrictions		
Invested in property and equipment	1,063,640	1,082,718
Designated by the Board for operating reserve	202,319	46,738
Without restrictions	<u>1,204,368</u>	<u>1,432,327</u>
	2,470,327	2,561,783
With donor restrictions		
Time and purpose restrictions	<u>82,424</u>	<u>57,281</u>
	<u>2,552,751</u>	<u>2,619,064</u>
Total Liabilities and Net Assets	<u>\$ 2,674,710</u>	<u>\$ 2,896,842</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
STATEMENTS OF ACTIVITIES

For the Years Ended December 31,	<u>2022</u>	<u>2021</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>Operating revenues and other gains</u>		
Contributions	\$ 244,704	\$ 347,073
Received indirectly – arc Thrift Stores	968,507	859,948
Contract revenue	182,538	138,635
Other income	1,375	2,500
Net assets released from restrictions	<u>57,778</u>	<u>7,477</u>
Total support, revenue and other gains	<u>1,454,902</u>	<u>1,355,633</u>
<u>Expenses</u>		
Advocacy	838,808	850,996
Outreach	158,266	83,881
Training	<u>90,705</u>	<u>81,632</u>
Total program activities	1,087,779	1,016,509
General and administrative	126,880	126,435
Fundraising	<u>98,546</u>	<u>97,114</u>
Total expenses	<u>1,313,205</u>	<u>1,240,058</u>
Change in Net Assets from Operations	141,697	115,575
<u>Non-Operating Change in Net Assets Without Donor Restrictions</u>		
Investment income (loss)	<u>(233,152)</u>	<u>112,454</u>
Change in Net Assets Without Donor Restrictions	<u>(91,455)</u>	<u>228,029</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Contributions	82,920	0
Net assets released from restrictions	<u>(57,778)</u>	<u>(7,477)</u>
Change in Net Assets With Donor Restrictions	<u>25,142</u>	<u>(7,477)</u>
Change in net assets	(66,313)	220,552
Net assets at beginning of year	<u>2,619,064</u>	<u>2,398,512</u>
Net assets at end of year	<u>\$2,552,751</u>	<u>\$2,619,064</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER AND BROOMFIELD COUNTIES
STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Advocacy</u>	<u>Outreach</u>	<u>Training</u>	<u>Total Program</u>	<u>General & Admin- istrative</u>	<u>Fundraising</u>	<u>Total</u>
<u>For the Year 2022:</u>							
Salaries and related expenses	\$ 737,274	\$ 90,927	\$ 78,876	\$ 907,077	\$ 100,787	\$ 87,640	\$ 1,095,504
Contract services	7,487	923	801	9,211	14,570	890	24,671
Depreciation	12,840	1,584	1,374	15,798	1,755	1,525	19,078
Development	2,011	2,011	2,011	6,033	0	0	6,033
Direct Aid	7,747	0	0	7,747	0	0	7,747
Information technology	11,447	1,412	1,225	14,084	1,565	1,360	17,009
Insurance	10,589	1,306	1,133	13,028	1,447	1,259	15,734
Occupancy	29,928	3,692	3,202	36,822	4,091	3,555	44,468
Office expense	19,110	2,356	2,043	23,509	2,614	2,272	28,395
Program expense	0	54,007	0	54,007	0	0	54,007
Travel	375	48	40	463	51	45	559
	<u>\$ 838,808</u>	<u>\$ 158,266</u>	<u>\$ 90,705</u>	<u>\$ 1,087,779</u>	<u>\$ 126,880</u>	<u>\$ 98,546</u>	<u>\$ 1,313,205</u>
Total expenses							
<u>For the Year 2021:</u>							
Salaries and related expenses	\$ 722,022	\$ 67,626	\$ 68,665	\$ 858,313	\$ 97,796	\$ 84,269	\$ 1,040,378
Community education	125	125	125	375	0	0	375
Contract services	7,157	670	681	8,508	13,455	836	22,799
Depreciation	13,188	1,235	1,254	15,677	1,786	1,541	19,004
Development	1,957	1,957	1,957	5,871	0	0	5,871
Direct Aid	16,425	0	0	16,425	0	0	16,425
Information technology	11,271	1,056	1,072	13,399	1,527	1,315	16,241
Insurance	10,081	944	959	11,984	1,365	1,177	14,526
Occupancy	50,138	4,696	4,768	59,602	6,790	5,850	72,242
Office expense	18,365	2,091	2,126	22,582	3,680	2,095	28,357
Program expense	0	3,456	0	3,456	0	0	3,456
Travel	267	25	25	317	36	31	384
	<u>\$ 850,996</u>	<u>\$ 83,881</u>	<u>\$ 81,632</u>	<u>\$ 1,016,509</u>	<u>\$ 126,435</u>	<u>\$ 97,114</u>	<u>\$ 1,240,058</u>
Total expenses							

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

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
STATEMENTS OF CASH FLOWS

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Contributions, contracts and grants	\$ 1,472,246	\$ 1,174,983
Other income	1,375	2,500
Interest paid	(1,500)	(3,333)
Cash paid to suppliers and employees	<u>(1,298,446)</u>	<u>(1,199,781)</u>
Net cash provided by (used in) operating activities	<u>173,675</u>	<u>(25,631)</u>
Cash flows from investing activities		
Interest and dividends received	40,519	40,857
Net proceeds from investments	<u>166,578</u>	<u>(442,210)</u>
Net cash provided by (used in) investing activities	<u>207,097</u>	<u>(401,353)</u>
Cash flows from financing activities		
Repayment of long-term debt	<u>(150,000)</u>	<u>(50,000)</u>
Net change in cash and cash equivalents	230,772	(476,984)
Cash and cash equivalents at beginning of year	<u>154,298</u>	<u>631,282</u>
Cash and cash equivalents at end of year	<u>\$ 385,070</u>	<u>\$ 154,298</u>
Supplemental disclosure of cash flow information:		
Forgiveness of debt on PPP loan	<u>\$ 0</u>	<u>\$ 172,639</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Association for Community Living in Boulder and Broomfield Counties (the Association, we, us, our) is a private not for profit corporation that was formed in the early 1960's and was incorporated in 1974. We believe that people with developmental disabilities belong in the community in natural proportions - to live, to work, and to participate fully in all aspects of community life. We exist to ensure these rights by acting as a catalyst to promote attitudes, practices, programs, and policies that result in full participation.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due from arc Thrift Store funds. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of December 31, 2022 and 2021, the allowance for doubtful account balance was zero.

Property and Equipment

We record property and equipment additions over \$1,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

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

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

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions – 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 statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2022 and 2021.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

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

Income Taxes

The Association is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Association is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Subsequent Events

Our financial statements were available to be issued on February 8, 2023, and this is the date through which subsequent events were evaluated.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 385,070	\$ 154,298
Accounts receivable	12,263	5,840
Investments	<u>1,212,559</u>	<u>1,652,808</u>
	<u>\$ 1,609,892</u>	<u>\$ 1,812,946</u>

NOTE 3 – INVESTMENTS

Investments are carried at fair value, which is based on quoted market prices on active markets (Level 1) as of December 31:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 17,310	\$ 36,405
Bonds	407,822	534,137
Mutual Funds	<u>787,427</u>	<u>1,082,266</u>
	<u>\$ 1,212,559</u>	<u>\$ 1,652,808</u>

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (CONTINUED)

	2022	2021
Investment income is summarized as follows:		
Interest and dividends	\$ 40,519	\$ 40,857
Net realized and unrealized gains	(273,671)	71,597
Total investment income	\$ (233,152)	\$ 112,454

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). All of our investments are valued using Level 1, which are described as inputs to the valuation methodology which are unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access.

NOTE 4 – PROPERTY AND EQUIPMENT AND DEPRECIATION

	2022	2021
Land	\$ 355,000	\$ 355,000
Building and improvements	763,140	763,140
Equipment	9,882	9,882
Less accumulated depreciation	(64,382)	(45,304)
	\$ 1,063,640	\$ 1,082,718

NOTE 5 – NOTE PAYABLE

	2022	2021
Note payable to a member of the Board of Directors, dated March 2020, in the original amount of \$200,000. Monthly payments of \$333 include principal and interest at 2%. Unsecured.	\$ 0	\$ 150,000

Interest expense for the years ended December 31, 2022 and 2021, was \$1,500 and \$3,333, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions for the years ended December 31, 2022 and 2021, by incurring expenses satisfying the restricted purposes as follows:

	2022	2021
Disaster relief	\$ 46,066	\$ 0
HSA fiscal sponsorship	10,840	0
Skys the Limit	872	7,477
	\$ 57,778	\$ 7,477

THE ASSOCIATION FOR COMMUNITY LIVING
IN BOULDER AND BROOMFIELD COUNTIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are available for the following purposes as of December 31:

	2022	2021
Disaster relief	\$ 3,735	\$ 0
HSA fiscal sponsorship	22,280	0
Skys the Limit	56,409	57,281
	\$ 82,424	\$ 57,281

NOTE 7 – AFFILIATIONS

We are a member of the arc Thrift Stores, which operates thrift stores to raise funds for local programs. The arc Thrift Stores provides a significant source of our funding but it has no control over local programs. Local units, such as ours, must be affiliated with the Arc of Colorado in order to receive arc Thrift Store funds. The arc Thrift Store allocation in 2022 and 2021 accounted for 78% and 59% of our revenue. The loss or reduction of this funding would have a materially adverse effect on our operations. We are affiliated nationally with The Arc of the United States, and locally with The Arc of Colorado. We pay an annual fee in exchange for technical assistance and all rights afforded member units.

NOTE 8 – PENSION PLAN

We maintain a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code that matches up to 5% of gross salaries for participating employees. For years ended December 31, 2022 and 2021 we contributed \$39,404 and \$36,104 to the Plan, respectively.

NOTE 9 – VOLUNTEER SERVICES

We are extremely appreciative of the volunteer time and effort, which is dedicated to the pursuit of the Association’s mission. These financial statements do not reflect the value of those services. The Association indicates a strong interest in substantially expanding the degree and nature of volunteer participation in the advocacy work in the Association during coming years.

NOTE 10 – CONTINGENCIES

In 2022 we received \$150,000 and in 2021 \$50,000 from a Worthy Cause Grant from the County of Boulder for the purpose of remodeling our building facility in Longmont, Colorado. Under the terms of the grant, the property must be used in our exempt purpose for a period of 99 years. If the property ceases to be used for this purpose, we must repay the full grant amount to the County of Boulder.