

**THE ASSOCIATION FOR COMMUNITY
LIVING IN BOULDER COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

CONTENTS

Independent Auditor's Report	2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

POYSTI & ASSOCIATES, LLC

Independent Auditor's Report

Board of Directors
The Association for Community Living in Boulder County
Lafayette, Colorado

Report on the Financial Statements

I have audited the accompanying financial statements of The Association for Community Living in Boulder County (a Colorado nonprofit corporation) as of December 31, 2019, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 County as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



February 17, 2020
Denver, Colorado

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
STATEMENTS OF FINANCIAL POSITION

<u>December 31,</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 534,696	\$ 400,316
Investments	1,121,232	1,786,112
Accounts receivable	0	58,906
Property and equipment, net of accumulated depreciation	750,833	0
Other assets	<u>0</u>	<u>5,353</u>
Total Assets	<u>\$ 2,406,761</u>	<u>\$ 2,250,687</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	<u>\$ 87,886</u>	<u>\$ 62,331</u>
 <u>Net assets</u>		
Without donor restrictions		
Invested in property and equipment	750,833	0
Undesignated	0	1,937,821
Designated by the Board for operating reserve	<u>1,568,042</u>	<u>250,535</u>
	<u>2,318,875</u>	<u>2,188,356</u>
Total Liabilities and Net Assets	<u>\$ 2,406,761</u>	<u>\$ 2,250,687</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
STATEMENTS OF ACTIVITIES

For the Years Ended December 31,	<u>2019</u>	<u>2018</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>Operating revenues and other gains</u>		
Contributions	\$ 104,309	\$ 109,586
Received indirectly – arc Thrift Stores	824,224	770,836
Contract revenue	112,986	354,452
Other income	1,545	2,030
Net assets released from restrictions	<u>0</u>	<u>2,400</u>
Total support, revenue and other gains	<u>1,043,064</u>	<u>1,239,304</u>
<u>Expenses</u>		
Advocacy	597,395	577,415
Outreach	134,099	162,626
Training	<u>126,502</u>	<u>111,450</u>
Total program activities	857,996	851,491
General and administrative	147,828	152,559
Fundraising	<u>96,759</u>	<u>77,282</u>
Total expenses	<u>1,102,583</u>	<u>1,081,332</u>
Change in Net Assets from Operations	(59,519)	157,972
<u>Non-Operating Change in Net Assets Without Donor Restrictions</u>		
Investment income (loss)	<u>190,038</u>	<u>(70,138)</u>
Change in Net Assets Without Donor Restrictions	<u>130,519</u>	<u>87,834</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Contributions	0	0
Net assets released from restrictions	<u>0</u>	<u>(2,400)</u>
Change in Net Assets With Donor Restrictions	<u>0</u>	<u>(2,400)</u>
Changes in net assets	130,519	85,434
Net assets at beginning of year	<u>2,188,356</u>	<u>2,102,922</u>
Net assets at end of year	<u>\$2,318,875</u>	<u>\$2,188,356</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
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 2019:</u>							
Salaries and related expenses	\$ 493,059	\$ 101,460	\$ 100,570	\$ 695,089	\$ 113,031	\$ 81,878	\$ 889,998
Community education	308	308	308	924	0	0	924
Contract services	6,773	4,532	4,527	15,832	14,901	467	31,200
Depreciation	2,308	475	471	3,254	529	384	4,167
Development	3,390	3,390	3,390	10,170	0	0	10,170
Direct Aid	7,063	0	0	7,063	0	0	7,063
Information technology	7,713	1,587	1,573	10,873	1,768	1,281	13,922
Insurance	6,186	1,273	1,261	8,720	1,418	1,028	11,166
Occupancy	48,159	9,910	9,824	67,873	11,040	7,995	86,928
Office expense	13,387	2,754	2,732	18,873	3,067	2,223	24,163
Program expense	0	6,548	0	6,548	0	0	6,548
Travel	9,049	1,862	1,846	12,757	2,074	1,503	16,334
 Total expenses	 <u>\$ 597,395</u>	 <u>\$ 134,099</u>	 <u>\$ 126,502</u>	 <u>\$ 857,996</u>	 <u>\$ 147,828</u>	 <u>\$ 96,759</u>	 <u>\$ 1,102,583</u>
 <u>For the Year 2018:</u>							
Salaries and related expenses	\$ 480,789	\$ 126,753	\$ 87,416	\$ 694,958	\$ 113,641	\$ 65,562	\$ 874,161
Community education	578	578	578	1,734	0	0	1,734
Contract services	3,145	828	572	4,545	19,346	429	24,320
Depreciation	973	257	177	1,407	230	133	1,770
Development	7,828	7,828	7,828	23,484	0	0	23,484
Direct Aid	2,273	0	0	2,273	0	0	2,273
Information technology	10,561	2,785	1,920	15,266	2,496	1,441	19,203
Insurance	4,859	1,281	884	7,024	1,149	662	8,835
Occupancy	41,985	11,069	7,634	60,688	9,924	5,725	76,337
Office expense	15,986	4,214	2,907	23,107	3,778	2,180	29,065
Program expense	0	4,808	0	4,808	0	0	4,808
Travel	8,438	2,225	1,534	12,197	1,995	1,150	15,342
 Total expenses	 <u>\$ 577,415</u>	 <u>\$ 162,626</u>	 <u>\$ 111,450</u>	 <u>\$ 851,491</u>	 <u>\$ 152,559</u>	 <u>\$ 77,282</u>	 <u>\$ 1,081,332</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
STATEMENTS OF CASH FLOWS

<u>December 31,</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Contributions, contracts and grants	\$ 1,100,425	\$ 1,199,518
Other income	1,545	2,030
Interest and dividends	40,797	41,746
Cash paid to suppliers and employees	<u>(1,068,508)</u>	<u>(1,056,009)</u>
Net cash provided by operating activities	<u>74,259</u>	<u>187,285</u>
Cash flows from investing activities		
Purchase of fixed assets	(755,000)	0
Purchase of investments	(675,333)	(1,855,671)
Proceeds from investments	<u>1,489,454</u>	<u>1,852,895</u>
Net cash provided by (used in) investing activities	<u>59,121</u>	<u>(2,776)</u>
Net increase in cash and cash equivalents	130,380	184,509
Cash and cash equivalents at beginning of year	<u>400,316</u>	<u>216,807</u>
Cash and cash equivalents at end of year	<u>\$ 534,696</u>	<u>\$ 400,316</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Association for Community Living in Boulder County (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, 2019 and 2018, the allowance for doubtful account balance was zero.

Property and Equipment

We record property and equipment additions 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 COUNTY
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, 2019 and 2018.

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 exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. We have been classified as a publicly supported association which is not a private foundation under Section 509(a) of the Code. Income generated from activities unrelated to our exempt purpose is subject to tax under IRC Section 511. Our ending open audit periods are 2016 through 2019. We did not have any material unrelated business income tax liability or significant uncertain tax positions for the years ended December 31, 2019 and 2018.

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
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 17, 2020, and this is the date through which subsequent events were evaluated. We did not identify any subsequent events requiring disclosure.

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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 534,696	\$ 400,316
Accounts receivable	0	58,906
Investments	<u>1,121,232</u>	<u>1,786,112</u>
	<u>\$ 1,655,928</u>	<u>\$ 2,245,334</u>

NOTE 3 – INVESTMENTS

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 52,846	\$ 26,159
Bonds	129,848	363,008
Mutual Funds	<u>938,538</u>	<u>1,396,945</u>
	<u>\$ 1,121,232</u>	<u>\$ 1,786,112</u>

Investment income is summarized as follows:

Interest and dividends	\$ 40,797	\$ 41,746
Net realized and unrealized gains	<u>149,241</u>	<u>(111,884)</u>
Total investment income	<u>\$ 190,038</u>	<u>\$ (70,138)</u>

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (CONTINUED)

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

	2019	2018
Land	\$ 355,000	\$ 0
Building and improvements	400,000	0
Equipment	14,319	23,852
Less accumulated depreciation	(18,486)	(23,852)
	\$ 750,833	\$ 0

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2019	2018
Gift of Community	\$ 0	\$ 1,165
Parent Education (Price Foundation)	0	1,235
	\$ 0	\$ 2,400

NOTE 6 – 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 2019 and 2018 accounted for 67% and 66% 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 7 – 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, 2019 and 2018 we contributed \$25,107 and \$21,148 to the Plan, respectively.

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – VOLUNTEER SERVICES

The Association is 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 9 – ENDOWMENTS

We have interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as allowing our Board to appropriate for expenditure or accumulate as much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of a donor expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted until appropriated for expenditure by our Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

We did not have any endowment funds as of December 31, 2019 and 2018.