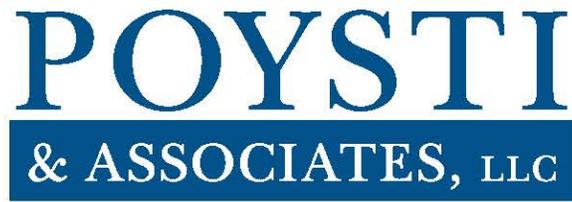


**THE ASSOCIATION FOR COMMUNITY  
LIVING IN BOULDER COUNTY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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## Independent Auditor's Report

Board of Directors  
The Association for Community Living in Boulder County

I have audited the accompanying financial statements of The Association for Community Living in Boulder County (a Colorado nonprofit corporation) as of December 31, 2017, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year 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, 2017, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of The Association for Community Living in Boulder County as of December 31, 2016, were audited by another auditing firm whose report dated April 21, 2017, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Perti & Associates, LLC". The signature is written in black ink and is positioned above the date and location text.

March 5, 2018  
Denver, Colorado

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

December 31,	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 216,807	\$ 100,234
Investments	1,895,220	1,738,951
Accounts receivable	23,550	38,999
Property and equipment, net of accumulated depreciation	1,770	4,119
Other assets	<u>5,095</u>	<u>16,817</u>
Total Assets	<u>\$ 2,142,442</u>	<u>\$ 1,899,120</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	<u>\$ 39,520</u>	<u>\$ 35,071</u>
<u>Net assets</u>		
Unrestricted	2,038,938	1,824,512
Unrestricted – Board designated	<u>61,584</u>	<u>33,431</u>
	2,100,522	1,857,943
Temporarily restricted	<u>2,400</u>	<u>6,106</u>
Total net assets	<u>2,102,922</u>	<u>1,864,049</u>
Total Liabilities and Net Assets	<u>\$ 2,142,442</u>	<u>\$ 1,899,120</u>

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

THE ASSOCIATION FOR COMMUNITY LIVING IN BOULDER COUNTY  
STATEMENTS OF ACTIVITIES

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<u>For the Year Ended December 31, 2017:</u>			
<u>Support, revenue and other gains</u>			
Contributions	\$ 65,728	\$ 5,000	\$ 70,728
Received indirectly – arc Thrift Stores	717,054	0	717,054
Contract revenue	405,484	0	405,484
Investment income	205,723	0	205,723
Other income	2,395	0	2,395
Net assets released from restrictions	<u>8,706</u>	<u>(8,706)</u>	<u>0</u>
Total support, revenue and other gains	<u>1,405,090</u>	<u>(3,706)</u>	<u>1,401,384</u>
<u>Expenses</u>			
Advocacy	607,639		607,639
Outreach	152,573		152,573
Training	<u>141,134</u>		<u>141,134</u>
Total program activities	901,346		901,346
General and administrative	186,268		186,268
Fundraising	<u>74,897</u>		<u>74,897</u>
Total expenses	<u>1,162,511</u>		<u>1,162,511</u>
Changes in net assets	242,579	(3,706)	238,873
Net assets at beginning of year	<u>1,857,943</u>	<u>6,106</u>	<u>1,864,049</u>
Net assets at end of year	<u>\$2,100,522</u>	<u>\$ 2,400</u>	<u>\$2,102,922</u>
<u>For the Year Ended December 31, 2016:</u>			
<u>Support, revenue and other gains</u>			
Contributions	\$ 72,589	\$ 290	\$ 72,879
Received indirectly – arc Thrift Stores	697,496	0	697,496
Contract revenue	154,608	0	154,608
Investment income	105,449	0	105,449
Other income	3,860	0	3,860
Net assets released from restrictions	<u>6,935</u>	<u>(6,935)</u>	<u>0</u>
Total support, revenue and other gains	<u>1,040,937</u>	<u>(6,645)</u>	<u>1,034,292</u>
<u>Expenses</u>			
Advocacy	523,162		523,162
Outreach	97,163		97,163
Training	<u>79,940</u>		<u>79,940</u>
Total program activities	700,265		700,265
General and administrative	187,299		187,299
Fundraising	<u>53,361</u>		<u>53,361</u>
Total expenses	<u>940,925</u>		<u>940,925</u>
Changes in net assets	100,012	(6,645)	93,367
Net assets at beginning of year	<u>1,757,931</u>	<u>12,751</u>	<u>1,770,682</u>
Net assets at end of year	<u>\$1,857,943</u>	<u>\$ 6,106</u>	<u>\$1,864,049</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>2017</u>	<u>2016</u>
Cash flows from operating activities		
Contributions, contracts and grants	\$ 1,208,715	\$ 935,472
Other income	2,395	3,860
Interest and dividends	76,593	44,213
Cash paid to suppliers and employees	<u>(1,143,991)</u>	<u>(938,193)</u>
Net cash provided by operating activities	<u>143,712</u>	<u>45,352</u>
Cash flows from investing activities		
Purchase of fixed assets		0
Purchase of investments	(147,139)	(193,786)
Proceeds from investments	<u>120,000</u>	<u>205,350</u>
Net cash provided by (used in) investing activities	<u>(27,139)</u>	<u>11,564</u>
Net increase in cash and cash equivalents	116,573	56,916
Cash and cash equivalents at beginning of year	<u>100,234</u>	<u>43,318</u>
Cash and cash equivalents at end of year	<u>\$ 216,807</u>	<u>\$ 100,234</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ 238,873	\$ 93,367
Reconciling adjustments		
Depreciation	2,349	3,598
Gain on investments	(129,130)	(61,236)
Changes in operating assets and liabilities		
Accounts receivables and other assets	27,171	17,899
Accounts payable and accrued liabilities	<u>4,449</u>	<u>(8,276)</u>
Net cash provided by operating activities	<u>\$ 143,712</u>	<u>\$ 45,352</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

The Association for Community Living in Boulder County (the Association) is a private not for profit corporation that was formed in the early 1960's and was incorporated in 1974. The Association believes 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. The Association exists to ensure these rights by acting as a catalyst to promote attitudes, practices, programs, and policies that result in full participation.

The significant accounting policies are described below.

Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the board for use in the Association's programs and those resources invested in land, buildings and equipment.

Temporarily restricted amounts are those which are restricted by donors for specific purposes.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments.

Revenue Recognition

Contributions (a principal source of revenue) are recognized as revenue when they are received or unconditionally pledged.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services shall be recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Association receives services from a large number of volunteers who give significant amounts of their time to the Association's programs, but no amounts have been reflected for these types of donated services, as they do not meet the criteria for recognition.

Cash and Cash Equivalents

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentration of credit risk consist principally of cash and cash equivalents, and investment securities.

Property and Equipment

Property and equipment are stated at cost and are depreciated over the estimated useful lives of the assets ranging from three to thirty-nine years using the straight-line method of depreciation.

Use of 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.

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. The Association has 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 the Association's exempt purpose is subject to tax under IRC Section 511. The Association's ending open audit periods are 2014 through 2017. The Association did not have any material unrelated business income tax liability or significant uncertain tax positions for the years ended December 31, 2016 and 2015.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the Association have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities.

Cash Deposits in Excess of Federally Insured Limits

The Association has determined that current operational cash needs will occasionally result in cash balances in excess of insured limits.

Subsequent Events

The Association's financial statements were available to be issued on March 5, 2018, and this is the date through which subsequent events were evaluated. The Association did not identify any subsequent events requiring disclosure.

Other Matters

Advertising costs are expensed as incurred.

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

NOTE 2 – INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 22,804	\$ 7,170
Certificates of deposit	119,990	119,970
Bonds	685,138	681,248
Mutual Funds	<u>1,067,288</u>	<u>930,563</u>
	<u>\$ 1,895,220</u>	<u>\$ 1,738,951</u>

Investment income is summarized as follows:

Interest and dividends	\$ 76,593	\$ 44,213
Net realized and unrealized gains	<u>129,130</u>	<u>61,236</u>
Total investment income	<u>\$ 205,723</u>	<u>\$ 105,449</u>

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 the Association's 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 the Association has the ability to access.

NOTE 3 – PROPERTY AND EQUIPMENT AND DEPRECIATION

	<u>2017</u>	<u>2016</u>
Equipment	\$ 23,852	\$ 23,852
Less accumulated depreciation	<u>(22,082)</u>	<u>(19,733)</u>
	<u>\$ 1,770</u>	<u>\$ 4,119</u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Gift of Community	\$ 5,587	\$ 2,886
Margaret Wilson Memorial	0	1,954
Parent Education (Price Foundation)	<u>3,119</u>	<u>2,095</u>
	<u>\$ 8,706</u>	<u>\$ 6,935</u>

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

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets are available for the following purposes as of December 31:

	2017	2016
Gift of Community	\$ 1,165	\$ 1,752
Parent Education (Price Foundation)	1,235	4,354
	\$ 2,400	\$ 6,106

NOTE 5 – AFFILIATIONS

The Association is 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 funding for the Association but it has no control over local programs. Local units, such as the Association, must be affiliated with the Arc of Colorado in order to receive arc Thrift Store funds. The arc Thrift Store allocation in 2017 and 2016 accounted for 51% and 67% of the Association's revenue. The loss or reduction of this funding would have a materially adverse effect on the Association. The Association is affiliated nationally with The Arc of the United States, and locally with The Arc of Colorado. The Association pays an annual fee in exchange for technical assistance and all rights afforded member units.

NOTE 6 – PENSION PLAN

The Association also maintains 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. Employer contributions during the years ended December 31, 2016 and 2015 were \$21,234 and \$18,234.

NOTE 7 – 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 8 – LINE OF CREDIT

The Association has an available line of credit based on the value of its investments held on account with a financial broker (Note 2). The approved available balances and corresponding interest rates as of December 31, 2017 and 2016 were \$510,365 at 4.0%, and \$514,359 at 3.5%, respectively. The available credit is secured by the investments held in account. There was no borrowing activity for the years ended December 31, 2017 and 2016.

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

NOTE 9 – ENDOWMENTS

The Association has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the original value of the gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' original value, the excess is available for appropriation and, therefore, classified as temporarily restricted net assets until appropriated by the Association for expenditure. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate term and quasi-endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Association and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Association.
7. The investment policies of the Association.

The Association did not have any permanent endowment funds as of December 31, 2017 and 2016. Changes in term-endowment net assets for the years ended December 31, 2017 and 2016, are reflected in the statements of activities.

NOTE 10 – COMMITMENTS

The Association leases the premises it occupies under a five year rental agreement expiring in January 2020. Rental expense for leases was \$70,090 and \$65,407 for the years ended December 31, 2017 and 2016.

Minimum lease rental commitments under leasing agreements for the years ended December 31 are as follows:

2018	\$	35,292
2019		35,292
2020		2,941