



## Financial Statements

As of and For the Year Ended  
December 31, 2016 with Summarized  
Financial Information As of and For  
the Year Ended December 31, 2015

# Center for ReSource Conservation

## Contents

---

<b>Independent Auditor's Report</b>	1
<b>Financial Statements:</b>	
Statement of Financial Position – As of December 31, 2016 with Summarized Financial Information at December 31, 2015	3
Statement of Activities and Changes in Net Assets - Year Ended December 31, 2016 with Summarized Financial Information for the Year Ended December 31, 2015	4
Statement of Cash Flows- Year Ended December 31, 2016 with Summarized Financial Information for the Year Ended December 31, 2015	5
Notes to Financial Statements	6
<b>Supplementary Information:</b>	
Independent Auditor's Report on Supplementary Information	13
Schedule of Functional Expenses - Year Ended December 31, 2016 with Summarized Financial Information for the Year Ended December 31, 2015	14



## **Independent Auditor's Report**

Board of Directors  
Center for ReSource Conservation  
Boulder, Colorado

We have audited the accompanying financial statements of the Center for ReSource Conservation (the "Center"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, 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***

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for ReSource Conservation as of December 31, 2016, 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.

### *Report on Summarized Comparative Information*

We have previously audited the Center for ReSource Conservation's 2015 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated May 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material aspects, with the audited financial statements from which it has been derived.

*Anton Collins Mitchell LLP*

Boulder, Colorado  
May 12, 2017

# Center for ReSource Conservation

## Statement of Financial Position As of December 31, 2016 With Summarized Financial Information at December 31, 2015

<i>December 31,</i>	2016	2015
<b>Assets:</b>		
Cash and cash equivalents - unrestricted	\$ 365,273	\$ 310,752
Cash and cash equivalents - temporarily restricted	169,775	103,070
Grants and contributions receivable	65,910	23,594
Prepaid expenses and deposits	14,193	28,178
Inventory	62,103	56,276
Property and equipment, net	123,581	163,475
<b>Total assets</b>	<b>\$ 800,835</b>	<b>\$ 685,345</b>
<b>Liabilities and net assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 18,512	\$ 19,340
Payroll liabilities	99,053	61,307
Deferred revenue	98,904	117,894
Copier lease obligation	-	4,065
<b>Total liabilities</b>	<b>216,469</b>	<b>202,606</b>
<b>Commitments and contingencies</b>		
<b>Net assets:</b>		
Unrestricted	414,591	379,669
Temporarily restricted	169,775	103,070
<b>Total net assets</b>	<b>584,366</b>	<b>482,739</b>
<b>Total liabilities and net assets</b>	<b>\$ 800,835</b>	<b>\$ 685,345</b>

*See independent auditor's report and notes to the financial statements.*

# Center for ReSource Conservation

## Statement of Activities and Changes in Net Assets Year Ended December 31, 2016 With Summarized Financial Information for the Year Ended December 31, 2015

<i>Year Ended December 31,</i>	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>Support and revenue:</b>				
ReSource sales and merchandise revenue	\$ 863,750	\$ -	\$ 863,750	\$ 820,508
Used building materials for resale	861,665	-	861,665	820,507
Less: cost of goods sold (donated)	(861,665)	-	(861,665)	(829,766)
Net profit from ReSource sales	863,750	-	863,750	811,249
Garden In a Box program sales revenue	500,927	-	500,927	261,245
Less: cost of goods sold (purchased)	(177,806)	-	(177,806)	(153,050)
Net profit from Garden In a Box sales	323,121	-	323,121	108,195
Program service fees	630,067	-	630,067	711,807
Grants and contributions	112,796	215,219	328,015	342,663
Loss on sale of assets	-	-	-	(6,814)
Interest income	242	-	242	171
Other income	-	-	-	57
In-kind contributions	190,318	-	190,318	236,512
Net assets released from restrictions	148,514	(148,514)	-	-
Total other revenue and support	1,081,937	66,705	1,148,642	1,284,396
<b>Total support and revenue</b>	<b>2,268,808</b>	<b>66,705</b>	<b>2,335,513</b>	<b>2,203,840</b>
<b>Expenses:</b>				
Program services	1,894,640	-	1,894,640	1,832,918
General and administrative	233,458	-	233,458	318,027
Fundraising	105,788	-	105,788	82,916
<b>Total expenses</b>	<b>2,233,886</b>	<b>-</b>	<b>2,233,886</b>	<b>2,233,861</b>
<b>Change in net assets</b>	<b>34,922</b>	<b>66,705</b>	<b>101,627</b>	<b>(30,021)</b>
<b>Net assets, beginning of year</b>	<b>379,669</b>	<b>103,070</b>	<b>482,739</b>	<b>512,760</b>
<b>Net assets, end of year</b>	<b>\$ 414,591</b>	<b>\$ 169,775</b>	<b>\$ 584,366</b>	<b>\$ 482,739</b>

*See independent auditor's report and notes to the financial statements.*

# Center for ReSource Conservation

## Statement of Cash Flows Year Ended December 31, 2016 With Summarized Financial Information for the Year Ended December 31, 2015

<i>Year Ended December 31,</i>	2016	2015
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 101,627	\$ (30,021)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	94,396	90,990
Loss on sale of property and equipment	1,723	6,814
Decrease (increase) in operating assets:		
Grants and contributions receivable	(42,316)	14,527
Inventory	(5,827)	9,259
Prepaid expenses and deposits	13,985	(10,149)
Increase (decrease) in operating liabilities:		
Accounts payable	(828)	(9,446)
Payroll liabilities	37,746	22,445
Deferred revenue	(18,990)	71,893
Net cash from operating activities	181,516	166,312
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(56,225)	(37,998)
<b>Cash flows from financing activities:</b>		
Payments on copier lease	(4,065)	(3,109)
Net change in cash and cash equivalents	121,226	125,205
<b>Cash and cash equivalents, beginning of year</b>	<b>413,822</b>	<b>288,617</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 535,048</b>	<b>\$ 413,822</b>
<b>Supplemental cash flow information</b>		
Cash paid during the year for interest	\$ -	\$ 959

*See independent auditor's report and notes to the financial statements.*

# Center for ReSource Conservation

## Notes to Financial Statements

---

### 1. NATURE OF ACTIVITIES

The Center for ReSource Conservation (the "Center") is a 40 year old community based non-profit incorporated in 1976 with a mission to put conservation into action. Its vision is thriving communities living sustainably. Currently, the Center serves homeowners, schools, small businesses and municipalities throughout Colorado Front Range Communities. More than 60,000 people are impacted directly through its programs and services.

Through sustainability programs that impact water and energy consumption and its retail operation that diverts materials from the landfill, the Center is evolving as a social enterprise, identifying market-driven opportunities to expand and improve its reach and impact, and engage more directly with residents.

The Center is primarily funded by sales of used building materials and conservation program service fees.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

The Center follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets accounting principles generally accepted in the United States of America ("GAAP") which the Center follows to ensure the financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification, referred to as the "Codification" or "ASC".

The financial statements are prepared on the accrual basis under ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. The Center is required 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. In addition, the Center is required to present a statement of cash flows.

#### *Cash and Cash Equivalents*

The Center considers all highly liquid investments and securities with original maturities of three months or less at the time of purchase to be cash equivalents. At times, the Center's bank account balances may exceed federally insured limits. Management monitors the reputation of the financial institutions with which it associates and believes the Center's risk is negligible. The Center has not experienced any losses in such accounts.



# Center for ReSource Conservation

## Notes to Financial Statements

---

### *Property and Equipment*

Property and equipment acquired with an initial value of \$1,000 or more are capitalized and stated at cost, less accumulated depreciation. Depreciation of furniture, equipment and leasehold improvements is computed using the straight-line method over the estimated useful lives of three to ten years, or lease term if shorter. The fair value of donated assets is similarly capitalized, except for donated tools for the tool library. The Center capitalizes all tool library assets, which are depreciated using the straight-line method over the estimated useful life of five years.

The Center follows the provisions of ASC 350-40, *Internal-Use Software*, for capitalizing software costs. Costs incurred during the application development stage are capitalized and costs incurred during the preliminary project and the post-implementation stages are expenses as incurred. Capitalized software costs are amortized using the straight-line method over the estimated useful life of approximately three years. Amortization begins when the software is ready for its intended use.

Expenditures for renewals and betterments in excess of \$1,000 that materially extend the life of an asset or increase its productivity are capitalized. Expenditures for repairs and maintenance that do not extend asset lives or improve productivity are expensed as incurred. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized.

### *Inventory*

Inventory consists of donated used building materials, stated at fair value at the time of donation, and purchased merchandise, stated at the lower of cost or market.

### *Use of Estimates*

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 such differences could be material.

### *Contributions*

Contributions are recognized when cash, other assets, a decrease in liabilities or expense, or an unconditional promise to give is received. In accordance with ASC 958-605 *Not-for-Profit Entities, Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of donor restrictions.

# Center for ReSource Conservation

## Notes to Financial Statements

---

### *Recognition of Donor Restrictions*

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 Center reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### *Donated Services, Equipment and Materials*

Donated services are reported as contributions when services create or enhance nonfinancial assets or would be purchased if they require specialized skills and are provided by individuals possessing those skills. Donated equipment and materials are recorded at estimated fair values as revenue and cost of good sold, expense, or capitalized assets, depending on the nature of the donation.

### *Grants and Contributions Receivable*

Based on the judgment of the Center and past collection histories, no allowance for doubtful accounts was deemed necessary as of December 31, 2016 and 2015. The Center does not require collateral on grants or contributions receivable. As of December 31, 2016 and 2015, there were 3 donors which individually accounted for more than 10% of the grants and contributions receivable.

### *Revenue Recognition and Deferred Revenue*

The Center recognizes revenues from merchandise sales at the time of product delivery. Program service fees are recognized when the program occurs.

Deferred revenue consists of outstanding gift cards and is recognized as revenue when the gift card is redeemed.

### *Functional Allocation of Expenses*

The costs of conducting the various program and supporting services 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.

# Center for ReSource Conservation

## Notes to Financial Statements

---

### *Advertising Expense*

Advertising costs are expensed when incurred and totaled approximately \$8,000 and \$12,000 for the years ended December 31, 2016 and 2015, respectively.

### *Income Taxes and Tax Status*

The Center has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and under the Colorado Income Tax Act of 1964 (as amended). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

The Center believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. Years before 2013 are no longer subject to tax authority examinations.

### *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 GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

### *Reclassifications*

Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to the current year financial statement presentation. These reclassifications had no effect on previously reported change in net assets.

# Center for ReSource Conservation

## Notes to Financial Statements

### 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>December 31,</i>	<b>2016</b>	<b>2015</b>
Furniture and equipment	\$ 328,190	\$ 264,873
Leasehold improvements	21,842	67,595
Tool library	40,316	40,316
Leased copier	-	17,393
Software	154,606	117,668
	<b>544,954</b>	<b>507,845</b>
Less: accumulated depreciation	<b>(421,373)</b>	<b>(344,370)</b>
Property and equipment, net	<b>\$ 123,581</b>	<b>\$ 163,475</b>

### 4. LINE OF CREDIT

The Center has a \$150,000 unsecured line of credit with a financial institution, which requires annual renewal. The line accrues interest at an annual rate of 3.22% per annum above the prime rate (6.97% at December 31, 2016) and requires the greater of \$100 or accrued interest to be paid monthly. At December 31, 2016 and 2015 there was no outstanding balance on the line of credit.

### 5. COMMITMENTS

#### *Land and Building Lease*

In 2010, the Center entered into a lease agreement with the City of Boulder for a new site for its Boulder ReSource program. Under the lease, the Center occupies land, buildings and certain improvements for \$1 a month. The lease term ended in August 2011 but the space is still being rented on a month to month basis. The estimated fair market value of this leased space for each of the years ended December 31, 2016 and 2015 was \$175,000, which as reflected in Note 7, is recorded as in-kind contribution revenue on the statement of activities.

# Center for ReSource Conservation

## Notes to Financial Statements

### *Administration Building Lease*

The Center has also entered into a lease agreement for its administrative location. The lease commenced June 1, 2013, and requires monthly payments ranging from \$3,675 to \$4,057, plus estimated costs for insurance and property taxes through expiration in March 2018. Rental expense under this lease agreement was \$66,170 and \$63,970 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments under this lease are as follows:

<i>Year Ending December 31,</i>		
2017	\$	48,189
2018		12,171
Total	\$	60,360

## 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are designated by donors for the following:

<i>December 31,</i>	2016	2015
Renew Our Schools	\$ 132,500	\$ 86,670
ReSource	6,500	9,400
Water Conservation	30,000	7,000
Conservation for All	775	-
	\$ 169,775	\$ 103,070

Net assets released from restriction consisted of the following:

<i>Year Ended December 31,</i>	2016	2015
Renew Our Schools	\$ 133,614	\$ 150,130
ReSource	4,400	-
Water Conservation	10,500	-
	\$ 148,514	\$ 150,130

# Center for ReSource Conservation

## Notes to Financial Statements

### 7. IN-KIND CONTRIBUTIONS

Support from donated services, equipment and materials for the years ended December 31, 2016 and 2015 consisted of the following:

<i>Year Ended December 31,</i>	<b>2016</b>	<b>2015</b>
Used building materials for resale	\$ 861,665	\$ 829,766
Rent - ReSource Boulder	175,000	175,000
Legal services	567	39,700
Supplies and materials	14,751	21,812
Total	\$ 1,051,983	\$ 1,066,278

Support from donated services, equipment and materials for the years ended December 31, 2016 and 2015 were reported in the statement of activities as follows:

<i>Year Ended December 31,</i>	<b>2016</b>	<b>2015</b>
Used building materials for resale	\$ 861,665	\$ 829,766
Program services	190,318	235,836
Fundraising	-	676
Total	\$ 1,051,983	\$ 1,066,278

### 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2017, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

## **Independent Auditor's Report on Supplementary Information**

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 information is fairly stated in all material respects in relation to the financial statements as a whole.

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

We have previously audited the Center for ReSource Conservation's 2015 financial statements, including the supplementary information, and we expressed an unmodified opinion on those financial statements and supplementary information in our report dated May 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material aspects, with the audited financial statements from which it has been derived.

*Anton Collins Mitchell LLP*

Boulder, Colorado  
May 12, 2017

# Center for ReSource Conservation

## Schedule of Functional Expenses

<i>Year Ended December 31,</i>	2016			2015	
	Program Services	General and Administrative	Fundraising	Total	Total
Wages	\$ 910,018	\$ 135,648	\$ 56,292	\$ 1,101,958	\$ 1,094,135
Employee benefits	135,486	25,521	3,342	164,349	105,974
Payroll tax expenses	95,428	13,541	6,152	115,121	118,562
<b>Employee expenses</b>	<b>1,140,932</b>	<b>174,710</b>	<b>65,786</b>	<b>1,381,428</b>	<b>\$ 1,318,671</b>
Occupancy	224,205	11,676	5,289	241,170	238,970
Professional fees	38,955	24,998	11,454	75,407	190,797
Renew Our Schools prizes	206,223	-	-	206,223	110,000
Depreciation	84,422	3,020	6,954	94,396	90,990
Supplies	33,186	1,998	1,155	36,339	89,856
Site maintenance	44,486	815	170	45,471	52,743
Business development	11,090	3,176	6,232	20,498	20,236
Travel	18,014	9	69	18,092	22,801
Staff development	12,217	5,035	783	18,035	17,996
Insurance	16,828	3,971	1,622	22,421	23,578
Utilities	21,195	1,241	4,742	27,178	24,298
Merchant credit card fees	25,716	60	456	26,232	19,846
Interest	-	-	-	-	959
Postage and printing	5,048	218	157	5,423	5,108
Licenses and fees	1,584	100	114	1,798	4,168
Dues and subscriptions	3,177	750	620	4,547	1,366
Other	7,362	1,681	185	9,228	1,478
<b>Total expenses</b>	<b>\$ 1,894,640</b>	<b>\$ 233,458</b>	<b>\$ 105,788</b>	<b>\$ 2,233,886</b>	<b>\$ 2,233,861</b>