CENTER FOR
ReSource Conservation

Financial Statements

For the year ended December 31, 2014
With summarized financial information for
the year ended December 31, 2013

ACM
Anton Collins Mitchell LLP
Accountants & Consultants

Center for ReSource Conservation

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Center for ReSource Conservation

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Anton Collins Mitchell LLP
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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, 2014, 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.

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Accountants & Consultants

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, 2014, 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.

Other Matter

The 2013 financial statements of the Center were audited by other auditors, whose report dated March 20, 2014 expressed an unmodified opinion on those statements.

Anton Collins Mitchell LLP

Boulder, Colorado
June 19, 2015

Financial Statements

Center for ReSource Conservation

Statements of Financial Position

December 31,		**2014**		2013
Assets:				
Cash and cash equivalents - unrestricted	**$**	**232,317**	$	217,807
Cash and cash equivalents - temporarily restricted		**56,300**		93,300
Grants and contributions receivable		**38,121**		21,684
Tenant finish receivable		**-**		840
Prepaid expenses and deposits		**18,029**		19,320
Inventory		**65,535**		73,943
Property and equipment, net		**223,281**		88,516
Property held for sale		**-**		383,520
Total assets	**$**	**633,583**	$	898,930
Liabilities and net assets				
Liabilities:				
Accounts payable	**$**	**28,786**	$	36,392
Payroll liabilities		**38,862**		37,378
Deferred revenue		**12,070**		22,570
Copier lease obligation		**7,174**		10,283
Note payable		**-**		295,772
Total liabilities		**86,892**		402,395
Commitments and contingencies				
Net assets:				
Unrestricted		**490,391**		403,235
Temporarily restricted		**56,300**		93,300
Total net assets		**546,691**		496,535
Total liabilities and net assets	**$**	**633,583**	$	898,930

See notes to the financial statements.

Center for ReSource Conservation

Statements of Activities and Change in Net Assets

Year Ended December 31,	2014			2013
	Unrestricted	**Temporarily Restricted**	**Total**	**Total**
Support and revenue:				
ReSource sales and merchandise revenue	**$ 805,310**	**$ -**	**805,310**	$ 960,455
Used building materials for resale	**788,271**	**-**	**788,271**	887,181
Less cost of goods sold (donated)	**(797,867)**	**-**	**(797,867)**	(905,038)
Net profit from ReSource sales	**795,714**	**-**	**795,714**	942,598
Garden In a Box program sales revenue	**220,760**	**-**	**220,760**	165,098
Less cost of goods sold (purchased)	**(128,557)**	**-**	**(128,557)**	(88,542)
Net profit from Garden In a Box sales	**92,203**	**-**	**92,203**	76,556
Program service fees	**653,876**	**-**	**653,876**	691,884
Grants and contributions	**104,409**	**71,000**	**175,409**	235,047
Special event income	**298**	**-**	**298**	17,210
less direct expenses	**(5,269)**	**-**	**(5,269)**	(17,327)
Gain (loss) on sale of assets	**125,932**	**-**	**125,932**	(13,046)
Interest income	**384**	**-**	**384**	51
Other income	**440**	**-**	**440**	1,141
In-kind contributions	**202,849**	**-**	**202,849**	102,152
Net assets released from restrictions	**108,000**	**(108,000)**	**-**	-
	1,190,919	**(37,000)**	**1,153,919**	1,017,112
Total support and revenue	**2,078,836**	**(37,000)**	**2,041,836**	2,036,266
Expenses:				
Program services	**1,681,270**	**-**	**1,681,270**	1,651,937
General and administrative	**231,121**	**-**	**231,121**	157,692
Fundraising	**79,289**	**-**	**79,289**	87,659
Total expenses	**1,991,680**	**-**	**1,991,680**	1,897,288
Change in net assets	**87,156**	**(37,000)**	**50,156**	138,978
Net assets, beginning of year	**403,235**	**93,300**	**496,535**	357,557
Net assets, end of year	**$ 490,391**	**$ 56,300**	**$ 546,691**	$ 496,535

See notes to the financial statements.

Center for ReSource Conservation

Statements of Cash Flows

Year Ended December 31,	**2014**	2013
Cash flows from operating activities:		
Change in net assets	**$ 50,156**	$ 138,978
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	**1,124**	44,071
Change in inventory	**8,408**	30,744
Gain on sale of property and equipment	**(19,393)**	(13,046)
Gain on sale of property held for sale	**(106,539)**	-
Decrease (increase) in operating assets:		
Grants and contributions receivable	**(16,437)**	86,509
Tenant finish receivable	**840**	11,697
Prepaid expenses and deposits	**1,291**	(5,335)
Increase (decrease) in operating liabilities:		
Accounts payable	**(7,606)**	(3,925)
Payroll liabilities	**1,484**	(13,454)
Deferred revenue	**(10,500)**	(12,282)
Net cash (used in) provided by operating activities	**(97,172)**	263,957
Cash flows from investing activities:		
Purchase of property and equipment	**(153,646)**	(27,175)
Proceeds from sale of assets	**527,209**	-
Net cash provided by (used in) investing activities	**373,563**	(27,175)
Cash flows from financing activities:		
Payments on copier lease	**(3,109)**	(3,109)
Payments on note payable	**(295,772)**	(17,113)
Net cash used in financing activities	**(298,881)**	(20,222)
Net change in cash and cash equivalents	**(22,490)**	216,560
Cash and cash equivalents, beginning of year	**311,107**	94,547
Cash and cash equivalents, end of year	**$ 288,617**	$ 311,107
Supplemental cash flow information		
Cash paid during the year for interest	**9,744**	16,705

See notes to the financial statements.

1. NATURE OF ACTIVIES

The Center for ReSource Conservation (the "Center") is a 39 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 per by 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 Stated 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment acquired with an initial value of $1,000 or more are stated at cost, less accumulated depreciation. Depreciation of furniture, equipment and leasehold improvements is capitalized and 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and 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, 2014 and 2013. The Center does not require collateral on grants or contributions receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue R ecognition 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.

Advertising Expense

ASC 720-35 *Other Expenses, Advertising Costs* requires direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. The Center does not currently use direct response advertising, therefore advertising costs are expensed when incurred.

Income Taxes and Tax status

The Center 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. The Center's federal return of organizations exempt from income tax (Form 990) is subject to examination by the IRS, generally for three years after filing. The Center is no longer subject to examination by the IRS for years before 2011.

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, 2013, from which the summarized information was derived. Those statements were audited by other auditors.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

December 31,	**2014**	2013
Furniture and equipment	**$ 300,961**	$ 292,722
Leasehold improvements	**67,595**	58,823
Tool library	**40,316**	40,316
Leased copier	**17,393**	17,393
Software	**101,918**	-
Less: accumulated depreciation	**(304,902)**	(320,738)
Property and equipment, net	**$ 223,281**	$ 88,516

Property held for sale

On November 28, 2013, the Center ceased its operations at their Fort Collins location and listed the property for sale. The property was sold in July 2014 for approximately $440,000 resulting in a gain on sale of $106,539.

4. COPIER LEASE OBLIGATION

In 2011, the Center acquired a copier under a capital lease agreement. The future minimum lease payments are as follows:

Year ended December 31,	
2015	$ 4,068
2016	3,390
Less: amounts representing interest	(284)
Total copier lease obligation	$ 7,174

4. COPIER LEASE OBLIGATION (CONTINUED)

The cost of the copier in the amount of $17,393 is included in property and equipment in the statement of financial position at both December 31, 2014 and 2013. Accumulated depreciation of the leased copier at December 31, 2014 and 2013, was $12,175 and $8,697, respectively.

5. NOTE PAYABLE

On June 3, 2011, the Center refinanced a note on a property in Fort Collins, Colorado. The note was settled with a financial institution for $336,889 and required monthly principal payments of $2,738 beginning in July 2011. All remaining principal and accrued interest was due in June 2026. The interest rate was 5.34%. Also included in the terms was a prepayment penalty of one percent. The note was paid off in July 2014 with the sale of the property and a penalty of $3,641 was assessed and is included in the gain on sale of assets on the statement of activities..

6. LINE OF CREDIT

The Center has a $150,000 unsecured line of credit with a financial institution. The line accrues interest at an annual rate of 5.00% per annum and requires interest to be paid monthly. At December 31, 2014 and 2013 there was no outstanding balance on the line of credit.

7. 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 occupied 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 the years ended December 31, 2014 and 2013 was $175,000 and $87,000, which as reflected in Note 9, is recorded as in-kind contribution revenue on the statement of activities.

7. COMMITMENTS (CONTINUED)

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 $62,778 and $59,752 for the years ended December 31, 2014 and 2013, respectively.

Future minimum lease payments under this lease are as follows:

Year ended December 31,	
2015	$ 46,562
2016	47,511
2017	48,189
2018	12,171
Total	$ 154,433

8. TEMPORARLIY RESTRICTED NET ASSETS

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

December 31,	**2014**	2013
Renew Our Schools	**$ 51,300**	$ 88,300
Monument signage	**5,000**	5,000
	$ 56,300	$ 93,300

8. TEMPORARLIY RESTRICTED NET ASSETS (CONTINUED)

Net assets released from restriction consisted of the following:

December 31,	**2014**	2013
Renew Our Schools	**$ 108,000**	$ 140,700
	$ 108,000	$ 140,700

9. IN-KIND CONTRIBUTIONS

Support from donated services, equipment and materials for the years ended December 31, 2014 and 2013 consisted of the following:

December 31,	**2014**	2013
Used building materials for resale	**$ 788,271**	$ 887,181
Rent - ReSource Boulder	**175,000**	87,000
Legal services	**15,000**	15,152
Professional services	**12,849**	-
Total	**$ 991,120**	$ 989,333

Support from donated services, equipment and materials for the years ended December 31, 2014 and 2013 were reported in the statement of activities as follows:

December 31,	**2014**	2013
Used building materials for resale	**$ 788,271**	$ 887,181
Program services	**201,949**	102,152
Fundraising	**900**	-
Total	**$ 991,120**	$ 989,333

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 19, 2015, 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.

Anton Collins Mitchell LLP
Accountants & Consultants

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 2014 information is fairly stated in all material respects in relation to the financial statements as a whole. The 2013 summarized comparative information was audited by other auditors, whose report dated March 20, 2014 expressed an unmodified opinion on that information.

Anton Collins Mitchell LLP

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June 19, 2015

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Center for ReSource Conservation

Schedule of Functional Expenses

Year Ended December 31,	2014				2013
	Program Services	**General and Administrative**	**Fundraising**	**Total**	**Total**
Wages	**$ 753,752**	**$ 78,881**	**$ 43,823**	**$ 876,456**	$ 976,494
Employee benefits	**62,947**	**6,587**	**3,660**	**73,194**	74,037
Payroll tax expenses	**70,881**	**7,418**	**4,121**	**82,420**	83,349
Employee expenses	**887,580**	**92,886**	**51,604**	**1,032,070**	1,133,880
Occupancy	**223,581**	**13,407**	**790**	**237,778**	146,752
Professional fees	**107,641**	**99,476**	**23,453**	**230,570**	222,349
Renew Our Schools prizes	**119,949**	**-**	**-**	**119,949**	64,694
Depreciation	**54,920**	**4,415**	**-**	**59,335**	44,071
Supplies	**55,330**	**652**	**54**	**56,036**	35,337
Site maintenance	**54,857**	**918**	**49**	**55,824**	40,437
Advertising	**29,425**	**-**	**383**	**29,808**	21,256
Travel	**27,272**	**1,119**	**-**	**28,391**	31,650
Staff development	**24,121**	**2,260**	**99**	**26,480**	23,650
Insurance	**21,458**	**1,653**	**97**	**23,208**	16,578
Merchant credit card fees	**22,746**	**73**	**125**	**22,944**	23,838
Utilities	**15,615**	**1,194**	**71**	**16,880**	17,310
Telephone	**14,806**	**1,070**	**73**	**15,949**	18,502
Equipment	**9,405**	**320**	**19**	**9,744**	24,786
Interest	**-**	**9,692**	**-**	**9,692**	16,705
Printing	**4,363**	**-**	**1,105**	**5,468**	6,258
Licenses and fees	**2,807**	**141**	**-**	**2,948**	2,646
Postage	**914**	**110**	**710**	**1,734**	1,019
Dues and subscriptions	**1,187**	**398**	**88**	**1,673**	2,652
Bank and service fees	**644**	**73**	**407**	**1,124**	375
Other	**2,649**	**1,264**	**162**	**4,075**	2,543
Total expenses	**$ 1,681,270**	**$ 231,121**	**$ 79,289**	**$ 1,991,680**	$ 1,897,288