



Financial Statements

For the Year Ended December 31,
2015 With Summarized Financial
Information for the Year Ended
December 31, 2014

Center for ReSource Conservation

Contents

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position – At December 31, 2015 With Summarized Financial Information at December 31, 2014	3
Statement of Activities and Changes in Net Assets - Year Ended December 31, 2015 With Summarized Financial Information for the Year Ended December 31, 2014	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information:	
Independent Auditor's Report on Supplementary Information	14
Schedule of Functional Expenses	15



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, 2015, 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. The prior year summarized comparative information has been derived from the Center's 2014 financial statements and, in our report dated June 19, 2015, we expressed an unqualified opinion on those 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, 2015, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the 2014 financial statements have been restated to correct a misstatement related to deferred revenue and unrestricted net assets. Our opinion is not modified with respect to this matter.

Anton Collins Mitchell LLP

Boulder, Colorado
May 10, 2016

Center for ReSource Conservation

Statement of Financial Position At December 31, 2015 With Summarized Financial Information at December 31, 2014

<i>December 31,</i>	2015	2014
		(Restated)
Assets:		
Cash and cash equivalents - unrestricted	\$ 310,752	\$ 232,317
Cash and cash equivalents - temporarily restricted	103,070	56,300
Grants and contributions receivable	23,594	38,121
Prepaid expenses and deposits	28,178	18,029
Inventory	56,276	65,535
Property and equipment, net	163,475	223,281
Total assets	\$ 685,345	\$ 633,583
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 19,340	\$ 28,786
Payroll liabilities	61,307	38,862
Deferred revenue	117,894	46,001
Copier lease obligation	4,065	7,174
Total liabilities	202,606	120,823
Commitments and contingencies		
Net assets:		
Unrestricted	379,669	456,460
Temporarily restricted	103,070	56,300
Total net assets	482,739	512,760
Total liabilities and net assets	\$ 685,345	\$ 633,583

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, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

<i>Year Ended December 31,</i>	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
ReSource sales and merchandise revenue	\$ 820,508	\$ -	\$ 820,508	\$ 805,310
Used building materials for resale	820,507	-	820,507	788,271
Less cost of goods sold (donated)	(829,766)	-	(829,766)	(797,867)
Net profit from ReSource sales	811,249	-	811,249	795,714
Garden In a Box program sales revenue	261,245	-	261,245	220,760
Less cost of goods sold (purchased)	(153,050)	-	(153,050)	(128,557)
Net profit from Garden In a Box sales	108,195	-	108,195	92,203
Program service fees	711,807	-	711,807	653,876
Grants and contributions	145,763	196,900	342,663	175,409
Special event income	-	-	-	298
less direct expenses	-	-	-	(5,269)
(Loss) gain on sale of assets	(6,814)	-	(6,814)	125,932
Interest income	171	-	171	384
Other income	57	-	57	440
In-kind contributions	236,512	-	236,512	202,849
Net assets released from restrictions	150,130	(150,130)	-	-
	1,237,626	46,770	1,284,396	1,153,919
Total support and revenue	2,157,070	46,770	2,203,840	2,041,836
Expenses:				
Program services	1,832,918	-	1,832,918	1,681,270
General and administrative	318,027	-	318,027	231,121
Fundraising	82,916	-	82,916	79,289
Total expenses	2,233,861	-	2,233,861	1,991,680
Change in net assets	(76,791)	46,770	(30,021)	50,156
Net assets, beginning of year	456,460	56,300	512,760	462,604
Net assets, end of year	\$ 379,669	\$ 103,070	\$ 482,739	\$ 512,760

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

Center for ReSource Conservation

Statement of Cash Flows Year Ended December 31, 2015 With Summarized Financial Information for the Year Ended December 31, 2014

<i>Year Ended December 31,</i>	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (30,021)	\$ 50,156
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	90,990	59,335
Change in inventory	9,259	8,408
Loss (gain) on sale of property and equipment	6,814	(19,393)
Gain on sale of property held for sale	-	(106,539)
Decrease (increase) in operating assets:		
Grants and contributions receivable	14,527	(16,437)
Tenant finish receivable	-	840
Prepaid expenses and deposits	(10,149)	1,291
Increase (decrease) in operating liabilities:		
Accounts payable	(9,446)	(7,606)
Payroll liabilities	22,445	1,484
Deferred revenue	71,893	(10,500)
Net cash from operating activities	166,312	(38,961)
Cash flows from investing activities:		
Purchase of property and equipment	(37,998)	(211,857)
Proceeds from sale of assets	-	527,209
Net cash from investing activities	(37,998)	315,352
Cash flows from financing activities:		
Payments on copier lease	(3,109)	(3,109)
Payments on note payable	-	(295,772)
Net cash from financing activities	(3,109)	(298,881)
Net change in cash and cash equivalents	125,205	(22,490)
Cash and cash equivalents, beginning of year	288,617	311,107
Cash and cash equivalents, end of year	\$ 413,822	\$ 288,617
Supplemental cash flow information		
Cash paid during the year for interest	\$ 959	\$ 9,744

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

Center for ReSource Conservation

Notes to Financial Statements For the Year Ended December 31, 2015

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 For the Year Ended December 31, 2015

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 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 For the Year Ended December 31, 2015

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, 2015 and 2014. The Center does not require collateral on grants or 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 For the Year Ended December 31, 2015

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) 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 2012 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, 2014, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2014 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.

3. RESTATEMENT

The Center has restated its previously issued 2014 audited financial statements for matters related to deferred revenue and unrestricted net assets. The accompanying summarized prior-year information for 2014 reflects the correction. The effect on the Center's previously issued 2014 financial statements is summarized as follows:

Center for ReSource Conservation

Notes to Financial Statements For the Year Ended December 31, 2015

	Reported	Increase (Decrease)	As Restated
Balance Sheet as of December 31, 2014:			
Deferred revenue	\$ 12,070	\$ 33,931	\$ 46,001
Unrestricted net assets	\$ 490,391	\$ (33,931)	\$ 456,460

There was no impact to the total cash flows from operating, investing or financing activities for the year ended December 31, 2014.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>December 31,</i>	2015	2014
Furniture and equipment	\$ 264,873	\$ 300,961
Leasehold improvements	67,595	67,595
Tool library	40,316	40,316
Leased copier	17,393	17,393
Software	117,668	101,918
	507,845	528,183
Less: accumulated depreciation	(344,370)	(304,902)
Property and equipment, net	\$ 163,475	\$ 223,281

5. COPIER LEASE OBLIGATION

In 2011, the Center acquired a copier under a capital lease agreement. The future minimum lease payments through maturity in December 2016 are \$4,065.

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, 2015 and 2014. Accumulated depreciation of the leased copier at December 31, 2015 and 2014, was \$15,655 and \$12,175, respectively.

6. NOTE PAYABLE

On June 3, 2011, the Center refinanced a note on a former 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.

Center for ReSource Conservation

Notes to Financial Statements For the Year Ended December 31, 2015

The note was paid off in July 2014 with the sale of the property and a penalty of \$3,641 was assessed and included in the gain on sale of assets on the statement of activities for the year ended December 31, 2014.

7. 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 3.22% per annum above the prime rate (6.72% at December 31, 2015) and requires the greater of \$100 or accrued interest to be paid monthly. At December 31, 2015 and 2014 there was no outstanding balance on the line of credit.

8. 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, 2015 and 2014 was \$175,000, which as reflected in Note 10, is recorded as in-kind contribution revenue on the statement of activities.

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 \$63,970 and \$62,778 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments under this lease are as follows:

Year Ending December 31,

2016	\$	47,511
2017		48,189
2018		12,171
Total	\$	107,871

Center for ReSource Conservation

Notes to Financial Statements For the Year Ended December 31, 2015

9. TEMPORARILY RESTRICTED NET ASSETS

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

<i>December 31,</i>	2015	2014
Renew Our Schools	\$ 86,670	\$ 51,300
ReSource	9,400	5,000
Water conservation	7,000	-
	\$ 103,070	\$ 56,300

Net assets released from restriction consisted of the following:

<i>Year Ended December 31,</i>	2015	2014
Renew Our Schools	\$ 150,130	\$ 108,000

10. IN-KIND CONTRIBUTIONS

Support from donated services, equipment and materials for the years ended December 31, 2015 and 2014 consisted of the following:

<i>Year Ended December 31,</i>	2015	2014
Used building materials for resale	\$ 820,507	\$ 788,271
Rent - ReSource Boulder	175,000	175,000
Legal services	39,700	15,000
Supplies and materials	21,812	-
Professional services	-	12,849
Total	\$1,057,019	\$ 991,120

Support from donated services, equipment and materials for the years ended December 31, 2015 and 2014 were reported in the statement of activities as follows:

Center for ReSource Conservation

Notes to Financial Statements For the Year Ended December 31, 2015

<i>Year Ended December 31,</i>	2015	2014
Used building materials for resale	\$ 820,507	\$ 788,271
Program services	235,836	201,949
Fundraising	676	900
Total	\$ 1,057,019	\$ 991,120

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2016, 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 2015 information is fairly stated in all material respects in relation to the financial statements as a whole. The prior year summarized comparative information has been derived from the Center's 2014 financial statements and, in our report dated June 19, 2015, we expressed an unqualified opinion in relation to those financial statements.

Anton Collins Mitchell LLP

Boulder, Colorado

May 10, 2016

Center for ReSource Conservation

Schedule of Functional Expenses

<i>Year Ended December 31,</i>	2015				2014
	Program Services	General and Administrative	Fundraising	Total	Total
Wages	\$ 882,164	\$ 162,069	\$ 49,902	\$ 1,094,135	\$ 868,586
Employee benefits	95,180	9,366	1,428	105,974	90,510
Payroll tax expenses	96,889	15,986	5,687	118,562	82,420
Employee expenses	1,074,233	187,421	57,017	1,318,671	1,041,516
Occupancy	222,796	11,862	4,312	238,970	237,778
Professional fees	92,935	97,017	845	190,797	218,069
Renew Our Schools prizes	110,000	-	-	110,000	119,949
Depreciation	75,495	10,110	5,385	90,990	59,335
Supplies	88,397	641	818	89,856	77,993
Site maintenance	51,256	1,030	457	52,743	41,315
Advertising	13,951	-	6,285	20,236	21,671
Travel	22,725	65	11	22,801	28,391
Staff development	11,940	5,115	941	17,996	32,983
Insurance	23,361	159	58	23,578	23,809
Utilities	18,130	1,019	5,149	24,298	22,689
Merchant credit card fees	19,846	-	-	19,846	22,944
Interest	-	959	-	959	9,692
Postage and printing	3,962	75	1,071	5,108	9,810
Licenses and fees	1,831	1,825	512	4,168	3,352
Dues and subscriptions	1,274	68	24	1,366	-
Other	786	661	31	1,478	20,384
Total expenses	\$ 1,832,918	\$ 318,027	\$ 82,916	\$ 2,233,861	\$ 1,991,680