

**Resource Central**  
(a nonprofit Colorado corporation)  
Boulder, Colorado

**Financial Statements**

December 31, 2021 and 2020



# Resource Central

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## **Independent Auditors' Report**

To the Board of Directors  
Resource Central  
Boulder, Colorado

### **Opinion**

We have audited the accompanying financial statements of Resource Central (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Resource Central as of December 31, 2021, 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. The financial statements of Resource Central as of December 31, 2020 were audited by other auditors whose report dated May 28, 2021 expressed an unmodified opinion on those statements.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Resource Central and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Resource Central's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Independent Auditors' Report (continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Resource Central's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Resource Central's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Altruic Advisors, CPAs*

Certified Public Accountants

Denver, Colorado  
May 24, 2022

# Resource Central

## Statements of Financial Position

| December 31                                    | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                  |                     |                     |
| <b>Current Assets</b>                          |                     |                     |
| Cash and cash equivalents                      | \$ 880,803          | \$ 1,150,641        |
| Grants and pledges receivable, current, net    | 247,945             | 450,745             |
| Accounts receivable                            | 11,578              | 805                 |
| Inventories                                    | 56,759              | 77,036              |
| Prepaid expenses                               | 32,295              | 11,895              |
| Total current assets                           | <u>1,229,380</u>    | <u>1,691,122</u>    |
| <b>Property and Equipment, net</b>             | <u>2,367,103</u>    | <u>270,779</u>      |
| <b>Other Assets</b>                            |                     |                     |
| Grants and pledges receivable, noncurrent, net | 2,032,463           | 2,243,870           |
| Deposits                                       | 858                 | 6,000               |
| Total other assets                             | <u>2,033,321</u>    | <u>2,249,870</u>    |
| Total assets                                   | <u>\$ 5,629,804</u> | <u>\$ 4,211,771</u> |
| <b>LIABILITIES AND NET ASSETS</b>              |                     |                     |
| <b>Current Liabilities</b>                     |                     |                     |
| Accounts payable                               | \$ 168,290          | \$ 68,795           |
| Accrued compensation and benefits              | 129,764             | 110,013             |
| Deferred revenue                               | 7,445               | 6,475               |
| Total current liabilities                      | <u>305,499</u>      | <u>185,283</u>      |
| <b>Net Assets</b>                              |                     |                     |
| Without donor restrictions                     | 1,886,229           | 484,048             |
| With donor restrictions                        | 3,438,076           | 3,542,440           |
| Total net assets                               | <u>5,324,305</u>    | <u>4,026,488</u>    |
| Total liabilities and net assets               | <u>\$ 5,629,804</u> | <u>\$ 4,211,771</u> |

The accompanying Notes are an integral part of these financial statements

# Resource Central

## Statement of Activities

Year ended December 31, 2021

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>Operating Support and Revenue</b>   |                                       |                                    |                     |
| <b>Operating Support</b>   |                                       |                                    |                     |
| Grants and contributions   | \$ 529,121                            | \$ 1,693,090                       | \$ 2,222,211        |
| In-kind contributions  | 43,440                                | -                                  | 43,440              |
| Net assets released from restrictions  |                                       |                                    |                     |
| Expiration of time restrictions  | 451,550                               | (451,550)                          | -                   |
| Satisfaction of purpose restrictions   | 1,345,904                             | (1,345,904)                        | -                   |
| Total operating support  | <u>2,370,015</u>                      | <u>(104,364)</u>                   | <u>2,265,651</u>    |
| <b>Operating Revenue</b>   |                                       |                                    |                     |
| Retail sales, net of cost of sales of \$1,016,109                                | 1,045,543                             | -                                  | 1,045,543           |
| Program revenue  | 757,274                               | -                                  | 757,274             |
| Total operating revenue  | <u>1,802,817</u>                      | <u>-</u>                           | <u>1,802,817</u>    |
| Total operating support and revenue  | <u>4,172,832</u>                      | <u>(104,364)</u>                   | <u>4,068,468</u>    |
| <b>Operating Expenses</b>  |                                       |                                    |                     |
| Program services   | <u>2,300,812</u>                      | <u>-</u>                           | <u>2,300,812</u>    |
| Supporting services  |                                       |                                    |                     |
| General and administrative   | 326,165                               | -                                  | 326,165             |
| Fundraising  | 167,771                               | -                                  | 167,771             |
| Total supporting services  | <u>493,936</u>                        | <u>-</u>                           | <u>493,936</u>      |
| Total operating expenses   | <u>2,794,748</u>                      | <u>-</u>                           | <u>2,794,748</u>    |
| Total operating support and revenue in<br>excess (deficit) of operating expenses | <u>1,378,084</u>                      | <u>(104,364)</u>                   | <u>1,273,720</u>    |
| <b>Other Changes</b>   |                                       |                                    |                     |
| Rental income  | 11,435                                | -                                  | 11,435              |
| Gain on the sale of equipment  | 11,218                                | -                                  | 11,218              |
| Interest   | 1,444                                 | -                                  | 1,444               |
| Total other changes  | <u>24,097</u>                         | <u>-</u>                           | <u>24,097</u>       |
| <b>Change in Net Assets</b>  | <u>1,402,181</u>                      | <u>(104,364)</u>                   | <u>1,297,817</u>    |
| <b>Net Assets, Beginning of Year</b>   | <u>484,048</u>                        | <u>3,542,440</u>                   | <u>4,026,488</u>    |
| <b>Net Assets, End of Year</b>   | <u>\$ 1,886,229</u>                   | <u>\$ 3,438,076</u>                | <u>\$ 5,324,305</u> |

The accompanying Notes are an integral  
part of these financial statements

# Resource Central

## Statement of Activities

Year ended December 31, 2020

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>Operating Support and Revenue</b>                                   |                               |                            |                     |
| <b>Operating Support</b>   |                               |                            |                     |
| Grants and contributions   | \$ 131,942                    | \$ 1,278,032               | \$ 1,409,974        |
| In-kind contributions  | 237,346                       | -                          | 237,346             |
| Net assets released from restrictions                                  |                               |                            |                     |
| Expiration of time restrictions  | 234,044                       | (234,044)                  | -                   |
| Satisfaction of purpose restrictions                                   | 326,006                       | (326,006)                  | -                   |
| Total operating support  | <u>929,338</u>                | <u>717,982</u>             | <u>1,647,320</u>    |
| <b>Operating Revenue</b>   |                               |                            |                     |
| Retail sales, net of cost of sales of \$1,051,311                      | 993,341                       | -                          | 993,341             |
| Program revenue  | 699,555                       | -                          | 699,555             |
| Event revenue, net   | 15,214                        | -                          | 15,214              |
| Total operating revenue  | <u>1,708,110</u>              | <u>-</u>                   | <u>1,708,110</u>    |
| Total operating support and revenue                                    | <u>2,637,448</u>              | <u>717,982</u>             | <u>3,355,430</u>    |
| <b>Operating Expenses</b>  |                               |                            |                     |
| Program services   | <u>2,340,645</u>              | <u>-</u>                   | <u>2,340,645</u>    |
| Supporting services  |                               |                            |                     |
| General and administrative   | 317,053                       | -                          | 317,053             |
| Fundraising  | 100,433                       | -                          | 100,433             |
| Total supporting services  | <u>417,486</u>                | <u>-</u>                   | <u>417,486</u>      |
| Total operating expenses   | <u>2,758,131</u>              | <u>-</u>                   | <u>2,758,131</u>    |
| Total operating support and revenue in<br>excess of operating expenses | <u>(120,683)</u>              | <u>717,982</u>             | <u>597,299</u>      |
| <b>Other Changes</b>   |                               |                            |                     |
| Miscellaneous  | 12,748                        | -                          | 12,748              |
| Interest   | 1,885                         | -                          | 1,885               |
| Total other changes  | <u>14,633</u>                 | <u>-</u>                   | <u>14,633</u>       |
| <b>Change in Net Assets</b>  | <u>(106,050)</u>              | <u>717,982</u>             | <u>611,932</u>      |
| <b>Net Assets, Beginning of Year, As Previously Stated</b>             | 590,098                       | 148,232                    | 738,330             |
| Prior period adjustment  | -                             | 2,676,226                  | 2,676,226           |
| <b>Net Assets, Beginning of Year, As Restated</b>                      | <u>590,098</u>                | <u>2,824,458</u>           | <u>3,414,556</u>    |
| <b>Net Assets, End of Year</b>   | <u>\$ 484,048</u>             | <u>\$ 3,542,440</u>        | <u>\$ 4,026,488</u> |

The accompanying Notes are an integral  
part of these financial statements

# Resource Central

## Statement of Functional Expenses

Year ended December 31, 2021

|                        | Program Services    |                     |                     | Supporting Services        |                   |                   | Total Expenses      |
|------------------------|---------------------|---------------------|---------------------|----------------------------|-------------------|-------------------|---------------------|
|                        | Materials Reuse     | Water and Energy    | Total               | General and Administrative | Fundraising       | Total             |                     |
| Salaries and wages     | \$ 507,056          | \$ 662,881          | \$ 1,169,937        | \$ 210,275                 | \$ 116,965        | \$ 327,240        | \$ 1,497,177        |
| Employee benefits      | 62,044              | 61,036              | 123,080             | 27,524                     | 9,496             | 37,020            | 160,100             |
| Payroll taxes          | 40,305              | 50,913              | 91,218              | 13,768                     | 9,038             | 22,806            | 114,024             |
| Total personnel costs  | 609,405             | 774,830             | 1,384,235           | 251,567                    | 135,499           | 387,066           | 1,771,301           |
| Occupancy              | 262,274             | 73,017              | 335,291             | 22,388                     | 8,655             | 31,043            | 366,334             |
| Professional fees      | 36,147              | 112,850             | 148,997             | 21,364                     | 3,683             | 25,047            | 174,044             |
| Depreciation           | 41,170              | 76,490              | 117,660             | 10,266                     | 5,806             | 16,072            | 133,732             |
| Program expenses       | 579                 | 75,023              | 75,602              | 16                         | -                 | 16                | 75,618              |
| Site maintenance       | 27,625              | 12,735              | 40,360              | -                          | -                 | -                 | 40,360              |
| Insurance              | 18,987              | 11,828              | 30,815              | 3,420                      | 1,402             | 4,822             | 35,637              |
| Business development   | 19,436              | 12,957              | 32,393              | -                          | -                 | -                 | 32,393              |
| Bank and merchant fees | 12,872              | 18,926              | 31,798              | -                          | 558               | 558               | 32,356              |
| Office expenses        | 7,568               | 21,186              | 28,754              | 1,387                      | 1,218             | 2,605             | 31,359              |
| Dues and subscriptions | 3,984               | 14,468              | 18,452              | 1,340                      | 9,247             | 10,587            | 29,039              |
| Travel                 | 20                  | 23,502              | 23,522              | -                          | 11                | 11                | 23,533              |
| Miscellaneous          | 5,357               | 7,304               | 12,661              | 9,015                      | 761               | 9,776             | 22,437              |
| Staff development      | 4,557               | 5,508               | 10,065              | 5,088                      | 59                | 5,147             | 15,212              |
| Postage and printing   | 835                 | 7,197               | 8,032               | 86                         | 785               | 871               | 8,903               |
| Licenses and fees      | 1,300               | 875                 | 2,175               | 228                        | 87                | 315               | 2,490               |
|                        | <u>\$ 1,052,116</u> | <u>\$ 1,248,696</u> | <u>\$ 2,300,812</u> | <u>\$ 326,165</u>          | <u>\$ 167,771</u> | <u>\$ 493,936</u> | <u>\$ 2,794,748</u> |

The accompanying Notes are an integral part of these financial statements



# Resource Central

## Statement of Functional Expenses

Year ended December 31, 2020

|                        | Programs Services   |                     |                     | Supporting Services        |                   |                   | Total Expenses      |
|------------------------|---------------------|---------------------|---------------------|----------------------------|-------------------|-------------------|---------------------|
|                        | Materials Reuse     | Water and Energy    | Total               | General and Administrative | Fundraising       | Total             |                     |
| Salaries and wages     | \$ 574,869          | \$ 623,082          | \$ 1,197,951        | \$ 186,258                 | \$ 57,148         | \$ 243,406        | \$ 1,441,357        |
| Employee benefits      | 87,461              | 46,925              | 134,386             | 28,931                     | 4,257             | 33,188            | 167,574             |
| Payroll taxes          | 40,009              | 45,126              | 85,135              | 12,515                     | 4,128             | 16,643            | 101,778             |
| Total personnel costs  | 702,339             | 715,133             | 1,417,472           | 227,704                    | 65,533            | 293,237           | 1,710,709           |
| Occupancy              | 225,919             | 92,149              | 318,068             | 25,818                     | 7,990             | 33,808            | 351,876             |
| Professional fees      | 21,335              | 55,812              | 77,147              | 38,308                     | 8,641             | 46,949            | 124,096             |
| Program expenses       | 114                 | 102,503             | 102,617             | -                          | -                 | -                 | 102,617             |
| Depreciation           | 19,143              | 53,639              | 72,782              | 12,069                     | 122               | 12,191            | 84,973              |
| Miscellaneous          | 1,785               | 70,544              | 72,329              | 1,366                      | 150               | 1,516             | 73,845              |
| Business development   | 565                 | 62,409              | 62,974              | 9                          | 251               | 260               | 63,234              |
| Site maintenance       | 29,631              | 20,649              | 50,280              | 1,027                      | 2,995             | 4,022             | 54,302              |
| Office expenses        | 9,529               | 25,426              | 34,955              | 6,466                      | 4,597             | 11,063            | 46,018              |
| Insurance              | 22,864              | 17,078              | 39,942              | 2,319                      | 731               | 3,050             | 42,992              |
| Travel                 | -                   | 32,481              | 32,481              | 3                          | 58                | 61                | 32,542              |
| Bank and merchant fees | 16,498              | 13,662              | 30,160              | -                          | 600               | 600               | 30,760              |
| Dues and subscriptions | 2,001               | 14,180              | 16,181              | 371                        | 8,434             | 8,805             | 24,986              |
| Staff development      | 1,729               | 4,764               | 6,493               | 1,349                      | -                 | 1,349             | 7,842               |
| Postage and printing   | 551                 | 3,172               | 3,723               | 114                        | 298               | 412               | 4,135               |
| Licenses and fees      | 1,684               | 1,225               | 2,909               | 130                        | 33                | 163               | 3,072               |
| Interest               | -                   | 132                 | 132                 | -                          | -                 | -                 | 132                 |
|                        | <u>\$ 1,055,687</u> | <u>\$ 1,284,958</u> | <u>\$ 2,340,645</u> | <u>\$ 317,053</u>          | <u>\$ 100,433</u> | <u>\$ 417,486</u> | <u>\$ 2,758,131</u> |

The accompanying Notes are an integral part of these financial statements

# Resource Central

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

| Years ended December 31   | 2021               | 2020                |
|---|--------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>   |                    |                     |
| Change in net assets  | \$ 1,297,817       | \$ 611,932          |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities |                    |                     |
| Depreciation  | 133,732            | 84,973              |
| Gain on the sale of equipment   | (11,218)           | -                   |
| Increase (decrease) from changes in assets and liabilities                                    |                    |                     |
| Grants and pledges receivable   | 414,207            | (207,573)           |
| Accounts receivable   | (10,773)           | -                   |
| Inventories   | 20,277             | (1,099)             |
| Prepaid expenses  | (20,400)           | 10,352              |
| Deposits  | 5,142              | -                   |
| Accounts payable  | 99,495             | 38,949              |
| Accrued compensation and benefits   | 19,751             | (9,983)             |
| Deferred revenue  | 970                | 194,486             |
| Net cash provided by operating activities   | <u>1,949,000</u>   | <u>722,037</u>      |
| <b>Cash Flows From Investing Activities</b>   |                    |                     |
| Purchases of leasehold improvements   | (1,312,835)        | (177,360)           |
| Construction of building improvement  | (906,003)          | -                   |
| Net cash used by investing activities   | <u>(2,218,838)</u> | <u>(177,360)</u>    |
| <b>Cash Flows From Financing Activities</b>   |                    |                     |
| Payments on note payable  | -                  | (6,455)             |
| Net cash used by financing activities   | <u>-</u>           | <u>(6,455)</u>      |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                   | <b>(269,838)</b>   | <b>538,222</b>      |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <b>1,150,641</b>   | <b>612,419</b>      |
| <b>Cash and Cash Equivalents, End of Year</b>   | <b>\$ 880,803</b>  | <b>\$ 1,150,641</b> |
| <b>Supplemental Cash Flow Information</b>   |                    |                     |
| Cash paid for interest  | \$ -               | \$ 132              |

The accompanying Notes are an integral  
part of these financial statements

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Organization.* Resource Central ("the Organization") is a community based non-profit organization incorporated in 1976 with a mission to put conservation into action. The Organization's vision is thriving communities living sustainably. Currently, the Organization serves homeowners, schools, small businesses and municipalities throughout Colorado Front Range communities and beyond.

Through sustainability programs that impact water and energy consumption and its retail operation that diverts materials from the landfill, the Organization 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 Organization is primarily funded by the programs below, including sales of used building materials, drought-tolerant gardens, known as the "Garden In A Box" program, and conservation program service fees.

#### Description of Program Services:

*Materials Reuse.* Reselling donated building materials at discounted prices to help reduce the amount of materials that goes into landfills.

*Water and Energy.* This includes Renew Our Schools, which helps students and schools conserve energy, and hosting competitions to encourage schools to compete in saving the most energy. Slow the Flow is a conservation program that helps people optimize their in-ground sprinkler systems to avoid unnecessary over-watering. Lawn Replacement Service makes it easier for households to transition from water-intensive grasses to waterwise gardens by removing sections of lawn so people can reimagine their yards. Garden In A Box, offers professionally designed, waterwise garden kits tailor made for Colorado yards. The kits are affordable, do it yourself gardens that are easy to use and help save water.

#### Description of Supporting Services:

*General and Administrative.* Includes the functions necessary to provide support to the Organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

*Fundraising.* Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations, including donations and pledges received during special events.

*Basis of Accounting.* The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents.* Cash consists of checking and savings accounts held at financial institutions. For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

*Grants and Pledges Receivable.* Grants and pledges receivable are stated net of allowances for uncollectible amounts and unamortized net present value discounts (see Note 3). At the time grants and pledges receivable are originated, the Organization considers an allowance for doubtful amounts based on the creditworthiness of the grantor or donor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management believes that all grants and pledges receivable are fully collectible at December 31, 2021 and 2020. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Accounts Receivable.* Accounts receivable are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the customer. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management believes that all accounts receivable are fully collectible at December 31, 2021 and 2020.

*Inventories.* Inventories consist of purchased and donated used building materials available for reuse or resale through the Materials Reuse and Garden In A Box programs. Purchased inventory are recorded at the lower of cost or market. Cost is determined on a first-in, first-out basis. Donated items are recorded at fair value at the date of receipt and are recorded as inventory and contribution support at estimated fair value at the date of donation, taking into consideration shrinkage. All inventories are expensed when sold (see Note 6).

*Property and Equipment.* It is the Organization's policy to capitalize property and equipment at cost for purchases over \$5,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally three to seven years for furniture and equipment, twenty years for leasehold improvements, five years for vehicles, and three to five years for the website. Depreciation expense for the years ended December 31, 2021 and 2020 was \$133,732 and \$84,973, respectively.

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2021 and 2020.

*Basis of Net Asset Presentation.* The Organization reports information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from the gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

#### *Revenue Recognition.*

Revenue from materials resale is related to the Materials Reuse and Garden In A Box programs. Materials reuse sales, net costs of sales, is recognized immediately at the point of sale. All Garden In A Box sales, net cost of sales, are recorded as deferred revenue and recognized as revenue when actual garden pick-ups are fulfilled. Materials resale is the Organization's primary revenue stream that constitutes revenue from contracts with customers.

Auxiliary revenue may include event sponsorships, special event ticket sales, and sales rebates. The Organization generally satisfies its performance obligations upon immediate occurrence of the event.

*Transaction Price.* The transaction price of a contract with a customer is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised goods and services to the customer.

For the years ended December 31, 2021 and 2020, the Organization recognized revenue of \$1,802,817 and \$1,708,110, respectively, from goods and services that transfer to the customer over time.

*Accounting Policies and Practical Expedients Elected.* The Organization is electing to use the right to invoice practical expedient, which allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer. Therefore, the Organization will apply the invoice practical expedient to performance obligations satisfied over time. These performance obligations generally relate to revenue received for future events.

The Organization's contracts do not include significant financing components.

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Grants and Contributions.* Grants and contributions are recognized when the donations are received. Donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support.

*Contributed Items, Facilities, and Services.* Contributed items and facilities are recorded at fair market value at the time of donation. Services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

*Sales Tax.* The Organization collects sales taxes on all sales. Sales taxes assessed on sales are recorded as accrued expenses in the statements of financial position until remitted to state agencies. As of December 31, 2021 and 2020, there were no outstanding balances.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expense was incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Marketing and Advertising.* The Organization expenses advertising costs, including donated advertising, as incurred. Total marketing and advertising expense for the years ended December 31, 2021 and 2020 was \$6,963 and \$17,074 respectively.

*Reclassifications.* Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation without affecting net assets as of December 31, 2020.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 24, 2022, the date at which the financial statements were available for release.

### Note 2 – Prior Period Adjustment

The Organization has recorded a prior period adjustment to record the long-term donation of the use of facilities it has received and to correct errors to deferred revenue. The accompanying financial statements have been restated to increase net assets with donor restrictions by \$2,676,226 as of January 1, 2020. Additionally, the accompanying financial statements have been restated to increase net current grants and pledges receivable by \$220,646, increase net long-term pledges receivable by \$2,243,870, and decrease deferred revenue by \$212,321 as of December 31, 2020 and to increase contributions by \$222,867 and reduce in-kind rent expense by \$221,451 for the year ended December 31, 2020.

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 3 – Grants and Pledges Receivable

Grants and pledges receivable are as follows at December 31:

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| Due within one year                      | \$ 247,945          | \$ 450,745          |
| Due in one to five years                 | 1,107,254           | 1,107,254           |
| Due after five years                     | <u>2,435,957</u>    | <u>2,657,408</u>    |
|  | 3,791,156           | 4,215,407           |
| Less: unamortized present value discount | <u>(1,510,748)</u>  | <u>(1,520,792)</u>  |
| Net grants and pledges receivable        | <u>\$ 2,280,408</u> | <u>\$ 2,694,615</u> |

Grants and pledges receivable are measured in the aggregate using present value techniques that consider historical trends of collections similar to other grant and fund raising activities, the type of grantor or donor, general economic conditions, and market interest rate assumptions. The noncurrent portion of grants and pledges receivable relates to the estimated fair market value of contributed building use as of March 2019 (see Note 6), at which time a present value discount rate of 5.0% was used. The discount is amortized using the effective interest method. The amortization of the discount of \$10,546 and \$10,044 is included in grants and contributions in the accompanying statements of activities for the years ended December 31, 2021 and 2020, respectively.

### Note 4 – Property and Equipment

Property and equipment consists of the following at December 31:

|                               | <u>2021</u>         | <u>2020</u>       |
|-------------------------------|---------------------|-------------------|
| Furniture and equipment       | \$ 284,481          | \$ 298,459        |
| Leasehold improvements        | 1,232,159           | 74,313            |
| Website                       | 348,318             | 289,207           |
| Vehicles                      | <u>200,984</u>      | <u>204,741</u>    |
|                               | 2,065,942           | 866,720           |
| Less accumulated depreciation | <u>(722,544)</u>    | <u>(683,410)</u>  |
|                               | 1,343,398           | 183,310           |
| Construction in progress      | <u>1,023,705</u>    | <u>87,469</u>     |
| Net property and equipment    | <u>\$ 2,367,103</u> | <u>\$ 270,779</u> |

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 5 – Net Assets with Donor Restrictions

The balances of net assets with donor restrictions are as follows:

|                             | January 1,          |                     |                     | December 31,        |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
|                             | 2021                | Additions           | Releases            | 2021                |
| <i>Time restrictions</i>    | \$ 2,671,477        | \$ 48,115           | \$ 451,550          | \$ 2,268,042        |
| <i>Purpose restrictions</i> |                     |                     |                     |                     |
| Reuse Redevelopment         | 838,359             | 1,482,575           | 1,185,900           | 1,135,034           |
| Renew Our Schools           | 32,604              | 162,400             | 160,004             | 35,000              |
|                             | <u>\$ 3,542,440</u> | <u>\$ 1,693,090</u> | <u>\$ 1,797,454</u> | <u>\$ 3,438,076</u> |
|                             | January 1,          |                     |                     | December 31,        |
|                             | 2020                | Additions           | Releases            | 2020                |
| <i>Time restrictions</i>    | \$ 2,676,226        | \$ 229,295          | \$ 234,044          | \$ 2,671,477        |
| <i>Purpose restrictions</i> |                     |                     |                     |                     |
| Reuse Redevelopment         | -                   | 838,359             | -                   | 838,359             |
| Renew Our Schools           | 91,211              | 122,878             | 181,485             | 32,604              |
| Water Conservation          | 55,071              | 87,500              | 142,571             | -                   |
| Materials Reuse             | 1,950               | -                   | 1,950               | -                   |
|                             | <u>\$ 2,824,458</u> | <u>\$ 1,278,032</u> | <u>\$ 560,050</u>   | <u>\$ 3,542,440</u> |

### Note 6 – Donated Use of Facilities and Materials

In March 2019, the Organization extended its lease by twenty years with the City of Boulder ("the City") for use of the building for purposes limited to the operation of its programs and services. The lease requires annual rent of \$1 per year and expires December 31, 2038. All operating costs of the building will continue to be the responsibility of the Organization.

Upon execution of the lease agreement, the Organization recognized support and a receivable of \$4,429,015, net of present value discount of \$1,531,338, for the estimated fair market value of contributed building use as of March 2019. The value of the contributed property is amortized on the straight-line basis during the lease term. During the years ended December 31, 2021 and 2020, the Organization recognized \$221,451, for in-kind facilities expense, which is included as occupancy costs in the accompanying statement of functional expenses.

All donated materials for resale are recorded at fair value and is received from anonymous donors. Donated materials are considered to be unrestricted support unless the materials explicitly contain donor restrictions. The Organization only records the value of donated materials in which it is either the original recipient of the gift, is involved in partnership with another organization for distribution, or if the materials are used in the Organization's programs.



# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 6 – Donated Use of Facilities and Materials (continued)

The Organization recorded the following in-kind activity during the years ended December 31:

|                    | <u>2021</u>      | <u>2020</u>       |
|--------------------|------------------|-------------------|
| Donated facilities | \$ -             | \$ 212,322        |
| Donated materials  | 9,608            | 17,324            |
| Donated services   | 33,832           | 7,700             |
|                    | <u>\$ 43,440</u> | <u>\$ 237,346</u> |

Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

### Note 7 – Special Event

The Organization received contributions totaling \$33,150 from the Heroes and Hope fundraising event during the year ended December 31, 2020. The Organization incurred direct costs totaling \$17,936 related to this event.

### Note 8 – Retirement Plan

The Organization maintains a 403(b) plan covering all employees who are resident in the United States and have completed at least six months of service. The Organization may make a discretionary contribution to the plan for those eligible participants. Employer contributions to the plan totaled \$22,164 and \$17,906 for the years ended December 31, 2021 and 2020, respectively.

### Note 9 – Commitments and Contingencies

The Organization leases facilities under a noncancelable operating lease for office space in Boulder, Colorado, expiring in March 2023. The lease requires monthly payments that include a minimum base rent subject to escalation charges plus estimated costs for insurance and real estate taxes. Rent expense, excluding insurance and real estate taxes under the lease agreement was \$78,321 and \$76,407 for the years ended December 31, 2021 and 2020, respectively.

Future annual minimum lease payments required under the noncancelable operating leases are as follows at December 31, 2021:

| <u>Year ended<br/>December 31</u> | <u>Amount</u>     |
|-----------------------------------|-------------------|
| 2022                              | \$ 80,271         |
| 2023                              | 20,190            |
|                                   | <u>\$ 100,461</u> |

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 9 – Commitments and Contingencies (continued)

In October 2021, the Organization subleased a portion of its building to an unrelated third party under a noncancelable operating lease agreement, which expires in March 2023. The agreement requires monthly payments of \$3,812 and a proportionate share of real estate taxes, building insurance, common area maintenance, and management expenses. Rental income under this agreement excluding real estate taxes, building insurance, and other charges under the sublease agreement totaled \$11,435 for the year ended December 31, 2021.

Future annual minimum lease payments to be received under this noncancelable operating lease are as follows at December 31, 2021:

| Year ended<br>December 31 | Amount           |
|---------------------------|------------------|
| 2022                      | \$ 45,738        |
| 2023                      | 11,435           |
|                           | <u>\$ 57,173</u> |

### Note 10 – Line of Credit

As of December 31, 2021, the Organization has a \$300,000 unsecured line of credit with JPMorgan Chase Bank, N.A, carrying a fluctuating rate equal to LIBOR plus 7.81%. During the years ended December 31, 2021 and 2020, there were no borrowings on the line of credit.

### Note 11 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

# Resource Central

## Notes to Financial Statements

December 31, 2021 and 2020

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### Note 11 – Liquidity and Availability of Resources (continued)

The Organization's financial assets available for general expenditures within one year are as follows at December 31:

| Financial assets at year-end:   | <u>2021</u>             | <u>2020</u>             |
|---|-------------------------|-------------------------|
| Cash and cash equivalents   | \$ 880,803              | \$ 1,150,641            |
| Grants and pledges receivable, current, net                             | 247,945                 | 450,745                 |
| Accounts receivable   | 11,578                  | 805                     |
| Deposits  | <u>858</u>              | <u>6,000</u>            |
| <br>Financial assets available for general expenditures within one year | <br><u>\$ 1,141,184</u> | <br><u>\$ 1,608,191</u> |

All of the Organization's net asset restrictions are generally released within the next fiscal year. The Organization anticipates that all net asset restrictions as of December 31, 2021 will be fully released during the next fiscal year.

### Note 12 – Concentrations

*Bank Deposits.* The Organization maintained cash balances in excess of federally insured limits at certain times during the years ended December 31, 2021 and 2020.

*Major Contributors.* The Organization had a single donor who comprised 31% of total support and revenue during the year ended December 31, 2021.

*Geographical.* The Organization receives a substantial amount of its operating support and revenue from within the Boulder, Colorado area. The effects of this concentration of credit risk on the Organization's financial statements have not been determined for the years ended December 31, 2021 and 2020.