



Center for People with Disabilities

Audited Financial Statements

September 30, 2017

With Summarized Financial Information
for September 30, 2016

Center for People with Disabilities

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for People with Disabilities
Boulder, Colorado

We have audited the accompanying financial statements of the Center for People with Disabilities (the "Center"), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for People with Disabilities as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent in all material respects, with the audited financial statements from which it has been derived.

Anton Collins Mitchell LLP

Boulder, Colorado
March 2, 2018

Center for People with Disabilities

Statement of Financial Position

<i>As of September 30,</i>	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 527,371	\$ 362,352
Grants receivable	83,911	81,091
Other receivables	57,351	61,243
Prepaid expenses	-	14,543
Total current assets	<u>668,633</u>	<u>519,229</u>
PROPERTY AND EQUIPMENT:		
Land	350,000	350,000
Buildings and improvements	1,036,634	1,036,634
Furniture and equipment	18,988	18,988
Vehicles	6,000	6,000
Total property and equipment	<u>1,411,622</u>	<u>1,411,622</u>
Less accumulated depreciation	<u>(466,721)</u>	<u>(439,634)</u>
Net property and equipment	<u>944,901</u>	<u>971,988</u>
RESTRICTED CASH AND OTHER ASSETS:		
Restricted cash	6,628	6,628
Deposits	5,658	8,009
Total restricted cash and other assets	<u>12,286</u>	<u>14,637</u>
TOTAL ASSETS	<u>\$ 1,625,820</u>	<u>\$ 1,505,854</u>

Continued.

Center for People with Disabilities

Statement of Financial Position

<i>As of September 30,</i>	2017	2016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 22,515	\$ 21,813
Accrued personnel and other expenses	151,835	103,347
Deferred revenue	30,548	27,354
Current portion of long-term debt	35,642	33,970
Assets held for others	6,628	6,628
Total current liabilities	<u>247,168</u>	<u>193,112</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of unamortized capitalized loan fees	<u>546,717</u>	<u>578,487</u>
COMMITMENTS AND CONTINGENCIES		
TOTAL LIABILITIES	793,885	771,599
NET ASSETS:		
Unrestricted	<u>831,935</u>	<u>734,255</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,625,820	\$ 1,505,854

See accompanying notes to financial statements.

Center for People with Disabilities

Statement of Activities

<i>Years Ended September 30,</i>	2017	2016
UNRESTRICTED SUPPORT AND REVENUE:		
Public support		
Grant income	\$ 1,229,690	\$ 1,192,569
Contributions	13,626	18,785
Revenue		
Program service fees	1,417,688	1,193,024
Interest income	126	124
Other income	829	13,736
Total support and revenue	<u>2,661,959</u>	<u>2,418,238</u>
EXPENSES:		
Program services	2,188,395	1,872,861
General and administrative	287,176	378,452
Fundraising	88,708	97,586
Total expenses	<u>2,564,279</u>	<u>2,348,899</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS	97,680	69,339
OTHER CHANGES IN NET ASSETS:		
Loss on disposal of vehicle	<u>-</u>	<u>(2,471)</u>
CHANGE IN NET ASSETS	97,680	66,868
NET ASSETS, beginning of year	<u>734,255</u>	<u>667,387</u>
NET ASSETS, end of year	<u>\$ 831,935</u>	<u>\$ 734,255</u>

See accompanying notes to financial statements.

Center for People with Disabilities

Statement of Cash Flows

<i>Year Ended September 30,</i>	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 97,680	\$ 66,868
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	27,087	27,547
Amortization of loan fees	3,918	3,918
Provision for bad debt	10,325	579
Loss on disposal of vehicle	-	2,471
In-kind gift	-	2,528
(Increase) decrease in operating assets:		
Grants receivable	(13,145)	23,326
Program service fees receivable	-	74,026
Other receivables	3,892	(56,897)
Prepaid expenses and deposits	16,894	(15,121)
Increase (decrease) in operating liabilities:		
Accounts payable	702	18,418
Accrued personnel and other expenses	48,488	14,254
Assets held for others	-	(61)
Deferred revenue	3,194	(13,009)
Net cash flows from operating activities	199,035	148,847
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draws on line of credit	-	56,838
Payments on line of credit	-	(56,838)
Payments on long-term debt	(34,016)	(31,950)
Net cash flows from financing activities	(34,016)	(31,950)
NET CHANGE IN CASH AND CASH EQUIVALENTS	165,019	116,897
CASH AND CASH EQUIVALENTS, beginning of year	368,980	252,083
CASH AND CASH EQUIVALENTS, end of year	533,999	368,980
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 20,274	\$ 26,251

See accompanying notes to financial statements.

Center for People with Disabilities

Statement of Functional Expense

Years Ended September 30,	2017						2016	
	Program Services			General & Admin	Fundraising	Total	(Summarized)	
	Independent Living	Personal Assistance	Total Program Services				Total	Total
Personnel costs	\$ 151,003	\$ 1,665,520	\$ 1,816,523	\$ 207,498	\$ 78,455	\$ 2,102,476	\$ 1,908,277	
Occupancy	43,598	32,229	75,827	19,899	2,843	98,569	116,153	
Participant costs	14,974	35,472	50,446	-	-	50,446	59,234	
Professional services	23,638	23,828	47,466	10,257	1,538	59,261	31,918	
Travel and entertainment	439	55,399	55,838	5,249	251	61,338	37,777	
Insurance	17,092	11,518	28,610	7,431	1,115	37,156	38,172	
Depreciation	12,460	8,397	20,857	5,417	813	27,087	27,547	
Interest	9,323	6,290	15,613	7,971	608	24,192	26,251	
Postage and printing	8,180	6,060	14,240	3,560	533	18,333	18,342	
Communications	5,596	6,182	11,778	4,494	462	16,734	17,320	
Supplies	6,321	8,484	14,805	6,643	439	21,887	25,439	
Agency dues and meetings	6,627	8,676	15,303	5,008	1,363	21,674	18,409	
Vehicle and equipment expenses	3,251	7,513	10,764	2,671	88	13,523	14,821	
Other expenses	-	-	-	1,078	-	1,078	1,748	
Advertising	-	-	-	-	200	200	6,912	
Bad debt expense	1,606	8,719	10,325	-	-	10,325	579	
Total expenses	\$ 304,108	\$ 1,884,287	\$ 2,188,395	\$ 287,176	\$ 88,708	\$ 2,564,279	\$ 2,348,899	

See accompanying notes to financial statements.

Center for People with Disabilities

Notes to Financial Statements
Year Ended September 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Center for People with Disabilities (the “Center”) is presented to assist in understanding the Center’s financial statements. The financial statements and notes are representations of management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Center is a Colorado not-for-profit corporation founded in 1977. The Center has offices in Boulder, Longmont, and Thornton, Colorado, providing services to individuals in the surrounding communities. The Center offers a support network of resources, information, and services to people with disabilities.

The Center's program services are activities that result in goods and services being distributed to consumers and include the following:

Independent Living Program: Provides resources, information and services to support people with disabilities in achieving independence. Included in these services are advocacy, skills training, day programs, information and referral, transition back into the community from nursing care, counseling, peer support groups and specialized services for people with visual impairment, blindness and hearing loss.

Personal Assistance Program: In-home attendant services to prevent unnecessary institutionalization in nursing homes.

Basis of Presentation

The Center’s financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The Financial Accounting Standards Board (“FASB”), sets GAAP which is followed 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, sometimes referred to as the “Codification” or “ASC”.

ASC 958-205 *Not-for-Profit Entities - Presentation of Financial Statements* requires the Center 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.

Center for People with Disabilities

Notes to Financial Statements Year Ended September 30, 2017

Comparative Financial 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 and consequently has not been reported upon in the current auditor's opinion. Accordingly, such information should be read in conjunction with the Center's audited financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Use of Estimates

In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues, and expenses. Accordingly, actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, cash in bank, cash in savings, investments with an original maturity of three months or less, and restricted cash.

Restricted Cash

Restricted cash consists of funds held in a trust account for a disabled individual naming the Center as trustee. The purpose of the trust is to create a discretionary supplemental care fund for the beneficiary, and not to displace any public or private financial assistance that may otherwise be available.

Receivables

Receivables consist mainly of grants and program service fees receivable. Grants receivable are amounts due under reimbursable grant contracts with government agencies. Program service fees consist of amounts due from individuals and Medicaid. An allowance for doubtful accounts is determined based upon the review and analysis of the collectability of each outstanding account. Management believes no allowance for doubtful accounts was necessary at September 30, 2017 and 2016.

Center for People with Disabilities

Notes to Financial Statements Year Ended September 30, 2017

Property and Equipment

Property and equipment is recorded at cost or fair market value in the case of donated items. Expenditures for and contributions of equipment with a value greater than \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment, which are generally thirty to forty years for buildings and three to five years for equipment, furniture and vehicles.

Property and equipment acquired with restricted grant funds are recorded as unrestricted upon the purchase of the equipment.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds its fair value. Management does not believe that any indicators of impairment have occurred, and therefore no impairment losses were incurred during the years ended September 30, 2017 and 2016.

Revenue Recognition

Contributions: 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 upon the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets. 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.

Grants and Fixed Contracts: Revenue from grants and fixed contracts are recognized when earned. Restricted grants that are received and expire in the same year are shown as unrestricted in the financial statements. Expense reimbursement grants are classified as unrestricted.

Program Service Fees: Program service fees are primarily generated from providing services to private pay and Medicaid eligible recipients. Revenues are recorded when the service has been provided.

Center for People with Disabilities

Notes to Financial Statements Year Ended September 30, 2017

In-Kind Donations: Donated services, goods and equipment are recorded at estimated fair values as revenue and expenses, or capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services received either create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Center did not received any in-kind donations of supplies which are included in revenue and support on the accompanying financial statements.

Deferred Revenue: Amounts received from cost reimbursement grants and contracts in excess of amounts earned represent deferred revenue. These amounts are dependent upon the timing of cash receipts and cash disbursements and vary from year to year.

Advertising

Advertising: 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; hence advertising costs are expensed when incurred.

Functional Expense Allocation

Whenever possible, the Center charges directly identifiable expenses to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Income Taxes

The Center is a qualified not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code, and 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. Management believes there are no uncertain tax positions at September 30, 2017 that more-likely-than-not would cause the Center to incur taxes, penalties or interest. The Center is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2014.

Center for People with Disabilities

Notes to Financial Statements Year Ended September 30, 2017

2. LOAN FEES

Costs related to the issuance of the note payable are deferred and amortized over the term of the loan using the straight-line method, which approximates the effective interest method. Annual amortization expense is \$3,918, and is included in interest expense on the statement of functional expenses. Accumulated amortization totaled \$34,609 and \$30,691 at September 30, 2017 and 2016, respectively. The unamortized balance of loan fees was \$4,570 and \$8,488 at September 30, 2017 and 2016, respectively.

3. ASSETS HELD FOR OTHERS

In May 2001, a trust account was established for a disabled individual naming the Center as trustee. The purpose of the trust is to create a discretionary supplemental care fund for the beneficiary, and not to displace any public or private financial assistance that may otherwise be available. The funds are held in a separate bank account and included in restricted cash in the accompanying statement of financial position. Total assets held for others at September 30, 2017 and 2016 were \$6,628, and are included in current liabilities on the statements of financial position.

4. LONG-TERM DEBT

The Center has a long-term note payable with a financial institution with an interest rate of 4.75%. Principal and interest payments in the amount of \$4,524 are due monthly, with the principal balance and remaining accrued interest due at maturity in November 2018. This note payable is secured by a deed of trust in the Center's land and building.

The Center also has a Community Development Block Grant award from the City of Boulder in the amount of \$115,000. Terms of the grant agreements provide that the City of Boulder holds an appreciating interest in real property owned by the Center. Payment is due under this agreement if the Center discontinues using the property as an integral part of its program. The total amount of this loan is recorded as a long-term obligation for the Center and is included in the schedule below under "Thereafter". The agreement expires July 6, 2114.

In July 2015, the Center entered into a promissory note with the County of Boulder in the amount of \$67,000, which matures in 99 years, unless cancelled by the County of Boulder. The purpose of the promissory note was to assist in paying down the principal of the note payable with the financial institution listed above. The Center's land and building serve as collateral for the note. The total amount of this note is recorded as a long-term obligation for the Center and is included in the schedule below under "Thereafter".

Center for People with Disabilities

Notes to Financial Statements Year Ended September 30, 2017

Scheduled principal payments are as follows for the years ending September 30:

Year Ending September 30,	Amount
2018	\$ 35,642
2019	367,682
Thereafter	182,000
	<u>\$ 585,324</u>

5. LINE OF CREDIT

The Center had a revolving line of credit with its primary banking institution in the amount of \$40,000. Interest accrues at a variable interest rate of prime plus 6.75%. The revolving line of credit was closed in May 2017.

On May 4, 2016, the Center established a new revolving line of credit with its primary banking institution in the amount of \$150,000. Interest accrues at a variable interest rate of 5% or prime plus 1.5%, whichever is greater. Personal property of the Center is pledged as collateral. The revolving line of credit Matures on May 10, 2018.

6. RESTRICTED NET ASSETS

There were no temporarily or permanently restricted net assets as of September 30, 2017 and 2016.

7. OPERATING LEASES

The Center leases equipment and office space under operating lease agreements expiring from October 2018 to December 2020. Total lease expense for the years ended September 30, 2017 and 2016, was \$66,400 and \$62,458, respectively, and is included in occupancy expense and printing and postage expense in the statement of functional expenses.

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2018	\$ 68,459
2019	24,814
2020	5,442
	<u>\$ 98,715</u>

Center for People with Disabilities

Notes to Financial Statements Year Ended September 30, 2017

8. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of temporary cash investments. The Center places its temporary cash investments with high credit quality financial institutions and attempts to limit its amount of credit exposure to any one financial institution. However, at various times during the years ended September 30, 2017 and 2016, the Center's cash balances exceeded the federally insured limits. As of September 30, 2017 and 2016, the Center had approximately \$291,000 and \$114,000, on deposit with financial institutions in excess of the federally insured limits, respectively. The Center has never experienced any losses related to these balances.

For the year ended September 30, 2017, 57%, 17%, and 14% of grant income was received from three grantors. For the year ended September 30, 2016, 49%, 17%, and 15% of grant income was received from three grantors. At September 30, 2017 four grantors accounted for 37%, 25%, 19% and 15% of outstanding grants receivable. At September 30, 2016 two grantors accounted for 61% and 12% of outstanding grants receivable.

9. CONTINGENCIES

Certain grants require the fulfillment of specific conditions as set forth in the instruments of the grants. Failure to fulfill the conditions could result in the return of the funds to the grantors. Grant costs billed to federal and state agencies are subject to audit by these agencies.

10. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Center has evaluated subsequent events through March 2, 2018, which is the date these financial statements were available to be issued. There are no subsequent events that require recognition or additional disclosure in these financial statements.