CENTER FOR PEOPLE WITH DISABILITIES

(A COLORADO NOT-FOR-PROFIT CORPORATION)

AUDITED FINANCIAL STATEMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, AND REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A-133

YEAR ENDED SEPTEMBER 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2011

ACM
Anton Collins Mitchell LLP
Accountants & Consultants

AN INDEPENDENT MEMBER OF
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CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)

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INDEPENDENT AUDITORS' REPORT

Center for People with Disabilities
Boulder, Colorado

We have audited the accompanying statement of financial position of the Center for People with Disabilities (the "Center"), a Colorado not-for-profit corporation, as of September 30, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these statements based on our audit. The prior year summarized comparative information has been derived from the Center's September 30, 2011 financial statements and in our report dated January 23, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013 on our consideration of the Center for People with Disabilities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and is important for assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended September 30, 2012 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Anton Collins Mitchell LLP

Boulder, Colorado
June 10, 2013

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
AT SEPTEMBER 30, 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,150	$ 24,700
Grants receivable	57,497	93,827
Program service fees receivable, net	59,526	37,239
Other receivables	7,000	18,844
Interest receivable	6,000	6,000
Prepaid expenses	2,157	477
Total current assets	139,330	181,087
PROPERTY AND EQUIPMENT:		
Land	350,000	350,000
Buildings and improvements	1,024,651	996,316
Furniture and equipment	27,925	25,425
Vehicles	42,469	42,469
Total property and equipment	1,445,045	1,414,210
Less accumulated depreciation	(372,655)	(344,963)
Net property and equipment	1,072,390	1,069,247
RESTRICTED CASH AND OTHER ASSETS:		
Restricted cash	147,933	273,343
Note receivable	200,000	200,000
Loan fees, net of accumulated amortization	24,160	28,078
Deposits	5,181	2,830
Total restricted cash and other assets	377,274	504,251
TOTAL ASSETS	$ 1,588,994	$ 1,754,585

Continued.

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
AT SEPTEMBER 30, 2011

	2012	2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 5,111	$ 1,604
Accrued personnel and other expenses	50,094	48,921
Deferred revenue	127,481	276,088
Current portion of long-term debt	25,619	24,350
Assets held for others	43,410	51,106
Total current liabilities	251,715	402,069
LONG-TERM LIABILITIES:		
Line of credit	-	14
Long-term debt, net of current portion	706,874	731,115
Total long-term liabilities	706,874	731,129
TOTAL LIABILITIES	958,589	1,133,198
NET ASSETS:		
Unrestricted	613,618	610,606
Temporarily restricted	16,787	10,781
Total net assets	630,405	621,387
TOTAL LIABILITIES AND NET ASSETS	$ 1,588,994	$ 1,754,585

See accompanying notes to the financial statements.

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
SUPPORT AND REVENUE:				
Public support				
Grant income	$ 1,570,342	$ -	$ 1,570,342	$ 1,642,365
Contributions	18,562	20,632	39,194	28,755
Revenue				
Program service fees	1,091,566	-	1,091,566	872,868
Interest income	8,030	-	8,030	8,129
Other income	9,549	-	9,549	5,298
Net assets released from restrictions	14,626	(14,626)	-	-
Total support and revenue	2,712,675	6,006	2,718,681	2,557,415
EXPENSES:				
Program services	2,470,369	-	2,470,369	2,415,057
General and administrative	190,457	-	190,457	202,365
Fundraising	48,837	-	48,837	43,549
Total expenses	2,709,663	-	2,709,663	2,660,971
CHANGE IN NET ASSETS	3,012	6,006	9,018	(103,556)
NET ASSETS, beginning of year	610,606	10,781	621,387	724,943
NET ASSETS, end of year	$ 613,618	$ 16,787	$ 630,405	$ 621,387

See accompanying notes to the financial statements.

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 9,018	$ (103,556)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	27,692	26,713
Amortization	3,918	3,918
Provision for bad debt	904	27,231
(Increase) decrease in operating assets:		
Accounts receivable	24,983	34,414
Prepaid expenses and deposits	(4,031)	(439)
Increase (decrease) in operating liabilities:		
Accounts payable	3,507	(4,408)
Accrued personnel and other expenses	1,173	(6,071)
Deferred revenue	(148,607)	(137,118)
Net cash used in operating activities	(81,443)	(159,316)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and improvements	(30,835)	-
Net change in assets held for others	(7,696)	4,456
Net cash (used in) provided by investing activities	(38,531)	4,456
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draws on line of credit	6,568	102,961
Payments on line of credit	(6,582)	(111,082)
Payments on long-term debt	(22,972)	(21,747)
Net cash used in financing activities	(22,986)	(29,868)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(142,960)	(184,728)
CASH AND CASH EQUIVALENTS, beginning of year	298,043	482,771
CASH AND CASH EQUIVALENTS, end of year	155,083	298,043
Cash and cash equivalents	7,150	24,700
Restricted cash	147,933	273,343
Total cash and cash equivalents	$ 155,083	$ 298,043
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 31,402	$ 32,851

See accompanying notes to the financial statements.

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Program Services								
	Independent Living	Personal Assistance	Community Services	Subsidized Housing	Total Program Services	General & Admin	Fundraising	2012 Total	2011 Total
Personnel costs	$ 183,733	$ 771,506	$ 441,512	$ 69,766	$ 1,466,517	$ 135,812	$ 47,574	$ 1,649,903	$ 1,538,222
Participant costs	45,323	2,489	8,422	615,397	671,631	129	-	671,760	705,307
Occupancy	4,761	14,458	51,067	1,641	71,927	4,821	9	76,757	52,060
Professional services	10,630	9,549	8,454	33,703	62,336	6,786	-	69,122	82,824
Travel and entertainment	829	46,600	3,930	1,508	52,867	3,318	473	56,658	57,280
Insurance	3,849	15,048	9,099	1,750	29,746	5,251	-	34,997	40,149
Depreciation and amortization	2,952	11,487	6,932	1,336	22,707	8,903	-	31,610	30,631
Interest	4,008	15,553	4,313	1,852	25,726	5,676	-	31,402	32,851
Communications	2,168	6,520	8,228	895	17,811	3,830	314	21,955	21,140
Postage and printing	1,841	7,088	4,561	1,016	14,506	3,281	240	18,027	18,114
Agency dues and meetings	494	6,070	2,019	2,150	10,733	4,180	50	14,963	11,424
Supplies	512	2,089	8,328	1,090	12,019	2,059	109	14,187	15,044
Vehicle and equipment expenses	5,990	-	2,344	960	9,294	669	-	9,963	12,565
Other expenses	670	472	126	145	1,413	5,682	68	7,163	11,227
Bad debt expense	-	904	-	-	904	-	-	904	27,231
Advertising	-	-	156	76	232	60	-	292	4,902
Total expenses	$ 267,760	$ 909,833	$ 559,491	$ 733,285	$ 2,470,369	$ 190,457	$ 48,837	$ 2,709,663	$ 2,660,971

See accompanying notes to the financial statements.

Note 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 finances its operations largely through grants and fee charges to provide services for federal and state agencies and city and county governments. The Center also receives proceeds from contributions.

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

Independent Living Program—Training and peer support services to ease the transition from custodial living arrangements to independence in the community.

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

Community Services Program—Employment services and service coordination to all people with disabilities. Targeted outreach to the deaf and hard of hearing community, the Hispanic community, and the migrant worker community.

Subsidized Housing Program—Assistance in locating and obtaining suitable housing for elderly or disabled individuals and their families.

Basis of Presentation— The Center's financial statements are prepared on the accrual basis and, accordingly, reflect all significant receivables, payables, and other liabilities. The Center follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB". The 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".

Continued.

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)—ASC 958-205 *Not-for-Profit Entities - Presentation of Financial Statements* requires the Organization 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 Organization is required to present a statement of cash flows.

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 auditors' opinion. Accordingly, such information should be read in conjunction with the Center's audited financial statements for the year ended September 30, 2011, from which the summarized information was derived.

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 cash and money market funds held for the benefit of various individuals, scholarships and participants in the U.S. Department of Housing and Urban Development's Section 8 voucher program.

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. The 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, 2012 and 2011.

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.

Continued.

Note 1: Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)—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, 2012 and 2011.

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/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending upon 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.

***Grants and Fixed Contracts*—**Revenue from grants and fixed contracts are recognized when earned.

***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.

***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 received no in-kind donations during 2012, and received $5,500 during 2011. These services are included in general and administrative professional services on the statement of functional expenses.

***Deferred Revenue*—**Amounts received from grants and contracts in excess of reimbursable costs represent deferred revenue. These amounts are dependent upon the timing of cash receipts and cash disbursements and vary from year to year.

Continued.

Note 1: Summary of Significant Accounting Policies (continued)

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. Advertising expense for the years ended September 30, 2012 and 2011 was $292 and $4,902, respectively.

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.

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, 2012 that more-likely-than-not would cause the Center to incur taxes, penalties or interest. The Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2009.

Reclassifications—Certain reclassifications have been made to the 2011 summarized financial information presentation to conform to the current year's presentation. These reclassifications had no effect on net assets or change in net assets.

Note 2: Note Receivable—At September 30, 2012 and 2011, the Center held a $200,000 note receivable, which bears interest at 4% and matures on March 22, 2019. The note is collateralized by a second deed of trust on real estate. Interest is due annually, with the principal due at maturity. Accrued interest on the note receivable at September 30, 2012 and 2011 was $6,000.

Continued.

Note 3: 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 depreciation and amortization expense on the statement of functional expenses. Accumulated amortization totaled $15,019 and $11,101 at September 30, 2012 and 2011, respectively.

Note 4: 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, 2012 and 2011, were $43,410 and $51,106, respectively.

Note 5: 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".

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

Year Ending September 30,	**Amount**
2013	$ 25,619
2014	26,866
2015	28,172
2016	29,472
2017	30,976
Thereafter	591,388
	$ 732,493

Continued.

Note 6: Line of Credit—In 2008, the Center entered into an agreement with its primary banking institution for a $50,000 revolving line of credit at a variable interest rate of prime plus 2.00% (5.25% at September 30, 2012). This line of credit is unsecured. At September 30, 2012, there was no outstanding balance.

Note 7: Restricted Net Assets—Temporarily restricted net assets as of September 30, 2012 and 2011 consist of funds restricted for scholarships.

Note 8: Operating Leases—The Center leases equipment and office space under operating lease agreements expiring from December 2013 to March 2015. Total expense under these leases for the years ended September 30, 2012 and 2011, was $38,073 and $16,443, respectively.

Future minimum lease payments are as follows:

Years Ending September 30,	Amount
2013	$ 47,375
2014	25,505
2015	3,057
	$ 75,937

Note 9: Defined Contribution Retirement Plan—The Center maintains a 401 (k) profit sharing plan in which employees can make pre-tax contributions into the plan. The plan covers substantially all employees over 21 years of age who have completed six months of service. The plan also provides for employer discretionary contributions to the plan. During the years ended September 30, 2012 and 2011, no employer contributions were made to the plan.

Note 10: 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, 2012 and 2011, the Center's cash balances exceeded the federally insured limits. As of September 30, 2012, the Center had no amounts on deposit with financial institutions in excess of the federally insured limits.

For the years ended September 30, 2012 and 2011, 76% and 80%, respectively, of grant income was received from three grantors.

Continued.

Note 11: 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.

Note 12: Subsequent Events—In accordance with ASC 855, *Subsequent Events,* the Center has evaluated subsequent events through June 10, 2013, 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.

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2012

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	ARRA Funds	Federal Expenditures	Loan Balance as of September 30, 2012	Total
U.S. Department of Housing and Urban Development					
Pass-Through City of Boulder:					
Community Development Block Grant	14.218		$ -	$ 115,000	$ 115,000
Direct Program:					
Mainstream Vouchers	14.879		741,879	-	741,879
Subtotal			741,879	115,000	856,879
U.S. Department of Education					
Direct Program:					
Centers for Independent Living Special Project Grant	84.132A		207,597	-	207,597
Direct Program:					
Center for Independence Living Recovery Act	84.400A	X	42,506	-	42,506
Pass-Through State of Colorado					
Independent Living - Older Individuals who are Deaf-Blind	84.187		99,780	-	99,780
Pass-Through State of Colorado					
Independent Living - State Grants	84.169		149,720	-	149,720
Subtotal			499,603	-	499,603
Total			$ 1,241,482	$ 115,000	$ 1,356,482

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Center for People with Disabilities
Boulder, Colorado

We have audited the financial statements of the Center for People with Disabilities (the "Center"), a Colorado not-for-profit corporation, as of and for the year ended September 30, 2012, and have issued our report thereon dated June 10, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of the Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anton Collins Mitchell LLP

Boulder, Colorado
June 10, 2013

ACM

Anton Collins Mitchell LLP
Accountants & Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Center for People with Disabilities
Boulder, Colorado

Compliance

We have audited the compliance of the Center for People with Disabilities (the "Center"), a Colorado not-for-profit corporation, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the Center's major federal programs for the year ended September 30, 2012. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Anton Collins Mitchell LLP
Accountants & Consultants

Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anton Collins Mitchell LLP

Boulder, Colorado
June 10, 2013

CENTER FOR PEOPLE WITH DISABILITIES
(A COLORADO NOT-FOR-PROFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Section I – Summary of Auditor's Results

Financial Statements

The auditor has issued an unqualified opinion on the Organization's financial statements.

Internal control over financial reporting:

- Material weaknesses identified? ______ Yes ___X___ No
- Significant deficiencies identified that are not considered to be material weaknesses? ______ Yes ___X___ No
- Noncompliance material to Financial statements noted? ______ Yes ___X___ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ______ Yes ___X___ No
- Significant deficiencies identified that are not considered to be material weaknesses? ______ Yes ___X___ No

The auditor has issued an unqualified opinion on compliance with major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ______ Yes ___X___ No

Identification of major programs:

CFDA Number	Name of Federal Program
14.871	U.S. Department of HUD Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ______ Yes ___X___ No

Continued.

Section II – Financial Statement Findings

Item Number	Finding
	There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III – Federal Award Findings and Questioned Costs

Item Number	Finding
	There were no findings related to the federal awards and questioned costs which are required to be reported in accordance with *OMB Circular A-133.*

Section IV – Summary Schedule of Prior Audit Findings

Item Number	Finding	Status
11-01 10-02	**Prior Year Finding**—The Medicaid receivable balance was being reconciled. However, the Medicaid receivable balance from the previous year was still recorded on the balance sheet in a separate account, which resulted in the Medicaid receivable balance being overstated. **Corrective Action**—Medicaid billings are now being tracked through the accounts receivable module in QuickBooks, which was not the case in the past. The billings are done in arrears. Any re-billings must now be approved by the Finance Department and the original billing must be taken out of the Receivables balance. In addition, part of the monthly closing process is to reconcile the Medicaid system balance with the Quickbooks Accounts Receivable balance.	Corrected

Continued.

Item Number	Finding	Status
11-02	**Federal Program**—CFDA #84.400A – Center for Independent Living Recovery Act **Prior Year Finding**—The *American Recovery and Reinvestment Act of 2009 (ARRA)* requires expended funds to be tracked separately. These funds were not separately tracked as the Center was unaware of this requirement. **Corrective Action**—Management became more familiar with the ARRA requirements and implemented policies to enable accurate reporting of the ARRA funds expended.	Corrected
11-03 10-05	**Federal Program**—CFDA #14.871 – Section 8– Housing Choice Vouchers **Prior Year Finding**—The Center must determine that the rent to a property owner is reasonable at the time of initial leasing, and the Center must determine reasonable rent during the term of the contract as triggered by various events. The Center must also maintain records to document the basis for the determination that rent to an owner is a reasonable rent. The Center was not determining or documenting reasonable rent during the term of the contract, only at the time of initial leasing. **Corrective Action**—Management became more familiar with the HUD requirements and amended policies to include requirements for annual rent reviews, support of rents through market comparable rents, and physical inspection.	Corrected