COLORADO CENTER on LAW & POLICY

Justice and Economic Security for *all* Coloradans

Financial Statements

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

ACM
Anton Collins Mitchell LLP
Accountants & Consultants

COLORADO CENTER ON LAW AND POLICY

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Independent Auditor's Report

Colorado Center on Law & Policy
Denver, Colorado

We have audited the accompanying financial statements of the Colorado Center on Law & Policy (the "Center"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Center's 2013 financial statements, and, in our report dated July 18, 2014, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Colorado Center on Law & Policy as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Boulder, Colorado
August 24, 2015

COLORADO CENTER ON LAW AND POLICY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 165,767	$ 140,831
Grants receivable	124,061	146,942
Deposits and prepaid expenses	8,263	8,770
Cash held for agency transactions	-	10,000
Total current assets	298,091	306,543
PROPERTY AND EQUIPMENT, NET	18,204	14,185
TOTAL ASSETS	$ 316,295	$ 320,728
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 19,873	$ 19,464
Grants payable	-	10,000
Total current liabilities	19,873	29,464
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	190,829	185,790
Temporarily restricted	105,593	105,474
Total net assets	296,422	291,264
TOTAL LIABILITIES AND NET ASSETS	$ 316,295	$ 320,728

See accompanying notes to the financial statements.

COLORADO CENTER ON LAW AND POLICY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
SUPPORT AND REVENUE:				
Grants and contributions	$ 402,343	$ 515,898	$ 918,241	$ 711,253
Dividend and interest income	450	-	450	264
In-kind contributions	28,672	-	28,672	11,538
Legal fee reimbursement	-	-	-	4,481
Other income	1,594	-	1,594	3,425
Rental income	33,338	-	33,338	14,294
Program revenue	11,230	-	11,230	-
Net assets released from restrictions	515,779	(515,779)	-	-
Total support and revenue	993,406	119	993,525	745,255
EXPENSES:				
Program services:				
Health Care	415,188	-	415,188	531,439
Welfare	320,860	-	320,860	287,557
Total program services	736,048	-	736,048	818,996
Management and general	181,260	-	181,260	113,560
Fundraising	71,059	-	71,059	68,716
Total expenses	988,367	-	988,367	1,001,272
CHANGE IN NET ASSETS	5,039	119	5,158	(256,017)
NET ASSETS, beginning of year	185,790	105,474	291,264	547,281
NET ASSETS, end of year	$ 190,829	$ 105,593	$ 296,422	$ 291,264

See accompanying notes to the financial statements.

COLORADO CENTER ON LAW AND POLICY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 5,158	$ (256,017)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,450	9,726
(Increase) decrease in assets:		
Grants receivable	22,881	(128,725)
Deposits and prepaid expenses	507	2,683
Cash held for agency transactions	10,000	(10,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	409	(25,573)
Grants payable	(10,000)	10,000
Net cash provided by (used in) operating activities	35,405	(397,906)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	-	10,126
Purchase of property and equipment	(10,469)	-
Net cash (used in) provided by investing activities	(10,469)	10,126
NET CHANGE IN CASH AND CASH EQUIVALENTS	24,936	(387,780)
CASH AND CASH EQUIVALENTS, beginning of year	140,831	528,611
CASH AND CASH EQUIVALENTS, end of year	$ 165,767	$ 140,831

See accompanying notes to the financial statements.

COLORADO CENTER ON LAW AND POLICY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2013

	Program Services			Management		Total	Total
	Health Care	FESP	Total	and General	Fundraising	2014	2013
Salaries and related expenses	$ 278,487	$ 208,907	$ 487,394	$ 129,803	$ 46,262	$ 663,459	$ 663,442
Staff benefits	5,812	2,859	8,671	818	1,434	10,923	19,187
Total salaries and benefits	284,299	211,766	496,065	130,621	47,696	674,382	682,629
Accounting	10,006	6,392	16,398	4,424	1,543	22,365	20,814
Advertising and public relations	27	17	44	36	4	84	207
Bank charges	95	62	157	792	15	964	573
Consulting	24,042	23,994	48,036	3,903	1,438	53,377	64,153
Contributions	-	250	250	200	-	450	25
Depreciation	2,902	1,870	4,772	1,225	453	6,450	9,726
Dues and subscriptions	1,191	620	1,811	390	143	2,344	12,812
Event expense	-	-	-	-	7,049	7,049	1,338
Insurance	2,024	1,270	3,294	754	350	4,398	1,911
In-kind legal	8,530	17,592	26,122	960	-	27,082	11,538
Office supplies and expense	8,245	5,189	13,434	5,258	1,253	19,945	15,421
Other expenses	934	2,598	3,532	3,343	52	6,927	24,579
Printing and postage	3,881	3,841	7,722	2,227	601	10,550	11,963
Rent and utilities	52,087	33,567	85,654	21,992	8,102	115,748	102,771
Telephone and computer	9,134	5,886	15,020	3,856	1,421	20,297	15,033
Travel, meals and entertainment	7,791	5,946	13,737	1,279	939	15,955	25,779
Total functional expenses	$ 415,188	$ 320,860	$ 736,048	$ 181,260	$ 71,059	$ 988,367	$ 1,001,272

See accompanying notes to the financial statements.

Note 1 - Summary of Significant Accounting Policies

The summary of significant accounting policies of Colorado Center on Law and Policy (the "Center") is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's 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 financial statements.

Nature of Activities—The Colorado Center on Law and Policy is a not-for-profit 501(c)(3) organization, incorporated under the laws of Colorado, that advocates on behalf of the poor, working poor and other vulnerable populations. Their mission is to promote justice and economic security for lower income Coloradans through legislative, administrative and legal advocacy, and to provide the critical advocacy formerly provided by federally funded legal services programs. The Center has the following core programs:

- Health Care—uses research, analysis, and legal, legislative and administrative advocacy to ensure access to adequate, affordable health care for all Coloradans.
- Family Economic Security Program ("FESP")—seeks to reduce the number of Coloradans living in poverty by promoting economic security.

Basis of Presentation–The Center follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets GAAP which the Center follows to ensure the financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the "Codification" or "ASC".

The financial statements are prepared on the accrual basis of accounting. Under ASC 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Center is required to present a statement of cash flows.

Reclassifications–Certain reclassifications have been made to the 2013 summarized financial information to conform to the current year's presentation. These reclassifications had no effect on net assets or changes in net assets.

Continued.

Note 1 - Summary of Significant Accounting Policies (continued)

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 December 31, 2013, from which the summarized information was derived.

Cash and Cash Equivalents—The Center considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are not held for long-term purposes, to be cash and cash equivalents.

Grants Receivable—Grants receivable that are expected to be collected in less than one year are reported at net realizable value. Grants receivable that are expected to be collected in more than one year are initially recorded at their estimated fair values. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. A discount has not been recorded as management believes it is immaterial. In years subsequent to initial recording, an allowance for uncollectible amounts is determined based on the relationship with the donor, historical experience, an assessment of the current economic environment, and analysis of subsequent events. As of December 31, 2014, management expects that all amounts are fully collectible, accordingly, there is no allowance for uncollectible grants.

Fair Value Measurements–ASC 820, *Fair Value Measurements and Disclosures* requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as described below:

- *Level 1* - Quoted market prices in active markets for identical assets and liabilities.
- *Level 2* - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- *Level 3* - Unobservable inputs are used when little or no market data is available.

Continued.

Note 1 - Summary of Significant Accounting Policies (continued)

Grants Payable—Grants payable consists of amounts awarded by a donor to other organizations for which the Center is acting as the agent.

Unrestricted Net Assets—Amounts currently available for use in the Center's operations and those resources invested in property and equipment.

Temporarily Restricted Net Assets—Amounts that are stipulated by donors for specific operating purposes or future periods.

Permanently Restricted Net Assets—Amounts that are stipulated by donors to be maintained in perpetuity. At December 31, 2014 and 2013 the Center had no permanently restricted net assets.

Revenue Recognition—Revenue is recognized when earned and collectability is reasonably assured. Contributions are recognized when cash, other assets, or an unconditional promise to give is received.

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 on the existence or nature of donor restrictions. 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.

In-kind Contributions—In-kind contributions are reflected as contributions at their estimated fair value at date of donation and are reported as unrestricted support. The Center benefited from donated legal service valued at $27,082 and $11,538 during the years ended December 31, 2014 and December 31, 2013, respectively. These amounts have been reported as both in-kind contribution revenue and program expense on the statement of activities. The Center also received $1,590 of donated supplies during the year ended December 31, 2014. This amount has been reported as both in-kind contribution revenue and management and general expense. The Center recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Expenses—Expenses are recognized when incurred. Expenses paid in advance, but not yet incurred, are deferred to the applicable period.

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.

Functional Allocation of Expenses—The costs of conducting the various programs and supporting activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and such differences could be material.

Credit Risk—The Center manages deposit concentration risk by placing their temporary cash and cash equivalents with reputable financial institutions. Amounts on deposit at any single financial institution are limited so as not to exceed Federal Deposit Insurance Corporation ("FDIC") or other insurance limits. The Center had no amounts over insured limits at December 31, 2014 and 2013.

Note 2 - Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. The Center had no unrelated business income during the years ended December 31, 2014 and 2013.

The Center believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Center is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011.

Continued.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 have been restricted by donors for special projects to be spent on health care in the amount of $85,792, and for time in the amount of $19,801. Temporarily restricted net assets at December 31, 2013 were restricted by donors for special projects to be spent on health care in the amount of $84,682, and for time in the amount of $20,792.

Note 4 - Property and Equipment

Property and equipment additions over $1,000 are capitalized and recorded at cost, or if donated, at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of assets ranging from 2 to 7 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Repairs and maintenance costs are charged to expense when incurred.

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 occurred during the years ended December 31, 2014 and 2013.

Property and equipment at December 31, 2014 and 2013, consists of the following:

	2014	2013
Furniture and fixtures	$ 21,157	$ 21,157
Improvements	18,280	18,280
Equipment	63,154	52,685
Property and equipment, gross	102,591	92,122
Less: accumulated depreciation	(84,387)	(77,937)
Property and equipment, net	$ 18,204	$ 14,185

Continued.

Note 5 - Retirement Plan

The Center sponsors a tax-deferred annuity plan (the "Plan") qualified under Section 403(b) of the Internal Revenue Code. The Plan covers full-time employees of the Center. The Center's contributions to the Plan during the years ended December 31, 2014 and 2013 were $5,881 and $10,185, respectively.

Note 6 - Lease Obligations

The Center leases office space under a non-cancelable operating lease that expires October 31, 2016. The Center also has a copier lease that expires August 14, 2019. Future required minimum payments through maturity under these leases as of December 31, 2014 are as follows:

Year Ending December 31,	Amount
2015	$ 122,645
2016	101,285
2017	8,352
2018	8,352
2019	4,872
	$ 245,506

For the years ended December 31, 2014 and 2013, the lease expense was $119,849 and $112,187, respectively.

A portion of the Center's office space is sublet under one non-cancelable operating lease and one month-to-month lease. The non-cancelable operating lease expires on June 30, 2016. The sublet income was $33,338 and $14,294 during the years ended December 31, 2014 and 2013, respectively. Future required minimum receipts through maturity under the sublets are as follows:

Year Ending December 31,	Amount
2015	$ 36,000
2016	18,000
	$ 54,000

Continued.

Note 7 - Concentrations

The Center received 18%, 17%, 15% and 11% of its support from four donors during the year ended December 31, 2014. One of these donors also attributed for 83% of the grants receivable balance at December 31, 2014. During the year ended December 31, 2013, the Center received 34% and 34% of its support from two donors. One of these donors also attributed for 86% of the grants receivable balance at December 31, 2013.

Note 8 - Subsequent Events

In accordance with ASC 855, *Subsequent Events,* the Center has evaluated subsequent events through August 24, 2015, which is the date these financial statements were available to be issued. There are no subsequent events that require additional disclosure in these financial statements.