COLORADO CENTER on LAW & POLICY

Justice and Economic Security for *all* Coloradans

Financial Statements

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

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, 2015, 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 2014 financial statements, and, in our report dated August 24, 2015, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Boulder, Colorado
August 11, 2016

Colorado Center on Law And Policy

Statement of Financial Position

December 31,		**2015**		2014
Assets				
Current assets				
Cash and cash equivalents	**$**	**375,057**	$	165,767
Grants receivable		**279,454**		124,061
Deposits and prepaid expenses		**8,568**		8,263
Total current assets		**663,079**		298,091
Property and equipment, net		**11,085**		18,204
Total assets	**$**	**674,164**	$	316,295
Liabilities and net assets				
Current liabilities				
Accounts payable and accrued expenses	**$**	**34,870**	$	19,873
Total current liabilities		**34,870**		19,873
Commitments and contingencies				
Net assets				
Unrestricted		**216,032**		190,829
Temporarily restricted		**423,262**		105,593
Total net assets		**639,294**		296,422
Total liabilities and net assets	**$**	**674,164**	$	316,295

See accompanying notes to the financial statements.

Colorado Center on Law And Policy

Statement of Activities

Year Ended December 31,	2015 Unrestricted	2015 Temporarily Restricted	2015 Total	(Summarized) 2014 Total
Support and revenue				
Grants and contributions	**$ 462,717**	**$ 952,660**	**$ 1,415,377**	$ 918,241
Other income	**4,505**	**-**	**4,505**	2,044
In-kind contributions	**23,540**	**-**	**23,540**	28,672
Rental income	**36,000**	**-**	**36,000**	33,338
Program revenue	**8,400**	**-**	**8,400**	11,230
Net assets released from restrictions	**634,991**	**(634,991)**	**-**	-
Total support and revenue	**1,170,153**	**317,669**	**1,487,822**	993,525
Expenses				
Program services				
Health Care	**511,323**	**-**	**511,323**	415,188
Economic Security (FESP)	**301,840**	**-**	**301,840**	320,860
Total program services	**813,163**	**-**	**813,163**	736,048
Management and general	**171,772**	**-**	**171,772**	181,260
Fundraising	**160,015**	**-**	**160,015**	71,059
Total expenses	**1,144,950**	**-**	**1,144,950**	988,367
Change in net assets	**25,203**	**317,669**	**342,872**	5,158
Net assets, beginning of year	**190,829**	**105,593**	**296,422**	291,264
Net assets, end of year	**$ 216,032**	**$ 423,262**	**$ 639,294**	$ 296,422

See accompanying notes to the financial statements.

Colorado Center on Law And Policy

Statement of Cash Flows

Year Ended December 31,		**2015**		2014
Cash flows from operating activities				
Change in net assets	**$**	**342,872**	$	5,158
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**7,119**		6,450
(Increase) decrease in operating assets:				
Grants receivable		**(155,393)**		22,881
Deposits and prepaid expenses		**(305)**		507
Cash held for agency transactions		**-**		10,000
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses		**14,997**		409
Grants payable		**-**		(10,000)
Net cash provided by operating activities		**209,290**		35,405
Cash flows used in investing activities				
Purchase of property and equipment		**-**		(10,469)
Net change in cash and cash equivalents		**209,290**		24,936
Cash and cash equivalents, beginning of year		**165,767**		140,831
Cash and cash equivalents, end of year	**$**	**375,057**	$	165,767

See accompanying notes to the financial statements.

Colorado Center on Law And Policy

Statement of Functional Expenses

	2015						(Summarized)
	Program Services			Management			2014
Year Ended December 31,	Health Care	FESP	Total	and General	Fundraising	Total	Total
Salaries and related expenses	$ 305,520	$ 211,289	$ 516,809	$ 104,004	$ 92,520	$ 713,333	$ 663,459
Staff benefits	6,846	4,735	11,581	2,331	2,073	15,985	10,923
Total salaries and benefits	312,366	216,024	528,390	106,335	94,593	729,318	674,382
Accounting	-	-	-	21,273	-	21,273	22,365
Consulting	97,068	14,009	111,077	6,896	23,634	141,607	53,377
Depreciation	3,049	2,109	5,158	1,038	923	7,119	6,450
Dues and subscriptions	1,392	1,293	2,685	2,974	422	6,081	2,794
Event expense	367	254	621	218	8,531	9,370	7,049
Insurance	1,329	919	2,248	453	403	3,104	4,398
In-kind legal	10,082	6,973	17,055	3,432	3,053	23,540	27,082
Office supplies and expense	5,333	3,688	9,021	1,815	1,616	12,452	19,945
Other expenses	1,554	2,191	3,745	1,190	279	5,214	7,975
Printing and postage	12,139	8,927	21,066	4,219	7,073	32,358	10,550
Rent and utilities	51,468	35,594	87,062	17,521	15,586	120,169	115,748
Telephone and computer	7,524	5,203	12,727	2,561	2,278	17,566	20,297
Travel, meals and entertainment	7,652	4,656	12,308	1,847	1,624	15,779	15,955
Total functional expenses	$ 511,323	$ 301,840	$ 813,163	$ 171,772	$ 160,015	$ 1,144,950	$ 988,367

See accompanying notes to the financial statements.

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.

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, 2014, 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, 2015, 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.

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, 2015 and 2014 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 $23,540 and $27,082 during the years ended December 31, 2015 and December 31, 2014, 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.

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 approximately $130,000 and $0 in deposits over insured limits at December 31, 2015 and 2014, respectively.

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, 2015 and 2014.

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 2012.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 have been restricted by donors for special projects to be spent on health care in the amount of $154,462 and for time in the amount of $268,800. 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.

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, 2015 and 2014.

Property and equipment consists of the following:

December 31,	**2015**	2014
Furniture and fixtures	**$ 21,157**	$ 21,157
Improvements	**18,280**	18,280
Equipment	**63,154**	63,154
Property and equipment, gross	**102,591**	102,591
Less: accumulated depreciation	**(91,506)**	(84,387)
Property and equipment, net	**$ 11,085**	$ 18,204

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, 2015 and 2014 were $10,418 and $5,881, respectively.

6. LEASE OBLIGATIONS

The Center leases office space under a non-cancelable operating lease that originally expired October 31, 2016. The Center renegotiated the lease in December 2015 to reduce the amount of space leased and extend the term through July 2021. 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, 2015 are as follows:

Year Ending December 31,	
2016	$ 102,090
2017	100,361
2018	102,433
2019	101,024
2020	98,224
Thereafter	60,102
	$ 564,234

For the years ended December 31, 2015 and 2014, the lease expense was $135,149 and $119,849, 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 expired on June 30, 2016. The sublet income was $36,000 and $33,338 during the years ended December 31, 2015 and 2014, respectively. Remaining receipts through maturity in June 2016 were $18,000.

7. CONCENTRATIONS

The Center received 34% of its support from one donor during the year ended December 31, 2015. This donor also attributed for 89% of the grants receivable balance at December 31, 2015. 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.

8. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events,* the Center has evaluated subsequent events through August 11, 2016, 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.