



COLORADO CENTER  
on LAW & POLICY

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Justice and Economic Security for all Coloradans

## Financial Statements

For the Year Ended December 31, 2016  
With Summarized Financial Information for  
the Year Ended December 31, 2015

# Colorado Center on Law & 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, 2016, 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 Colorado Center on Law & Policy as of December 31, 2016, 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.

*Report on Summarized Comparative Information*

We have previously audited the Center's 2015 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated August 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material aspects, with the audited financial statements from which it has been derived.

*Anton Collins Mitchell LLP*

Boulder, Colorado  
June 30, 2017

# Colorado Center on Law & Policy

## Statement of Financial Position

<i>December 31,</i>	2016	(Summarized) 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 672,721	\$ 375,057
Grants receivable	450,198	279,454
Deposits and prepaid expenses	8,298	8,568
Total current assets	1,131,217	663,079
<b>Property and equipment, net</b>	<b>6,807</b>	<b>11,085</b>
<b>Total assets</b>	<b>\$ 1,138,024</b>	<b>\$ 674,164</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 26,315	\$ 34,870
Total current liabilities	26,315	34,870
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Unrestricted	822,083	216,032
Temporarily restricted	289,626	423,262
Total net assets	1,111,709	639,294
<b>Total liabilities and net assets</b>	<b>\$ 1,138,024</b>	<b>\$ 674,164</b>

*See accompanying notes to the financial statements.*

# Colorado Center on Law & Policy

## Statement of Activities

<i>Year Ended December 31,</i>	2016			(Summarized)
	Unrestricted	Temporarily Restricted	Total	2015 Total
<b>Support and revenue</b>				
Grants and contributions	\$ 660,022	\$ 852,258	\$ 1,512,280	\$ 1,415,377
Other income	4,937	-	4,937	4,505
In-kind contributions	55,411	-	55,411	23,540
Rental income	20,125	-	20,125	36,000
Program revenue	20,465	-	20,465	8,400
Legal reimbursement fees	95,000	-	95,000	-
Net assets released from restrictions	985,894	(985,894)	-	-
<b>Total support and revenue</b>	<b>1,841,854</b>	<b>(133,636)</b>	<b>1,708,218</b>	<b>1,487,822</b>
<b>Expenses</b>				
Program services				
Health Care	501,311	-	501,311	511,323
Economic Security (FESP)	408,861	-	408,861	301,840
<b>Total program services</b>	<b>910,172</b>	<b>-</b>	<b>910,172</b>	<b>813,163</b>
Management and general				
Fundraising	119,196	-	119,196	160,015
<b>Total expenses</b>	<b>1,235,803</b>	<b>-</b>	<b>1,235,803</b>	<b>1,144,950</b>
<b>Change in net assets</b>	<b>606,051</b>	<b>(133,636)</b>	<b>472,415</b>	<b>342,872</b>
<b>Net assets, beginning of year</b>	<b>216,032</b>	<b>423,262</b>	<b>639,294</b>	<b>296,422</b>
<b>Net assets, end of year</b>	<b>\$ 822,083</b>	<b>\$ 289,626</b>	<b>\$ 1,111,709</b>	<b>\$ 639,294</b>

*See accompanying notes to the financial statements.*

# Colorado Center on Law & Policy

## Statement of Cash Flows

<i>Year Ended December 31,</i>	2016	(Summarized) 2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 472,415	\$ 342,872
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,278	7,119
(Increase) decrease in operating assets:		
Grants receivable	(170,744)	(155,393)
Deposits and prepaid expenses	270	(305)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(8,555)	14,997
Net cash provided by operating activities	297,664	209,290
<b>Net change in cash and cash equivalents</b>	297,664	209,290
<b>Cash and cash equivalents, beginning of year</b>	375,057	165,767
<b>Cash and cash equivalents, end of year</b>	\$ 672,721	\$ 375,057

*See accompanying notes to the financial statements.*

# Colorado Center on Law & Policy

## Statement of Functional Expenses

Year Ended December 31,	2016						(Summarized)	
	Program Services			Management and General	Fundraising	Total	2015	
	Health Care	FESP	Total				Total	Total
Salaries and related expenses	\$ 319,490	\$ 260,952	\$ 580,442	\$ 107,423	\$ 84,410	\$ 772,275	\$ 713,333	
Staff benefits	13,041	10,652	23,693	4,385	3,445	31,523	15,985	
Total salaries and benefits	332,531	271,604	604,135	111,808	87,855	803,798	729,318	
Accounting	-	-	-	22,935	-	22,935	21,273	
Consulting	16,839	13,754	30,593	5,662	4,448	40,703	141,607	
Depreciation	1,769	1,445	3,214	595	469	4,278	7,119	
Dues and subscriptions	2,562	2,093	4,655	862	676	6,193	6,081	
Event expense	3,602	2,941	6,543	1,211	952	8,706	9,370	
Insurance	1,873	1,530	3,403	630	495	4,528	3,104	
In-kind legal	22,924	18,723	41,647	7,708	6,056	55,411	23,540	
Office supplies and expense	7,072	5,776	12,848	2,378	1,868	17,094	12,452	
Other expenses	3,947	3,224	7,171	1,327	1,043	9,541	5,214	
Printing and postage	770	629	1,399	259	203	1,861	32,358	
Program expenses	50,152	40,366	90,518	31,804	-	122,322	-	
Rent and utilities	41,727	34,081	75,808	14,030	11,024	100,862	120,169	
Telephone and computer	7,728	6,312	14,040	2,598	2,042	18,680	17,566	
Travel, meals and entertainment	7,815	6,383	14,198	2,628	2,065	18,891	15,779	
Total functional expenses	\$ 501,311	\$ 408,861	\$ 910,172	\$ 206,435	\$ 119,196	\$ 1,235,803	\$ 1,144,950	

*See accompanying notes to the financial statements.*

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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### 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.

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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### *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, 2015, 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, 2016 and 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.

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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### *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, 2016 and 2015 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 \$55,411 and \$23,540 during the years ended December 31, 2016 and December 31, 2015, respectively. These amounts have been reported as both in-kind contribution revenue and program expense on the statement of activities. 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.

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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### *Expenses*

Expenses are recognized when incurred. Expenses paid in advance, but not yet incurred, are deferred to the applicable period and reflected as a current asset in the accompanying statements of financial position.

### *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. The Center strives to limit amounts on deposit at any single financial institution so as not to exceed Federal Deposit Insurance Corporation ("FDIC") or other insurance limits. However, the Center had approximately \$430,000 and \$130,000 in deposits over insured limits at December 31, 2016 and 2015, 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, 2016 and 2015.

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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 2013.

### 3. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, temporarily restricted net assets are restricted for the following purposes:

	2016	2015
Purpose restrictions:		
Health Care	\$ 24,401	\$ 154,462
Time restriction:		
Grants receivable restricted for time	265,225	268,800
	<b>\$ 289,626</b>	<b>\$ 423,262</b>

During the years ended December 31, 2016 and 2015, temporarily restricted net assets were released from restrictions for the following purposes:

	2016	2015
Purpose restrictions:		
Health Care	\$ 501,311	\$ 511,323
Economic Security (FESP)	215,783	103,867
Time restriction:		
Expiration of time restriction	268,800	19,801
	<b>\$ 985,894</b>	<b>\$ 634,991</b>

### 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.

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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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, 2016 and 2015.

Property and equipment consists of the following:

<i>December 31,</i>	<b>2016</b>	2015
Furniture and fixtures	<b>\$ 21,157</b>	\$ 21,157
Improvements	<b>18,280</b>	18,280
Equipment	<b>63,154</b>	63,154
Property and equipment	<b>102,591</b>	102,591
Less: accumulated depreciation	<b>(95,784)</b>	(91,506)
Property and equipment, net	<b>\$ 6,807</b>	\$ 11,085

### 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, 2016 and 2015 were \$14,579 and \$10,418, respectively.

# Colorado Center on Law & Policy

## Notes to the Financial Statements

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### 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, 2016 are as follows:

<i>Year Ending December 31,</i>	
2017	\$ 100,505
2018	102,577
2019	101,108
2020	98,224
2021	60,102
	<hr/>
	\$ 462,516

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 \$ 20,125 and \$36,000 during the years ended December 31, 2016 and 2015, respectively.

### 7. CONCENTRATIONS

The Center received 41%, 19%, and 10% of its support from three donors during the year ended December 31, 2016. These donors also attributed for 59%, 22%, and 15% of the grants receivable balance at December 31, 2016. 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.

### 8. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Center has evaluated subsequent events through June 30, 2017, 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.