COLORADO CENTER
on LAW & POLICY

Justice and Economic Security for *all* Coloradans

Financial Statements

For the Year Ended December 31, 2017

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

ACM

Anton Collins Mitchell LLP
Accountants & Consultants

Colorado Center on Law & Policy

Contents

Anton Collins Mitchell LLP
Accountants & Consultants

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, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Denver | Boulder | Northern Colorado | Laramie

303 East 17th Avenue, Suite 600
Denver, Colorado 80203
303.830.1120 · Fax 303.830.8130 · www.acmllp.com

Anton Collins Mitchell LLP
Accountants & Consultants

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, 2017, 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 Sumamrized Comparative Information

We have previously audited the Colorado Center on Law & Policy's 2016 financial statemements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent in all material aspects, with the financial statements from which it has been derived.

Anton Collins Mitchell LLP

Denver, Colorado
August 15, 2018

Colorado Center on Law & Policy

Statement of Financial Position

December 31,		2017		(Summarized) 2016
Assets				
Current assets				
Cash and cash equivalents	$	**978,323**	$	672,721
Grants receivable		**685,661**		450,198
Deposits and prepaid expenses		**20,597**		8,298
Total current assets		**1,684,581**		1,131,217
Property and equipment, net		**4,009**		6,807
Total assets	**$**	**1,688,590**	$	1,138,024
Liabilities and net assets				
Current liabilities				
Accounts payable	$	**8,766**	$	6,250
Accrued expenses		**20,152**		20,065
Total current liabilities		**28,918**		26,315
Commitments and contingencies				
Net assets				
Unrestricted		**1,164,837**		822,083
Temporarily restricted		**494,835**		289,626
Total net assets		**1,659,672**		1,111,709
Total liabilities and net assets	**$**	**1,688,590**	$	1,138,024

See accompanying notes to the financial statements.

Colorado Center on Law & Policy

Statement of Activities

Year Ended December 31,	2017 Unrestricted	2017 Temporarily Restricted	2017 Total	(Summarized) 2016 Total
Support and revenue				
Grants and contributions	$ 465,276	$ 1,204,634	$ 1,669,910	$ 1,512,280
Other income	14,814	-	14,814	4,937
In-kind contributions	82,400	-	82,400	55,411
Rental income	3,400	-	3,400	20,125
Program revenue	25,657	-	25,657	20,465
Legal reimbursement fees	-	-	-	95,000
Net assets released from restrictions	999,425	(999,425)	-	-
Total support and revenue	1,590,972	205,209	1,796,181	1,708,218
Expenses				
Program services				
Health Care	509,479	-	509,479	501,311
Economic Security (FESP)	450,284	-	450,284	408,861
Total program services	959,763	-	959,763	910,172
Management and general	147,332	-	147,332	206,435
Fundraising	141,123	-	141,123	119,196
Total expenses	1,248,218	-	1,248,218	1,235,803
Change in net assets	342,754	205,209	547,963	472,415
Net assets, beginning of year	822,083	289,626	1,111,709	639,294
Net assets, end of year	$ 1,164,837	$ 494,835	$ 1,659,672	$ 1,111,709

See accompanying notes to the financial statements.

Colorado Center on Law & Policy

Statement of Cash Flows

Year Ended December 31,	2017	(Summarized) 2016
Cash flows from operating activities		
Change in net assets	**$ 547,963**	$ 472,415
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**2,798**	4,278
(Increase) decrease in operating assets:		
Grants receivable	**(235,463)**	(170,744)
Deposits and prepaid expenses	**(12,299)**	270
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	**2,603**	(8,555)
Net cash provided by operating activities	**305,602**	297,664
Net change in cash and cash equivalents	**305,602**	297,664
Cash and cash equivalents, beginning of year	**672,721**	375,057
Cash and cash equivalents, end of year	**$ 978,323**	$ 672,721

See accompanying notes to the financial statements.

Colorado Center on Law & Policy

Statement of Functional Expenses

	2017						(Summarized)
	Program Services			Management			2016
Year Ended December 31,	Health Care	FESP	Total	and General	Fundraising	Total	Total
Salaries and related expenses	$ 326,885	$ 281,482	$ 608,367	$ 115,314	$ 88,224	$ 811,905	$ 772,275
Staff benefits	17,188	10,898	28,086	843	1,537	30,466	31,523
Total salaries and benefits	344,073	292,380	636,453	116,157	89,761	842,371	803,798
Accounting	9,013	7,380	16,393	3,121	2,412	21,925	22,935
Consulting	27,265	41,169	68,434	2,387	1,876	72,697	40,703
Depreciation	1,147	937	2,084	406	309	2,798	4,278
Dues and subscriptions	3,308	2,690	5,998	1,628	551	8,177	6,193
Event expense	-	-	-	444	23,693	24,137	8,706
Insurance	1,559	1,279	2,838	381	418	3,637	4,528
In-kind legal	49,440	32,960	82,400	-	-	82,400	55,411
Office supplies and expense	6,937	5,822	12,759	2,604	1,874	17,237	17,094
Other expenses	6,323	1,418	7,741	2,126	6,149	16,017	9,541
Printing and postage	228	197	425	80	62	567	1,861
Program expenses	4,260	16,432	20,692	-	-	20,692	122,322
Rent and utilities	39,350	32,896	72,246	13,749	10,625	96,620	100,862
Telephone and computer	7,443	6,304	13,747	2,626	2,021	18,395	18,680
Travel, meals and entertainment	9,133	8,420	17,552	1,623	1,372	20,548	18,891
Total functional expenses	$ 509,479	$ 450,284	$ 959,762	$ 147,332	$ 141,123	$ 1,248,218	$ 1,235,803

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, 2016, 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. 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, 2017 and 2016, management expects that all amounts are fully collectible; accordingly, there is no allowance for uncollectible grants.

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, 2017 and 2016 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 $82,400 and $55,411 during the years ended December 31, 2017 and 2016, respectively. These amounts have been reported as both in-kind contribution revenue and management and general 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.

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 $480,000 and $450,000 in deposits over insured limits at December 31, 2017 and 2016, respectively. The Center has never experienced any losses from this exposure.

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, 2017 and 2016.

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 2015.

3. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, temporarily restricted net assets are restricted for the following purposes:

	2017	2016
Purpose restrictions:		
Health Care	**$ -**	$ 24,401
Economic Security (FESP)	**494,835**	-
Time restriction:		
Grants receivable restricted for time	**-**	265,225
	$ 494,835	$ 289,626

During the years ended December 31, 2017 and 2016, temporarily restricted net assets were released from restrictions for the following purposes:

	2017	2016
Purpose restrictions:		
Health Care	**$ 318,393**	$ 501,311
Economic Security (FESP)	**415,807**	215,783
Time restriction:		
Expiration of time restriction	**265,225**	268,800
	$ 999,425	$ 985,894

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 two to seven 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, 2017 and 2016.

Property and equipment consists of the following:

December 31,	**2017**	2016
Furniture and fixtures	**$ 21,157**	$ 21,157
Improvements	**18,280**	18,280
Equipment	**63,154**	63,154
Property and equipment	**102,591**	102,591
Less: accumulated depreciation	**(98,582)**	(95,784)
Property and equipment, net	**$ 4,009**	$ 6,807

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, 2017 and 2016 were $17,541 and $14,579, 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, and another that expires June 21, 2021. Future required minimum payments through maturity under these leases as of December 31, 2017 are as follows:

Year Ending December 31,	
2018	$ 102,581
2019	101,819
2020	98,224
2021	58,002
	$ 360,626

7. CONCENTRATIONS

The Center received 29%, 21%, and 12% of its support from three donors during the year ended December 31, 2017. Two of donors also accounted for 52% and 31%, respectively, of the grants receivable balance at December 31, 2017, while a third donor accounted for 11% of the same. 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.

8. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events,* the Center has evaluated subsequent events through August 15, 2018, 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.