

**THE ARC OF WELD COUNTY
FINANCIAL STATEMENTS
December 31, 2015**

THE ARC OF WELD COUNTY

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
The Arc of Weld County
Greeley, Colorado

We have reviewed the accompanying financial statements of The Arc of Weld County (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Greeley, Colorado
March 8, 2017

THE ARC OF WELD COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS	
Cash and cash equivalents	\$ 347,582
Prepaid expenses and other assets	8,281
Property and equipment, net	<u>11,429</u>
Total assets	<u><u>\$ 367,292</u></u>
 LIABILITIES AND NET ASSETS	
Accounts payable	\$ 3,315
Accrued payroll	<u>30,130</u>
Total liabilities	<u>33,445</u>
 NET ASSETS	
Unrestricted	
Undesignated	61,557
Board designated capital reserve	30,287
Board designated operating reserve	227,095
Temporarily restricted	<u>14,908</u>
Total net assets	<u>333,847</u>
Total liabilities and net assets	<u><u>\$ 367,292</u></u>

See independent accountants' review report and accompanying notes to financial statements

THE ARC OF WELD COUNTY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue, Support, and Gains			
Arc Thrift Store	\$ 543,033	\$ -	\$ 543,033
Arc Thrift Store - Eastern Counties	7,473	7,527	15,000
Contributions and grants	17,754	-	17,754
Membership dues	1,455	-	1,455
Interest income	186	-	186
Total revenue, support, and gains	569,901	7,527	577,428
Expenses			
Program services expense	461,000	-	461,000
General and administrative expenses	23,455	-	23,455
Total expenses	484,455	-	484,455
Change in Net Assets	85,446	7,527	92,973
Net Assets, Beginning of Year	233,493	7,381	240,874
Net Assets, End of Year	\$ 318,939	\$ 14,908	\$ 333,847

See independent accountants' review report and accompanying notes to financial statements

THE ARC OF WELD COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Expense	Management	Total Expense
Salaries and wages	\$ 276,032	\$ 9,473	\$ 285,505
Occupancy	33,021	3,135	36,156
Payroll taxes	21,632	753	22,385
Employee benefits	26,267	1,295	27,562
Professional services	19,216	1,146	20,362
Depreciation	4,817	535	5,352
Advertising	1,361	30	1,391
Insurance	6,813	520	7,333
Telephone and internet	1,429	397	1,826
Office supplies	15,882	305	16,187
Travel	8,297	2,000	10,297
Training and development	249	1,129	1,378
Dues and subscriptions	3,124	290	3,414
Postage and printing	2,265	270	2,535
Meetings	8,858	957	9,815
Awards	3,051	158	3,209
Background checks	379	299	678
Community events	918	3	921
Computer and software	3,446	272	3,718
Awareness events	23,676	370	24,046
Bank service fees	-	78	78
Repairs and maintenance	267	40	307
Total Expenses	\$ 461,000	\$ 23,455	\$ 484,455

See independent accountants' review report and accompanying notes to financial statements

THE ARC OF WELD COUNTY
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2015

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Cash Flows from Operating Activities	
Change in net assets	\$ 92,973
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	5,352
Changes in operating assets and liabilities	
Accounts receivable	412
Prepaid expenses and other assets	(1,871)
Accounts payable	3,315
Accrued payroll	13,234
Net Cash Provided By Operating Activities	<u>113,415</u>
Net Change in Cash and Cash Equivalents	113,415
Cash and Cash Equivalents, Beginning of Year	<u>234,167</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 347,582</u></u>

See independent accountants' review report and accompanying notes to financial statements

**THE ARC OF WELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015

Note 1. Principal Activity and Significant Accounting Policies Organization

Organization

The Arc of Weld County (AWC) is a private, non-profit organization formed under the provisions of the Internal Revenue Code, section 501(C)(3) dedicated to offering high quality advocacy services to children and adults with intellectual/developmental disabilities (I/DD) and their families in Weld, Logan, Morgan, Phillips, Washington, Sedgwick and Yuma Counties in the state of Colorado. AWC does not charge a fee for the services it provides.

In 1993, the Arc of Weld County incorporated and began providing advocacy services to the residents of Weld County. Our services have always been of an advocacy nature, including individual advocacy, community organization and state and federal legislative advocacy. We do not provide direct services. Our mission is as follows: "The Arc of Weld County promotes and protects the human rights of people in the community with intellectual and developmental disabilities through advocacy and support services". Our vision is "all people with intellectual and developmental disabilities are included and participate fully with their community". In 2014, we grew our services to include the six northeastern counties of Logan, Morgan, Phillips, Washington, Sedgwick and Yuma. Currently we have two outreach offices (Fort Lupton and Sterling) in addition to our main office which is located in Greeley, Colorado.

The Arc of Weld County provides the following services to our constituents:

- Individual non-attorney advocacy services to both children and adults with I/DD and their families
- Referral and resource information services
- Educational trainings to both parents and adult self-advocates
- Advocacy for supported employment models for individuals with I/DD
- Advocacy for respite services to both children and adults with I/DD
- Advocacy for abuse and victimization prevention
- Disability awareness events
- Advocacy within special education services (IEPs and 504s)
- Public policy and legislative action
- Collaborative community partnerships

The Arc of Weld County is committed to excellence in its services to its constituents as well as its endeavor to become a leader in its field by having sound sustainable business and governance practices.

Cash and Cash Equivalents

AWC considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for, nor restricted, by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for services. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2015, there were no outstanding accounts receivable.

Contributions Receivable

Unconditional contributions that are pledged, but not received, prior to year-end are recorded as contributions receivable at year-end. All contributions receivable are recorded as current income, however, if restrictions are attached to the funds to be received, they will be reported as restricted net assets in the statement of financial position. At December 31, 2015, there were no outstanding contributions receivable.

**THE ARC OF WELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015

Note 1. Principal Activity and Significant Accounting Policies Organization (continued)

Fair Value

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, AWC considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value: Level 1—observable inputs such as quoted prices for identical instruments in active markets; Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations in which all significant inputs are observable in active markets; and Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions. AWC categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

Property and Equipment

Property and equipment additions are recorded at cost, or if donated, at fair value on the date of donation using the Level 3 inputs of the fair value hierarchy. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

AWC reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2015.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and capital reserve.

Temporarily Restricted Net Assets - Net assets subject to donor restrictions that may or will be met by expenditures or actions of AWC and/or the passage of time.

AWC reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. At December 31, 2015, the balance of temporarily restricted net assets was \$14,908.

**THE ARC OF WELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015

Note 1. Principal Activity and Significant Accounting Policies Organization (continued)

Net Assets (continued)

Permanently Restricted Net Assets - Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of AWC. The restrictions stipulate that resources be maintained permanently but permit AWC to expend the income generated in accordance with the provisions of the agreements. There were no permanently restricted net assets at December 31, 2015.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The cost of advertising is expensed as incurred. Advertising expense was \$1,391 for the year ended December 31, 2015.

Income Taxes

AWC is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

AWC adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10-50. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes. AWC's income tax filings are subject to audit by various taxing authorities.

In evaluating AWC's tax provisions and accruals, interpretations and tax planning strategies are considered. AWC believes their estimates are appropriate based on current facts and circumstances and have not recorded any reserves, or related accruals for interest and penalties for uncertainty in income taxes at December 31, 2015.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

THE ARC OF WELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

Note 1. Principal Activity and Significant Accounting Policies Organization (continued)

Financial Instruments and Credit Risk

AWC manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, AWC has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of AWC.

Subsequent Events

AWC has evaluated subsequent events through March 8, 2017, the date the financial statements were available to be issued.

Note 2. Property and Equipment

Property and equipment consists of the following at December 31, 2015:

	<u>2015</u>
Computer equipment and software	\$ 26,366
Furniture and equipment	<u>7,992</u>
	34,358
Less accumulated depreciation and amortization	<u>(22,929)</u>
	<u>\$ 11,429</u>

Note 3. Leases and Subsequent Event

AWC entered into an operating lease with a third party for its offices. The lease required monthly payments of \$1,042 through November 2015. In October 2015, AWC entered into an amended lease agreement which extended the term for five years. The required minimum monthly rental payments on the lease are \$1,376 with a 3% escalation in base rent payments each year through November, 2020. Total lease expense for the year ending December 31, 2015 was \$12,838.

AWC entered into an operating lease with a third party for a vehicle. The lease requires monthly payments of \$392 and matures October 2016. Total lease expense for the year ending December 31, 2015 was \$4,344.

AWC entered into an operating lease with a third party for storage space. The lease required monthly payments of \$48 and is renewed on yearly basis. In February 2016, AWC entered into an amended lease agreement which added unshared office space. The required minimum monthly rental payments on the lease are \$103. Total lease expense for the year ending December 31, 2015 was \$1,183.

**THE ARC OF WELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2015

Note 3. Leases (continued)

Future minimum lease payments for the year ending December 31,

2016	\$ 20,473
2017	17,050
2018	17,561
2019	18,088
2020	<u>17,036</u>
Total	<u>\$ 90,208</u>

Note 4. Concentration of Revenue

Arc Thrift Stores represented 97% of all revenues received for the years ended December 31, 2015. Arc Thrift Stores is a separate non-profit organization that raises funds through the sale of donated items in its thrift stores in Colorado. The funds are then distributed to the Arcs throughout the State of Colorado. Arc Thrift Store funds AWC on a monthly basis, based upon an amount determined once per year. The amount of funding is based on availability of funds and the area being served. Subsequent to December 31, 2015, the Arc Thrift Stores has continued to fund AWC. In addition, management believes based on their discussions with the Arc Thrift Stores, that minimal risk exists that funding levels from the Arc Thrift Stores will change significantly going forward.

If a significant reduction in the level of support from Arc Thrift Stores was to occur, it could have an adverse near-term effect on the continuing operations of AWC.

Note 5. Employee Benefits

AWC offers employees a 403(b) retirement plan for employees who have met eligibility requirements. Employees are allowed to voluntarily contribute to the plan if they so choose. AWC made no contributions to the employee plan for the years ending December 31, 2015.