



To Whom It May Concern:

Generally Accepted Accounting Principles (GAAP) require that non-profits record income in the fiscal year it is received, even if some or all of that income will be carried over and expended in the following fiscal year. Tri-Lakes Cares takes this into account when preparing their annual budget.

We want to reiterate that Tri-Lakes Cares is in a sound financial position and brought in sufficient income in FY16 to cover all of our expenses. If you have any questions about our budgeting process or this Audit, please contact our Board Treasurer, Brian Werner, CPA, at [brian@brwtax.com](mailto:brian@brwtax.com).

If you have questions about a grant application or Tri-Lakes Cares generally, please contact our Development Manager, Christine Bucher, at 719-481-4864 x 110 or [DevelopmentManager@Tri-LakesCares.org](mailto:DevelopmentManager@Tri-LakesCares.org).

Sincerely,

A handwritten signature in black ink that reads "Haley Chapin". The signature is fluid and cursive.

Haley Chapin  
Executive Director  
Tri-Lakes Cares



**TRI-LAKES CARES**

**Financial Statements**

**For the Year Ended September 30, 2016**

**And**

**Independent Auditors' Report**

# **TRI-LAKES CARES**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tri-Lakes Cares

We have audited the accompanying financial statements of Tri-Lakes Cares, a non-profit organization, which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows 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.

### Auditors' 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 of 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 Tri-Lakes Cares as of September 30, 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 Tri-Lakes Cares' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stockman Kast Ryan & Co., LLP*

November 21, 2016

# TRI-LAKES CARES

## STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2016 (with comparative totals for 2015)

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	2016	2015
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 226,464	\$ 265,804
Grants and contributions receivable	67,359	40,868
Inventories	25,675	46,228
Prepaid expenses	10,813	9,945
Gift cards	4,445	560
Assets of operations held for disposal	<u>19,555</u>	<u>53,598</u>
Total current assets	354,311	417,003
PROPERTY AND EQUIPMENT, NET	428,697	439,836
ROYALTY INTEREST	<u>1,000</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 784,008</u>	<u>\$ 857,839</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Accounts payable	\$ 16,551	\$ 10,516
Accrued liabilities	20,884	12,546
Liabilities of operations held for disposal	<u>8,332</u>	<u>8,534</u>
Total liabilities	<u>45,767</u>	<u>31,596</u>
NET ASSETS		
Unrestricted	545,484	647,841
Unrestricted – board designated	<u>100,000</u>	<u>100,000</u>
Total unrestricted	645,484	747,841
Temporarily restricted	<u>92,757</u>	<u>78,402</u>
Total net assets	<u>738,241</u>	<u>826,243</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 784,008</u>	<u>\$ 857,839</u>

See notes to financial statements.

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# TRI-LAKES CARES

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016 (with comparative totals for 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUE</b>				
Value of donated goods and services received	\$ 625,866		\$ 625,866	\$ 837,604
Grant revenue	147,527	\$ 184,274	331,801	329,497
Contributions	243,032	24,584	267,616	260,620
Special events and fundraisers	9,027		9,027	3,468
Other income	1,243		1,243	2,272
Royalties	687		687	1,458
Interest income	90		90	524
Net assets released from restriction	194,503	(194,503)		
<b>Total</b>	<b>1,221,975</b>	<b>14,355</b>	<b>1,236,330</b>	<b>1,435,443</b>
<b>EXPENSES</b>				
Program services:				
Family stabilization	474,710		474,710	663,509
Pantry	486,608		486,608	482,428
Housing and utilities	135,753		135,753	141,548
<b>Total program services</b>	<b>1,097,071</b>		<b>1,097,071</b>	<b>1,287,485</b>
Supporting services:				
General and administrative	109,748		109,748	114,796
Fundraising and development	138,040		138,040	95,138
<b>Total supporting services</b>	<b>247,788</b>		<b>247,788</b>	<b>209,934</b>
<b>Total</b>	<b>1,344,859</b>	<b>—</b>	<b>1,344,859</b>	<b>1,497,419</b>
<b>CHANGE IN NET ASSETS, FROM CONTINUING OPERATIONS</b>	<b>(122,884)</b>	<b>14,355</b>	<b>(108,529)</b>	<b>(61,976)</b>
<b>DISCONTINUED OPERATIONS (INCLUDING INVENTORY WRITE DOWN OF \$30,641 IN 2016)</b>	<b>20,527</b>		<b>20,527</b>	<b>111,066</b>
<b>CHANGE IN NET ASSETS</b>	<b>(102,357)</b>	<b>14,355</b>	<b>(88,002)</b>	<b>49,090</b>
<b>NET ASSETS, Beginning of year</b>	<b>747,841</b>	<b>78,402</b>	<b>826,243</b>	<b>777,153</b>
<b>NET ASSETS, End of year</b>	<b>\$ 645,484</b>	<b>\$ 92,757</b>	<b>\$ 738,241</b>	<b>\$ 826,243</b>

See notes to financial statements.

# TRI-LAKES CARES

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2016 (with comparative totals for 2015)

	2016							2015 Total
	Program Services				Other Services			
	Family Stabilization	Pantry	Housing and Utilities	Total	General and Administrative	Fundraising	Total	
<b>Direct expenses</b>								
Groceries and food assistance	\$ 4,072	\$ 55,824		\$ 59,896			\$ 59,896	\$ 35,049
Housing assistance			\$ 42,194	42,194			42,194	54,186
Education assistance	22,691			22,691			22,691	8,268
Medical assistance	19,382			19,382			19,382	30,394
General assistance	9,453	500		9,953			9,953	7,134
Transportation	8,913			8,913			8,913	10,492
Home repair assistance	3,858			3,858			3,858	2,742
Utilities			2,492	2,492			2,492	41,222
Insurance	2,425			2,425			2,425	1,755
School supplies	1,704			1,704			1,704	1,719
Gas vouchers	1,550			1,550			1,550	1,100
Clothing and household items	558			558			558	973
Child care assistance								333
Total	74,606	56,324	44,686	175,616	\$ -	\$ -	175,616	195,367
Donated goods	103,341	372,324		475,665			475,665	498,644
Total - direct expenses	177,947	428,648	44,686	651,281	-	-	651,281	694,011
<b>Indirect expenses</b>								
Salaries	75,049	42,808	60,245	178,102	82,476	101,136	361,714	307,450
Occupancy	29,604	3,403	73	33,080	2,661	3,282	39,023	34,986
Payroll taxes	6,562	3,748	6,377	16,687	6,506	6,708	29,901	29,611
Information technology	12,995	1,876	127	14,998	3,527	7,631	26,156	24,543
Advertising and promotion	8,486	2,259	8	10,753	145	2,443	13,341	12,532
Office supplies	5,116	456	16	5,588	293	7,208	13,089	9,768
Fees for services	654	285	546	1,485	7,400	3,262	12,147	5,949
Depreciation	10,581			10,581	385	339	11,305	11,784
Value of donated goods	6,862	421	33	7,316	803	942	9,061	9,456
Insurance assistance	7,410	82		7,492	428	339	8,259	8,195
Meetings	4,662	429	34	5,125	601	986	6,712	14,809
Travel	849	504	128	1,481	479	789	2,749	4,563
Total	168,830	56,271	67,587	292,688	105,704	135,065	533,457	473,646
Value of donated services	127,933	1,689	23,480	153,102	4,044	2,975	160,121	329,762
Total indirect expenses	296,763	57,960	91,067	445,790	109,748	138,040	693,578	803,408
<b>TOTAL</b>	<b>\$ 474,710</b>	<b>\$ 486,608</b>	<b>\$ 135,753</b>	<b>\$ 1,097,071</b>	<b>\$ 109,748</b>	<b>\$ 138,040</b>	<b>\$ 1,344,859</b>	
<b>PERCENTAGE</b>	<b>36%</b>	<b>36%</b>	<b>10%</b>	<b>82%</b>	<b>8%</b>	<b>10%</b>	<b>100%</b>	
<b>TOTAL - 2015</b>	<b>\$ 663,509</b>	<b>\$ 482,428</b>	<b>\$ 141,548</b>	<b>\$ 1,287,485</b>	<b>\$ 114,796</b>	<b>\$ 95,138</b>		<b>\$ 1,497,419</b>
<b>PERCENTAGE - 2015</b>	<b>45%</b>	<b>32%</b>	<b>9%</b>	<b>86%</b>	<b>8%</b>	<b>6%</b>		<b>100%</b>

See notes to financial statements.



# TRI-LAKES CARES

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED SEPTEMBER 30, 2016 (with comparative totals for 2015)**

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	2016	2015
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (88,002)	\$ 49,090
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,305	11,784
Loss on disposal of property and equipment	2,774	
Changes in operating assets and liabilities:		
Grants and contributions receivable	(26,491)	11,862
Inventories	52,746	(24,578)
Prepaid insurance	982	(556)
Gift cards	(3,885)	1,226
Accounts payable	6,219	(2,969)
Accrued liabilities	<u>7,952</u>	<u>(1,701)</u>
Net cash provided by (used in) operating activities	<u>(36,400)</u>	<u>44,158</u>
<b>INVESTING ACTIVITIES</b>		
Net cash used in investing activities —		
Acquisition of equipment	<u>(2,940)</u>	<u>—</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(39,340)	44,158
CASH AND CASH EQUIVALENTS, Beginning of year	<u>265,804</u>	<u>221,646</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 226,464</u>	<u>\$ 265,804</u>

See notes to financial statements.

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# TRI-LAKES CARES

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** — Tri-Lakes Cares (the Organization), a non-profit organization, was incorporated in Colorado on January 24, 1984. Tri-Lakes Cares is a community based, volunteer supported, resource center whose purpose is to improve people's lives through emergency assistance, self-sufficiency and relief programs. In addition, the Organization hosts several other community partners, enabling their clients to obtain medical assistance, access food, apply for government programs, as well as meeting several other basic needs all in one location.

The Organization also operates a thrift store, Hangers to Hutches, which sells general merchandise to customers. All items sold in the thrift store are donated by members of the community. The thrift shop is also used as a resource for clients who are in need of clothing and other household items. In September 2016 the Organization decided to terminate the operation of Hangers to Hutches. See note 6.

The Organization is dependent on grants and contributions from the community and grantor agencies to maintain its operations at current levels.

**Basis of Presentation** – The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2015, from which the summarized information was derived.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization currently has no permanently restricted net assets.

**Cash and Cash Equivalents** — Cash and cash equivalents consist of the Organization's cash in its checking and money market accounts. The Organization maintains its cash and cash equivalents at commercial banks. The Organization did not have funds in excess of the insured limits with any financial institution during the year ended September 30, 2016.

**Property and Equipment** — Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Acquisitions in excess of \$2,000 are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from 3-50 years.

**Inventories** — Inventories primarily consist of donated food items valued at an estimated wholesale value of \$1.69 and \$1.70 per pound as of September 30, 2016 and 2015, respectively. The estimated

value was provided by the leading food bank of southern Colorado.

Other inventory includes supplies for the Organization's programs and items held for sale through the Organization's thrift store operations. These items are valued at an estimated value established by management which typically represents a discount from current cost.

**Contributions** — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Grants and Contributions Receivable** — Grants and contributions receivable are stated at the amount the Organization expects to collect from balances outstanding at year end. Based on management's assessment of the outstanding balances, they have concluded that no allowance for doubtful accounts is necessary.

**Royalty Interest** — In 2010, the Organization received a royalty interest in mineral property. The Organization has estimated the value of this royalty interest at \$1,000.

**Income Taxes** — The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction. Income generated by the Organization's thrift store is specifically excluded from tax under Internal Revenue Code Section 513(a)(3).

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements. The Organization's income tax returns for 2013 through the current period remain open to examination by the Internal Revenue Service and relevant state authorities.

**Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expense** — The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Reclassifications** — Certain prior year amounts have been reclassified to conform with the current year presentation.

**Subsequent Events** — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<b>2016</b>	<b>2015</b>
Land and buildings	\$ 498,604	\$ 498,604
Furnishings and equipment	<u>37,585</u>	<u>39,627</u>
Total	536,189	538,231
Accumulated depreciation	<u>107,492</u>	<u>98,395</u>
Total	<u>\$ 428,697</u>	<u>\$ 439,836</u>

## 3. BOARD DESIGNATED UNRESTRICTED NET ASSETS

The Board of Directors has designated net assets as an operating reserve in the amount of \$100,000.

## 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30:

	<b>2016</b>	<b>2015</b>
Family stabilization	\$ 30,000	\$ 20,849
Medical assistance	22,982	
SNAP outreach	9,062	
Housing and utilities	3,312	
Snack pack	2,025	3,887
Groceries		23,298
Holiday programs		11,570
Other	<u>25,376</u>	<u>18,798</u>
Total	<u>\$ 92,757</u>	<u>\$ 78,402</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended September 30, 2016 and 2015, net assets were released from restrictions by satisfying the following restricted purposes:

	<b>2016</b>	<b>2015</b>
Groceries	\$ 33,794	\$ 33,366
Family stabilization	31,458	41,653
Medical assistance	21,248	34,647
Holiday programs	20,238	16,311
Senior programs	15,769	12,082
Youth	14,245	
Housing and utilities	3,339	64,988
Other	<u>54,412</u>	<u>46,919</u>
Total	<u>\$ 194,503</u>	<u>\$ 249,966</u>

## **5. DONATED GOODS AND SERVICES**

### **Client Programs**

The solicitation, receipt, storage and distribution of donated food products constitute the Organization's principal operating activity. The value of unrestricted donated food products received and distributed during the year ended September 30, 2016 was \$366,367 and \$373,362, respectively. The value of donated food products received and distributed during the year ended September 30, 2015 was \$388,633 and \$395,494, respectively.

Donated medical services and supplies received and distributed during the year ended September 30, 2016 totaled \$76,456 and \$77,651, respectively. The value of donated medical services and supplies received and distributed during the year ended September 30, 2015 was \$79,133 and \$78,670, respectively.

Donated holiday gifts for seniors and children received and distributed during the year ended September 30, 2016 totaled \$48,262 and \$45,597, respectively. The value of donated holiday gifts for seniors and children received and distributed during the year ended September 30, 2015 totaled \$57,620 and \$55,169, respectively.

Donated school supplies received and distributed during the year ended September 30, 2016 totaled \$4,605 and \$12,721, respectively. The value of donated school supplies received and distributed during the year ended September 30, 2015 totaled \$11,557 and \$6,805, respectively.

Donated services received and provided to clients during the year ended September 30, 2016 totaled \$67,360 and \$67,360, respectively. Donated services received and provided to clients during the year ended September 30, 2015 totaled \$213,891 and \$213,891, respectively. Examples of some services include tax preparation, car repair, home repairs, and legal aide.

Donated supplies received and distributed by the Organization for the purpose of aiding clients during the year ended September 30, 2016 totaled \$29,663 and \$34,779, respectively. The value of donated supplies received and distributed by the Organization for the purpose of aiding clients during the year ended September 30, 2015 totaled \$34,374 and \$34,482, respectively. Examples of some of these items include clothing, technology, and other supplies.

### **Operational Support**

Donated services for operational support and donated goods received and used by the Organization for operational support during the year ended September 30, 2016 totaled \$33,153 and \$33,377, respectively. The value of donated services for operational support and donated goods received and used by the Organization for operational support for the year ended September 30, 2015 totaled \$52,396 and \$53,351, respectively.

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation. The Organization recognized donated services for consulting. For the year ended September 30, 2015, the Organization received approximately 110 consulting hours with an estimated value \$10,875, included in the disclosures above. No such services were provided during the year ended September 30, 2016.

The Organization also receives donated services not reflected in the financial statements as they do not meet the criteria for recognition under Generally Accepted Accounting Principles. For the year ended September 30, 2016 and 2015, the Organization received approximately 23,607 and 23,112 volunteer hours, respectively, with an estimated value of \$556,181 and \$533,194, respectively.

## 6. DISCONTINUED OPERATIONS

The Organization operated a thrift store, Hangers to Hutches Thrift Shop, which sold general merchandise to customers. All items sold in the thrift store were donated by the members of the community. The thrift shop was also used as a resource for clients who are in need of clothing and other household items.

In September 2016, the Board of Directors approved the closing of Hangers to Hutches and all related operations ceased as of October 13, 2016.

Following are the summarized assets, liabilities and activities of Hangers to Hutches for the years ended September 30:

	<b>2016</b>	<b>2015</b>
<b>ASSETS AND LIABILITIES OF OPERATIONS HELD FOR DISPOSAL</b>		
Inventories and other assets	\$ 19,555	\$ 53,598
Accrued expenses	8,332	8,534
<b>ACTIVITIES OF OPERATIONS HELD FOR DISPOSAL</b>		
REVENUE		
In-Kind Contributions	\$ 219,366	\$ 265,393
Merchandise Sales	217,143	235,650
Other income	<u>6,102</u>	<u>990</u>
Total	<u>442,611</u>	<u>502,033</u>
EXPENSES		
Cost of sales, in-kind	217,483	235,184
Other expenses	<u>173,960</u>	<u>155,783</u>
Total	<u>391,443</u>	<u>390,967</u>
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS	<u>\$ 51,168</u>	<u>\$ 111,066</u>

In anticipation of closing Hangers to Hutches the Organization wrote inventory down to its net realizable value as of September 30, 2016 and recognized a loss of \$30,641.