



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. Thus, sometimes we end up budgeting to a negative number.

We want to reiterate that Tri-Lakes Cares is in a sound financial position and brought in sufficient income in FY17 to cover all our expenses. If you have any questions about our budgeting process or audit, please contact our Board Treasurer, Brian Werner, CPA at brian@brwtax.com.

If you have any questions about a grant application or Tri-Lakes Cares generally, please contact our Development Manager, Christine Bucher, at 719-481-4864, ext 110 or DevelopmentManager@Tri-LakesCares.org.

Sincerely,

A handwritten signature in black ink that reads "Haley Chapin". The signature is written in a cursive style.

Haley Chapin
Executive Director
Tri-Lakes Cares

Improving people's lives through emergency, self-sufficiency, and relief services.



TRI-LAKES CARES

Financial Statements

For the Year Ended September 30, 2017

And

Independent Auditors' Report

TRI-LAKES CARES

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2017	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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, 2017, 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, 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 Summarized Comparative Information

We have previously audited Tri-Lakes Cares' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan & Co., LLP

December 4, 2017

TRI-LAKES CARES

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2017 (with comparative totals for 2016)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 122,928	\$ 226,464
Grants and contributions receivable	87,378	67,359
Inventories	18,568	25,675
Prepaid expenses	13,268	10,813
Gift cards	2,596	4,445
Assets of operations held for disposal	<u> </u>	<u>19,555</u>
Total current assets	244,738	354,311
PROPERTY AND EQUIPMENT, NET	420,796	428,697
ROYALTY INTEREST	<u>1,000</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 666,534</u>	<u>\$ 784,008</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 14,262	\$ 16,551
Accrued liabilities	17,773	20,884
Liabilities of operations held for disposal	<u> </u>	<u>8,332</u>
Total liabilities	<u>32,035</u>	<u>45,767</u>
NET ASSETS		
Unrestricted	462,520	545,484
Unrestricted – board designated	<u>100,000</u>	<u>100,000</u>
Total unrestricted	562,520	645,484
Temporarily restricted	<u>71,979</u>	<u>92,757</u>
Total net assets	<u>634,499</u>	<u>738,241</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 666,534</u>	<u>\$ 784,008</u>

See notes to financial statements.

TRI-LAKES CARES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017 (with comparative totals for 2016)

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE				
Value of donated goods and services received	\$ 668,880		\$ 668,880	\$ 625,866
Grant revenue	140,330	\$ 232,716	373,046	331,801
Contributions	278,041	49,800	327,841	267,616
Special events and fundraisers	1,250		1,250	9,027
Royalties	1,129		1,129	687
Other income	459		459	1,243
Interest income	317		317	90
Net assets released from restriction	<u>303,294</u>	<u>(303,294)</u>		
Total	<u>1,393,700</u>	<u>(20,778)</u>	<u>1,372,922</u>	<u>1,236,330</u>
EXPENSES				
Program services:				
Family stabilization	574,661		574,661	474,710
Pantry	496,498		496,498	486,608
Housing and utilities	<u>139,467</u>		<u>139,467</u>	<u>135,753</u>
Total program services	<u>1,210,626</u>	<u>—</u>	<u>1,210,626</u>	<u>1,097,071</u>
Supporting services:				
Fundraising and development	149,270		149,270	138,040
General and administrative	<u>103,780</u>		<u>103,780</u>	<u>109,748</u>
Total supporting services	<u>253,050</u>	<u>—</u>	<u>253,050</u>	<u>247,788</u>
Total	<u>1,463,676</u>	<u>—</u>	<u>1,463,676</u>	<u>1,344,859</u>
CHANGE IN NET ASSETS, FROM CONTINUING OPERATIONS				
	(69,976)	(20,778)	(90,754)	(108,529)
DISCONTINUED OPERATIONS				
	<u>(12,988)</u>		<u>(12,988)</u>	<u>20,527</u>
CHANGE IN NET ASSETS				
	(82,964)	(20,778)	(103,742)	(88,002)
NET ASSETS, Beginning of year	<u>645,484</u>	<u>92,757</u>	<u>738,241</u>	<u>826,243</u>
NET ASSETS, End of year	<u>\$ 562,520</u>	<u>\$ 71,979</u>	<u>\$ 634,499</u>	<u>\$ 738,241</u>

See notes to financial statements.

TRI-LAKES CARES

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2017 (with comparative totals for 2016)

	2017							2016 Total
	Program Services				Other Services		Total	
	Family Stabilization	Pantry	Housing and Utilities	Total	Fundraising and Development	General and Administrative		
Direct expenses								
Medical assistance	\$ 56,600			\$ 56,600			\$ 56,600	\$ 19,382
Housing assistance	317		\$ 42,248	42,565			42,565	42,194
Groceries and food assistance	7,806	\$ 27,656		35,462			35,462	59,896
General assistance	17,214	2,380		19,594			19,594	9,953
Education assistance	18,127			18,127			18,127	22,691
Transportation	8,209			8,209			8,209	8,913
Insurance assistance	4,095			4,095			4,095	2,425
Utilities			3,485	3,485			3,485	2,492
School supplies	2,381			2,381			2,381	1,704
Home repair assistance	2,324			2,324			2,324	3,858
Gas vouchers	1,836			1,836			1,836	1,550
Other	413			413			413	558
Total	119,322	30,036	45,733	195,091	\$ -	\$ -	195,091	175,616
Donated goods	129,084	385,823		514,907			514,907	475,665
Total direct expenses	248,406	415,859	45,733	709,998	-	-	709,998	651,281
Indirect expenses								
Salaries	110,286	53,711	60,858	224,855	96,511	75,780	397,146	361,714
Occupancy	27,758	10,646		38,404	1,272	1,207	40,883	39,023
Information technology	22,494	2,595	1,847	26,936	6,827	2,941	36,704	26,156
Payroll taxes	9,686	5,027	5,445	20,158	8,613	6,378	35,149	29,901
Value of donated goods	17,649	1,566	46	19,261	3,016	582	22,859	9,061
Fees for services	6,934	499	377	7,810	3,688	9,495	20,993	12,147
Office supplies	3,750	801		4,551	9,948	159	14,658	13,089
Advertising and promotion	4,039	621	139	4,799	8,343	237	13,379	13,341
Depreciation	9,893			9,893	277	357	10,527	11,305
Meetings	4,124	1,157	1,253	6,534	1,611	2,041	10,186	6,712
Travel	2,714	1,509	1,218	5,441	1,415	237	7,093	2,749
Insurance	4,793	115	100	5,008	369	382	5,759	8,259
Total	224,120	78,247	71,283	373,650	141,890	99,796	615,336	533,457
Value of donated services	102,135	2,392	22,451	126,978	7,380	3,984	138,342	160,121
Total indirect expenses	326,255	80,639	93,734	500,628	149,270	103,780	753,678	693,578
TOTAL	\$ 574,661	\$ 496,498	\$ 139,467	\$ 1,210,626	\$ 149,270	\$ 103,780	\$ 1,463,676	
PERCENTAGE	39%	34%	10%	83%	10%	7%	100%	
TOTAL - 2016	\$ 474,710	\$ 486,608	\$ 135,753	\$ 1,097,071	\$ 138,040	\$ 109,748		\$ 1,344,859
PERCENTAGE - 2016	36%	36%	10%	82%	10%	8%		100%

See notes to financial statements.

TRI-LAKES CARES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2017 (with comparative totals for 2016)

	2017	2016
OPERATING ACTIVITIES		
Change in net assets	\$ (103,742)	\$ (88,002)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	10,527	11,305
Loss on disposal of property and equipment		2,774
Changes in operating assets and liabilities:		
Grants and contributions receivable	(20,019)	(26,491)
Inventories	26,212	52,746
Prepaid expenses	(2,005)	982
Gift cards	1,849	(3,885)
Accounts payable	(5,863)	6,219
Accrued liabilities	<u>(7,869)</u>	<u>7,952</u>
Net cash used in operating activities	<u>(100,910)</u>	<u>(36,400)</u>
INVESTING ACTIVITIES		
Net cash used in investing activities —		
Acquisition of property and equipment	<u>(2,626)</u>	<u>(2,940)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(103,536)	(39,340)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>226,464</u>	<u>265,804</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 122,928</u>	<u>\$ 226,464</u>

See notes to financial statements.

TRI-LAKES CARES

NOTES TO FINANCIAL STATEMENTS

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 operated a thrift store, Hangers to Hutches, which sold general merchandise to customers. All items sold in the thrift store were donated by 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 Organization decided to terminate the operation of Hangers to Hutches. The operation of Hangers to Hutches fully ceased on October 13, 2016. 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, 2016, 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, 2017.

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 \$1.67 and \$1.69 per pound as of September 30, 2017 and 2016, respectively. The estimated value was provided by the leading food bank of southern Colorado.

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:

	2017	2016
Land and buildings	\$ 498,604	\$ 498,604
Furnishings and equipment	<u>40,211</u>	<u>37,585</u>
Total	538,815	536,189
Accumulated depreciation	<u>118,019</u>	<u>107,492</u>
Total	<u>\$ 420,796</u>	<u>\$ 428,697</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:

	2017	2016
Family stabilization	\$ 19,200	\$ 30,000
Medical assistance	16,299	22,982
SNAP outreach	9,779	9,062
Snack pack	2,332	2,025
Other	<u>24,369</u>	<u>28,688</u>
Total	<u>\$ 71,979</u>	<u>\$ 92,757</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. Net assets were released from restrictions by satisfying the following restricted purposes during the years ended September 30:

	2017	2016
Medical assistance	\$ 96,683	\$ 21,248
Family stabilization	38,800	31,458
Pantry	20,528	33,794
SNAP outreach	18,988	
Youth	17,198	14,245
Senior programs	15,000	15,769
Housing and utilities	13,901	3,339
Holiday programs	11,392	20,238
Getting ahead	10,300	
Other	<u>60,504</u>	<u>54,412</u>
Total	<u>\$ 303,294</u>	<u>\$ 194,503</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 and sundry products received and distributed during the year ended September 30, 2017 was \$381,594 and \$387,089, respectively. The value of donated food and sundry products received and distributed during the year ended September 30, 2016 was \$366,367 and \$373,362, respectively.

Donated medical services and supplies received and distributed during the year ended September 30, 2017 totaled \$75,144 and \$75,988, respectively. The value of donated medical services and supplies received and distributed during the year ended September 30, 2016 was \$76,456 and \$77,651, respectively.

Donated holiday gifts for seniors and children received and distributed during the year ended September 30, 2017 totaled \$30,643 and \$30,643, respectively. The value of donated holiday gifts for seniors and children received and distributed during the year ended September 30, 2016 totaled \$48,262 and \$45,597, respectively.

Donated school supplies received and distributed during the year ended September 30, 2017 totaled \$7,560 and \$6,093, respectively. The value of donated school supplies received and distributed during the year ended September 30, 2016 totaled \$4,605 and \$12,721, respectively.

Donated services received and provided to clients during the year ended September 30, 2017 totaled \$40,317 and \$40,317, respectively. Donated services received and provided to clients during the year ended September 30, 2016 totaled \$67,360 and \$67,360, 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, 2017 totaled \$82,530 and \$84,709, respectively. The value of 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. 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, 2017 totaled \$51,092 and \$51,269, 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, 2016 totaled \$33,153 and \$33,377, 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. No such services were provided during the years ended September 30, 2017 and 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 years ended September 30, 2017 and 2016, the Organization received approximately 13,083 and 23,607 volunteer hours, respectively, with an estimated value of \$315,824 and \$556,181, 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:

	2017	2016
ASSETS AND LIABILITIES OF OPERATIONS HELD FOR DISPOSAL		
Inventories and other assets	\$	19,555
Accrued expenses		8,332
ACTIVITIES OF OPERATIONS HELD FOR DISPOSAL		
REVENUE		
In-kind contributions	\$ 20,285	\$ 219,366
Merchandise sales	5,603	217,143
Other income	<u>14,180</u>	<u>6,102</u>
Total	<u>40,068</u>	<u>442,611</u>
EXPENSES		
Cost of sales, in-kind	38,340	248,124
Other expenses	<u>14,716</u>	<u>173,960</u>
Total	<u>53,056</u>	<u>422,084</u>
CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS	<u>\$ (12,988)</u>	<u>\$ 20,527</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.