

INTEGRATED COMMUNITY

Financial Statements

December 31, 2016

INTEGRATED COMMUNITY

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Independent Accountant's Review Report

The Board of Directors
Integrated Community
Routt County, Colorado

We have reviewed the accompanying financial statements of Integrated Community which comprise the statement of financial position as of December 31, 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. 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 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.

Accountant's 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 American Institute of Certified Public Accountants. 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 report.

Accountant's 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 accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Catterson + Company, P.C." in a cursive style.

Steamboat Springs, Colorado
September 12, 2017

INTEGRATED COMMUNITY
Statement of Financial Position
December 31, 2016

Assets:

Current assets:

Cash and cash equivalents	\$ 187,881
Accounts receivable	12,995
Other current assets	<u>120</u>

Total current assets 200,996

Noncurrent assets:

Equipment, net of accumulated depreciation	446
Equity investment in LLC	<u>329,487</u>

Total noncurrent assets 329,933

Total assets \$ 530,929

Liabilities and net assets:

Current liabilities:

Accounts payable and accrued expenses	\$ 16,174
Current portion of note payable	<u>9,000</u>

Total current liabilities 25,174

Noncurrent liabilities:

Note payable, net of current portion	<u>127,500</u>
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Total noncurrent liabilities 127,500

Total liabilities 152,674

Net assets:

Temporarily restricted	6,292
Unrestricted	<u>371,963</u>

Total net assets 378,255

Total liabilities and net assets \$ 530,929

See Independent Accountant's Review Report and notes to financial statements.

INTEGRATED COMMUNITY
Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Contributions and grants	\$ 289,804	\$ 30,811	\$ 320,615
Interpretation and translation services	30,049	-	30,049
Resource and referral services	2,661	-	2,661
Special events	10,831	-	10,831
Interest income	30	-	30
Loss on rental activities of LLC	(4,636)	-	(4,636)
Net assets released from restrictions	24,519	(24,519)	-
Total revenues and support	<u>353,258</u>	<u>6,292</u>	<u>359,550</u>
Expenses:			
Program services:			
Resource and referral	83,029	-	83,029
Interpretation and translation	96,459	-	96,459
Education	54,018	-	54,018
Management and general	37,328	-	37,328
Fundraising	1,969	-	1,969
Total expenses	<u>272,803</u>	<u>-</u>	<u>272,803</u>
Change in net assets	80,455	6,292	86,747
Net assets, beginning of year	<u>291,508</u>	<u>-</u>	<u>291,508</u>
Net assets, end of year	<u><u>\$ 371,963</u></u>	<u><u>\$ 6,292</u></u>	<u><u>\$ 378,255</u></u>

See Independent Accountant's Review Report and notes to financial statements.

INTEGRATED COMMUNITY
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ 86,747
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	297
(Increase) decrease in:	
Accounts receivable	(5,579)
Other current assets	293
(Decrease) increase in:	
Accounts payable and accrued expenses	<u>2,880</u>
Net cash provided by operating activities	<u>84,638</u>
Cash flows from investing activities:	
Capital contributions to LLC	(14,600)
Distributions received from LLC	9,000
Loss on rental activities of LLC	<u>4,636</u>
Net cash provided (used) by investing activities	<u>(964)</u>
Cash flows from financing activities:	
Note payable principal payments	<u>(9,000)</u>
Net cash provided (used) by financing activities	<u>(9,000)</u>
Net change in cash and cash equivalents	74,674
Cash and cash equivalents, beginning of year	<u>113,207</u>
Cash and cash equivalents, end of year	<u><u>\$ 187,881</u></u>

See Independent Accountant's Review Report and notes to financial statements.

INTEGRATED COMMUNITY
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services				Management and General	Fundraising	Total
	Resource and Referral	Interpretation and Translation	Education	Total			
Expenses:							
Wages and benefits	\$ 49,692	\$ 45,496	\$ 45,263	\$ 140,451	\$ 29,075	\$ -	\$ 169,526
Contract services	-	41,453	-	41,453	-	-	41,453
Emergency assistance	24,519	-	-	24,519	-	-	24,519
Staff training	2,349	2,533	2,332	7,214	1,174	-	8,388
Insurance	1,749	1,886	1,736	5,371	874	-	6,245
Travel	1,262	1,361	1,253	3,876	649	-	4,525
Rent	1,288	1,389	1,279	3,956	644	-	4,600
Office	198	214	197	609	1,491	-	2,100
Other	1,972	2,127	1,958	6,057	3,421	1,969	11,447
Total expenses	\$ 83,029	\$ 96,459	\$ 54,018	\$ 233,506	\$ 37,328	\$ 1,969	\$ 272,803

See Independent Accountant's Review Report and notes to financial statements.

INTEGRATED COMMUNITY
Notes to Financial Statements
December 31, 2016

Note 1: Nature of Organization and Significant Accounting Policies

Integrated Community (CIIC) was incorporated as a Colorado not-for-profit corporation in 2012. CIIC's mission is to proactively promote and support successful integration of immigrant and local community members in Northwest Colorado through education, intercultural exchange, and collaboration to build a more united community where its members can communicate, participate and contribute.

CIIC operates the following programs:

- Resource and Referral Program address the language, cultural and systematic barriers that are prevalent among immigrant families and limited English speakers in accessing and navigating medical, employment housing, legal and other basic needs.
- Interpretation and Translation Program delivers subsidized medical interpretation services by professional interpreters contracted, managed and trained by CIIC. This program also offers 24/7 emergency on call interpreters for local law enforcement and crisis response agencies.
- Education Program is the only in-home, one-to-one mentoring program offering English lessons to English Language Learners.

CIIC is funded primarily by contributions and grants.

Basis of Presentation

CIIC prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (US GAAP) for not-for-profit entities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. On an ongoing basis, the CIIC's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. CIIC's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted net assets are resources available to support operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. CIIC's unspent contributions are classified in this class if the donor limited their use.

Permanently restricted net assets are resources whose use by CIIC is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. CIIC has no permanently restricted net assets at December 31, 2016.

Classification of Transactions

All revenues are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses are reported as decreases in unrestricted net assets.

INTEGRATED COMMUNITY
Notes to Financial Statements
December 31, 2016

Note 1: Nature of Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid instruments investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from recipients of CIIC's program services. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Equipment

Equipment is reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over an estimated useful life of 5 years.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

Expense Recognition and Allocation

The cost of providing CIIC's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Tax Status

CIIC is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to CIIC are tax deductible to donors under Section 170 of the IRC. CIIC is not classified as a private foundation.

CIIC's tax returns related to the years December 31, 2013 through 2015 remain open for examination by taxing authorities.

INTEGRATED COMMUNITY
Notes to Financial Statements
December 31, 2016

Note 2: Equity Investment in LLC

CIIC holds a 50% membership interest in 443 Oak Nonprofit Center, LLC (the LLC), a Colorado limited liability company. The sole purpose of the LLC is to hold title to real estate located at 443 Oak Street in Steamboat Springs, Colorado used exclusively for programming and related activities of nonprofit organizations. The other 50% membership interest in the LLC is Routt County United Way (RCUW), a Colorado nonprofit corporation.

Terms of the operating agreement of the LLC require the LLC to maintain individual capital accounts for each member and establish Executive Directors of CIIC and RCUW as managers of the LLC.

CIIC accounts for its 50% membership interest using the equity method of accounting in accordance with US GAAP. CIIC's investment in LLC as of December 31, 2016 is \$329,487.

CIIC paid rent expense to the LLC of \$4,600 for the year ended December 31, 2016.

Note 3: Property and Equipment

Equipment at December 31, 2016 is as follows:

Office equipment	\$	1,304
Less accumulated depreciation		<u>(858)</u>
		<u>\$ 446</u>

Note 4: Note Payable

On June 10, 2015, CIIC entered into a \$300,000 promissory note with an individual. CIIC is a co-borrower with RCUW and each entity is responsible for \$150,000 of the loan. Proceeds from the note were used to acquire real estate held by the LLC. The note carries a 0% interest rate and is unsecured. CIIC is required to pay \$750 of monthly principal only payments through maturity on February 10, 2032.

Scheduled principal repayments for the note payable as of December 31, 2016 are as follows:

Year Ended December 31,		
2017	\$	9,000
2018		9,000
2019		9,000
2020		9,000
2021		9,000
Thereafter		<u>91,500</u>
		<u>\$ 136,500</u>

Note 5: Restricted Net Assets

At December 31, 2016, \$6,292 of CIIC's net assets are temporarily restricted for providing support to certain community families specifically identified by donors.

Note 6: Concentrations of Risk

Three private foundations provided approximately 44% of CIIC's revenues during the year ended December 31, 2016.

Note 7: Subsequent Events

CIIC evaluated subsequent events through September 12, 2017, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.