



COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

AUDITED FINANCIAL STATEMENTS

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Office for Resource Efficiency
Aspen, Colorado

We have audited the accompanying financial statements of Community Office for Resource Efficiency (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

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 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 Community Office for Resource Efficiency as of December 31, 2020, 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.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
October 29, 2021

**COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
STATEMENT OF FINANCIAL POSITION
December 31, 2020**

ASSETS

Operating Cash	\$	359,524
Accounts Receivable		15,274
Accrued Interest Receivable		5,908
Employee Advances		802
Grants Receivable		1,686,556
Cash Restricted to Projects		1,649,556
Operating Investments		572,882
Investments Restricted		757,213
Security Deposits		3,696
Property and Equipment, net		2,735
TOTAL ASSETS	\$	<u>5,054,146</u>

LIABILITIES

Accounts Payable	\$	140,608
Accrued Expenses		12,000
Paycheck Protection Program Loan		133,500
TOTAL LIABILITIES		<u>286,108</u>

NET ASSETS

Without Donor Restrictions		
Undesignated		1,488,998
Designated by the Board for Operating Reserve		500,000
Invested in Property and Equipment		2,735
Total Without Donor Restrictions		<u>1,991,733</u>
With Donor Restrictions		<u>2,776,305</u>
TOTAL NET ASSETS		<u>4,768,038</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>5,054,146</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Grant Income	\$ 60,717	\$ 1,670,000	\$ 1,730,717
Sponsorship Income	140,141	-	140,141
Program Income	13,458	-	13,458
Investment Income	28,348	-	28,348
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	2,660,000	(2,660,000)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>2,902,664</u>	<u>(990,000)</u>	<u>1,912,664</u>
EXPENSES			
Program Expenses	2,398,331	-	2,398,331
General and Administrative	158,672	-	158,672
TOTAL EXPENSES	<u>2,557,003</u>	<u>-</u>	<u>2,557,003</u>
CHANGE IN NET ASSETS	345,661	(990,000)	(644,339)
NET ASSETS, Beginning of Year	<u>1,646,072</u>	<u>3,766,305</u>	<u>5,412,377</u>
NET ASSETS, End of Year	<u><u>\$ 1,991,733</u></u>	<u><u>\$ 2,776,305</u></u>	<u><u>\$ 4,768,038</u></u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020**

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Total</u>
Grants	\$ 1,421,026	\$ -	\$ 1,421,026
Salaries and Wages	560,960	118,433	679,393
Retirement Contributions	16,446	3,612	20,058
Employee Benefits	65,233	8,417	73,650
Payroll Taxes	40,194	9,342	49,536
Professional Fees	73,278	3,494	76,772
Energy Assessments	69,822	-	69,822
Advertising	78,395	-	78,395
Office Expenses	3,985	844	4,829
Information Technology	3,281	872	4,153
Occupancy	45,761	9,660	55,421
Travel	3,610	-	3,610
Conferences, Conventions, and Meetings	10,249	2,863	13,112
Depreciation	714	-	714
Insurance	5,377	1,135	6,512
Totals	<u>\$ 2,398,331</u>	<u>\$ 158,672</u>	<u>\$ 2,557,003</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (644,339)
Adjustments to Reconcile Changes in Net Assets to Net Cash from Operating Activities:	
Depreciation Expense	714
Decrease (Increase) in:	
Accounts Receivable	(15,274)
Employee Advances	6,110
Grants Receivable	1,046,904
Accrued Interest Receivable	(5,908)
Increase (Decrease) in:	
Accounts Payable	118,108
Accrued Expenses	9,385
Deferred Revenue	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>515,700</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturity of Certificate of Deposit	<u>(19,635)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(19,635)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program Loan	<u>133,500</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>133,500</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 629,565
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,379,515</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 2,009,080</u>

The accompanying notes are an integral part of the financial statements.

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

1. ORGANIZATION AND PURPOSE

Community Office for Resource Efficiency (CORE) was established in September 1994 to help the Roaring Fork Valley save energy and cut carbon emissions to mitigate climate change. The Organization promotes the values of clean air, stable climate, a strong economy, healthy communities, and sustainable energy.

CORE provides advising and rebates to residents and businesses for energy efficiency and renewable energy projects, grants for energy efficiency, design assistance and community grants. CORE offers similar services to income-qualified homeowners in the upper Roaring Fork Valley. CORE also works with communities in the Roaring Fork Valley providing policy options that will reduce carbon emissions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of CORE have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

FINANCIAL STATEMENT PRESENTATION

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

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2020, there were no net assets to be held in perpetuity.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents include highly liquid investments not held for resale with original maturities of three months or less. CORE maintains its cash in bank deposit accounts and brokerage accounts which, at times, may exceed the U.S. Federal Deposit Insurance Corporation (FDIC) limits. CORE has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts. At December 31, 2020, CORE had approximately \$1,750,000 of its cash deposits not covered by FDIC insurance.

GRANTS RECEIVABLE

Grants are recognized when the grantor makes a promise to CORE that is unconditional. Grants that are restricted by the grantor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restriction. Grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

CORE has determined an allowance for uncollectible contributions and grants is not required based on historical experience.

SECURITY DEPOSITS

Security deposits consist of office space and storage space deposits.

FAIR VALUE MEASUREMENTS

CORE is subject to the provisions of *Fair Value Measurements and Disclosures* Topic of FASB ASC. This standard requires use of a hierarchy of fair value that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost when purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Leasehold improvements have a useful life of 15 years, furniture and fixtures have a useful life of 7 years, and equipment has a useful life between 3 and 5 years.

ACCRUED EXPENSES

Accrued expenses consist of payroll liabilities.

REVENUE RECOGNITION

Grant and sponsorship income received is recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statement of activities as new assets released from restrictions. Contributions restricted for the acquisition of land, buildings and equipment are reported as net assets without restriction upon acquisition of the assets, and the assets are placed in service.

CORE is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a specific manner or in a future time period, CORE must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year of December 31, 2020.

Program income is related to different program activities provided by CORE. Program income is recognized when the related service or good is provided to the customer.

INCOME TAXES

CORE is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) of the Internal Revenue Code, qualify for charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) , and has been classified as other than a private foundation under IRC Sections 509(a)(a) and (3).

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In June 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. CORE adopted this ASU for the year ending December 31, 2020. The adoption of this ASU had no significant impact on how CORE recognizes revenue.

UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02 to increase transparency and comparability of information regarding an entity’s leasing activities by providing additional information to users of financial statements. ASU 2016-02 requires lessees to recognize most leases on their balance sheet by recording a liability for its lease obligation and an asset for its right to use the underlying asset as of the lease commencement date and recognizing expenses on the income statement in a similar manner to the current guidance in ASC Topic 840, Leases (“ASC 840”). The new lease guidance will be effective for CORE’s year ending December 31, 2021. CORE is currently in the process of evaluating the impact the adoption will have on CORE’s financial condition, results of operations, and cash flows.

DATE OF MANAGEMENT’S EVALUATION

Management has evaluated subsequent events through October 29, 2021, the date which the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date comprise of the following:

Cash and Cash Equivalents	\$	359,524
Accounts Receivable		15,274
	\$	<u>374,798</u>

As part of CORE’s liquidity management, it has a policy to structure its financial assets to available as its general expenditures, liabilities and other obligations come due. Additionally, CORE has board designated funds of \$500,000. These funds are invested in cash at December 31, 2020 and can be drawn upon in the event of unanticipated liquidity needs. Although CORE does not intend to spend from its board designated fund, the funds could be made available if necessary. CORE has a goal to maintain financial assets, which consist of cash on hand, to meet six months of operating expenses.

4. CONCENTRATIONS

Grants Receivable

At December 31, 2020, 100% of grants receivable is due from two grantors.

Grant Income

For the year ended December 31, 2020, 98% of grant income was derived from two grantors. The current level of CORE's operations and program services may be impacted if funding is not renewed.

5. INVESTMENTS

Investments consist of certificates of deposit and are stated at fair value based on quoted process in active markets (all Level 1 measurements). Investments are valued at \$1,330,095 for the year ended December 31, 2020. Interest earned on certificates of deposits was \$23,821 and unrealized gain was \$4,527 for the year ended December 31, 2020.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Leasehold Improvements	\$	6,563
Equipment		8,226
Vehicles		40,597
		<hr/>
		55,386
Accumulated Depreciation		(52,651)
		<hr/>
	\$	<u>2,735</u>

Depreciation expense for the year ended December 31, 2020 was \$714.

7. PAYCHECK PROTECTION PROGRAM LOAN

On April 14, 2020, CORE entered into a Paycheck Protection Program Loan for \$133,500 which is backed by the U.S. Small Business Administration with provisions which state that the loan will be forgiven if all employee retention criteria are met, and the funds are used for eligible expenses. CORE was given a 34-week period to use these funds for the intended purposes. As of September 1, 2021, all funds received, and any associated interest have been fully forgiven by the Small Business Administration.

8. BOARD DESIGNATED NET ASSETS

In 2018, the Board approved a \$500,000 board reserve fund. The funds have been set aside to create a six-month operating reserve.

9. NET ASSETS WITH DONOR RESTRICTIONS

Funds released from restrictions during the year ended December 31, 2020 are comprised of the following:

Engagement and Marketing	\$	90,000
Program Management		225,000
Program Delivery		770,000
Climate and Energy Programs		1,350,000
Climate Action Plan		25,000
Community Grants		100,000
New Initiatives		100,000
		<u>\$ 2,660,000</u>

Net assets with donor restrictions as of December 31, 2020 are restricted for the following purpose:

Randy Udall Energy Pioneer Grant	\$	200,000
Residential Programs		1,016,305
Commercial Programs		125,000
Small Lodge Program		80,000
Engagement and Marketing		90,000
New Initiatives		200,000
Program Management		325,000
Program Delivery		740,000
		<u>\$ 2,776,305</u>

10. LEASES

CORE has several operating leases for facilities and storage rentals. Those leases require CORE to pay all common maintenance costs such as taxes, maintenance, and insurance. Rental Expenses for those leases was \$45,415 for the year ended December 31, 2020.

Future lease payments consist of the following for the years ending December 31:

2021	12,407
2022	948
	<u>\$ 13,355</u>

11. SUBSEQUENT EVENTS

On April 14, 2021, CORE obtained a Paycheck Protection Loan for \$133,088 which is backed by the U.S. Small Business Administration with provisions which state that the loan will be forgiven if all employee retention criteria are met, and the funds are used for eligible expenses. CORE was given a 24-week period to use these funds for the intended purposes. As of October 29, 2021, CORE believes that the loan will be fully forgiven. If the loan is not forgiven, CORE will be subject to the terms of the loan which include a maturity date of April 14, 2026 with a 1% interest rate. Although full forgiveness is the intended outcome, there is some amount of uncertainty about forgiveness of the loan as it has not been forgiven as of the date of the audited financial statements.