COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

AUDITED FINANCIAL STATEMENTS

December 31, 2021 and 2020

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REESE HENRY
& COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Office for Resource Efficiency

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Office for Resource Efficiency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Office for Resource Efficiency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Office for Resource Efficiency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Office for Resource Efficiency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Community Office for Resource Efficiency's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Reese Henry & Company, Inc.

Reese Henry & Company, Inc.
Aspen, Colorado
August 11, 2022

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
STATEMENT OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Operating Cash	$ 580,372	$ 359,524
Accounts Receivable	115,618	15,274
Accrued Interest Receivable	-	5,908
Employee Advances	3,996	802
Grants Receivable	1,771,000	1,686,556
Cash Restricted to Projects	1,516,219	1,649,556
Operating Investments	513,839	572,882
Investments Restricted	762,552	757,213
Security Deposits	3,552	3,696
Prepaid Expenses	2,679	-
Property and Equipment, net	-	2,735
TOTAL ASSETS	**$ 5,269,827**	**$ 5,054,146**
LIABILITIES		
Accounts Payable	$ 168,122	$ 140,608
Accrued Expenses	3,764	12,000
Paycheck Protection Program Loan	133,088	133,500
TOTAL LIABILITIES	**304,974**	**286,108**
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,034,340	852,885
Designated by the Board for Operating Reserve	500,000	500,000
Invested in Property and Equipment	-	2,735
Total Without Donor Restrictions	1,534,340	1,355,620
With Donor Restrictions	3,430,513	3,412,418
TOTAL NET ASSETS	**4,964,853**	**4,768,038**
TOTAL LIABILITIES AND NET ASSETS	**$ 5,269,827**	**$ 5,054,146**

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, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	Total	2020
REVENUES, GAINS AND OTHER SUPPORT				
Grant Income	$ 93,322	$ 1,771,000	$ 1,864,322	$ 1,730,717
Sponsorship Income	99,617	-	99,617	140,141
Program Income	18,750	-	18,750	13,458
Investment Income	2,977	-	2,977	28,348
Paycheck Protection Plan Loan Forgiveness	133,500	-	133,500	-
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	1,752,905	(1,752,905)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**2,101,071**	**18,095**	**2,119,166**	**1,912,664**
EXPENSES				
Program Expenses	1,725,058	-	1,725,058	2,398,331
General and Administrative	197,293	-	197,293	158,672
TOTAL EXPENSES	**1,922,351**	**-**	**1,922,351**	**2,557,003**
CHANGE IN NET ASSETS	**178,720**	**18,095**	**196,815**	**(644,339)**
NET ASSETS, Beginning of Year	**1,355,620**	**3,412,418**	**4,768,038**	**5,412,377**
NET ASSETS, End of Year	**$ 1,534,340**	**$ 3,430,513**	**$ 4,964,853**	**$ 4,768,038**

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, 2021 and 2020
With 2020 Totals

	Program Expenses	General and Administrative	Total	2020
Grants	$ 828,223	$ -	$ 828,223	$ 1,421,026
Salaries and Wages	535,586	122,660	658,246	679,393
Retirement Contributions	16,327	3,669	19,996	20,058
Employee Benefits	51,683	9,201	60,884	73,650
Payroll Taxes	42,186	9,358	51,544	49,536
Professional Fees	30,544	37,320	67,864	76,772
Energy Assessments	69,344	5,093	74,437	69,822
Advertising	97,670	-	97,670	78,395
Office Expenses	4,288	956	5,244	4,829
Information Technology	3,354	747	4,101	4,153
Occupancy	31,874	7,101	38,975	55,421
Travel	2,113	-	2,113	3,610
Conferences, Conventions, and Meetings	5,969	-	5,969	13,112
Depreciation	564	-	564	714
Insurance	5,333	1,188	6,521	6,512
Totals	**$ 1,725,058**	**$ 197,293**	**$ 1,922,351**	**$ 2,557,003**

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 196,815	$ (644,339)
Adjustments to Reconcile Changes in Net Assets to Net Cash from Operating Activities:		
Depreciation Expense	564	714
Loss on Disposal of Equipment	2,171	-
Forgiveness of Payroll Protection Plan Loan	(133,500)	-
Decrease (Increase) in:		
Accounts Receivable	(100,344)	(15,274)
Employee Advances	(3,194)	6,110
Grants Receivable	(84,444)	1,046,904
Security Deposits	144	-
Accrued Interest Receivable	5,908	(5,908)
Prepaid Expenses	(2,679)	-
Increase (Decrease) in:		
Accounts Payable	27,514	118,108
Accrued Expenses	(8,236)	9,385
NET CASH PROVIDED BY OPERATING ACTIVITIES	**(99,281)**	**515,700**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of Certificate of Deposit	53,704	(19,635)
NET CASH USED IN INVESTING ACTIVITIES	**53,704**	**(19,635)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	133,088	133,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	**133,088**	**133,500**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**87,511**	**629,565**
CASH AND CASH EQUIVALENTS, Beginning of Year	**2,009,080**	**1,379,515**
CASH AND CASH EQUIVALENTS, End of Year	**$ 2,096,591**	**$ 2,009,080**

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

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 those 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, 2021, 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, 2021 and 2020, CORE had approximately $1,622,000 and $1,750,000, respectively, 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 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, 2021.

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).

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.

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, 2022. 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 August 11, 2022, 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:

	2021	2020
Cash and Cash Equivalents	$ 580,372	$ 359,524
Accounts Receivable	115,618	15,274
	$ 695,990	$ 374,798

As part of CORE's liquidity management, it has a policy to structure its financial assets to be 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, 2021 and 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, 2021, 99% of grants receivable is due from two grantors. At December 31, 2020, 100% of grants receivable was due from two grantors.

Grant Income

For the year ended December 31, 2021, 94% of grant income was derived from two grantors. 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 rates in active markets (all Level 1 measurements). Investments are valued at $1,276,391 for the year ended December 31, 2021. Interest earned on certificates of deposits was $5,912 and unrealized loss was $2,935 for the year ended December 31, 2021. Investments were 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:

	2021	2020
Leasehold Improvements	$ -	$ 6,563
Equipment	2,250	8,226
Vehicles	40,597	40,597
	42,847	55,386
Accumulated Depreciation	(42,847)	(52,651)
	$ -	$ 2,735

Depreciation expense for the year ended December 31, 2021 and 2020 was $564 and $714, respectively.

7. PAYCHECK PROTECTION PROGRAM LOAN

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. It is expected 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.

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, 2021 and 2020 are comprised of the following:

	2021	2020
Energy Efficiency Programs	$ 1,752,905	$ 1,998,887
Coal Basin Project	-	25,000
	$ 1,752,905	$ 2,023,887

The Board of Directors elected to release $864,000 of restricted assets related to programs that were no longer relevant. Of this $864,000, $166,000 was re-restricted to the new Coal Basin project, while the remaining $698,000 was re-allocated to Energy Efficient Programs.

Net assets with donor restrictions as of December 31, 2021 and 2020 are restricted for the following purpose:

	2021	2020
Energy Efficiency Programs	$ 3,264,513	$ 3,412,418
Coal Basin Project	166,000	-
	$ 3,430,513	$ 3,412,418

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 $31,083 and $45,415 for the years ended December 31, 2021 and 2020, respectively.

11. RESTATEMENT OF 2020 FINANCIAL STATEMENTS

The 2020 financial statements have been restated to report the correct allocation of net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions were originally reported as $1,991,733; the corrected amount is $1,355,620. Net assets with donor restrictions were originally reported as $2,776,305; the corrected amount is $3,412,418. Net assets with donor restrictions released from restrictions were originally reported as $2,660,000; the corrected amount is $2,023,887.