

COLORADO CENTER ON LAW & POLICY

Financial Statements

*For the Years Ended
December 31, 2021 and 2020*

INDEX TO FINANCIAL STATEMENTS

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Independent Auditors' Report

Board of Directors
Colorado Center on Law & Policy

Opinion

We have audited the accompanying financial statements of Colorado Center on Law & Policy, (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 Colorado Center on Law & Policy as of December 31, 2021, and the changes in its net assets and their 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colorado Center on Law & Policy 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 Colorado Center on Law & Policy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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

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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 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.

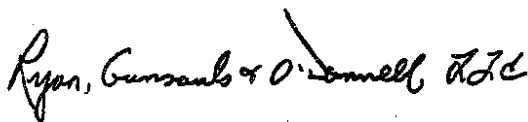
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Colorado Center on Law & Policy'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 the Colorado Center on Law & Policy'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 2020 Financial Statements and Report on Summarized Comparative Information

The Colorado Center on Law & Policy's 2020 financial statements were audited by other auditors, and they expressed an unmodified audit opinion on those audited financial statements in their report dated August 24, 2021. They have not performed any audited procedures since that date. In their 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.



Denver, Colorado
October 4, 2022

COLORADO CENTER ON LAW & POLICY
Statements of Financial Position
December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,076,709	\$ 1,064,180
Restricted cash - fiscal sponsor	834,486	678,764
Investments - cash and CD	649,653	396,981
Grants and contributions receivable, current portion	538,085	686,848
Fiscal sponsorship receivable	88,536	-
Prepays	11,428	4,332
Total current assets	<u>3,198,897</u>	<u>2,831,105</u>
Long-term assets:		
Deposit	7,850	7,850
Grants and contributions receivable, net of current	240,182	413,735
Total current assets	<u>248,032</u>	<u>421,585</u>
Total assets	<u>\$ 3,446,929</u>	<u>\$ 3,252,690</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 21,360	\$ 1,303
Accrued expenses	20,323	31,331
Fiscal sponsorship payable	745,950	678,764
Total current liabilities	<u>787,633</u>	<u>711,398</u>
Net assets:		
Without donor restriction	1,121,553	1,298,882
With donor restriction	1,537,743	1,242,410
Total net assets	<u>2,659,296</u>	<u>2,541,292</u>
Total liabilities and net assets	<u>\$ 3,446,929</u>	<u>\$ 3,252,690</u>

See accompanying independent auditors' report and notes to financial statements.

COLORADO CENTER ON LAW & POLICY

Statements of Activities

For the Year Ended December 31, 2021 with Summarized Comparative Totals for 2020

	Without donor restrictions	With donor restrictions	2021 Total	2020 Summarized
Revenue and support:				
Grants and contributions	\$ 1,510,090	\$ 1,006,415	\$ 2,516,505	\$ 1,858,015
Fiscal sponsorship income	188,740	-	188,740	-
In-kind contributions	45,141	-	45,141	43,020
Other income	8,042	-	8,042	232,580
Special event income	2,347	-	2,347	11,885
Rental income	700	-	700	3,250
Released from restrictions	<u>711,082</u>	<u>(711,082)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,466,142</u>	<u>295,333</u>	<u>2,761,475</u>	<u>2,148,750</u>
Functional expenses:				
Program services	2,338,635	-	2,338,635	1,314,314
Management and general	232,317	-	232,317	193,552
Fundraising	<u>73,072</u>	<u>-</u>	<u>73,072</u>	<u>120,140</u>
Total functional expenses	<u>2,644,024</u>	<u>-</u>	<u>2,644,024</u>	<u>1,628,006</u>
Change in net assets from operating activities	<u>(177,882)</u>	<u>295,333</u>	<u>117,451</u>	<u>520,744</u>
Non-operating income:				
Net investment income	<u>553</u>	<u>-</u>	<u>553</u>	<u>3,938</u>
Change in net assets from non-operating activities	<u>553</u>	<u>-</u>	<u>553</u>	<u>3,938</u>
Change in net assets	(177,329)	295,333	118,004	524,682
Net assets at beginning of year	<u>1,298,882</u>	<u>1,242,410</u>	<u>2,541,292</u>	<u>2,016,610</u>
Net assets at end of year	<u>\$ 1,121,553</u>	<u>\$ 1,537,743</u>	<u>\$ 2,659,296</u>	<u>\$ 2,541,292</u>

See accompanying independent auditors' report and notes to financial statements.

COLORADO CENTER ON LAW & POLICY
Statements of Functional Expenses
For the Year Ended December 31, 2021 with Summarized Comparative Totals for 2020

	Program Services			Management and general	Fundraising	2021	2020
	CCLP	MHC	Total			Total expenses	(Summarized)
Salaries and related expenses	\$ 1,165,640	\$ 271,851	\$ 1,437,491	\$ 74,716	\$ 35,632	\$ 1,547,839	\$ 1,136,320
Other program costs	133,052	307,138	440,190	(1,769)	488	438,909	115,159
Professional services	65,394	16,598	81,992	44,215	6,914	133,121	91,010
Payments to affiliates	-	94,834	94,834	15,000	-	109,834	36,000
Occupancy	83,298	4,506	87,804	12,215	8,543	108,562	116,718
Fiscal sponsor fees	-	93,906	93,906	-	-	93,906	-
IT software, services and consultants	51,899	10,052	61,951	7,716	5,412	75,079	33,502
In-kind contribution expense	-	-	-	45,141	-	45,141	43,020
Other staff costs	1,878	2,642	4,520	16,176	1,011	21,707	2,949
Office costs	9,582	1,054	10,636	9,438	1,062	21,136	6,212
Telephone and internet	11,780	393	12,173	3,768	1,275	17,216	12,923
Printing and copying	4,498	146	4,644	1,636	4,020	10,300	13,158
Dues and subscriptions	5,174	895	6,069	2,032	542	8,643	13,564
Fundraising	-	-	-	-	7,889	7,889	1,540
Other expense	1,500	925	2,425	1,127	284	3,836	5,741
Board and staff meetings	-	-	-	906	-	906	190
Total other operating expenses	\$ 1,533,695	\$ 804,940	\$ 2,338,635	\$ 232,317	\$ 73,072	\$ 2,644,024	\$ 1,628,006

See accompanying independent auditors' report and notes to financial statements.

COLORADO CENTER ON LAW & POLICY
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 118,004	\$ 524,682
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of paycheck protection program loan	-	(206,500)
Net realized and unrealized gains on investments	-	(3,938)
Decrease (increase) in operating assets:		
Funds provided from fiscal sponsorship	-	678,764
Grants and contributions receivable	322,316	(123,231)
Fiscal sponsorship receivable	(88,536)	
Prepays	(7,096)	3,162
(Decrease) increase in operating liabilities:		
Accounts payable	20,057	(6,578)
Accrued expenses	(11,008)	
Fiscal sponsorship payable	67,186	(2,935)
Net cash provided by operating activities	<u>420,923</u>	<u>863,426</u>
Cash flows from investing activities:		
Reinvested interest	(160)	-
Purchase of investments	(252,512)	(41,120)
Net cash used in investing activities	<u>(252,672)</u>	<u>(41,120)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	206,500
Net cash provided by financing activities	<u>-</u>	<u>206,500</u>
Net change in cash and cash equivalents and restricted cash	168,251	1,028,806
Cash and cash equivalents and restricted cash, beginning of year	<u>1,742,944</u>	<u>714,138</u>
Cash and cash equivalents and restricted cash, end of year	<u>1,911,195</u>	<u>1,742,944</u>
Cash and cash equivalents	1,076,709	1,064,180
Restricted cash - fiscal sponsor	<u>834,486</u>	<u>678,764</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 1,911,195</u>	<u>\$ 1,742,944</u>
Supplemental disclosure of non-cash financing activity:		
Forgiveness of paycheck protection program loan	<u><u>\$ -</u></u>	<u><u>\$ 206,500</u></u>

See accompanying independent auditors' report and notes to financial statements.

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations

Colorado Center on Law & Policy (CCLP) was established in August 1998 from the legal aid community, so that people would continue to have access to justice after Congress imposed advocacy restrictions on federally funded legal services. CCLP is a leader in increasing access to health care, family economic security, job training, and other critical family needs and support.

CCLP focuses on securing access to food, health, housing and income to build a more equitable state with its programs. Through research, education, advocacy and litigation, CCLP works with community members, policy-makers and leaders in health care, employment and human services to forge pathways from poverty and remove barriers that prevent Coloradans from meeting their basic needs and being self-sufficient.

Note 2: Summary of Significant Accounting Policies

The summary of significant accounting policies of CCLP are presented to assist in understanding the CCLP's financial statements. The financial statements and notes are representations of CCLP's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform with U.S. generally accepted accounting principles (U.S. GAAP) and have been consistently applied in the preparation of financial statements.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. GAAP, which requires CCLP to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CCLP. These net assets may be used at the discretion of CCLP's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CCLP or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting

CCLP's financial statements are prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 2: Summary of Significant Accounting Policies, continued

Use of Estimates, continued

liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. It is reasonably possible that estimates may change in the near term.

Fair Value

The financial statements consist primarily of cash and cash equivalents, receivables, and payables. The amounts reported in the financial statements approximate fair values because of their short maturities.

Cash and Cash Equivalents

CCLP considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents restricted by donors are not considered cash and cash equivalents for purposes of the statement of cash flows.

Restricted Cash - Fiscal Sponsorship

CCLP serves as a fiscal sponsor for an unincorporated organization (the Project) that conducts a series of program activities that align with CCLP's mission. Restricted cash to be spent on the Project at December 31, 2021 and 2020 was \$834,486 and \$678,764, respectively.

Grants and Contributions Receivable

Contributions receivable, including promises to give, are recognized as revenues in the period received. Contributions whose restrictions are met in the same period they are received are recorded as revenues in net assets with donor restrictions and as net assets released from restrictions. Unconditional pledges with terms greater than one year are initially recorded at fair value based on their estimated future cash flows. Pledges are discounted to present value using a discount rate commensurate with the risk involved. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Gifts of assets other than cash are recorded at their estimated fair value.

Grants receivable from grants and contracts include obligations from customers who pay for services rendered. Individual governmental and private grant arrangements that are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange of resources provided. Instead, revenues are recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Total grants and contributions receivable were \$778,267 and \$1,100,583 as of December 31, 2021 and 2020, respectively.

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 2: Summary of Significant Accounting Policies, continued

Investments

Investments are carried at fair value as determined by quoted prices on the last business day of the fiscal year. Donated investments are recorded at fair value at the date of receipt. Investment income may be either without donor restrictions or with donor restriction when earned.

Public Support and Contributions

Public support and contributions received are recorded as revenues and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by CCLP are considered contributions. Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled, (that is, when a stipulated time restriction ends, or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the support is reported as net assets without donor restrictions.

Revenue Recognition

In accordance with ASC Sub-Topic 958-605, *Revenue Recognition*, CCLP must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of release or a promise to transfer assets exist. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of an agreement. Topic 958 prescribes that CCLP should not consider probability of compliance with the barrier when determining if such contributions are conditional and should be reported as a conditional contribution liability until such conditions are met. At December 31, 2021 and 2020, CCLP did not have any conditional contribution liability.

Functional Allocation of Expenses

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

The statement of functional expenses presents the natural classification detail of expenses by function and reports certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses and staff benefits are allocated on the basis of estimates of time and effort, rent and utilities have been allocated on a square footage basis, other expenses are allocated based on specific identification of the actual cost per invoice based on coding of that expense and allocation of time.

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 2: Summary of Significant Accounting Policies, continued

In-Kind Contributions

Donated materials and services are recorded as contributions as their fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CCLP. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Income Taxes

CCLP is exempt under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation. CCLP is subject to income tax on any unrelated business income. As of December 31, 2021 and 2020, no unrelated business income was earned by CCLP.

CCLP has adopted the provisions of *Income Taxes*. In determining the recognition of uncertain tax positions, CCLP applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. CCLP positions taken on its federal tax returns for the open tax years 2018 through 2020, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Note 3: Availability and Liquidity

The following represents financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,076,709	\$ 1,064,180
Restricted cash - fiscal sponsorship	834,486	678,764
Grants and contributions receivable	778,267	1,100,583
Investments	649,653	396,981
Fiscal sponsorship receivable	<u>88,536</u>	<u>-</u>
Total financial assets	3,427,651	3,240,508

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 3: Availability and Liquidity, continued

Total financial assets	3,427,651	3,240,508
Less amounts not available to be used within one year:		
Long-term grant receivable	240,182	413,735
Restricted cash - fiscal sponsorship	<u>834,486</u>	<u>678,764</u>
Total amounts unavailable	<u>1,074,668</u>	<u>1,092,499</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,352,983</u>	<u>\$ 2,148,009</u>

CCLP's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. CCLP has a \$10,000 line of credit available to meet cash flow needs and a cash reserve in the amount of \$30,000.

Note 4: Off Balance Sheet Credit Risk

CCLP has a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amount insured by the Federal Deposit Insurance Corporation (FDIC). The maximum deposit insurance amount is \$250,000 per institution per account holder. As of December 31, 2021 CCLP had \$1,665,562 in excess of FDIC limits, respectively. CCLP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Note 5: Grants and Contributions Receivable

As of December 31,	<u>2021</u>	<u>2020</u>
Less than one year	\$ 538,085	\$ 686,848
One to five years	<u>240,182</u>	<u>413,735</u>
Total grants and contributions receivable	<u>\$ 778,267</u>	<u>\$ 1,100,583</u>

Note 6: Investments and Fair Value Measurements

CCLP follows the guidance for *Fair Value Measurements*. The guidance defines fair values, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. Under the guidance, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 6: Investments and Fair Value Measurements, continued

- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the instrument’s own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Under the guidance, the CCLP bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon CCLP's estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows that could significantly affect the results of current or future values.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments of CCLP as of December 31, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 252,612	\$ -	\$ 252,612
Interest-bearing cash	<u>397,041</u>	<u>-</u>	<u>-</u>	<u>397,041</u>
Total assets at fair value	\$ <u>397,041</u>	\$ <u>252,612</u>	\$ <u>-</u>	\$ <u>649,653</u>

The fair value of investments of CCLP as of December 31, 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 200,000	\$ -	\$ 200,000
Interest-bearing cash	<u>196,981</u>	<u>-</u>	<u>-</u>	<u>196,981</u>
Total assets at fair value	\$ <u>196,981</u>	\$ <u>200,000</u>	\$ <u>-</u>	\$ <u>396,981</u>

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 7: Fiscal Sponsorship Payable

CCLP acts as a fiscal sponsor to the Project by establishing a restricted fund to receive contributions of cash and other property designated for the support of the Project, and to make disbursements in furtherance of the Project’s mission to advance racial equity, environmental equity, health equity, and economic equity by ensuring that residents of the Denver metro area have access to safe, equitable mobility, affordable housing, and economic equity. CCLP accepts tax-deductible donations on behalf of fiscally sponsored projects and administers the expenditures of those funds for designated tax-exempt charitable purposes. The related fiscal sponsor payable amounts were \$745,950 and \$678,764 as of December 31, 2021 and 2020, respectively.

Note 8: Paycheck Protection Program Loan

During the year ended December 31, 2020, CCLP received a paycheck protection program loan of \$206,500 from the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Based on the provision of the CARES Act, CCLP borrowed funds for one year. However, the loan was designed to be forgiven if the funds were used to predominately pay employees for an 8-week period. The loan was forgiven on November 27, 2020 and is included in other income in the statements of activities for the year ended December 31, 2020.

Note 9: Line of Credit

CCLP has a revolving line of credit with a financial institution. The line of credit was established on December 27, 1999 and does not have a maturity date. The credit limit on the line of credit is \$10,000. The interest rate is determined based on the Wall Street Journal prime rate, which was 3.25% as of December 31, 2021 and 2020, with a floor of 5.25%. There are no financial covenants and no collateral on the line of credit. There was no balance due on the line as of December 31, 2021 and 2020.

Note 10: Net Assets With Donor Restrictions

At December 31, 2021 and 2020, certain net assets have been classified as with donor restrictions from the following sources:

	<u>2021</u>	<u>2020</u>
The Colorado Health Foundation	\$ 582,696	\$ 582,696
Colorado Trust	221,211	274,711
SPARCC	191,000	-
The Denver Foundation	130,000	130,000
Individual contribution	75,000	75,000
Caring for Colorado	75,000	75,000
HealthOne	55,000	55,000
Gates Family Foundation	50,000	-
The Interfaith Alliance of Colorado	45,000	-
The Women’s Foundation of Colorado	35,000	35,000
National Skills Coalition	25,000	-
Rose Community Foundation	20,833	-
Colorado Coalition for the Homeless	15,003	15,003

COLORADO CENTER ON LAW & POLICY
Notes to the Financial Statements
December 31, 2021 and 2020

Note 10: Net Assets With Donor Restrictions, continued

Community Catalyst	9,000	-
Jay and Rose Phillips Family Foundation	8,000	-
	<u>\$ 1,537,743</u>	<u>\$ 1,242,410</u>

Note 11: In-Kind Contribution and Expense

CCLP received donated materials and services for the years ended December 31, 2021 and 2020 in the amount of \$45,141 and \$43,020, respectively.

Note 12: Operating Leases

CCLP leases office space and parking spaces under a non-cancelable operating lease that was renegotiated in August 2021 to increase the amount of space leased and extend the lease through April 2031. Rent expense for years ended December 31, 2021 and 2020, were \$108,562 and \$116,718, respectively. As of December 31, 2021, future minimum lease payments are as follows:

2022	\$	160,193
2023		159,798
2024		159,798
2025		159,798
2026		159,798
Thereafter		692,460
		<u>\$ 1,491,845</u>

CCLP has multiple operating leases for copying, postage, coffee, and internet equipment. The lease agreements expire from May 2023 to February 2027. The total rental expense related to these leases for the years ended December 31, 2021 and 2020 were \$19,464 and \$17,760, respectively. As of December 31, 2021, future minimum lease payments are as follows:

2022	\$	28,277
2023		24,559
2024		21,864
2025		15,277
2026		8,399
Thereafter		54
		<u>\$ 98,430</u>

Note 13: Concentration

CCLP received 37% and 52% of its support from two donors during the years ended December 31, 2021 and 2020, respectively. The two donors accounted for 49% and 72% of outstanding grants and contributions receivable as of December 31, 2021 and 2020, respectively.

Note 14: Retirement Plan

CCLP sponsors a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code. The Plan covers full-time employees of CCLP. CCLP's contributions to the Plan during the years ended December 31, 2021 and 2020 were \$23,723 and \$21,722, respectively.

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Note 15: **Reclassifications**

Certain reclassifications have been made to the December 31, 2020 financial statements to conform to the current year presentation. Net assets and change in net assets were not affected as a result of these reclassifications.

Note 16: **Subsequent Events**

CCLP has evaluated subsequent events and transactions for potential recognition or disclosure through the date at which the financial statements were available to be issued, which is the date of the independent auditors' report, and noted the following subsequent event that required disclosure.

CCLP provided incubator services for Mile High Connects (MHC) as they are unable to obtain their own 501(c)(3) designation and took them on under a fiscal sponsorship. During the year ended December 31, 2022, MHC decided to terminate the fiscal sponsorship.