

**Lincoln Hills Cares
Lincoln Hills Cares Foundation**

**Consolidated Financial Statements and
Supplementary Information**

Year Ended September 30, 2018

Lincoln Hills Cares

Lincoln Hills Cares Foundation

Year Ended September 30, 2018

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Independent Accountants' Review Report

To the Board of Directors
Lincoln Hills Cares
Lincoln Hills Cares Foundation

We have reviewed the accompanying consolidated financial statements of Lincoln Hills Cares and Lincoln Hills Cares Foundation (Colorado nonprofit organizations), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. 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 consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

Supplementary Information

The supplementary information for the year ended September 30, 2018, presented on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and as derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the information. We have not audited the information and, accordingly, do not express an opinion on such information.

Wipfli LLP

Wipfli LLP

February 15, 2019
Denver, Colorado

**LINCOLN HILLS CARES
LINCOLN HILLS CARES FOUNDATION**

**Consolidated Statement of Financial Position
September 30, 2018**

ASSETS

Assets

Cash and cash equivalents	\$ 1,168,503
Accounts receivable	8,728
	<hr/>
Total Assets	<u>\$ 1,177,231</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 5,763
Accrued expenses	798,761
	<hr/>
Total Liabilities	<u>804,524</u>

Net Assets

Unrestricted	<u>372,707</u>
	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,177,231</u>

See notes to the consolidated financial statements
and the independent accountants' review report.

**LINCOLN HILLS CARES
LINCOLN HILLS CARES FOUNDATION**

**Consolidated Statement of Activities
Year Ended September 30, 2018**

<u>Unrestricted Support and Revenue</u>	
Contributions and grants	\$ 2,365,837
Program service fees	8,728
Other revenue	3,520
	2,378,085
Total Unrestricted Support and Revenue	2,378,085
<u>Expenses</u>	
Program Services	
Grant expense	1,196,144
Educational and recreational	660,782
	1,856,926
Total Program Services	1,856,926
Supporting Services	
Management and general	103,047
Fundraising	49,991
	153,038
Total Supporting Services	153,038
Total Expenses	2,009,964
Change in Net Assets	368,121
UNRESTRICTED NET ASSETS, Beginning of Year	4,586
UNRESTRICTED NET ASSETS, End of Year	\$ 372,707

See notes to the consolidated financial statements
and the independent accountants' review report.

**LINCOLN HILLS CARES
LINCOLN HILLS CARES FOUNDATION**

**Consolidated Statement of Functional Expenses
Year Ended September 30, 2018**

	Program Services	Supporting Services			Total
		Management and General	Fund- Raising	Supporting Services Total	
Salary and wages	\$ 94,768	\$ 18,157	\$ 35,284	\$ 53,441	\$ 148,209
Payroll taxes	8,320	1,594	3,098	4,692	13,012
Total Employee Costs	103,088	19,751	38,382	58,133	161,221
Grant expense	1,196,144	-	-	-	1,196,144
Land access and use fees	455,917	-	-	-	455,917
Professional fees	53,194	63,694	-	63,694	116,888
Information technology	32,952	9,415	4,707	14,122	47,074
Occupancy	6,261	1,788	895	2,683	8,944
Fundraising	-	-	4,701	4,701	4,701
Office expense	-	4,252	-	4,252	4,252
Insurance	2,975	851	425	1,276	4,251
Program equipment	3,797	-	-	-	3,797
Training	1,264	1,263	-	1,263	2,527
Travel	1,150	144	144	288	1,438
Bank fees	-	1,153	-	1,153	1,153
Advertising	184	-	737	737	921
Dues and subscriptions	-	736	-	736	736
Total Expenses	<u>\$ 1,856,926</u>	<u>\$ 103,047</u>	<u>\$ 49,991</u>	<u>\$ 153,038</u>	<u>\$ 2,009,964</u>

See notes to the consolidated financial statements
and the independent accountants' review report.

LINCOLN HILLS CARES
LINCOLN HILLS CARES FOUNDATION

Consolidated Statement of Cash Flows
Year Ended September 30, 2018

Cash Flows From Operating Activities

Change in net assets	\$ 368,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in:	
Accounts receivable	(6,699)
Increase (Decrease) in:	
Accounts payable	(12,635)
Accrued expenses	454,963
Grants payable	<u>(120,200)</u>
Net Cash Provided by Operating Activities	<u>683,550</u>
<u>Net Increase in Cash and Cash Equivalents</u>	683,550
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>484,953</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>\$ 1,168,503</u>

See notes to the consolidated financial statements
and independent accountants' review report.

Lincoln Hills Cares

Lincoln Hills Cares Foundation

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

Lincoln Hills Cares ("LHC") and Lincoln Hills Cares Foundation ("LHCF") (together the "Organization"), are Colorado nonprofit organizations, incorporated in 2016, and are committed to developing educational and recreational programs emphasizing youth development designed to (i) educate the public on the African American experience, (ii) provide outdoor education for people of all ages and backgrounds, and (iii) enhance cultural understanding among various ethnicities, religions and races in a mountain environment.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization has presented its consolidated financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets - Accounts for all unrestricted resources over which the Board has discretionary control to use in carrying on the operations of the Organization in accordance with the limitations of its charter and bylaws. The principal source of unrestricted resources is contributions. Decreases in unrestricted resources generally result from expenses incurred for program and supporting services conducted by the Organization.

Temporarily Restricted Net Assets - Accounts for those resources currently available for use, but expendable only for operating purposes specified by the donor or grantor. Such resources may originate from gifts, grants, bequests, or other similar sources where the donor has specified the operating purpose for which the funds are to be used. Currently, the Organization has no temporarily restricted assets.

Permanently Restricted Net Assets - Accounts for those assets that must be maintained in perpetuity; the investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, for purposes as approved by the Board. Currently, the Organization has no permanently restricted assets.

Lincoln Hills Cares

Lincoln Hills Cares Foundation

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Consolidation

The consolidated financial statements include the accounts of Lincoln Hills Cares and the Lincoln Hills Cares Foundation because Lincoln Hills Cares has both control and an economic interest in the Foundation. All material intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains several bank accounts at one institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, the cash deposits will go above the FDIC insurance limit.

The Organization receives virtually all its revenues from public support. A significant reduction in the level of such support, if this were to occur, may have an adverse affect on the Organization's programs and activities.

For the year ended September 30, 2018, the Organization received approximately 90% of its support and revenue from one donor.

Lincoln Hills Cares

Lincoln Hills Cares Foundation

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Property and Equipment

The Organization capitalizes the cost of all property and equipment expenditures in excess of \$1,000. Contributed property and equipment is recorded at fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the respective asset.

The Organization did not hold any individual assets with an acquisition value greater than \$1,000 at September 30, 2018.

Recognition of Contributions and Grants

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted gift and grant support is reflected as revenue in the year of receipt.

Support and revenue that are restricted by the donor, grantor, or other outside party for particular operating purposes are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of services shall be recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Lincoln Hills Cares

Lincoln Hills Cares Foundation

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

Lincoln Hills Cares and its supporting organization, the Lincoln Hills Cares Foundation, are Colorado nonprofit corporations and are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and are not deemed to be a "private foundation." However, continued compliance with the prescribed "public support test," and other rules and regulations, is required to maintain this exemption. Management is not aware of any event or activity that might adversely affect the Organizations' tax exempt status.

The Organization believes it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. This ASU is meant to eliminate diversity in practice and increase comparability among not-for-profit entities. The FASB believes that certain requirements of the ASU will increase transparency around a not-for profit's available financial resources and flexibility. This ASU is effective for fiscal years beginning after December 15, 2017; however, early adoption of this ASU is permitted. Management is currently evaluating the potential impact of this ASU on the Organization's consolidated financial statements.

Subsequent Events

The Organization has evaluated subsequent events through February 15, 2019, which is the date these consolidated financial statements and accompanying notes were available for issuance.

Note 2: Lease Commitments

The Organization leases access to land under operating leases expiring in December of 2019. Land access and use fees under these leases totaled \$455,917 for the year ended September 30, 2018. Future minimum lease payments under these agreements are as follows:

Year ending September 30:

2019	\$ 455,917
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Supplementary Information

**LINCOLN HILLS CARES
LINCOLN HILLS CARES FOUNDATION**

**Consolidating Statement of Financial Position
September 30, 2018**

ASSETS

	<u>LHC</u>	<u>LHCF</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 23,186	\$ 1,145,317	\$ -	\$ 1,168,503
Accounts receivable	8,728	264	(264)	8,728
Total Assets	<u>\$ 31,914</u>	<u>\$ 1,145,581</u>	<u>\$ (264)</u>	<u>\$ 1,177,231</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>				
Accounts payable	\$ 4,707	\$ 1,320	\$ (264)	\$ 5,763
Accrued expenses	906	797,855	-	798,761
Total Liabilities	<u>5,613</u>	<u>799,175</u>	<u>(264)</u>	<u>804,524</u>
<u>Net Assets</u>				
Unrestricted	<u>26,301</u>	<u>346,406</u>	<u>-</u>	<u>372,707</u>
Total Liabilities and Net Assets	<u>\$ 31,914</u>	<u>\$ 1,145,581</u>	<u>\$ (264)</u>	<u>\$ 1,177,231</u>

See independent accountants' review report.

**LINCOLN HILLS CARES
LINCOLN HILLS CARES FOUNDATION**

**Consolidating Statement of Activities
Year Ended September 30, 2018**

	<u>LHC</u>	<u>LHCF</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Unrestricted Support and Revenue</u>				
Grants and contributions	\$ 198,943	\$ 2,321,894	\$ (155,000)	\$ 2,365,837
Program service fees	8,728	-	-	8,728
Other revenue	3,520	-	-	3,520
	<u>211,191</u>	<u>2,321,894</u>	<u>(155,000)</u>	<u>2,378,085</u>
<u>Expenses</u>				
Program Services				
Grant expense	-	1,351,144	(155,000)	1,196,144
Educational and recreational	150,941	509,841	-	660,782
Total Program Services	<u>150,941</u>	<u>1,860,985</u>	<u>(155,000)</u>	<u>1,856,926</u>
Supporting Services				
Management and general	53,767	49,280	-	103,047
Fundraising	40,262	9,729	-	49,991
Total Supporting Services	<u>94,029</u>	<u>59,009</u>	<u>-</u>	<u>153,038</u>
Total Expenses	<u>244,970</u>	<u>1,919,994</u>	<u>(155,000)</u>	<u>2,009,964</u>
Change in Net Assets	(33,779)	401,900	-	368,121
UNRESTRICTED NET ASSETS (DEFICIT) - beginning of year	<u>60,080</u>	<u>(55,494)</u>	<u>-</u>	<u>4,586</u>
UNRESTRICTED NET ASSETS - end of year	<u>\$ 26,301</u>	<u>\$ 346,406</u>	<u>\$ -</u>	<u>\$ 372,707</u>

See independent accountants' review report.