

**FOUR CORNERS OFFICE FOR  
RESOURCE EFFICIENCY  
4CORE**

FINANCIAL STATEMENTS AND INDEPENDENT  
ACCOUNTANT'S REVIEW REPORT

December 31, 2015 and 2014



# FREDRICKZINK & Associates

A professional corporation. | CPAs

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors  
Four Corners Office for Resource Efficiency, 4CORE  
Durango, Colorado

We have reviewed the accompanying statement of financial position of Four Corners Office for Resource Efficiency, 4CORE (a Colorado nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

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

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

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

  
FredrickZink & Associates, PC

August 2, 2016

## FINANCIAL STATEMENTS

**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
**4 CORE**

**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2015 and 2014

	<b><u>ASSETS</u></b>		<u>2015</u>		<u>2014</u>
<b>Current assets</b>					
Cash - operating.....	\$	71,277		\$	43,968
Certificate of deposit (Note 3) - reserves.....		10,008			10,000
Grants, contributions and contracts receivable (Note 6).....		7,542			10,980
<b>Total current assets</b> .....		<u>88,827</u>			<u>64,948</u>
 <b>Total assets</b> .....	 <b>\$</b>	 <b><u>88,827</u></b>		 <b>\$</b>	 <b><u>64,948</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>Current liabilities</b>					
Accounts payable.....	\$	4,660		\$	4,487
Accrued liabilities.....		1,781			1,094
Deferred revenue.....		-			360
<b>Total current liabilities</b> .....		<u>6,441</u>			<u>5,941</u>
 <b>Net assets</b>					
Unrestricted net assets available for current operations.....		53,204			47,907
Board designated net assets.....		10,008			10,000
<b>Total unrestricted net assets</b> .....		<u>63,212</u>			<u>57,907</u>
 Temporarily restricted net assets (Note 4).....		19,174			1,100
<b>Total net assets</b> .....		<u>82,386</u>			<u>59,007</u>
 <b>Total liabilities and net assets</b> .....	 <b>\$</b>	 <b><u>88,827</u></b>		 <b>\$</b>	 <b><u>64,948</u></b>

See accompanying notes and independent accountant's review report.

**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
**4CORE**

**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>Unrestricted net assets activity:</b>		
Revenue and support		
Government grants and contracts.....	\$ 41,134	\$ 87,029
Contributions.....	6,034	20,763
Program service fees.....	9,691	51,927
In-kind contributions (Note 5).....	18,154	4,126
Other revenue.....	19,917	11,413
	94,930	175,258
Released from restriction in satisfaction of program restrictions.....	66,826	35,300
Total revenue and support.....	161,756	210,558
 Expenses and losses		
Program services.....	113,353	168,628
Supporting services		
Management and general.....	35,468	91,601
Fundraising.....	7,630	25,194
Total supporting services.....	43,098	116,795
Total expenses and losses.....	156,451	285,423
 Change in unrestricted net assets.....	5,305	(74,865)
 <b>Temporarily restricted net assets activity:</b>		
Government grants .....	29,900	27,901
Contributions.....	55,000	5,000
Released from restriction in satisfaction of program restrictions.....	(66,826)	(35,300)
 Change in temporarily restricted net assets.....	18,074	(2,399)
 <b>Change in total net assets.....</b>	<b>23,379</b>	<b>(77,264)</b>
 Total net assets, beginning of year.....	59,007	136,271
 <b>Total net assets, end of year.....</b>	<b>\$ 82,386</b>	<b>\$ 59,007</b>

See accompanying notes and independent accountant's review report.

**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
**4CORE**

**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2015 and 2014

**Increase (Decrease) in Cash and Cash Equivalents**

	2015	2014
<b>Cash flows from operating activities:</b>		
Cash received from contractors and grantors.....	\$ 164,726	\$ 220,637
Cash paid to suppliers and employees.....	(137,437)	(282,826)
Interest received.....	20	61
Net cash provided (used) by operating activities.....	27,309	(62,128)
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>27,309</b>	<b>(62,128)</b>
Cash and cash equivalents, beginning of year.....	43,968	106,096
Cash and cash equivalents, end of year.....	\$ 71,277	\$ 43,968
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities:</b>		
Change in net assets.....	\$ 23,379	\$ (77,264)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Reinvested interest on certificate of deposit.....	(8)	-
Decrease (increase) in:		
Grants, contributions and contracts receivable.....	3,438	23,180
Prepaid expenses.....	-	2,908
Increase (decrease) in:		
Accounts payable.....	173	767
Accrued liabilities.....	687	(5,204)
Deferred revenue.....	(360)	(6,515)
Total adjustments.....	3,930	15,136
Net cash provided (used) by operating activities.....	\$ 27,309	\$ (62,128)

See accompanying notes and independent accountant's review report.

**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
**4CORE**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**NOTE 1 - NATURE OF ACTIVITIES**

The Four Corners Office for Resource Efficiency, known as 4CORE, was incorporated in the State of Colorado in 2008 to promote resource conservation, energy efficiency and use of clean, renewable sources of energy in order to decrease the emission of pollutants, protect public health, and strengthen the economy. 4CORE is located in Durango, Colorado and provides services to residents of La Plata, Archuleta, Dolores, Montezuma and San Juan counties.

4CORE is diversifying its support, from being funded primarily by government grants, to increasing support from local governments and utilities, revenue from fees for services, and sponsorships. In pursuit of the mission, 4CORE serves Southwest Colorado as the leading resource for the effective and efficient use of energy to promote and sustain vibrant local communities.

4CORE has four defined focus areas:

- Energy Efficiency for commercial and residential buildings.
- Innovative Solutions to promote forward thinking energy solutions such as solar and alternative fuel vehicles.
- Resource Efficiency Education including general and technical presentations as well as shining a spotlight on advances in building technologies.
- Energy Information Hub where 4CORE provides accurate regularly updated information to contractors, information to the general public about rebates and incentives, and information of the latest developments in resource efficiency.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting and presentation**

The financial statements of 4CORE have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. 4CORE reports information regarding its financial position and activities according to three general classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Temporarily restricted net assets held at year end are time restricted, to be used in the subsequent year. There were no permanently restricted net assets in this reporting period.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and cash equivalents**

Cash includes money held in demand deposit and money market accounts. 4CORE considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Board elected to segregate from operating cash an amount for operating reserves and termination reserves.

**Grants, contributions and contracts receivable**

Grants, contributions and contracts receivable consist of amounts due in less than one year. 4CORE considers all amounts to be collectible and therefore no allowance for uncollectible accounts has been recorded in the financial statements.

**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
**4CORE**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fair value of financial instruments**

Generally accepted accounting principles (GAAP) requires disclosure of an estimate of fair value of certain financial instruments. 4CORE's significant financial instruments are cash, certificates of deposit, receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**Income taxes**

4CORE is exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. 4CORE adopted accounting requirements that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns, including the position that 4CORE continues to qualify to be treated as a tax-exempt organization for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. When 4CORE has unrelated business income, the federal Exempt Organization Business Income Tax Returns (Form 990T) would be subject to examination by the Internal Revenue Service for three years after they are filed. Should any penalties and interest be incurred, they would be recognized as management and general expenses.

Based on the results of management's evaluation, these requirements did not have a material effect on 4CORE's financial statements. Consequently, no liability is recognized in the accompanying statements of financial position for uncertain income tax positions.

**Revenue recognition**

Government grants and contracts are considered individually for classification as an exchange transaction or as a non-reciprocal transaction. Key criteria leading to treatment as an exchange transaction include the degree to which services provided to third-party recipients by 4CORE are specified by the government resource provider and whether payment by the resource provider is based on the value of the goods and services provided by 4CORE to the third-party recipient. Revenue determined to be received in an exchange transaction is reported as unrestricted contract revenue as it is earned. Amounts not yet earned and released by the resource provider are classified as deferred revenue. Grants determined to be non-reciprocal transactions are reported as contributions in the manner described below.

Contributions are unconditional donations of cash and other assets. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the nature of any donor or grantor restrictions. When a 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 restriction. No permanently restricted contributions have been received.

Gifts of services are reported in the financial statements at estimated fair value if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated goods and the free use of facilities are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.



**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
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**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Functional reporting of expenses

The costs of providing the various programs and other activities 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.

Reclassification

Certain reclassifications have been made to the prior year statement presentation to correspond to the current year's format. Total net assets are unchanged by these reclassifications.

Subsequent events

Management has evaluated subsequent events through August 2, 2016, the date which the financial statements were available to be issued. Except as disclosed in Note 3, no events were identified that required additional disclosure.

**NOTE 3 - CERTIFICATE OF DEPOSIT**

The Organization holds a four-month certificate of deposit at First National Bank of Durango with a balance of \$10,008 as of December 31, 2015. The certificate bears interest at 0.05%, matured in April 2016, and has been renewed for another four months.

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Purpose restrictions:		
Innovative Solutions/Energy Information	\$ 19,174	\$ -
Residential Energy Efficiency	-	1,100
Total restricted net assets	<u>\$ 19,174</u>	<u>\$ 1,100</u>

**NOTE 5 - IN-KIND CONTRIBUTIONS**

In-kind contributions during the years ended December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Professional services and advertising	\$ 12,047	\$ 2,106
Facilities	6,107	2,020
Total	<u>\$ 18,154</u>	<u>\$ 4,126</u>

**FOUR CORNERS OFFICE FOR RESOURCE EFFICIENCY**  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014

**NOTE 6 - CONCENTRATION OF RISK**

Major resource providers

The Organization had significant activity with four major resource providers which represented the following relationships to total receivables as of December 31, 2015, and to total revenue for the year then ended.

	<u>Resource Provider</u>			
	<u>City of</u> <u>Durango</u>	<u>US</u> <u>Department</u> <u>of Energy</u>	<u>LPEA</u>	<u>La</u> <u>Plata</u> <u>County</u>
Portion of receivables	49%	34%	-	-
Portion of total revenue	20%	10%	28%	16%

In 2014, La Plata County represented 34% of year-end receivables and 26% of revenue for that year.