

RE:VISION

Financial Statements

***For the Years Ended December 31, 2017
and 2016***

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Independent Auditors' Report

Board of Directors
Re:Vision

We have audited the accompanying financial statements of Re:Vision (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

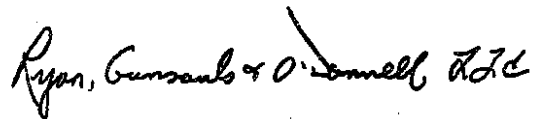
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Re:Vision as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Re:Vision's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "Ryan, Gonsauls & O'Donnell LLC". The signature is written in a cursive, flowing style.

Denver, Colorado
March 21, 2018

RE:VISION
Statements of Financial Position
December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 468,651	\$ 889,111
Accounts and contracts receivable	1,189	427
Grants receivable, current portion	960,339	499,379
Pledge receivable	-	500
Prepaid expenses	7,212	7,154
Total current assets	<u>1,437,391</u>	<u>1,396,571</u>
 Land	 <u>631,249</u>	 <u>472,805</u>
 Property and equipment, net	 <u>1,845,743</u>	 <u>1,425,857</u>
 Non-current assets:		
Grants receivable, net of current portion	75,454	434,150
Total non current assets	<u>75,454</u>	<u>434,150</u>
 Total assets	 <u>\$ 3,989,837</u>	 <u>\$ 3,729,383</u>
 Current liabilities:		
Lines of credit	\$ 48,620	\$ 48,242
Accounts payable	332,953	70,477
Accrued payroll and other liabilities	46,425	43,019
Capital lease obligation, current portion	1,500	1,500
Notes payable, current portion	17,349	11,856
Total current liabilities	<u>446,847</u>	<u>175,094</u>
 Long-term liabilities:		
Capital lease obligation, net of current portion	2,126	3,626
Notes payable, net of current portion	418,086	25,562
Total long term liabilities	<u>420,212</u>	<u>29,188</u>
 Total liabilities	 <u>867,059</u>	 <u>204,282</u>
 Net assets:		
Unrestricted	1,707,230	1,816,028
Temporarily restricted	1,415,548	1,709,073
Total net assets	<u>3,122,778</u>	<u>3,525,101</u>
 Total liabilities and net assets	 <u>\$ 3,989,837</u>	 <u>\$ 3,729,383</u>

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

RE:VISION
Statements of Activities
For the Year Ended December 31, 2017 with Summarized Comparative Totals for 2016

	Unrestricted	Temporarily restricted	2017 Total	2016 Summarized
Revenue and support:				
Grant income	\$ 23,200	\$ 1,079,559	\$ 1,102,759	\$ 2,354,824
Contributions	95,254	-	95,254	76,573
Program income	30,820	-	30,820	24,091
Other income	12,325	-	12,325	26,278
Special events	544	-	544	-
Released from restrictions	1,373,084	(1,373,084)	-	-
Total revenue and support	1,535,227	(293,525)	1,241,702	2,481,766
Functional expenses:				
Program services	1,422,885	-	1,422,885	1,158,000
Management and general	108,511	-	108,511	112,959
Fundraising	43,216	-	43,216	53,082
Total functional expenses	1,574,612	-	1,574,612	1,324,041
Change in net assets from operating activities	(39,385)	(293,525)	(332,910)	1,157,725
Nonoperating expense:				
Depreciation expense	(28,884)	-	(28,884)	(20,280)
Loss on disposal of assets	(19,606)	-	(19,606)	-
Interest expense	(20,923)	-	(20,923)	(7,064)
Change in net assets from nonoperating activities	(69,413)	-	(69,413)	(27,344)
Change in net assets	(108,798)	(293,525)	(402,323)	1,130,381
Net assets at beginning of year	1,816,028	1,709,073	3,525,101	2,394,720
Net assets at end of year	\$ 1,707,230	\$ 1,415,548	\$ 3,122,778	\$ 3,525,101

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

RE:VISION
Statements of Functional Expenses
For the Year Ended December 31, 2017 with Summarized Comparative Totals for 2016

	Program services	Management and general	Fundraising	2017 Total expenses	2016 (Summarized)
Salaries	\$ 648,688	\$ 77,787	\$ 26,147	\$ 752,622	\$ 680,341
Payroll taxes and benefits	121,495	14,810	6,885	143,190	110,045
Total salaries and related expenses	770,183	92,597	33,032	895,812	790,386
Professional services	452,659	6,092	323	459,074	265,271
Program supplies	80,884	116	1,506	82,506	111,798
Office rent	22,905	2,670	684	26,259	42,637
Insurance	21,765	2,606	49	24,420	18,477
Community services	19,220	207	33	19,460	30,752
Staff development	11,687	1,184	203	13,074	1,278
Marketing	9,638	-	14	9,652	2,516
Technology and software	7,828	937	341	9,106	9,478
Printing	7,920	225	873	9,018	11,968
Miscellaneous	6,158	181	1,440	7,779	3,052
Repairs and maintenance	2,912	515	139	3,566	2,980
Fundraising	-	-	3,335	3,335	3,641
Telephone	2,470	337	113	2,920	3,287
Bank fees	2,141	258	120	2,519	2,067
Office supplies	1,389	162	795	2,346	2,599
Meeting expense	1,229	154	31	1,414	2,011
Taxes and licenses	906	172	15	1,093	4,116
Postage	456	62	161	679	653
Transportation	270	36	9	315	1,489
Education	265	-	-	265	10,116
Intern stipends	-	-	-	-	4,369
Bad debt expense	-	-	-	-	(900)
Total other operating expenses	652,702	15,914	10,184	678,800	533,655
Total expenses	\$ 1,422,885	\$ 108,511	\$ 43,216	\$ 1,574,612	\$ 1,324,041

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

RE:VISION
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (402,323)	\$ 1,130,381
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	28,884	20,280
Loss on sale of assets	19,606	-
Decrease (increase) in operating assets:		
Accounts and contracts receivable	(762)	30,489
Grants receivable	(102,264)	(559,544)
Pledge receivable	500	(500)
Prepaid expenses	(58)	(2,416)
Inventory	-	4,399
Deposits	-	2,265
(Decrease) increase in operating liabilities:		
Accounts payable	262,476	(146,672)
Accrued payroll and other liabilities	3,406	(2,335)
Net cash (used in) provided by operating activities	<u>(190,535)</u>	<u>476,347</u>
Cash flows from investing activities:		
Purchase of land, property and equipment	(215,230)	(393,791)
Net cash used in investing activities	<u>(215,230)</u>	<u>(393,791)</u>
Cash flows from financing activities:		
Borrowings on line of credit	87,500	140,000
Payments on line of credit	(87,122)	(91,758)
Payments on capital lease	(1,500)	(1,625)
Borrowings on notes payable	-	13,000
Payments on notes payable	(13,573)	(11,304)
Net cash (used in) provided by financing activities	<u>(14,695)</u>	<u>48,313</u>
Net change in cash and cash equivalents	(420,460)	130,869
Cash and cash equivalents, beginning of year	889,111	758,242
Cash and cash equivalents, end of year	<u>\$ 468,651</u>	<u>\$ 889,111</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$ 20,923</u>	<u>\$ 7,064</u>
<u>Supplemental disclosure of non-cash items:</u>		
Property and equipment purchase	<u>\$ 411,590</u>	<u>\$ 30,275</u>

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

RE:VISION
Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 1: Nature of Activities

Re:Vision (the Organization) is a community-based organization that was incorporated in 2007, and began working in Southwest Denver in 2009. The Organization's purpose is to cultivate thriving, resilient communities, and its mission is to work with people in marginalized neighborhoods to develop local leaders, cultivate community food systems, and grow resilient local economies. Since its inception, the Organization has hired and trained more than 25 local residents (mostly women) as Promotoras who have empowered over 690 low-income families to start their own backyard gardens, and taught more than 1,000 class participants in the areas of nutrition, food preservation, and cooking skills. The Organization is pioneering an innovative and holistic model for community wealth building by incubating a community-owned grocery store - the Westwood Food Cooperative, and investing millions of dollars in converting an old junk- ridden commercial property in the heart of the community into a property where local residents will be able to shop for healthy, affordable food, and find the resources they need to start their own businesses.

Note 2: Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

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

Financial Statement Presentation

Financial statement presentation follows the standard *Not-For-Profit Entities*. Under this standard, 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 net assets. For the years ending December 31, 2017 and 2016, the Organization had no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. It is reasonably possible that the Organization's estimates may change in the near term.

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 2: Summary of Significant Accounting Policies, continued

Fair Value of Financial Statements

Financial instruments consist primarily of cash and cash equivalents, receivables, and accounts payable. The amounts reported in the financial statements approximate fair values.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments available with an original maturity of three months or less to be cash and cash equivalents.

Accounts and Contracts Receivable

Accounts and contracts receivable represent amounts due from program services and other services performed and from expenditures of government contracts. Accounts receivable are considered to be past due based on contractual terms. Accounts deemed uncollectible are charged to bad debt expense when that determination is made. There was no allowance for uncollectible accounts receivable at December 31, 2017 and 2016.

Grants Receivable and Related Grant Income

The Organization accounts for grants and contributions in accordance with the *Not-for-Profit Entity* standards. In accordance with the standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 restrictions. At December 31, 2017 and 2016, total grants receivable were \$1,035,793 and \$933,529, of which \$754,920 and \$587,302 were temporarily restricted, respectively.

Property and Equipment

The Organization capitalizes property and equipment purchases over \$500, as well as donations of property and equipment with estimated fair market values exceeding \$500 as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years. Depreciation expense for the years ended December 31, 2017 and 2016 was \$28,884 and \$20,280 respectively.

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 2: Summary of Significant Accounting Policies, continued

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. Accordingly, certain costs have been allocated among the appropriate programs and supporting services benefited.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction pursuant to Sections 509(a)(1) and 170 (b)(1)(A)(vi). Income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated taxable income for the years ended December 31, 2017 and 2016.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open for tax authority examination are 2014 through 2016 by the Internal Revenue Service. However, the Organization is not currently under audit nor has it been contacted by this taxing authority. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2017 and 2016.

Comparative Financial Data

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note 3: Off Balance Sheet Credit Risk

The Organization has a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts 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, 2017 and 2016 the Organization had \$205,680 and \$634,163, respectively, in excess of FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 4: **Lines of Credit**

The Organization has an available revolving line of credit with a bank for \$100,000 maturing in July 2018. Amounts borrowed bear interest, payable monthly, at a rate of 2.00% over the JP Morgan Chase bond prime rate of 4.25% and 3.75% as of December 31, 2017 and 2016, respectively, not to exceed 24%. This line is secured by substantially all assets of the Organization. The outstanding balance as of December 31, 2017 and 2016 was \$34,384 and \$48,242, respectively. The Organization has another revolving line of credit with a bank for \$20,000. Amounts borrowed bear interest, payable monthly, at a rate of 8.25% as of December 31, 2017. The outstanding balance as of December 31, 2017 was \$14,236. Total balances on the lines of credit amount to \$48,620 and \$48,242 as of December 31, 2017 and 2016, respectively.

Note 5: **Capital Lease**

The Organization leases office equipment under a capital lease agreement. The monthly lease payment is \$125, and bears 0% interest. Future minimum lease payments as of December 31, 2017 are as follows:

2018	\$ 1,500
2019	1,500
2020	<u>626</u>
Present value of lease payments	3,626
Less: current maturities of capital lease obligations	<u>(1,500)</u>
Long-term portion	<u>\$ 2,126</u>

The asset under this capital lease is included in property and equipment at December 31, 2017 as:

Equipment	\$ 7,878
Less accumulated depreciation	<u>(4,126)</u>
Total	<u>\$ 3,752</u>

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 6: **Notes Payable**

The following is a schedule of long-term debt at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
The Organization received a recoverable grant from a grantor in the amount of \$5,447. The Organization agreed to pay back the grantor at the end of 3 years after the grant date. The Organization is not obligated to pay back the grant.	\$ 5,447	\$ 5,447
Equipment loan with a finance company for \$30,275 with a 5.95% interest rate. Monthly payments are \$588 with a maturity date of December 1, 2020. The equipment's net book value was \$22,346 and \$26,674 at December 31, 2017 and 2016, respectively.	19,724	25,459
On July 7, 2016, the Organization entered into a unsecured loan with an individual for \$13,000 with a 0.71% interest rate. The loan was paid in full as of December 31, 2017.	-	6,512
Building loan with a financial institution, 5.50%; monthly installments of principal and interest of \$2,347, secured by the building, due April 2021. The building's net book value was \$417,308 at December 31, 2017.	<u>410,264</u>	<u>-</u>
Total long-term debt	435,435	37,418
Less current portion	<u>(17,349)</u>	<u>(11,856)</u>
Long-term portion	\$ <u>418,086</u>	\$ <u>25,562</u>

The aggregate maturities of long-term debt are as follows as of December 31:

2018	\$ 17,349
2019	12,602
2020	13,766
2021	<u>391,718</u>
	\$ <u>435,435</u>

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 7: Restrictions on Net Assets

At December 31, 2017 and 2016, certain net assets have been classified as temporarily restricted from the following sources:

	<u>2017</u>	<u>2016</u>
Artplace	\$ 350,000	-
Colorado Health Foundation	431,254	\$ 869,618
Westwood Healthy Places Initiative	155,000	319,663
Delta Dental	155,000	-
Denver: OED	129,560	314,798
Department of Agriculture	83,729	32,563
Denver Parks and Recreation: GoCO	38,541	-
Denver Foundation	33,493	35,365
Kaiser	23,057	61,766
New Belgium	5,500	22,000
Colorado Trust	5,166	15,096
Rose	5,000	27,132
Denver Yoga Coop	248	248
Westwood Educational Kitchen	-	5,824
Energy Outreach Colorado	-	5,000
	<u>\$ 1,415,548</u>	<u>\$ 1,709,073</u>

Note 8: In-Kind Contributions and Expense

Donated items are recorded at estimated fair value as revenue and expense or as capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services received either create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind donations of equipment and services recognized for the years ending December 31, 2017 and 2016 were \$1,334 and \$10,096, respectively.

Note 9: Commitments – Operating Lease

The Organization leases equipment under a cancelable operating lease on a month to month basis. The monthly rental amount for this lease is \$46. For the years ended December 31, 2017 and 2016, the Organization incurred equipment rent expense of \$6,032 and \$9,568, respectively.

In addition, the Organization leased office spaces under operating lease agreements that expired in 2017. The monthly rental amount for these leases ranged from \$250 to \$950. Amounts paid for office rent totaled \$6,165 and \$21,911 for the years ended December 31, 2017 and 2016, respectively.

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 10: Contingency

On September 15, 2014, the City and County of Denver (CCD) issued a promissory note to the Organization in the amount of \$1,200,000 for the purchase of land and building. Per agreement, the Organization must continue to use the property as a community facility for a period of 20 years; after which, time obligations under the promissory note will be cancelled and the deed of the trust will be released by the CCD. If the Organization ceases to use the property as a community facility or commits a material breach in the CCD's contract, the note will become due and payable in full. The Organization recorded this transaction as an increase in grant income during 2014.

Management feels the possibility that the conditions in the above contingency will not be met is remote. Consequently, in accordance with generally accepted accounting principles, *Revenue Recognition – Conditional Promises to Give*, management considered the promissory note and loan agreement as grant revenue and the conditional promise as an unconditional promise to give.

Note 11: Concentrations

The Organization has certain concentrations in specific categories; these concentrations represent 10% or more of total revenues. If a significant reduction in the level of these revenue sources occurs, it may have an effect on the Organization's program and activities.

	<u>2017</u>	<u>2016</u>
Grant income (90% and 95%)	\$ 1,102,759	\$ 2,354,824
Receivables related to grant income	\$ 1,035,865	\$ 933,529

Note 12: Fluctuations in Revenue and Change in Net Assets

The Organization receives a majority of large grants from four specific funders every few years. The revenue is recognized in the year granted but the monies are often not received, nor spent, in the same year revenue is recognized. This causes significant fluctuation in the revenue and change in net assets. This explains the decrease of change in net assets from year ended December 31, 2016 to December 31, 2017, from a positive change of \$1,130,381 to (\$402,323), respectively.

Based on the history of the Organization's grants, the Organization's management feels confident that the Organization will receive its regular funding in year 2018 and reverse the trend of negative change in net assets. In addition, due to the hiring of a new Director of Development and the upcoming capital campaign funding, this fluctuation will not appear to be as material.

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Notes to Financial Statements
For the Years Ended December 31, 2017 and 2016

Note 13: Subsequent Event

The Organization has evaluated subsequent events through March 21, 2018 the date at which the financial statements were available to be issued, and determined no events have occurred that require disclosure.