

**Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)**

Financial Statements

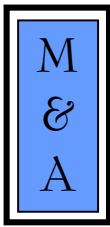
June 30, 2016



Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Full Circle of Lake County, Inc.
Leadville, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of Full Circle of Lake County, Inc. (the "Organization"), a Colorado non-profit corporation, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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.

Auditor's 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 of 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 auditor's 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 Full Circle of Lake County, Inc. as of June 30, 2016, 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.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Full Circle of Lake County, Inc.
Leadville, Colorado**

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Organization's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
November 3, 2016**

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Statement of Financial Position
June 30, 2016
(With Comparative Totals For June 30, 2015)

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	120,625	78,360	198,985	249,768
Investments	50,032	-	50,032	49,945
Grants receivable	75,172	-	75,172	82,858
Prepaid expenses	1,243	-	1,243	1,243
Total - Current assets	<u>247,072</u>	<u>78,360</u>	<u>325,432</u>	<u>383,814</u>
Fixed assets, net of accumulated depreciation	<u>7,744</u>	<u>-</u>	<u>7,744</u>	<u>3,808</u>
Total Assets	<u><u>254,816</u></u>	<u><u>78,360</u></u>	<u><u>333,176</u></u>	<u><u>387,622</u></u>
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accrued compensation and payroll taxes	<u>24,776</u>	<u>-</u>	<u>24,776</u>	<u>21,380</u>
Total Liabilities	<u>24,776</u>	<u>-</u>	<u>24,776</u>	<u>21,380</u>
Net Assets	<u>230,040</u>	<u>78,360</u>	<u>308,400</u>	<u>366,242</u>
Total Liabilities and Net Assets	<u><u>254,816</u></u>	<u><u>78,360</u></u>	<u><u>333,176</u></u>	<u><u>387,622</u></u>

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

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Statement of Activities
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and Other Support:				
Grants	-	480,969	480,969	574,170
Interest income	286	-	286	310
Other contributions	58,396	-	58,396	47,182
Program revenues	2,050	-	2,050	13,342
Fundraising - Special events	6,619	-	6,619	6,634
Donations of materials and services	72,725	-	72,725	83,308
Other income	6,295	-	6,295	7,999
Released from restrictions	562,669	(562,669)	-	-
Total Revenue and Other Support	709,040	(81,700)	627,340	732,945
Expenses:				
Administrative	15,313	-	15,313	15,145
Contracts	70,898	-	70,898	32,012
Depreciation	2,414	-	2,414	2,047
Donated goods and services	72,725	-	72,725	83,308
Employee benefits	53,343	-	53,343	45,487
Fundraising	2,691	-	2,691	6,869
General operating	16,808	-	16,808	16,415
Payroll taxes	30,777	-	30,777	30,939
Postage and delivery	971	-	971	1,680
Program activities	53,189	-	53,189	63,782
Rent	10,500	-	10,500	10,500
Salaries and wages	349,095	-	349,095	339,968
Telephone	2,691	-	2,691	2,645
Travel	3,767	-	3,767	8,430
Total Expenses	685,182	-	685,182	659,227
Change in Net Assets	23,858	(81,700)	(57,842)	73,718
Net Assets - Beginning of Year	206,182	160,060	366,242	292,524
Net Assets - End of Year	230,040	78,360	308,400	366,242

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

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended June 30, 2016
(With Comparative Totals For the Year Ended June 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Cash Flows From Operating Activities:				
Cash received from grants	-	488,655	488,655	530,240
Cash received from contributions	58,396	-	58,396	47,182
Cash received from program revenues	2,050	-	2,050	13,342
Interest received	272	-	272	296
Cash received from fundraising - Special events	6,619	-	6,619	6,634
Other cash receipts	6,295	-	6,295	7,999
Cash paid for payroll and benefits	(429,822)	-	(429,822)	(413,731)
Cash paid for goods and services	(176,827)	-	(176,827)	(157,423)
Cash released from restrictions	570,355	(570,355)	-	-
Net Cash Provided (Used) by Operating Activities	37,338	(81,700)	(44,362)	34,539
Cash Flows From Investing Activities:				
Cash paid to acquire fixed assets	(6,350)	-	(6,350)	(1,156)
Cash paid to purchase investments	(49,930)	-	(49,930)	(49,930)
Proceeds on sale/redemption of investments	49,859	-	49,859	49,859
Net Cash Provided (Used) by Investing Activities	(6,421)	-	(6,421)	(1,227)
Net Change in Cash and Cash Equivalents	30,917	(81,700)	(50,783)	33,312
Cash and Cash Equivalents - Beginning of Year	89,708	160,060	249,768	216,456
Cash and Cash Equivalents - End of Year	120,625	78,360	198,985	249,768
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Change in net assets	23,858	(81,700)	(57,842)	73,718
Adjustments to reconcile:				
Depreciation	2,414	-	2,414	2,047
Interest compounded on investments	(14)	-	(14)	(14)
(Increase) decrease in grants receivable	7,686	-	7,686	(43,930)
(Increase) decrease in prepaid expenses	-	-	-	55
(Increase) decrease in accrued compensation	3,394	-	3,394	2,663
Total adjustments	13,480	-	13,480	(39,179)
Net Cash Provided (Used) by Operating Activities	37,338	(81,700)	(44,362)	34,539

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

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016

1. Organization

Full Circle of Lake County, Inc. ("Full Circle") was incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation filed February 24, 1997 and amended April 14, 1997. The primary purpose of Full Circle is to provide opportunities, education, and caring relationships to help Lake County, Colorado, become a place where youth make healthy choices, families thrive, and the community is united.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

B. Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated 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. Temporarily restricted grants and other contributions received and released from restrictions within the same fiscal year are initially reported as temporarily restricted.

Non-monetary contributions of goods and services are recorded at their fair values in the period received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or the services are considered to be "professional" services which Full Circle would otherwise be required to purchase.

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Full Circle defines cash equivalents as all highly liquid investments with a maturity of less than three months when purchased.

D. Investments

Full Circle invests certain excess funds in certificates of deposit. Because the intent is to hold these securities to maturity, these investments are classified as held-to-maturity. Accordingly, such securities are reported on these financial statements at amortized cost. Interest earned, together with all realized gains or losses, are included in investment income as a component of current period earnings. Unrealized gains and losses arising from changes in the market value of these securities are not recognized.

E. Allowance for Doubtful Accounts

Full Circle uses the allowance method for recognition of uncollectible receivables, whereby an allowance for possible uncollectibility is established when collection becomes doubtful. No allowance for doubtful accounts was recorded at June 30, 2016, since all receivables were considered collectible.

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)

2. Summary of Significant Accounting Policies (continued)

F. Fixed Assets and Depreciation

Equipment donated to or purchased by Full Circle is capitalized at fair value or cost, respectively, and depreciated on the straight-line basis over the estimated 5-year useful lives of these assets.

G. Income Taxes

Full Circle is a non-profit organization as described in section 501(c)(3) of the Internal Revenue Code, pursuant to an Internal Revenue Service determination letter dated November 5, 2001, and is thus exempt from Federal and State income taxes on income which is directly related to its organizational purpose.

The Federal information returns of Full Circle are subject to examination by the Internal Revenue Service. Full Circle's returns are no longer subject to examination for tax years prior to fiscal year 2013.

H. Use of Estimates

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

I. Comparative Information

The financial statements include certain prior year information in total but not by net 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 Full Circle's financial statements for the year ended June 30, 2015, from which the comparative totals were derived.

J. Subsequent Events

Management has reviewed subsequent events through November 3, 2016; the date these financial statements were available to be released.

3. Investments

Certificates of deposit, maturing in fiscal year 2017, interest at 0.10% - 0.25% p.a.	\$ 50,032
	50,032

4. Fixed Assets

Office equipment	\$ 54,138
Equipment	26,669
At cost	80,807
Less: Accumulated depreciation	(73,063)
Fixed assets, net of accumulated depreciation	\$ 7,744

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)

5. Donated Materials and Services

For the fiscal year ended June 30, 2016, non-monetary contributions of goods and services aggregated to \$72,725. These contributions and offsetting expenses are recorded in Full Circle's financial statements at fair market value. Such "in-kind donations" include supplies, training, professional fees, and other goods and services used in program and management activities.

6. Functional Classification of Expenses

Expenses by function for the year ended June 30, 2016 were as follows:

Program services	\$ 630,303
Support services:	
Management and general	52,188
Fundraising	<u>2,691</u>
	<u>\$ 685,182</u>

7. Lease Agreements

On October 1, 2001, Full Circle entered into a lease agreement for office space. The initial term ended September 30, 2003, but the lease has been subsequently renewed through June 30, 2019. The lease calls for monthly payments of \$175 to cover utilities for the space. For the year ended June 30, 2016, Full Circle paid \$2,100 under the terms of this lease.

On November 1, 2006, Full Circle executed a one-year lease agreement for additional office space. The lease calls for monthly payments of \$750. The initial term ended October 31, 2007, but the lease has been subsequently renewed through June 30, 2019. For the year ended June 30, 2016, Full Circle paid \$8,400 under the terms of this lease.

In June 2016, Full Circle executed new leases for both locations, under substantially similar terms, and expiring in June 2019. Both leases provide for a 3-year extension of the lease terms.

8. Credit Facility

On June 7, 2000, Full Circle entered into an unsecured line of credit agreement with Peoples National Bank, located in Leadville, Colorado, for a revolving line of credit not to exceed \$10,000. The credit agreement has since been annually renewed for additional one-year terms, subject to changes in the initial terms. Under the line of credit agreement in effect at June 30, 2016 (which expires in June 2017), interest on outstanding amounts accrues at 6.25% per annum.

As of June 30, 2016, no principal balance was outstanding under the credit agreement, and no amounts were drawn or repaid during the fiscal year then ended.

9. Retirement Plans

A. Defined Contribution Plan

Full Circle has established a contributory profit sharing plan (the "Profit Sharing Plan"), whereby Full Circle makes an annual discretionary contribution to the separate accounts of all Profit Sharing Plan participants. No contributions from participants may be made to the Profit Sharing Plan. Full Circle elected to contribute 4% of the gross salaries of Profit Sharing Plan participants for fiscal year 2016, which aggregated to a total contribution of \$13,848.

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)

9. Retirement Plans (continued)

A. Defined Contribution Plan (continued)

Full Circle employees are eligible to participate in the Profit Sharing Plan after six consecutive months of employment comprising, at a minimum, of 500 hours of service. Participants are 100% vested in all contributions to the Profit Sharing Plan. A separate account is established under the Profit Sharing Plan in the name of each participant. Benefits accumulated by Profit Sharing Plan participants are dependent on the amount of discretionary contributions made by Full Circle and the investment performance of the assets in the participant's account.

B. Pension Plan

Full Circle has also established an optional pension plan (the "Pension Plan") under section 403(b)(7) of the Internal Revenue Code. There are no eligibility restrictions, and all amounts are immediately and fully vested. Participants may contribute up to 20% of their gross salary, up to a maximum of \$17,500 for the calendar year ending December 31, 2016. Full Circle does not contribute to the Pension Plan on behalf of participants.

A separate account is established under the Pension Plan in the name of each participant. Benefits accumulated by Pension Plan participants are dependent solely upon participant contributions and the investment performance of assets in the participant's account. Pension Plan participants direct the investment of funds, may change amount of contribution once each year, and can stop contributions at any pay period. Loans from the Pension Plan are available to participants, without penalty, for a minimum amount of \$1,000 and up to a maximum loan amount equivalent to 50% of the value of the participant's Pension Plan account. Payback is within 5 years, unless for the purchase of a residence.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions which have been restricted by the donor for a specific or limited period of time or stated purpose. At June 30, 2016, Full Circle's temporarily restricted net assets were comprised of cash received from granting agencies in advance of approved expenditures as follows:

<u>Grantor / Donor</u>	<u>Award</u>
Anschutz	\$ 8,000
DHS	2,875
Griswold	11,070
HE	2,570
HEAS	36,050
Regional Council	2,000
Trips for Kids	795
Vail Resorts	5,000
Women's Foundation of Colorado	10,000
Total	<u><u>\$ 78,360</u></u>

Full Circle's grant funding is received through both advance funding and reimbursable arrangements. The supplemental Schedule of Grant Receipts and Expenditures on page 11 details Full Circle's grant receipts and expenditures for fiscal year 2016, together with the grants receivable and received in advance (temporarily restricted net assets) at year-end

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)

11. Commitments and Contingencies – Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor. Any disallowed claims, including amounts already collected, may constitute a liability of Full Circle. The amount, if any, of expenditures or use of grant funds received in advance which may be disallowed by the grantor cannot be determined at this time although Full Circle expects such amounts, if any, to be immaterial.

Full Circle of Lake County, Inc.
(A Colorado Non-Profit Corporation)
Schedule of Grant Receipts and Expenditures
For the Year Ended June 30, 2016

	<u>July 1, 2015</u>		<u>Fiscal Year 2016</u>		<u>June 30, 2016</u>	
	<u>Grants Receivable</u>	<u>Temporarily Restricted Net Assets</u>	<u>Grant Receipts</u>	<u>Grant Expenses</u>	<u>Grants Receivable</u>	<u>Temporarily Restricted Net Assets</u>
21st Century	-	-	2,000	2,000	-	-
Anschutz 2016	-	8,000	-	8,000	-	-
Anschutz 2017	-	-	8,000	-	-	8,000
AV Hunter 16	-	-	12,500	12,500	-	-
BAG 15	11,042	-	11,042	-	-	-
BAG Mini	-	6,478	700	7,178	-	-
BAG 16	-	-	9,271	16,625	7,354	-
Buell 16	-	11,000	-	11,000	-	-
Climax 15	-	10,743	-	10,743	-	-
Colorado Trust 15	-	500	-	500	-	-
Daniels 15	-	10,056	-	10,056	-	-
DHS 16	34,918	-	43,475	5,653	-	2,875
El Pomar 16	-	3,750	-	3,750	-	-
El Pomar RC15	-	-	2,500	2,500	-	-
Griswold Family Grant 2015	-	10,500	-	8,929	-	1,570
Griswold Family Grant 2016	-	-	9,500	-	-	9,500
HE 16	-	67,741	47,500	112,671	-	2,570
HEAS	-	-	46,175	10,125	-	36,050
JAG RJ 2015	2,819	-	13,781	10,962	-	-
JAG RJ 2016	-	-	11,472	15,705	4,233	-
LCBOCC 15	918	-	-	-	918	-
New Belgium	-	-	5,000	5,000	-	-
OBH 16	-	-	76,569	100,000	23,431	-
Regional Council	-	2,000	-	-	-	2,000
RJ Bag 15	38	-	38	-	-	-
Safeway 14	-	16,013	-	16,013	-	-
Solvista 15	-	3	-	3	-	-
Summit Foundation 2016	-	7,500	-	7,500	-	-
SVP 16	3,897	-	26,547	22,650	-	-
SVP 17	-	-	11,036	13,666	2,630	-
TGYS mentoring	-	-	10,875	20,916	10,042	-
TGYS 2015	12,872	-	12,872	-	-	-
TGYS 2016	-	-	54,753	67,164	12,411	-
TGYS nonmentoring	-	-	-	3,873	3,873	-
Tobacco 15	8,096	-	8,096	-	-	-
Trips for Kids 2015	-	810	-	810	-	-
Trips for Kids 2016	-	-	1,000	211	-	795
Vail 15	-	4,966	-	4,966	-	-
Vail 16	-	-	5,000	-	-	5,000
WRECK 15	8,258	-	8,258	-	-	-
WRECK 16	-	-	40,720	51,000	10,280	-
Women's Foundation of Colorado	-	-	10,000	-	-	10,000
Totals	<u>82,858</u>	<u>160,060</u>	<u>488,680</u>	<u>562,669</u>	<u>75,172</u>	<u>78,360</u>

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