

**SIX POINTS EVALUATION AND TRAINING, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**



**SIX POINTS EVALUATION AND TRAINING, INC.**

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# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Six Points Evaluation and Training, Inc.  
Gunnison, Colorado

We have audited the accompanying financial statements of Six Points Evaluation and Training, Inc., which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, cash flows and functional expenses 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 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 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 Six Points Evaluation and Training, Inc., Inc. as of June 30, 2019 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.

***Hamblin and Associates***

Golden, Colorado  
September 21, 2019

## **Basic Financial Statements**

**Six Points Evaluation and Training, Inc.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 107,208
Restricted cash	21,924
Accounts receivables (no allowance necessary)	52,698
Rent deposits	<u>1,000</u>
Total current assets	<u>182,830</u>
Fixed Assets	
Land	566,000
Buildings and improvements	1,528,057
Furniture and equipment	8,661
Vehicles	<u>73,733</u>
Total fixed assets	<u>2,176,451</u>
Less accumulated depreciation	<u>(302,473)</u>
Net fixed assets	<u>1,873,978</u>
TOTAL ASSETS	<u><u>\$ 2,056,808</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 16,536
Accrued expenses	13,579
Accrued compensated absences	<u>4,322</u>
Total current liabilities	<u>34,437</u>
Net Assets	
With donor restrictions (Note F)	21,924
Without donor restrictions:	
Board designated (Note F)	5,871
Undesignated	<u>1,994,576</u>
Total net assets	<u>2,022,371</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,056,808</u></u>

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

**Six Points Evaluation and Training, Inc.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenue and Support</b>			
Contracts and grants	\$ 504,226	\$ -	\$ 504,226
Room and board charges	50,069	-	50,069
Contributions	21,765	23,401	45,166
Merchandise sales	385,826	-	385,826
Investment income	114	-	114
Fundraising	54,348	-	54,348
Miscellaneous	2,850	-	2,850
Net assets released from restrictions	7,694	(7,694)	-
Total Revenue and Support	<u>1,026,892</u>	<u>15,707</u>	<u>1,042,599</u>
<b>Expenses</b>			
Program services	614,129	-	614,129
Management and general	283,017	-	283,017
Fundraising	91,166	-	91,166
Total Expenses	<u>988,312</u>	<u>-</u>	<u>988,312</u>
Change in Net Assets	38,580	15,707	54,287
Net Assets, Beginning of Year	<u>1,961,867</u>	<u>6,217</u>	<u>1,968,084</u>
Net Assets, End of Year	<u>\$ 2,000,447</u>	<u>\$ 21,924</u>	<u>\$ 2,022,371</u>

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



**Six Points Evaluation and Training, Inc.**

**STATEMENT OF CASH FLOWS**

**Year ended June 30, 2019**

Cash flows from operating activities:	
Change in net assets	\$ 54,286
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	47,013
Changes in assets and liabilities (Increase) decrease in:	
Accounts receivable	(13,505)
Increase (decrease) in:	
Accounts payable	7,368
Accrued expenses	(8,487)
Compensated absences	(880)
	<u>85,795</u>
Net cash provided by operating activities	<u>85,795</u>
Cash flows from investing activities:	
Purchase of capital assets	<u>(7,849)</u>
Net increase (decrease) in cash and cash equivalents	77,946
Cash and cash equivalents, beginning of period	<u>51,186</u>
Cash and cash equivalents, end of period	<u><u>\$ 129,132</u></u>

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

**Six Points Evaluation and Training, Inc.**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**Year ended June 30, 2019**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 410,240	\$ 185,270	\$ 66,168	\$ 661,678
Payroll taxes	34,347	15,512	5,540	55,399
Professional fees- accounting	-	23,275	-	23,275
Advertising	4,759	357	2,029	7,146
Office expenses	10,668	37,338	5,334	53,340
Information technology	650	2,598	-	3,248
Occupancy	2,680	670	-	3,350
Travel	9,904	739	-	10,643
Depreciation	35,730	9,403	1,881	47,013
Insurance	29,541	7,774	1,555	38,870
Interest	-	81	-	81
Client needs	62,555	-	-	62,555
Fundraising	-	-	8,659	8,659
Thrift store	13,004	-	-	13,004
Other	51	-	-	51
<b>Total expenses</b>	<b>\$ 614,129</b>	<b>\$ 283,017</b>	<b>\$ 91,166</b>	<b>\$ 988,312</b>
	62.1%	28.6%	9.2%	

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

## SIX POINTS EVALUATION AND TRAINING, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2019

#### **NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Six Points Evaluation and Training, Inc.'s significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Six Points Evaluation and Training, Inc. (Six Points) is a nonprofit corporation formed in July 1981 to improve quality of life for persons with physical or developmental disabilities by providing rehabilitation services, training, placement and employment. It also provides such individuals with the opportunity to have a residential living experience apart from an institution, and to be integrated into the community. Six Points' governing body consists of an eleven-member board of directors.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

3. Cash and Cash Equivalents

For purposes of the statements of cash flows, Six Points considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

4. Fixed Assets

Equipment and furniture are stated at cost, except for donated items, which are recorded at fair market value at the date of acquisition. Six Points' policy is to capitalize assets with an estimated useful life of more than one year and a cost of \$1,000 or more. Depreciation is computed on the straight-line basis with estimated useful lives of 3 to 5 years for furniture and equipment, 10 to 15 for vehicles, 15 to 20 years for building improvements, 5 to 7 years for leasehold improvements, and 10 to 40 years for buildings.

5. Financial Statement Presentation

The Organization complies with established not-for-profit standards for external reporting, which requires that resources be classified for reporting purposes into two net asset categories according to donor imposed restrictions. The two net asset categories are as follows:

*Without donor restrictions.* Net assets that are not subject to donor-imposed stipulations.

*With donor restrictions.* Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. Once a donor stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of net assets without donor restrictions.

**SIX POINTS EVALUATION AND TRAINING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

6. Investments

Six Points reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The Organization had no investments in year-ended June 30, 2019.

7. Income Taxes

Six Points is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the year ending June 30, 2019.

Six Points has adopted the provisions of ASC 740-10-25, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. With respect to the organization, this would primarily relate to the determination of unrelated business taxable income and to the maintenance of its tax exempt status.

8. Allocation of Functional Expenses

Six Points receives contract revenues from various agencies, which are designated for specific purposes. The majority of the Organization's expenses are allocated to specific programs based on the percentage of time spent on each project compared to total time worked. In addition, costs, which can be identified with specific projects/programs/activities, are allocated directly to that program.

9. Inventory

Inventory in the thrift store consists of donated items, and is not recorded on the balance sheet because no objective basis is available to determine its value.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

10. Compensated Absences

Personal time off is accumulated at the rate of 160 hours per fiscal year for permanent employees who have worked less than five years. Those employed between five and ten years accrue 200 hours annually, and those employed over ten years accrue 240 hours. Employees can carry over a maximum of 32 hours to the next fiscal year.

11. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases Net Assets With Donor Restrictions. When a restriction expires, net assets with donor restrictions are reclassified to Net Assets Without Donor Restrictions and reported in the statement of activities as net assets released from restrictions.

Donated goods are recorded in the accompanying statements at the amount of proceeds received from their sale.

12. 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. Accordingly, actual results could differ from those estimates.

13. Receivables

Six Points considers all receivables to be fully collectible. Therefore, there is no allowance set aside for doubtful accounts. Management uses the direct write off method to recognize bad debt expense for uncollectible accounts. After reasonable collection efforts are made by management past due accounts are written off. There was \$0 in bad debt write offs for the year ending June 30, 2019.

**SIX POINTS EVALUATION AND TRAINING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE B: DESCRIPTION OF PROGRAMS**

1. Supported Living Services

The Supported Living Services (SLS) program provides assistance to individuals with developmental disabilities in becoming independent in their own homes and communities. Services provided include, personal assistance, budgeting, homemaking, supported community connections, mentorship and transportation. Within the SLS program we also offer a vocational service program that assists individuals with jobs in the community as well as job training and coaching.

2. Comprehensive Services

Comprehensive Services program includes residential services that provide assistance to individuals with developmental disabilities by providing them with an opportunity to have a residential living experience apart from an institution, and to be integrated into the community. Services provided include assistance with housing, cooking, cleaning, budgeting, household management, medical needs management and transportation. Within the Comprehensive Services program vocational services are also provided. These services assist individuals with jobs in the community as well as providing job training and coaching.

**NOTE C: CASH AND CASH EQUIVALENTS**

Six Points maintains cash balances at financial institutions located in Colorado. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2019, all of the Organization's deposits were covered by this insurance.

**NOTE D: DONATED MATERIALS AND SERVICES**

During the fiscal year ending 2019, Six Points received \$38 donations of materials and services, reported as in-kind revenue.

Six Points does not recognize any support or expense from services contributed by volunteers as the value of these services is not susceptible to objective measurement or valuation.

**NOTE E: LEASE COMMITMENTS**

Six Points is responsible for several residential leases for which the tenant is a client of Six Points. The terms of these leases vary, but none are for more than one year.

**SIX POINTS EVALUATION AND TRAINING, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**NOTE F: NET ASSETS**

Net assets with donor restrictions reflected in the statement of financial position at June 30, 2019 and 2018, represent restricted resources for which qualifying expenses have not yet been incurred. Sources and qualifying uses reflected in the statement of activities for the year ended June 30, 2019 were restricted by the respective donors for the following purposes:

	<u>Balance at July 01, 2018</u>	<u>Contributions Restricted by Donor</u>	<u>Released from Restrictions</u>	<u>Balance at June 30, 2019</u>
Restricted by donor:				
Capital Improvements	\$ 6,217	\$ 700	\$ (645)	\$ 6,272
Recreation Fund	-	22,701	(7,049)	15,652
	<u>\$ 6,217</u>	<u>\$ 23,401</u>	<u>\$ (7,694)</u>	<u>\$ 21,924</u>

Board-designated net assets without donor restrictions consisted of the following:

	<u>Balance at July 01, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Board designated:				
Capital Improvements	\$ 3,471	\$ 2,400	\$ -	\$ 5,871
Memorials	1,955	-	(1,955)	-
	<u>\$ 5,426</u>	<u>\$ 2,400</u>	<u>\$ (1,955)</u>	<u>\$ 5,871</u>

**NOTE G: SUBSEQUENT EVENTS**

Management evaluated events that occurred subsequent to the period ending June 30, 2019 through the date these financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

SIX POINTS EVALUATION AND TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE H: LIQUIDITY AND AVAILABILITY**

Financial assets availability for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Financial assets at year-end:</b>		
Cash and cash equivalents	\$ 129,132	\$ 53,141
Receivables	<u>52,698</u>	<u>39,193</u>
<b>Total financial assets at year-end:</b>	<u>181,830</u>	<u>92,334</u>
<b>Less amounts unavailable:</b>		
Cash designated by Board	5,871	5,426
Cash in amounts restricted by donors	21,924	6,217
Cash in unearned revenue	<u>-</u>	<u>1,862</u>
<b>Total amounts unavailable:</b>	<u>27,795</u>	<u>13,505</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 154,035</u></u>	<u><u>\$ 78,829</u></u>

The Organization's goal is to generally maintain financial assets to meet 90-150 days of operating expenses. As part of the liquidity plan, the Organization transfers excess cash into a money market account.