

**COMMUNITY RE-ENTRY PLACE INSIDE/OUT, INC.**  
**(A Nonprofit Organization)**

**FINANCIAL STATEMENTS**

**December 31, 2012**

COMMUNITY RE-ENTRY PLACE INSIDE/OUT, INC.

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Certified Public Accountants and Business Consultants

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Community Re-Entry Place Inside/Out, Inc.  
Denver, Colorado

We have reviewed the accompanying statement of financial position of Community Re-Entry Place Inside/Out, Inc. (a nonprofit organization) as of December 31, 2012, and the related statements of activities and cash flows, and the supplementary schedule of functional expenses for the year then ended. 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 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

*Wagner Barnes & Griggs, PC*

Lakewood, Colorado  
August 7, 2013

**Community Re-Entry Place Inside/Out  
(a nonprofit organization)**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2012**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 10,451
Accounts receivable (net of allowance for doubtful accounts of \$-0-)	4,543
<b>Total current assets</b>	<u>14,994</u>

**PROPERTY AND EQUIPMENT**

Furniture, fixtures and equipment	4,038
Less accumulated depreciation	-
<b>Total property and equipment</b>	<u>4,038</u>

**RENTAL DEPOSITS**

2,395

**TOTAL ASSETS**

\$ 21,427

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 750
Deferred revenue	1,800
Current portion of note payable - officers/directors	1,449
<b>Total current liabilities</b>	<u>3,999</u>

**LONG-TERM LIABILITIES**

Note payable - officers/directors	1,323
<b>Total long-term liabilities</b>	<u>1,323</u>

**TOTAL LIABILITIES**

5,322

**NET ASSETS**

Unrestricted	16,105
Temporarily restricted	-
Permanently restricted	-
<b>Total net assets</b>	<u>16,105</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 21,427

*See accompanying notes and independent accountant's review report*

**Community Re-Entry Place Inside/Out  
(a nonprofit organization)**

**STATEMENT OF ACTIVITIES and CHANGES IN UNRESTRICTED NET ASSETS**

**Year ended December 31, 2012**

**REVENUES AND OTHER SUPPORT**

Contracts and grants	\$ 10,000
Contributions	18,187
Fee for service	22,216
Rental income	24,068
In-kind services	60,100
<b>Total revenues and other support</b>	<u>134,571</u>

**EXPENSES**

Program services	<u>105,221</u>
Supporting services	
Management and general	17,680
Fundraising	-
<b>Total supporting services</b>	<u>17,680</u>
<b>Total expenses</b>	<u>122,901</u>

**CHANGE IN UNRESTRICTED NET ASSETS** 11,670

**UNRESTRICTED NET ASSETS - beginning** 4,435

**UNRESTRICTED NET ASSETS - ending** \$ 16,105

*See accompanying notes and independent accountant's review report*

**Community Re-Entry Place Inside/Out  
(a nonprofit organization)**

**STATEMENT OF CASH FLOWS**

**Year ended December 31, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase (decrease) in net assets	\$ 11,670
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	(4,543)
Security deposits	(2,395)
Increase (decrease) in:	
Accounts payable	750
Deferred revenue	1,800
<b>Net cash provided (used) by operating activities</b>	<u>7,282</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of furniture and equipment	<u>(1,877)</u>
<b>Net cash provided (used) by investing activities</b>	<u>(1,877)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Loan proceeds	3,000
Principal payments	<u>(228)</u>
<b>Net cash provided (used) by investing activities</b>	<u>2,772</u>

**NET INCREASE (DECREASE) IN CASH**

8,177

**CASH AND CASH EQUIVALENTS - beginning**

2,274

**CASH AND CASH EQUIVALENTS - ending**

\$ 10,451

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash payments for interest	<u>\$ 49</u>
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**COMMUNITY RE-ENTRY PLACE INSIDE/OUT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

**NOTE 1 – NATURE OF ACTIVITIES AND  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

Community Re-Entry Place Inside/Out, Inc. (the Organization) is a non-profit organization formed in 2011 to provide a Ministry to help ex-offenders, hurting, wounded, homeless and addicted people who are in need of “re-entry” back into life and society by rebuilding their lives through spiritual principles. The Organization helps people move out of homelessness and institutionalization by providing transitional housing, reintegration programs, drug and alcohol counseling, family therapy, and spiritual guidance.

**Programs**

The Organization is supported primarily through private donations, grants and contracts. The Organization’s programs contain the following elements:

Transitional housing - the Organization provides housing, with participants paying rent, geared toward ex-offenders leaving prisons and half-way houses, to those on parole, and to individuals in the community in need of housing.

Reintegration program – A series of activities, with specific goals, that occur during the first 3 hours, 3 days, 3 months, and 3 years of a participant’s re-entry into society.

Counseling - the Organization partners with other agencies and organizations to provide drug and alcohol counseling, family therapy, and spiritual guidance.

**Standards of Accounting and Financial Reporting**

The financial statements have been prepared using the accrual basis of accounting.

**Use of 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.

**Cash and Investments**

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

Investments are recorded at market value. Unrealized gains and losses are reflected in the statement of activities.

**COMMUNITY RE-ENTRY PLACE INSIDE/OUT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2012 and 2011**

**Accounts Receivable**

The Organization submits periodic requests for reimbursements to grantors and contractors when qualifying costs have been incurred. Amounts billed and qualifying expenditures awaiting reimbursement are recorded as accounts receivable. Currently, the Organization makes no provision for uncollectible accounts as it deems all receivables to be collectible.

**Property and Equipment**

Property and equipment consisting of furniture, fixtures, and office equipment are stated at cost or, if donated, at the fair market value at the date of donation. The Organization capitalizes acquisitions of property and equipment in excess of \$500. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (generally 3-5 years).

**Support, Revenue, and Deferred Revenue**

The Organization receives support through various grants and donations. In addition, the Organization enters into contracts with various private organizations to provide services related to their purpose. Support and revenue is considered to be available for unrestricted use unless specifically restricted by the grantor or contributor. Temporarily restricted revenue is considered unrestricted if both the funds are received and the restrictions are satisfied during the fiscal year. Funds received through contracts are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the specific requirements or restrictions. Grantors and contractors occasionally provide funding in advance of required expenditures for qualifying costs of a project. Amounts received for which qualifying expenditures are made at a future date are recorded as deferred revenue. Amounts are reclassified as revenue when related expenditures are made.

**In-Kind Contributions**

Donated services are reflected as in-kind contributions and expenses. In-kind contributions are recorded at the fair market value at the date of donation, based on the Organization's estimate of the total cost for similar services provided by independent contractors or specialists. The Organization only recognizes in-kind contributions for services of a specialized skill which would need to be purchased if the services were not contributed. During the years ended December 31, 2012, the Organization recorded \$60,100 in in-kind services.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. At December 31, 2012, the federal tax return for 2011 remains subject to examination by the Internal Revenue Service.



**COMMUNITY RE-ENTRY PLACE INSIDE/OUT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(continued)

**December 31, 2012 and 2011**

**Fair value of financial instruments**

The Organization believes that the carrying amounts of financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value because of their generally short maturities.

**Date of management's review**

Subsequent events were evaluated through August 7, 2013, which is the date the financial statements were available to be issued.

**NOTE 2 - PROPERTY AND EQUIPMENT**

The Organization's property and equipment at December 31, 2012 is as follows:

Furniture and Fixtures	\$3,337
Office equipment	701
Accumulated Depreciation	( - )
Net Property and Equipment	<u>\$4,038</u>

The Organization did not recognize depreciation expense in 2012. Depreciation of property and equipment will begin on January 1, 2013.

**NOTE 3 - RELATED PARTY TRANSACTIONS/NOTE PAYABLE**

The Organization received a \$3,000 loan from officer/directors during 2012. The loan is evidenced by a promissory note (the Note) dated October 30, 2012 that specifies a 10% interest rate, and all principal due on or before December 20, 2014 with minimum monthly total payments of \$138. The Organization paid \$228 in principal during 2012. The balance of the Note at December 31, 2012 was \$2,772, all of which was repaid in January of 2013.

**NOTE 4 - LEASE COMMITMENTS**

The Organization leases rental homes, under operating leases, in Aurora and Denver, Colorado. The leases are one-year leases expiring on May 31 and August 31, 2013, with total base rent of \$2,395 per month. The leases expire annually, with automatic one-year renewals. The leases may be terminated upon thirty days notice from either the Lessor or the Organization. Total lease expense, including payments under prior leases, was \$26,256 for 2012. At December 31, 2012, the remaining base rental commitment is approximately \$15,575, through the lease annual renewal dates. Assuming the leases are renewed at current rates, the base rental commitment for 2013 is \$28,740, with an additional \$15,575 through the termination dates in 2014.

**COMMUNITY RE-ENTRY PLACE INSIDE/OUT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(continued)**

**December 31, 2012 and 2011**

**NOTE 5 - CONCENTRATION**

For the year ended December 31, 2012 approximately 13% of revenue (excluding in-kind services) was received from a single grantor, and 30% was received from services provided for a single contractor. Loss of this revenue, in the absence of significant alternative funding sources, would have a major impact on the Organization's ability to fund continuing operations.

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**SUPPLEMENTARY INFORMATION**

**Community Re-Entry Place Inside/Out  
(a nonprofit organization)**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**Year ended December 31, 2012**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<b>EXPENSES</b>				
Bank charges	\$ -	\$ 663	\$ -	\$ 663
Board expense	-	92	-	92
Child care	348	-	-	348
Client support	1,047	-	-	1,047
Contract labor	4,996	-	-	4,996
Consultant fees	-	800	-	800
Grant expenses	10,000	-	-	10,000
Repairs and maintenance	-	40	-	40
Housing supplies	992	-	-	992
Insurance	-	1,270	-	1,270
Interest	-	49	-	49
Meals and entertainments	-	467	-	467
Occupancy	29,511	-	-	29,511
Office supplies	-	1,018	-	1,018
Other	3,591	317	-	3,908
Postage	-	240	-	240
Professional fees	-	220	-	220
Software and equipment	-	375	-	375
Telephone, fax, internet	-	429	-	429
Travel - Bus passes	6,336	-	-	6,336
<b>Total expenses</b>	<b>56,821</b>	<b>5,980</b>	<b>-</b>	<b>62,801</b>
<b>NON-CASH EXPENSES</b>				
Donated services	48,400	11,700	-	60,100
<b>Total non-cash expenses</b>	<b>48,400</b>	<b>11,700</b>	<b>-</b>	<b>60,100</b>
<b>TOTAL EXPENSES</b>	<b>\$ 105,221</b>	<b>\$ 17,680</b>	<b>\$ -</b>	<b>\$ 122,901</b>

*See accompanying notes and independent accountant's review report*