

**DOUGLAS/ELBERT TASK FORCE**  
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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors:

Castle Rock Community Inter-Church Task Force dba Douglas/Elbert Task Force

We have audited the accompanying statement of financial position of Castle Rock Community Inter-Church Task Force dba Douglas/Elbert Task Force (a Colorado nonprofit corporation) (the "Task Force") as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Task Force's December 31, 2008 financial statements, which were audited by other auditors and, in their Independent Auditors' Report dated April 20, 2009; they expressed an unqualified opinion on those financial statements.

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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Castle Rock Community Inter-Church Task Force dba Douglas/Elbert Task Force as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cordovano and Honeck LLP  
April 9, 2010

**DOUGLAS/ELBERT TASK FORCE**  
**Statement of Financial Position**  
**December 31, 2009**  
**(with Comparative totals for December 31, 2008)**

	December 31,	
	2009	2008
<b>Assets</b>		
Cash.....	\$ 80,420	\$ 12,519
Cash, restricted.....	—	6,559
Certificates of deposit, at market value (Note 2).....	502,382	393,188
Grants and contracts receivable, net of allowance for doubtful accounts.....	77,745	34,618
Food bank and thirft store inventory (Note 3).....	68,222	18,562
Prepaid expenses and other.....	5,640	3,505
Property and equipment, net of accumulated depreciation (Note 4).....	223,391	216,123
Total assets.....	\$ 957,800	\$ 685,074
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable.....	\$ —	\$ 6,108
Accrued liabilities.....	10,760	8,733
Deferred revenue.....	37,800	291
Total liabilities.....	48,560	15,132
Contingencies (Note 5).....	—	—
Net Assets:		
Unrestricted net assets:		
Operating.....	125,416	54,073
Board designated.....	536,465	393,187
Fixed assets.....	223,391	216,123
Temporarily restricted (Note 6).....	23,968	6,559
Total net assets.....	909,240	669,942
Total liabilities and net assets.....	\$ 957,800	\$ 685,074

See accompanying notes to financial statements

**DOUGLAS/ELBERT TASK FORCE**  
**Statements of Activities for the Year Ended December 31, 2009**  
**(with Comparative Totals for the Year Ended December 31, 2008)**

	2009		2008	
	Unrestricted	Temporarily Restricted	Total	Total
Revenues, gains and support:				
Thrift store sales.....	\$ 239,741	\$ —	\$ 239,741	\$ 251,366
Special events.....	95,016	—	95,016	86,531
Interest and miscellaneous.....	15,220	—	15,220	17,624
Contributions and grants.....	434,571	82,341	516,912	379,604
Donated food, clothing and household goods.....	687,689	—	687,689	501,653
Net assets released from restrictions.....	64,932	(64,932)	—	—
Total revenue, gains and support.....	1,537,169	17,409	1,554,578	1,236,778
Expense:				
Program services:				
Charity.....	1,118,910	—	1,118,910	959,516
Store.....	104,934	—	104,934	87,999
Program services.....	1,223,844	—	1,223,844	1,047,515
Supporting services:				
Management and general.....	43,202	—	43,202	47,325
Fund raising.....	48,234	—	48,234	61,550
Supporting services.....	91,436	—	91,436	108,875
Total expense.....	1,315,280	—	1,315,280	1,156,390
Change in net assets.....	221,889	17,409	239,298	80,388
Net assets, beginning of year.....	663,383	6,559	669,942	589,554
Net assets, end of year.....	\$ 885,272	\$ 23,968	\$ 909,240	\$ 669,942

See accompanying notes to financial statements

**DOUGLAS/ELBERT TASK FORCE**  
**Statement of Functional Expenses for the Year Ended December 31, 2009**  
**(with Comparative Totals for the Year Ended December 31, 2008)**

	2009				2008	
	Program Services		Supporting Services			
	Charity	Store	Total Program Services	Management and General	Fund Raising	Total
Salary and expense.....	\$ 129,541	\$ 73,704	\$ 203,245	\$ 17,868	\$ 2,233	\$ 223,346
Client assistance.....	893,309	—	893,309	—	—	893,309
Rent.....	45,564	1,589	47,153	5,828	—	52,981
Special events.....	10,839	—	10,839	—	27,873	38,712
Professional services.....	3,182	1,856	5,038	6,365	15,117	26,520
Repair and maintenance.....	4,136	6,319	10,455	1,034	—	11,489
Insurance.....	7,278	2,426	9,704	3,639	135	13,478
Utilities.....	1,822	4,684	6,506	—	—	6,506
Contract labor.....	2,049	2,607	4,656	—	—	4,656
Store supplies.....	808	2,076	2,884	—	—	2,884
Office supplies.....	1,828	—	1,828	609	—	2,437
Telephone.....	663	2,212	2,875	1,371	177	4,423
Printing.....	368	552	920	1,441	704	3,065
Postage.....	1,225	—	1,225	648	528	2,401
Volunteers.....	3,695	—	3,695	—	—	3,695
Advertising and promotion.....	157	437	594	107	124	825
Licenses and permits.....	—	162	162	648	—	810
Education and training.....	468	—	468	—	132	600
Dues and subscriptions.....	735	—	735	1,394	405	2,534
All other.....	2,457	1,311	3,768	1,038	655	5,461
	<u>1,110,124</u>	<u>99,935</u>	<u>1,210,059</u>	<u>41,990</u>	<u>48,083</u>	<u>1,300,132</u>
Depreciation.....	8,786	4,999	13,785	1,212	151	15,148
	<u>\$ 1,118,910</u>	<u>\$ 104,934</u>	<u>\$ 1,223,844</u>	<u>\$ 43,202</u>	<u>\$ 48,234</u>	<u>\$ 1,315,280</u>
						<u>\$ 1,156,390</u>

See accompanying notes to financial statements

**DOUGLAS/ELBERT TASK FORCE**  
**Statement of Cash Flows for the Year Ended December 31, 2009**  
**(with Comparative Totals for the Year Ended December 31, 2008)**

	<b>Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash flows from operating activities:		
Change in net assets.....	\$ 239,298	\$ 80,388
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation.....	15,148	13,792
Donated food, clothing and household items distributed.....	638,029	—
Donated food, clothing and household items.....	(687,689)	—
Changes in operating assets and liabilities:		
Grants receivable.....	(43,127)	(32,194)
Prepaid expenses and other current assets.....	(2,135)	2,454
Accounts payable.....	(6,108)	4,707
Accrued expenses.....	2,027	1,956
Deferred revenue.....	37,509	291
Net cash provided by operating activities.....	192,952	71,394
Cash flows from investing activities:		
Acquisition of property and equipment.....	(22,415)	(22,714)
Net purchase of certificates of deposit.....	(109,195)	(110,525)
Net cash used in investing activities.....	(131,610)	(133,239)
Net change in cash and cash equivalents.....	61,342	(61,845)
Cash and cash equivalents:		
Beginning of year.....	19,078	80,923
End of year.....	\$ 80,420	\$ 19,078
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes.....	\$ —	\$ —
Interest.....	\$ —	\$ —

See accompanying notes to financial statements

**DOUGLAS/ELBERT TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

**(1) NATURE OF TASK FORCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities*

Castle Rock Community Inter-Church Task Force dba Douglas/Elbert Task Force (the “Task Force”) was formed in 1984 by a committee group of volunteers to serve Douglas and Elbert counties. The Task Force is a nonprofit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Task Force was formed to provide emergency assistance to individuals and families of Douglas County and Elbert County. The Task Force is supported primarily through its Thrift Store sales, contributions and other revenue.

The Task Force operates the following programs:

Charity– the Charity program endeavors to meet the needs of financially distressed families to help them work through troublesome times with dignity. The Task Force addresses the immediate needs of those in crisis by consistently providing counseling, food and other necessities for homeless, low income and the working poor people in Douglas County and Elbert County.

Thrift Store– we sell donated items, consisting of new and used clothing and household items, to shoppers through our Thrift Store, located in Castle Rock, Colorado.

*Basis of Presentation*

Financial statement presentation follows accounting principles generally accepted in the United States of America which requires the Task Force to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted net assets – those amounts currently available at the discretion of the Board of Directors for use in the Task Force’s operations and those resources invested in property and equipment.

Temporarily restricted net assets– those amounts restricted by donors specifically for certain time periods, purposes or programs.

Permanently restricted net assets- those assets that are maintained permanently by the Task Force as required by the donor; but the Task Force is permitted to use or expend part or all of the income derived from those assets.

There were no permanently restricted net assets at December 31, 2009.

*Cash and Cash Equivalents*

The Task Force considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

*Investments*

Investments are composed of certificates of deposits and are carried at market value. Investment earnings increase unrestricted net assets.

**DOUGLAS/ELBERT TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

*Grants and Contracts Receivable*

Grants and contracts receivable which are expected to be collected within one year are recorded at their net realizable value and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

At December 31, 2009, the Task Force expects all grants and contracts receivable will be fully collectable, accordingly, there is no allowance for uncollectible promises to give.

*Food Bank and Thrift Store Inventory*

Purchased food is valued at cost, donated food inventory is valued at an average of the national wholesale prices as determined by Feeding America and donated clothing and household items inventory is valued based on a pricelist set by management.

*Property, Equipment and Depreciation*

Property and equipment are capitalized at cost, if purchased, and at fair value, if contributed. The cost of the property and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to 39 years.

*Long-Lived Assets*

The Task Force reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Task force looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. At December 31, 2009, no impairment had been recognized.

*Support and Revenue Recognition*

Support – Contributions, including foundation and government grants, are recognized when the donor makes a promise to give to the Task Force that is, in substance, unconditional unless the donor specifies that the contribution is for use in future periods, in which case the contribution is deferred. Deferred support is recognized in the period in which the support can be used.

Cash contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Amounts of temporarily restricted contributions are subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of those restrictions.

Revenue – Grant and contract revenue is recognized in the period when the goods are delivered or the services are performed. The revenue is reported as an increase in unrestricted net assets when the revenue is earned.

Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restriction.

**DOUGLAS/ELBERT TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

*Donated Services*

During the year ended December 31, 2009, volunteers from the community donated approximately 466,482 hours valued at \$25,739, based in industry standards, to assist the Task Force in achieving the goals of its programs. However, no value for these services has been recognized in the accompanying financial statements as specialized skills were not required.

*Donated Food, Clothing and Household Items*

The Task Force receives donated food, clothing and household items from local area merchants and residents. Contributions of donated food, clothing and household items are valued based on industry standards.

During the year ended December 31, 2009, the Task Force received and distributed approximately 366,630 pounds of donated usable food. As of December 31, 2009, donated food inventory consisting of approximately 26,453 pounds at an average value of \$1.52 totaled approximately \$40,208

. The food inventory value is determined by Feeding America.

The Task Force purchased and distributed approximately \$45,072 in food and items to supplement contributed food during the year ended December 31, 2009.

During the year ended December 31, 2009, the Task Force received and sold or distributed approximately \$336,402 in donated usable clothing and household items. As of December 31, 2009, donated clothing and household items inventory totaled approximately \$28,014. The clothing and household items inventory is value based on a price list set by management and approved by the Board of Directors.

*Functional Expenses*

Expenses incurred directly for a program service are charged to such service. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time expended, space utilized or by another rational basis.

*Income Tax Status*

The Task Force is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Task Force's tax-exempt purpose is subject to taxation as unrelated business income. The Task Force had no unrelated business income during the year ended December 31, 2009. In addition, the Task Force qualifies for the charitable contribution deduction under section 170(b) (1) (A) and has been classified as an organization that is not a private foundation under section 509(a) (2).

*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.

*Subsequent Events*

The Task Force has evaluated subsequent events through April 9, 2010, the date the financial statements are approved for issuance by management and the audit committee of the board of directors.

**(2) FAIR VALUE MEASUREMENTS**

**DOUGLAS/ELBERT TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

Fair value is defined by accounting principles generally accepted in the United States (“GAAP”) as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. GAAP also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Within the fair value hierarchy, the Task Force’s financial assets measured on a recurring basis at fair value as of December 31, 2009 consist of \$502,382 in certificates of deposit classified as Level 1.

**(3) INVENTORY**

Inventory consisted of the following at December 31, 2009 and 2008:

	December 31,	
	2009	2008
Food.....	\$ 40,208	\$ 12,381
Clothing and household items.....	28,014	6,181
Total	\$ 68,222	\$ 18,562

**(4) PROPERTY AND EQUIPMENT**

A summary of property and equipment, as of December 31, 2009, follows:

	December 31,	
	2009	2008
Building.....	\$ 223,417	\$ 223,417
Furniture and equipment.....	62,458	40,042
Vehicles.....	22,200	22,200
	308,075	285,659
Less accumulated depreciation.....	(109,684)	(94,536)
	198,391	191,123
Land.....	25,000	25,000
Total	\$ 223,391	\$ 216,123

Depreciation expense for the years ended December 31, 2009 and 2008 was \$15,148 and 13,792, respectively.

**DOUGLAS/ELBERT TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

**(5) CONTINGENCIES**

*Government Grants and Contracts*

The Task Force receives certain support and revenues from grants and contracts with various government agencies. The disbursement of funds received under these grants and contracts generally require compliance with the terms and conditions specified in the grants and contracts and are subject to audit by grantors and contractors.

The amount of charges to these grants and contracts that may be disallowed, if any, cannot be determined precisely. However, management believes that the effect of any such audits would not have a significant impact on the financial statements, and accordingly, no provision has been made in the accompanying financial statements for any liability that may result.

**(6) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent the net proceeds of donations, which have been restricted by the donor to be used for the following purposes:

	December 31,	
	2009	2008
Food bank..... \$	14,500	\$ —
Rent and utilities for residents of Elbert County.....	3,845	—
Utilities and other.....	5,623	—
Dental assistance.....	—	3,786
Building fund.....	—	2,773
Total \$	23,968	\$ 6,559