

RED ROCK CENTER FOR INDEPENDENCE
(NONPROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS
FOR THE TWELVE-MONTH PERIOD ENDED JUNE 30, 2020

RED ROCK CENTER FOR INDEPENDENCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Red Rock Center for Independence

Report on the Financial Statements

We have audited the accompanying financial statements of Red Rock Center for Independence (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the twelve-month period 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

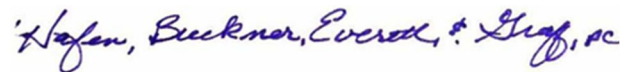
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red Rock Center for Independence as of June 30, 2020, and the changes in its net assets and its cash flows for the twelve-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 on our consideration of Red Rock Center for Independence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Rock Center for Independence's internal control over financial reporting and compliance.



Hafen, Buckner, Everett & Graff, P.C.
St. George, Utah
November 13, 2020

RED ROCK CENTER FOR INDEPENDENCE
Statement of Financial Position
As of June 30, 2020

Assets

Current Assets:

Cash and cash equivalents	\$ 206,333
Grants receivable	93,079
Other receivables	4,145
Prepaid assets	<u>10,458</u>

Total current assets 314,015

Fixed Assets:

Property and equipment	382,261
Accumulated depreciation	<u>(259,942)</u>

Total fixed assets 122,319

Total assets \$ 436,334

Liabilities and net assets

Current Liabilities:

Accounts payable	\$ 2,459
Payroll liabilities	15,209
Accrued vacation	21,380
Refundable Advances	<u>35,945</u>

Total current liabilities 74,993

Total liabilities 74,993

Net assets

Without Donor Restrictions	361,341
With Donor Restrictions	<u>-</u>

Total net assets 361,341

Total liabilities and Net assets \$ 436,334

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

RED ROCK CENTER FOR INDEPENDENCE
Statement of Activities
For the Twelve-Months Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains, and other support:			
Grant income	\$ -	\$ 942,454	\$ 942,454
Contribution income	11,002	-	11,002
Other income	10,349	-	10,349
Fundraisers	2,250	-	2,250
Interest income	-	-	-
Net gain (loss) on asset disposal	(70)	-	(70)
Satisfaction of grant restriction	942,454	(942,454)	-
	<u>965,985</u>	<u>-</u>	<u>965,985</u>
Total revenues, gains, and other support			
Expenses and losses:			
Program services:			
Independent living	756,708	-	756,708
Support services:			
Management and general expenses	205,399	-	205,399
Fund-raising	1,222	-	1,222
	<u>963,329</u>	<u>-</u>	<u>963,329</u>
Total expenses and losses			
Change in net assets	2,656	-	2,656
Net assets at beginning of year	<u>358,685</u>	<u>-</u>	<u>358,685</u>
Net assets at end of year	<u>\$ 361,341</u>	<u>\$ -</u>	<u>\$ 361,341</u>

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

RED ROCK CENTER FOR INDEPENDENCE
Statement of Functional Expenses for the Twelve-Months Ended
June 30, 2020

<u>Expense Category</u>	<u>Independent Living</u>	<u>Management & General</u>	<u>Total</u>
Communication	\$ 12,803	\$ 4,320	\$ 17,123
Conferences & Training	9,899	-	9,899
Depreciation	25,430	-	25,430
Dues & Fees	15,989	365	16,354
Equipment	9,943	-	9,943
Insurance	18,123	1,133	19,256
Postage	2,509	-	2,509
Printing	2,175	-	2,175
Profession Fees	600	22,055	22,655
Rent	79,819	6,917	86,736
Repairs & Maintenance	1,499	-	1,499
Salaries & Wages	529,720	158,248	687,968
Supplies	13,012	1,832	14,844
Travel Expense	28,329	-	28,329
Misc	5,028	4,019	9,047
Utilities	7,623	717	8,340
Total Program & Administrative Expenses	<u>\$ 762,501</u>	<u>\$ 199,606</u>	962,107
Fundraising Expenses			<u>1,222</u>
Total Functional Expenses			<u>\$ 963,329</u>

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

RED ROCK CENTER FOR INDEPENDENCE
Statement of Cash Flows
For the Twelve-Months Ended June 30, 2020

Cash flows from operating activities	
Cash received from grants	\$ 932,284
Cash received from contributions	10,254
Cash received from fundraisers	2,250
Cash received from other income	10,349
Cash paid for program expenses	(935,323)
Cash paid for fund-raising	<u>(1,222)</u>
Net cash provided by operating activities	<u>18,592</u>
Cash flows from investing activities:	
Purchase of fixed assets (net)	(10,270)
Decrease of note receivable	<u>14,600</u>
Net cash used by investing activities	<u>4,330</u>
Net increase in cash and cash equivalents	22,922
Cash and cash equivalents, beginning of year	<u>183,411</u>
Cash and cash equivalents, end of year	<u>\$ 206,333</u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 2,656
Adjustments needed to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	25,431
Net (gain) loss on asset disposal	70
In-Kind Grant Revenue	(5,135)
Changes in operating assets and liabilities:	
(Increase)/decrease in receivables	(5,783)
Increase/(decrease) in accounts payable	(4,602)
Increase/(decrease) in payroll liabilities	<u>5,955</u>
Net cash provided by operating activities	<u>\$ 18,592</u>

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

RED ROCK CENTER FOR INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Background

Red Rock Center for Independence (a non-profit organization) was organized under the laws of the State of Utah and began operation on May 30, 1997. The Organization was organized to act as a catalyst and coordinate with civic groups, service organizations, and individuals, as needed, to achieve awareness of issues and needs of people with disabilities and to stimulate a coordinated community effort to actively address those issues/needs, promoting the general welfare and independence of people with disabilities. The Organization is primarily funded by grants through the State of Utah and the Department of Health & Human Services.

General

The accompanying financial statements of the Red Rock Center for Independence have been prepared in accordance with generally accepted accounting principles which require the use of management estimates and the accrual basis of accounting. Contributions are recorded when received unless susceptible to accrual. Other sources of revenue include government grants, interest and in-kind donations.

Income Taxes

The Organization is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. In accordance with tax statute, the Organization's tax returns remain subject to examination for all tax years ended on or after September 30, 2018 with regard to all tax positions and the result reported.

Basis of Accounting

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

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

RED ROCK CENTER FOR INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

During the year ended June 30, 2020, the Organization benefited from the services of volunteers. The value of those contributed services did not meet the requirements for recognition and, therefore, has not been recorded.

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 Cash Equivalents

For purposes of the statement of cash flows and note 2, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash is cash held that must be used according to grant or program agreements. All restricted funds are held in non-interest bearing accounts. Unrestricted cash is held in accounts that bear interest. As of June 30, 2020, the Organization had \$-0- in restricted cash.

Property and Equipment

The Organization's policy requires all expenditures for property and equipment with a life greater than one year and cost in excess of \$5,000. Purchased property and equipment is recorded at cost and donated equipment is recorded at fair value at the date of the contribution.

Depreciation of property and equipment is provided on the straight-line method over their estimated useful lives as follows:

Vehicles	5 years
Equipment	5-10 years
Furniture & Fixtures	5-10 years

RED ROCK CENTER FOR INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Major renewals and betterments are capitalized. Gains or losses on dispositions of property and equipment are included in revenue in the year of disposition.

Inventory

Office and other supplies are deemed immaterial and not recorded.

Basis of Presentation

The Organization has adopted the provisions of Accounting Standards Codification 958, Not-For-Profit Entities (ASB 958) Accounting Standards Codification (ASC 958-205). The Organization has also adopted the provisions of Accounting Standards Update (ADU) 2016-14. Under these standards the organization is required to report its financial position, activities and contributions received under two classes: net assets with donor restrictions and net assets without donor restrictions.

NOTE 2: CASH AND INVESTMENTS

At year end the carrying amount of the Organization's deposits was \$206,333 and the bank balance was \$223,974. All of the bank balance was covered by federal depositor insurance.

NOTE 3: GRANTS RECEIVABLE

Grants receivable for services provided is \$93,079. The entire balance is due from the Utah State Office of Rehabilitation and has a \$-0- allowance for doubtful accounts.

NOTE 4: RELEASE OF DONOR RESTRICTED REVENUE

Total net assets released from grant (donor) restrictions by incurring expenses per the required grant purpose was equal to \$942,454. Remaining donor restricted net asset balance was \$-0- at year-end.

RED ROCK CENTER FOR INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5: PROPERTY AND EQUIPMENT

The following table summarizes the changes to fixed assets during the year ended June 30, 2020. Depreciation expense for the year was \$25,430.

	Balance 6/30/2019	Additions	Disposals	Balance 6/30/2020
Furniture, Fixtures, & Improvements	\$ 105,751	\$ -	\$ -	\$ 105,751
Machinery & Equipment	91,154	-	-	91,154
Vehicles	137,105	51,350	(3,099)	185,356
Total	<u>334,010</u>	<u>51,350</u>	<u>-</u>	<u>382,261</u>
Less Accumulated Depreciation	<u>(237,542)</u>	<u>(25,430)</u>	<u>3,030</u>	<u>(259,942)</u>
	<u>\$ 96,468</u>	<u>\$ 25,920</u>	<u>\$ -</u>	<u>\$ 122,319</u>

NOTE 6: LEASE COMMITMENT

The Organization leases office space in St. George, Utah under a five (5) year operating lease agreement that began October 1, 2013. The Organization renewed the lease for a term of five (5) more years on September 27, 2018. Rent expense for office space for the year ended June 30, 2020 was \$61,080. Monthly lease payments under the lease extension start at \$5,090 per month and will be increased by the greater of 2% annually or the increase shown by the Utah CPI rates as determined by the NAI research annual report. During FY 2019, the rate was \$5,090.

On August 1, 2018 the Organization entered into a five (5) year lease agreement for office space located in Richfield, Utah. Lease payments are \$385.80 per month for the entire term. The lease contains an option to renew for five (5) years with 60 days prior notice, rate to be set at market.

Future minimum operating lease commitments are as follows:

2020	68,177
2021	69,448
2022	69,973
2023	66,115
2024	-
	<u>\$ 273,712</u>

RED ROCK CENTER FOR INDEPENDENCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7: RETIREMENT PLAN

The Organization has established a 401(K) plan. Based on the plan document the Organization makes a five percent profit sharing contribution of the gross pay of eligible employees into the individuals account held at Massachusetts Mutual. The plan also allows for salary deferral for eligible employees. Employees are considered eligible after one (1) year of service where the employee performed 500 hours of service. Employees are always 100% vested in all contributions made to their accounts.

For the twelve-month period ended June 30, 2020 employer contributions to retirement plans totaled \$26,920.

NOTE 8: RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization maintains insurance for auto liability, employee dishonesty and general liability through private insurance companies. Worker's Compensation is carried through the State Worker's Compensation Fund.

NOTE 9: CONCENTRATION OF SERVICE REVENUE

Over 90% of the revenue generated at the Organization is derived from grant sources through the State of Utah and the Department of Health & Human Services. Loss of this support would have a materially adverse effect on the Organization's ability to continue operations. The current contracts terminate on 6/30/2021 and 9/30/2022 respectively. They are both expected to be renewed at the appropriate time.

NOTE 10: RELATED PARTY

The Organization made immaterial disbursements for repair services which were provided by the executive director's spouse. In addition, the Organization also has one staff member who is the daughter of a board member.

NOTE 12: MANAGEMENT REVIEW

Management has evaluated subsequent events through the issuance date of the report.



Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Red Rock Center for Independence

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Red Rock Center for Independence (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2020

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red Rock Center for Independence's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Red Rock Center for Independence's internal control. Accordingly, we do not express an opinion on the effectiveness of Red Rock Center for Independence's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters As part of obtaining reasonable assurance about whether Red Rock Center for Independence's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hafen, Buckner, Everett, & Graff, PC

Hafen, Buckner, Everett & Graff, P.C.

St. George, Utah

November 13, 2020