

CARRIAGE HOUSE
Homeless Community Center

Financial Statements with
Accompanying Independent Auditor's Report

December 31, 2007

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
CARRIAGE HOUSE – Homeless Community Center
Boulder, Colorado

We have audited the accompanying statement of financial position of CARRIAGE HOUSE - Homeless Community Center (a nonprofit organization) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CARRIAGE HOUSE – Homeless Community Center's management. 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 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 CARRIAGE HOUSE – Homeless Community Center as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lakewood, Colorado
April 20, 2008

CARRIAGE HOUSE – Homeless Community Center

Notes to Financial Statements December 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

CARRIAGE HOUSE - Homeless Community Center (CARRIAGE HOUSE) is a non-profit corporation located in Boulder, Colorado, and was established in 1996. CARRIAGE HOUSE was formerly known as CARRIAGE HOUSE Homeless Day Resource Center. CARRIAGE HOUSE is an acronym for Support, Transition, Assessment, Referral and Treatment. The name change was recognized by the IRS in a letter dated February 25, 2005. CARRIAGE HOUSE is a day resource center that provides a stable, supportive community for homeless men and women. CARRIAGE HOUSE provides immediate survival needs and resources that lead to employment, housing, personal stability and healing.

Basis of Accounting

CARRIAGE HOUSE's financial statements have been prepared using the accrual basis of accounting.

Estimates

The preparation of CARRIAGE HOUSE's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Financial Statement Presentation

Under SFAS No.117, *Financial Statements of Not-for-Profit Organizations*, CARRIAGE HOUSE is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donated Property and Equipment

Donated property and equipment are reflected as contributions at their estimated values at the date of receipt. During the year ended December 31, 2007, CARRIAGE HOUSE did not record any material amounts of property or equipment.

Donated Services

During the year numerous volunteers have donated significant amounts of their time to the organization's program services. These services did not meet the requirements for recognition in the financial statements and have not been recorded.

CARRIAGE HOUSE – Homeless Community Center

Notes to Financial Statements December 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets, depending on the absence or existence and nature of any donor restrictions.

Contributions to CARRIAGE HOUSE which are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Restrictions on Net Assets

Unrestricted net assets can generally be used in a manner to report CARRIAGE HOUSE's purpose and general activities.

Temporarily restricted net assets consist of contributions and other inflows which have donor-imposed stipulations limiting their use. These restrictions expire with either the passage of time or by actions of CARRIAGE HOUSE.

Grant and Contract Revenue

For all grants and contracts which are considered to be exchange transactions, revenue is recognized as allowable reimbursable expenses are incurred. Cash received in excess of allowable expenses is recorded as deferred revenue, and allowable expenses incurred in excess of cash received are recorded as receivables.

Income Taxes

CARRIAGE HOUSE is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Expense Allocation

The costs of providing various program services and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CARRIAGE HOUSE.

CARRIAGE HOUSE – Homeless Community Center

Notes to Financial Statements December 31, 2007

NOTE 2: BUILDING RENOVATION

CARRIAGE HOUSE agreed to renovate a building identified as the CARRIAGE HOUSE which is located close to downtown Boulder, Colorado. This facility houses all of the organization's operations. In return for the renovation of the building, CARRIAGE HOUSE received use of the space rent free for ten years. After the ten year rent-free period expires CARRIAGE HOUSE has agreed to pay rent at seventy-five percent of the fair market value at that time for the next five years. The building renovation was completed in the fall of 2005 and the rent free period commenced immediately.

NOTE 3: COMMITMENTS AND CONTINGENCIES

CARRIAGE HOUSE receives grants from various sources which are subject to final review and approval, depending on the allowability of corresponding expenses charged to those programs. Any expenses not allowed by the granting authority would be reimbursable by CARRIAGE HOUSE. As of December 31, 2007, management of CARRIAGE HOUSE believes that any subsequent review of its expenses will not have a material effect on the overall financial position of CARRIAGE HOUSE.