Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Compiled Financial Statements

December 31, 2023



Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Compiled Financial Statements

December 31, 2023

TABLE OF CONTENTS

ITEM	PAGE
Independent Accountant's Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

REESE HENRY
& COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Carbondale Community Nonprofit Center (DBA: Third Street Center)
Carbondale, Colorado

Management is responsible for the accompanying financial statements of Carbondale Community Nonprofit Center (DBA: Third Street Center) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
August 30, 2024

Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Statement of Financial Position
December 31, 2023

Assets		
Cash	$	161,859
Accounts Receivable		26,304
Pledges Receivable		16,255
Board Designated Cash		99,273
Property and Equipment, net		3,319,544
TOTAL ASSETS	**$**	**3,623,235**
LIABILITIES		
Accounts Payable	$	25,891
Ready Reserve Loan		8,764
Security Deposits		62,412
Note Payable		1,978,115
Economic Injury Disaster Loan		140,142
TOTAL LIABILITIES		**2,215,324**
NET ASSETS		
Without Donor Restrictions		
Unrestricted, Undesignated		(125,938)
Board Designated Reserve		99,273
Invested in Property, net of debt		1,341,429
Total Without Donor Restrictions		1,314,764
With Donor Restrictions		93,147
TOTAL NET ASSETS		**1,407,911**
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,623,235**

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

Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	$ 34,730	$ 22,000	$ 56,730
Grants	7,057	2,056	9,113
Lease Income	486,690	-	486,690
EV Charging Income	425	-	425
Other Lease Related Income	32,604	-	32,604
Interest Income	828	-	828
Net Assets Released From Restrictions:			
Release of Time Restrictions	24,729	(24,729)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**587,063**	**(673)**	**586,390**
EXPENSES			
Program Expenses	603,878	-	603,878
General and Administrative Expenses	52,332	-	52,332
Fundraising Expenses	32,302	-	32,302
TOTAL EXPENSES	**688,512**	**-**	**688,512**
CHANGE IN NET ASSETS	**(101,449)**	**(673)**	**(102,122)**
NET ASSETS, Beginning of Year	**1,416,213**	**93,820**	**1,510,033**
NET ASSETS, End of Year	**$ 1,314,764**	**$ 93,147**	**$ 1,407,911**

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

Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Expenses	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Salaries	$ 114,500	$ 21,967	$ 21,966	$ 158,433
Employee Benefits	21,054	2,632	2,631	26,317
Payroll Taxes	9,893	1,236	1,237	12,366
Accounting	4,052	6,078	-	10,130
Consulting	5,589	9,181	1,530	16,300
Advertising	-	129	1,161	1,290
Office Expenses	12,332	4,594	2,201	19,127
Building Expenses	199,282	5,826	887	205,995
Travel	1,214	-	-	1,214
Interest Expense	75,427	-	-	75,427
Depreciation	131,924	-	-	131,924
Insurance	28,611	689	689	29,989
	$ 603,878	$ 52,332	$ 32,302	$ 688,512

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

Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	$	(102,122)
Adjustments To Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense		131,924
(Increase) Decrease in:		
Accounts Receivable		(14,300)
Pledges Receivable		11,195
Prepaid Expense		4,643
Increase (Decrease) in:		
Accounts Payable		(12,422)
Deferred Revenue		(224)
Security Deposits		4,593
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**23,287**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment		(20,764)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(20,764)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from Line of Credit		8,764
Principal Payments on Note Payable		(53,717)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(44,953)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(42,430)
CASH AND CASH EQUIVALENTS, Beginning of Year		303,562
CASH AND CASH EQUIVALENTS, End of Year	**$**	**261,132**
Cash Consists of:		
Undesignated Cash	$	161,859
Bank Designated Cash		99,273
	$	**261,132**

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

Carbondale Community Nonprofit Center
(DBA: Third Street Center)

Notes to Financial Statements
December 31, 2023

1. NATURE OF ORGANIZATION

Carbondale Community Nonprofit Center (DBA: Third Street Center) ("The Organization") was incorporated on June 30, 2008 as a Colorado nonprofit corporation. The Organization is a joint effort between the Town of Carbondale, Alpine Bank, The Manaus Fund, Sustainability Center of the Rockies, and the Roaring Fork Community Development Corporation to renovate the old Carbondale Elementary School into a green facility that maintains affordable space for community and regional for profit and nonprofit organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include all cash held in deposits and temporary investments with an original maturity of three months or less. This includes investments that are held in money market accounts. There were no cash equivalents at December 31, 2023.

ACCOUNTS RECEIVABLE
Accounts receivable represents balances due on lease agreements. The Organization monitors the balances closely. No allowance for uncollectible accounts is considered necessary, as management anticipates these accounts to be fully collectible at December 31, 2023.

PLEDGES RECEIVABLE
Unconditional pledges to give are recognized as revenues in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Conditional pledges are dependent on the occurrence of a specified future and uncertain event and are recognized as contribution revenue when the conditions on which they depend has been substantially met. As of December 31, 2023, the Organization has $16,255 in pledges receivable.

PROPERTY AND EQUIPMENT
Purchased assets are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives range from five to thirty-nine years for leasehold improvements, and two to seven years for furniture.

NET ASSETS

Net assets, revenues, gains and other support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions that are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2023, the Organization has no net assets to be maintained in perpetuity.

REVENUES

Contributions

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets without donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Donated Services

Businesses donate time and services to the Organization's purpose. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Services received include legal services, marketing, design and development, and sustainable designs. The Organization recognized no donated services for the year ended December 31, 2023.

Lease Income

Lease income is e derived from sub-leases that the Organization enters into and are recognized as the space is utilized and other contractual obligations have been met.

INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except on the net income derived from unrelated business activities. It has been determined the Organization is not subject to unrelated business income tax.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of producing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADVERTISING
The Organization expenses advertising costs as incurred. Total advertising expense was $1,290 for the year ended December 31, 2023.

USE OF ESTIMATES
The preparation of financial statements in conformity with US GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

DATE OF MANAGEMENT REVIEW
In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 30, 2024, the date that the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES
Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	$	161,859
Accounts Receivable		26,304
Pledges Receivable		16,255
Accounts Payable		(25,891)
Ready Reserve Loan		8,754
	$	187,281

The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. The goal is to maintain financial liquidity to meet 60 days of normal operating expenses.

4. PROPERTY & EQUIPMENT

Property and equipment consist of the following as of December 31, 2023:

Leasehold Improvements	$	4,775,691
Furnishings		257,639
		5,033,330
Accumulated Depreciation		(1,713,786)
Property and Equipment, net	$	3,319,544

Depreciation expense for the year ended December 31, 2023 was $131,924. The Organization's assets are collateral for a loan; see Note 6.

5. READY RESERVE LOAN

The Organization has a ready reserve account with an available balance of $10,000 and interest rate of 12%. On December 31, 2023, there was an outstanding balance of $8,754.

6. NOTES PAYABLE

On August 31, 2009, the Organization signed a promissory note with the Town of Carbondale in the amount of $2,700,000. The interest rate on the promissory note was 5.45% for ten years and then adjusts to the current US Government Treasury rate plus 200 basis points for an additional 10 years with a ceiling of 8%. The promissory note matures on September 1, 2035. The promissory note is secured by assignment of leases and pledge commitments. On June 1, 2013, the Organization signed an agreement with the bank to change the interest rate to 3.5% and establish an additional reserve checking account for the interest savings, with all other terms of the note to remain the same. The terms for the reserve checking account state that once the balance reaches $75,000 - $125,000 the Organization can use additional funds for other items. On January 5, 2021, the Organization restructured their loan to lessen the burden caused by the COVID-19 pandemic. Effective February 1, 2021, the loan repayment is interest only payments for 24 months with an interest rate of 3.5%, the loan then converted to principal and interest payments beginning January 1, 2023 with the remaining balance re-amortized, with maturity on September 1, 2035. Interest rate on the loan will be 3.4% though August 31, 2029 and will then adjust to the current US Government 10-year Treasury rate plus 200 points until maturity. As of December 31, 2023, the balance of the bank designated cash was $99,273 and is included in Board Designated Cash on the Statement of Financial Position, the loan balance was $1,978,115 and the total interest amount paid on the loan in 2023 was $71,235.

On May 18, 2020, the Third Street Center entered into a loan with the Small Business Association (SBA) for $150,000. The loan matures in May 2050 and incurs interest at a rate of 2.75%, which began to accrue when the funds were advanced. Payments of principal and interest totaling $641 began being made monthly in June 2021. At December 31, 2023 the loan balance was $142,142 and the total interest amount paid on the loan in 2023 was $3,910.

Minimum payments on notes payable follow:

	Town of Carbondale Loan	Small Business Administration Loan	Total
2024	$ 56,038	$ 3,887	$ 59,925
2025	58,255	3,995	62,250
2026	60,357	4,106	64,463
2027	62,534	4,221	66,755
2028	64,616	4,338	80,669
Thereafter	1,676,315	119,595	1,795,910
Total	$ 1,978,115	$ 140,142	$ 2,118,257

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

At December 31, 2023, the Organization's board had designated $99,273 in net assets for corporate reserves. The corporate reserves are held in a bank designated account.

8. NET ASSETS WITH RESTRICTIONS

$76,891 of donations were restricted for the gym renovation, $2,056 were restricted for a Geo-Thermal Feasibility project, and $14,200 are new pledges. As of December 31, 2023 the net assets with restrictions were $93,147.

$24,729 in net assets were released from restrictions during the year ended December 31, 2023.

9. OPERATING LEASES

TOWN OF CARBONDALE

The Organization entered into a lease agreement with The Town of Carbondale as of October 31, 2008, to lease the former Carbondale Elementary School (CES) and to oversee the renovation of the old CES facility, including asbestos remediation. The Organization paid $49 for the full term of the lease. The term of the lease is 49 years beginning September 1, 2008 and will expire August 31, 2057. The market value of the long-term lease is not considered a bargain or below market value lease as the Organization provided capital improvements as required by the lease terms. All improvements revert to the Town of Carbondale upon termination of the lease. The Town of Carbondale is a related party as they are instrumental in the establishment and continued development of the Organization. As the primary business purpose of the Organization is to sub-lease space to nonprofit entities, the success of the Organization depends solely on the well-being of the leased property. The lease property was subjected to asbestos remediation, however not all materials were removable. The Organization has implemented an Asbestos Management Plan that is used by the property managers and all tenants. The Organization's management believes they are in compliance with state regulations.

SUBLEASES

The Organization provides long-term, affordable rental space to bring together nonprofit organizations, artists and small businesses. Each lease has a base rent rate of $9.75 per square foot with additional $6.30 per square foot for common area amenities, which includes wireless internet, copy and mail room access, a board meeting room, common room, kitchen, break room, display and gallery space, outdoor courtyard and amphitheater. The terms of the leases range from one to three years.

The Organization has lease agreements with Carbondale Chamber of Commerce and Valley Health Alliance, who are considered related parties as they are tenant representatives on the board of directors. Total sub-lease income received from Carbondale Chamber of Commerce in 2023 was $7,661. Total sub-lease income received from Valley Health Alliance in 2023 was $8,082.

EQUIPMENT LEASE

The Organization leases a copier. The lease period is March 2021 through February 2025.

Future minimum lease payments on equipment leases are as follows:

Year Ending December 31:		
2024	$	1,572
2025		262
	$	1,834

10. CERTAIN RISKS AND CONCENTRATIONS

ECONOMIC DEPENDENCY
Approximately 30% of contributions is from one donor. The donors' funds are restricted for the gym remodel.