



Healthier Colorado
The Fund for a Healthier Colorado
Healthier Colorado Small Donor Committee
Healthier Colorado Political Committee

Combined Financial Statements

Year Ended December 31, 2019

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HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Healthier Colorado
The Fund for a Healthier Colorado
Healthier Colorado Small Donor Committee
Healthier Colorado Political Committee
Denver, Colorado

We have audited the accompanying combined financial statements of Healthier Colorado, The Fund for a Healthier Colorado, Healthier Colorado Small Donor Committee, and Healthier Colorado Political Committee (jointly referred to as the "Organization"), which comprise the combined statement of financial position as of December 31, 2019 and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Healthier Colorado, The Fund for a Healthier Colorado, Healthier Colorado Small Donor Committee and Healthier Colorado Political Committee as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

September 23, 2020
Denver, Colorado

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**

**Combined Statement of Financial Position
December 31, 2019**

ASSETS

	Healthier Colorado	The Fund For A Healthier Colorado	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Eliminations	Combined Total
Assets						
Cash and cash equivalents	\$ 14,505	\$ 24,938	\$ 45,109	\$ 884	\$ -	\$ 85,436
Investments in marketable securities	10,444,765	-	-	-	-	10,444,765
Investment in LP	2,982,834	-	-	-	-	2,982,834
Grants and contributions receivable	235,250	150,000	-	-	-	385,250
Accounts receivable	-	26,638	-	-	-	26,638
Related party - receivables	120,329	-	-	-	(120,329)	-
Prepaid expenses	4,635	8,400	-	-	-	13,035
Construction-in-progress	-	33,457	-	-	-	33,457
Lease deposit	5,690	-	-	-	-	5,690
Total Assets	\$ 13,808,008	\$ 243,433	\$ 45,109	\$ 884	\$ (120,329)	\$ 13,977,105

LIABILITIES AND NET ASSETS

Liabilities						
Accounts payable	\$ 126,515	\$ 2,531	\$ -	\$ -	\$ -	\$ 129,046
Accrued payroll liabilities	45,159	-	-	-	-	45,159
Line of credit - Margin account	800,652	-	-	-	-	800,652
Related party - payables	-	119,908	-	421	(120,329)	-
Total Liabilities	972,326	122,439	-	421	(120,329)	974,857
Net Assets						
Net assets without donor restrictions	(212,357)	(244,576)	45,109	463	-	(411,361)
Net assets with donor restrictions	13,048,039	365,570	-	-	-	13,413,609
Total Net Assets	12,835,682	120,994	45,109	463	-	13,002,248
Total Liabilities and Net Assets	\$ 13,808,008	\$ 243,433	\$ 45,109	\$ 884	\$ (120,329)	\$ 13,977,105

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

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**

**Combined Statement of Activities
Year Ended December 31, 2019**

	Healthier Colorado	The Fund For A Healthier Colorado	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Eliminations	Combined Total
Change in Net Assets Without Donor Restrictions:						
Support and Revenues						
Contributions and grants	\$ 183,652	\$ 196,571	\$ 39,362	\$ 1,249	\$ -	\$ 420,834
Contract revenue	-	42,427	-	-	(6,276)	36,151
Net assets released from restrictions	1,300,000	213,962	-	-	-	1,513,962
Total Support and Revenues	<u>1,483,652</u>	<u>452,960</u>	<u>39,362</u>	<u>1,249</u>	<u>(6,276)</u>	<u>1,970,947</u>
Expenses						
Program Services						
Public policy and advocacy	1,094,138	422,383	600	-	(6,276)	1,510,845
Fiscal sponsorship	-	81,706	-	-	-	81,706
Total Program Services	<u>1,094,138</u>	<u>504,089</u>	<u>600</u>	<u>-</u>	<u>(6,276)</u>	<u>1,592,551</u>
Supporting Services						
Management and general	293,605	169,316	-	-	-	462,921
Fundraising	355,678	70,241	-	-	-	425,919
Total Supporting Services	<u>649,283</u>	<u>239,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>888,840</u>
Total Expenses	<u>1,743,421</u>	<u>743,646</u>	<u>600</u>	<u>-</u>	<u>(6,276)</u>	<u>2,481,391</u>
Change in Net Assets Without Donor Restrictions	<u>(259,769)</u>	<u>(290,686)</u>	<u>38,762</u>	<u>1,249</u>	<u>-</u>	<u>(510,444)</u>
Change in Net Assets With Donor Restrictions:						
Support and Revenues						
Contributions and grants	235,250	564,532	-	-	-	799,782
Equity in Income of LP investment	529,088	-	-	-	-	529,088
Investment income, net	991,551	-	-	-	-	991,551
Net assets released from restrictions	(1,300,000)	(213,962)	-	-	-	(1,513,962)
Total Support and Revenues	<u>455,889</u>	<u>350,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,459</u>
Change in Net Assets With Donor Restrictions	<u>455,889</u>	<u>350,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,459</u>
Change in Net Assets	<u>196,120</u>	<u>59,884</u>	<u>38,762</u>	<u>1,249</u>	<u>-</u>	<u>296,015</u>
Net Assets, Beginning of Year	<u>12,639,562</u>	<u>61,110</u>	<u>6,347</u>	<u>(786)</u>	<u>-</u>	<u>12,706,233</u>
Net Assets, End of Year	<u>\$ 12,835,682</u>	<u>\$ 120,994</u>	<u>\$ 45,109</u>	<u>\$ 463</u>	<u>\$ -</u>	<u>\$ 13,002,248</u>

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

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**

**Combined Statement of Functional Expenses
Year Ended December 31, 2019**

	Program Services						Supporting Services							Eliminations	Total 2019
	Healthier Colorado	The Fund For A Healthier Colorado	Fiscal Sponsorship - Chronic Care Collaborative	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Total Program	Management and General			Fundraising					
							Healthier Colorado	The Fund For A Healthier Colorado	Total Management and General	Healthier Colorado	The Fund For A Healthier Colorado	Total Fundraising			
Salaries	\$ 332,640	\$ 233,650	\$ -	\$ -	\$ -	\$ 566,290	\$ 87,243	\$ 76,787	\$ 164,030	\$ 247,845	\$ 41,377	\$ 289,222	\$ -	\$ 1,019,542	
Payroll taxes	35,521	5,892	-	-	-	41,413	9,316	1,936	11,252	26,466	1,043	27,509	-	80,174	
Employee benefits	60,719	11,816	-	-	-	72,535	15,925	3,883	19,808	45,240	2,092	47,332	-	139,675	
Total payroll related costs	428,880	251,358	-	-	-	680,238	112,484	82,606	195,090	319,551	44,512	364,063	-	1,239,391	
Professional services	335,443	88,986	70,935	-	-	495,364	61,597	28,618	90,215	19,355	1,958	21,313	(6,276)	600,616	
Advertising	171,280	22,802	335	-	-	194,417	79	3,175	3,254	9,582	-	9,582	-	207,253	
Travel, conferences, and meetings	34,388	39,154	1,086	-	-	74,628	8,684	23,392	32,076	2,340	22,996	25,336	-	132,040	
Rent and occupancy	17,521	-	-	-	-	17,521	85,596	-	85,596	-	-	-	-	103,117	
Contributions to campaigns and candidates	58,125	-	-	600	-	58,725	-	-	-	-	-	-	-	58,725	
Program and other costs	13,010	8,900	-	-	-	21,910	1,684	6,244	7,928	604	674	1,278	-	31,116	
Equipment and software	19,086	1,862	-	-	-	20,948	5,785	5,154	10,939	425	-	425	-	32,312	
Dues and subscriptions	2,134	6,198	2,676	-	-	11,008	2,929	14,356	17,285	458	45	503	-	28,796	
Supplies	5,972	1,271	3,728	-	-	10,971	1,553	3,264	4,817	120	56	176	-	15,964	
Printing	4,540	1,774	2,236	-	-	8,550	1,267	1,438	2,705	340	-	340	-	11,595	
Telephone and internet	3,527	-	710	-	-	4,237	5,007	291	5,298	1,981	-	1,981	-	11,516	
Office expenses	232	78	-	-	-	310	6,940	778	7,718	922	-	922	-	8,950	
Total Expenses	<u>\$ 1,094,138</u>	<u>\$ 422,383</u>	<u>\$ 81,706</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 1,598,827</u>	<u>\$ 293,605</u>	<u>\$ 169,316</u>	<u>\$ 462,921</u>	<u>\$ 355,678</u>	<u>\$ 70,241</u>	<u>\$ 425,919</u>	<u>\$ (6,276)</u>	<u>\$ 2,481,391</u>	

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

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**

**Combined Statement of Cash Flows
Year Ended December 31, 2019**

	Healthier Colorado	The Fund For A Healthier Colorado	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Eliminations	Combined Total
Cash Flows From Operating Activities						
Change in net assets	\$ 196,120	\$ 59,884	\$ 38,762	\$ 1,249	\$ -	\$ 296,015
Adjustments to reconcile change in net assets to net cash flows from operating activities:						
Investment income	(991,551)	-	-	-	-	(991,551)
Equity in income of LP investment	(529,088)	-	-	-	-	(529,088)
Changes in operating assets and liabilities:						
Grants and contributions receivable	(231,450)	(150,000)	-	-	-	(381,450)
Accounts receivable	-	(25,729)	-	-	-	(25,729)
Related party - receivables	(100,329)	-	-	-	100,329	-
Prepaid expenses	(4,235)	(8,400)	-	-	-	(12,635)
Lease deposit	(462)	-	-	-	-	(462)
Accounts payable	31,997	(2,131)	-	(800)	-	29,066
Related party - payables	-	99,908	-	421	(100,329)	-
Accrued payroll liabilities	2,914	-	-	-	-	2,914
Net cash flows from operating activities	<u>(1,626,084)</u>	<u>(26,468)</u>	<u>38,762</u>	<u>870</u>	<u>-</u>	<u>(1,612,920)</u>
Cash Flows From Investing Activities						
Purchases for construction-in-progress	-	(33,457)	-	-	-	(33,457)
Purchase of investments	(53,053,498)	-	-	-	-	(53,053,498)
Sale of investments	53,567,143	-	-	-	-	53,567,143
Net cash flows from investing activities	<u>513,645</u>	<u>(33,457)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,188</u>
Cash Flows From Financing Activities						
Advances on line of credit - margin account, net	800,652	-	-	-	-	800,652
Net Change in Cash and Cash Equivalents	(311,787)	(59,925)	38,762	870	-	(332,080)
Cash and Cash Equivalents, beginning of year	326,292	84,863	6,347	14	-	417,516
Cash and Cash Equivalents, end of year	<u>\$ 14,505</u>	<u>\$ 24,938</u>	<u>\$ 45,109</u>	<u>\$ 884</u>	<u>\$ -</u>	<u>\$ 85,436</u>

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

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**
Notes to Combined Financial Statements
December 31, 2019

1. Organization and Summary of Significant Accounting Policies

Organization

The combined financial statements include the activity of Healthier Colorado (HC), The Fund for a Healthier Colorado (TFHC), Healthier Colorado Small Donor Committee (SDC), and Healthier Colorado Political Committee (PC) (jointly referred to as the “Organization”), all of which are under common control. Healthier Colorado serves as the sole voting member of TFHC, SDC, and PC.

Healthier Colorado is a nonpartisan, nonprofit 501(c)(4) organization dedicated to raising the voices of Coloradans in the public policy process to improve the health of our state's residents. We believe that every Coloradan should have a fair chance at living a healthy life. The people of Colorado are our constituency, and Healthier Colorado aims to make meaningful improvements throughout our state's diverse communities.

The Fund for a Healthier Colorado is a nonpartisan, non-profit 501(c)(3) organization that seeks to advance policy that improves the health of our state's residents. We believe that every Coloradan should have a fair chance at living a healthy life. We engage Coloradans to create a path forward to this goal and educate our state's decision makers about action needed to improve our health.

Healthier Colorado Small Donor Committee is a political committee formed pursuant to the Colorado Constitution, Act. XXVIII, Section 2(14)(a), with the purpose of directly supporting candidates who have a demonstrated commitment to health issues.

Healthier Colorado Political Committee is a political committee formed pursuant to Colorado Constitution, Act. XXVIII, Section 2(12)(a), with the purpose of directly supporting candidates who have a demonstrated commitment to health issues.

Healthier Colorado Issue Committee, formed in September 2018, is a nonpartisan, nonprofit 501(c)(4) organization dedicated to raising the voices of Coloradans in the local public policy process to improve the health of local communities around the state. The organization is dedicated to the belief that Coloradans should be empowered to effect change in their own communities and Healthier Colorado Issue Committee exists to ensure that people have the tools they need to affect change in their own backyards. There has been no significant activity in this entity since its inception.

On March 3, 2020, the board of directors of The Fund for a Healthier Colorado filed articles of organization to form Colorado's Health Capitol LLC (LLC). The LLC was formed to serve as the named lessee on a master lease to establish “Colorado's Health Capitol,” which will be a new physical office environment located at 303 E. 17th Avenue in Denver, Colorado, that will be home to Healthier Colorado and other allied non-profit organizations. This LLC will also be the entity through which payments are received and expenses are paid in relation to Colorado's Health Capitol.

**HEALTHIER COLORADO
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Notes to Combined Financial Statements
December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Principles of Combination

The accompanying combined financial statements include the accounts of Healthier Colorado, The Fund for a Healthier Colorado, Healthier Colorado Small Donor Committee and Healthier Colorado Political Committee. All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the results of reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 restrictions.

Net assets with donor restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a 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.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the combined statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringes are allocated based on estimations of time and effort. Indirect costs such as occupancy and office related expenses have been allocated based upon that program or functions total salary cost percentage.

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
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HEALTHIER COLORADO POLITICAL COMMITTEE**
Notes to Combined Financial Statements
December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

Healthier Colorado and The Fund for a Healthier Colorado have received favorable determination letters from the Internal Revenue Service, stating that they are exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code (IRC), as organizations described in Section 501(c)(4) and 501(c)(3), respectively, except for income pertaining to unrelated business income. Healthier Colorado Small Donor Committee and Healthier Colorado Political Committee are political action committees exempt from federal taxes under Section 527 of the IRC.

The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain tax positions that require recognition in the combined financial statements and, as such, no provision for income taxes is reflected.

Credit Risk and Concentrations

Financial instruments, which potentially subject the Organization to credit risk, consist of cash, accounts receivable, and investments. Credit risk with respect to accounts receivable is spread among the county governments in Colorado that utilize the Organization's services and programs. Investments consist primarily of certificates of deposit, US treasury notes, and cash from high-quality financial institutions. Cash balances may occasionally exceed insured limits, but the Organization places its temporary cash investments with high-credit-quality financial institutions and has not suffered losses from this exposure

Cash and Cash Equivalents

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

Investments in Marketable Securities

Investments are recorded at fair values as determined in an active market. Realized and unrealized gains and losses are included in the accompanying combined statement of activities. Investment fees are netted with return.

Investment in LP

The Organization owns a 26.7% interest in a limited partnership hedge fund. The investments in the hedge fund are valued at fair value based on the applicable percentage of the underlying net assets as of December 31, 2019. The hedge fund values securities and other financial instruments at fair value. The estimated fair values of certain investments and other securities for which prices are not readily available, are determined by the sponsors of the hedge fund, and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

1. Organization and Summary of Significant Accounting Policies (continued)

Grants and Contributions Receivable

Contributions receivable are unconditional promises to give in future periods. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific account balances. Management has determined that all amounts were collectible as of December 31, 2019.

Accounts Receivable

Accounts receivable are uncollateralized amounts due primarily from contract agreements. Management continually evaluates the need for an allowance for uncollectible accounts. Management reviewed the receivable balances at December 31, 2019 and determined that an allowance was not necessary.

Property and Equipment

The Organization capitalizes the cost of all property and equipment expenditures in excess of \$1,000. Contributed property and equipment is recorded at fair value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of the respective asset.

At December 31, 2019, the Organization was in the process of improving certain leased property. Construction-in-progress relating to these improvements totaled \$33,457. Other than these improvements, the organization did not hold any property and equipment with an acquisition value greater than \$1,000 at December 31, 2019.

Contributions and Grants

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Grants (continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as refundable grant advances.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Donated Materials and Services

The Organization records the value of donated materials or services when there is an objective basis available to measure their value. The Organization recognized the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

A substantial number of volunteers have donated significant amounts of time to the Organization, some of which do not meet the criteria above.

Contract Revenue

Contract revenue is billed and due monthly. Revenues are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the services. Revenue is recognized at the time that the performance obligations are satisfied which occurs as the services are performed over time.

1. Organization and Summary of Significant Accounting Policies (continued)

Change in Accounting Policy

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 - Revenue From Contracts with Customers (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of January 1, 2019 and applied Topic 606 on a modified retrospective basis. The adoption of this guidance had no effect on the Organization's recognition of revenues from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and in determining whether a contribution transaction is conditional. The Organization adopted this guidance as of January 1, 2019, with no effect on its recognition of contributions and grants received.

New Accounting Pronouncements

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early implementation permitted. ASU 2016-02 must be applied modified retrospectively. The Organization is currently evaluating the impact of the provisions of ASU Topic 842.

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HEALTHIER COLORADO POLITICAL COMMITTEE**
Notes to Combined Financial Statements
December 31, 2019

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the combined statement of financial position date, comprise the following at December 31, 2019:

Cash and cash equivalents	\$ 85,436
Investments in marketable securities, net of margin account	9,644,113
Investment in LP	2,982,834
Grants and contributions receivable	385,250
Accounts receivable	<u>26,638</u>
Total financial assets	13,124,271
Less:	
Restricted contributions included in investments	<u>(11,651,564)</u>
Total financial assets available for general expenditure	<u>\$ 1,472,707</u>

The Organization receives a substantial amount of its support and revenues from investment income. Because investment income is unpredictable, financial assets may not be available for general expenditure within one year. In addition, because donor restrictions require funds be used in a particular manner or in future periods, the Organization must maintain resources to meet those donor imposed responsibilities. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. In the event of financial distress or an immediate liquidity need resulting from events outside of the ordinary, the Organization could seek approval from its funders to liquidate investments held to service donor imposed requirements.

3. Investments in Marketable Securities

At December 31, 2019, investments in marketable securities were comprised of the following:

Fixed income funds	\$ 8,000,100
Exchange-traded funds	1,774,970
Equity securities	<u>669,695</u>
Total investments	<u>\$ 10,444,765</u>

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3. Investments in Marketable Securities (continued)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the combining financial statements.

The Organization is allowed to trade on margin through its investment account. The margin account is secured with the investments held in the account. Interest on the margin account was 3.5% at December 31, 2019. The balance outstanding on the margin account totaled \$800,652, at December 31, 2019.

Investment and interest income related to the above investments consists of the following for the year ended December 31, 2019:

Interest and dividends	\$ 973,619
Realized and unrealized gains on investments, net	61,931
Investment fees	<u>(43,999)</u>
Total investment income, net	<u>\$ 991,551</u>

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2019:

	<u>Healthier Colorado</u>	<u>The Fund for a Healthier Colorado</u>	<u>Total</u>
<u>Subject to expenditure for specified purpose:</u>			
Colorado Health Foundation funding	\$15,000,000	\$ -	\$15,000,000
Net releases from the Colorado Health Foundation funding	(2,187,211)	-	(2,187,211)
Shared Space (Note 7)	-	157,498	157,498
Healthy Air and Water Colorado	-	58,072	58,072
<u>Subject to the passage of time:</u>			
Contributions receivable	<u>235,250</u>	<u>150,000</u>	<u>385,250</u>
Total Net Assets With Donor Restrictions	<u>\$13,048,039</u>	<u>\$ 365,570</u>	<u>\$13,413,609</u>

Net assets totaling \$1,300,000 and \$213,962, were released from net assets with donor restrictions for the year ending December 31, 2019 for Healthier Colorado and The Fund for a Healthier Colorado, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes.

5. Fair Value Measurements

The Organization utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. In general, the Organization determines fair values as follows:

Level 1 – Inputs utilizing quoted market prices in active markets.

Level 2 – Inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves.

Level 3 – Valued using unobservable inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. There were no changes in the valuation techniques used during the year.

Following is a description of the valuation methodologies used for assets measured at fair value:

Fixed income funds - valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Equity securities - valued based on the market value of the underlying assets which are based on quoted market prices.

Exchange-traded funds - valued using quotes from pricing vendors based on recent trading activity and other observable market data.

The carrying amount reported in the combining statement of financial position for cash and cash equivalents, receivables, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the combining statement of financial position.

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5. Fair Value Measurements (continued)

The following table presents the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ -	\$ 8,000,100	\$ -	\$ 8,000,100
Exchange-traded funds	1,774,970	-	-	1,774,970
Equity securities	669,695	-	-	669,695
Investment in LP	<u>10,444,765</u>	-	-	<u>10,444,765</u>
Total	<u>\$ 12,889,430</u>	<u>\$ 8,000,100</u>	<u>\$ -</u>	<u>\$ 20,889,530</u>

6. Retirement Plan

The Organization provides retirement benefits to its employees through a defined contribution plan covering eligible employees. During the year ended December 31, 2019, the Organization contributed \$79,748 to the plan.

7. Master Lease Agreement – Shared Space

On April 8, 2020, the Organization entered into a master lease agreement for office space under an operating lease agreement expiring in June 2031. The Organization will sublease space to other entities in order to bring together in one building organizations whose missions include health policy to increase collaboration, efficiency, and statewide impact.

Future minimum lease payments, net of expected sublease collections, are as follows;

Year Ending December 31,	Lease Payments	Sublease Collections	Net Obligation
2020	\$ -	\$ (88,600)	\$ (88,600)
2021	610,400	(369,800)	240,600
2022	826,100	(377,900)	448,200
2023	842,600	(378,800)	463,800
2024	859,400	(350,300)	509,100
Thereafter	<u>6,020,900</u>	<u>(2,278,900)</u>	<u>3,742,000</u>
Total	<u>\$ 9,159,400</u>	<u>\$ (3,844,300)</u>	<u>\$ 5,315,100</u>

7. Master Lease Agreement – Shared Space (continued)

The lease agreement provides for abatement during the first six months of the initial lease term. In addition, the lease agreement provides for a one-time tenant improvement allowance in the total amount of \$2,231,420 to help the Organization pay for the costs of design, permitting, and construction of leasehold improvements. During the year ended December 31, 2019, the Organization incurred \$33,457 of leasehold improvements which are recorded as Construction-in-Progress on the combining statement of financial position.

In December 2019, the Organization received a \$223,250 grant from The Colorado Health Foundation to help fund the shared space project.

8. Fiscal Sponsorship

In 2017, The Fund for a Healthier Colorado entered into a fiscal sponsorship agreement with Chronic Care Collaborative (CCC). Under the terms of the agreement TFHC agreed to act as the fiscal agent for CCC. The fiscal sponsorship agreement is subject to annual review and will terminate upon written notice by either party.

9. Subsequent Events

Management is required to evaluate, through the date the combined financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the combined financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's combined financial statements were available to be issued on September 23, 2020, and this is the date through which subsequent events were evaluated.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations. COVID-19 will impact various segments of the Organization's 2020 operations and financial results. Management believes that the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

In April 2020, the Organization received a loan under the Paycheck Protection Program of the CARES Act in the amount of \$87,575 at an interest rate of 1% maturing on April 1, 2022. This loan will be forgiven if the funding is used to pay for qualifying expenditures.