

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

Combined Financial Statements and Supplemental Information

Year Ended December 31, 2020



**HEALTHIER™
COLORADO**

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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, 2020, 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, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The additional consolidating statements presented on pages 19 through 22 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



Wipfli LLP

June 29, 2021
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, 2020**

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	\$ 213,582	\$ 99,304	\$ 14,925	\$ 575	\$ -	\$ 328,386
Investments in marketable securities	7,785,603	-	-	-	-	7,785,603
Investment in LP	3,758,498	-	-	-	-	3,758,498
Grants and contributions receivable	37,500	175,000	-	-	-	212,500
Accounts receivable	-	96,201	-	-	-	96,201
Tenant improvement allowance receivable	-	1,013,656	-	-	-	1,013,656
Related party - receivables	150,487	-	-	-	(150,487)	-
Prepaid expenses	3,863	8,692	-	-	-	12,555
Lease deposit	-	150,487	-	-	-	150,487
Furniture deposit	-	446,524	-	-	-	446,524
Construction-in-progress	-	1,607,170	-	-	-	1,607,170
Total Assets	\$ 11,949,533	\$ 3,597,034	\$ 14,925	\$ 575	\$ (150,487)	\$ 15,411,580

LIABILITIES AND NET ASSETS

Liabilities						
Accounts payable	\$ 37,163	\$ 177,846	\$ -	\$ -	\$ -	\$ 215,009
Accrued payroll liabilities	85,988	-	-	-	-	85,988
Line of credit - margin account	627,337	-	-	-	-	627,337
Paycheck Protection Program Loan	-	86,700	-	-	-	86,700
Related party - payables	-	150,487	-	-	(150,487)	-
Lease incentive obligation liability	-	2,231,420	-	-	-	2,231,420
Total Liabilities	750,488	2,646,453	-	-	(150,487)	3,246,454
Net Assets						
Without donor restrictions	834,604	688,704	14,925	575	-	1,538,808
With donor restrictions	10,364,441	261,877	-	-	-	10,626,318
Total Net Assets	11,199,045	950,581	14,925	575	-	12,165,126
Total Liabilities and Net Assets	\$ 11,949,533	\$ 3,597,034	\$ 14,925	\$ 575	\$ (150,487)	\$ 15,411,580

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, 2020

	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	\$ 167,473	\$ 830,192	\$ 59,759	\$ 1,112	\$ (424,115)	\$ 634,421
Building sponsorships	-	305,000	-	-	-	305,000
Contract revenue	-	33,255	-	-	-	33,255
Net assets released from restrictions	3,167,309	834,043	-	-	-	4,001,352
Total Support and Revenues	3,334,782	2,002,490	59,759	1,112	(424,115)	4,974,028
Expenses						
Program Services						
Public policy and advocacy	1,827,569	499,932	89,943	1,000	(424,115)	1,994,329
Fiscal sponsorship - Chronic Care Colorado	-	77,540	-	-	-	77,540
Healthy Air and Water Colorado	-	197,594	-	-	-	197,594
Building management services	-	100,362	-	-	-	100,362
Total Program Services	1,827,569	875,428	89,943	1,000	(424,115)	2,369,825
Supporting Services						
Management and general	258,152	97,155	-	-	-	355,307
Fundraising	202,100	96,627	-	-	-	298,727
Total Supporting Services	460,252	193,782	-	-	-	654,034
Total Expenses	2,287,821	1,069,210	89,943	1,000	(424,115)	3,023,859
Change in Net Assets Without Donor Restrictions	1,046,961	933,280	(30,184)	112	-	1,950,169
Change in Net Assets With Donor Restrictions:						
Support and Revenues						
Contributions and grants	37,500	730,350	-	-	-	767,850
Equity in Income of LP investment	775,664	-	-	-	-	775,664
Investment loss, net	(329,453)	-	-	-	-	(329,453)
Net assets released from restrictions	(3,167,309)	(834,043)	-	-	-	(4,001,352)
Total Support and Revenues	(2,683,598)	(103,693)	-	-	-	(2,787,291)
Change in Net Assets With Donor Restrictions	(2,683,598)	(103,693)	-	-	-	(2,787,291)
Change in Net Assets	(1,636,637)	829,587	(30,184)	112	-	(837,122)
Net Assets, Beginning of Year	12,835,682	120,994	45,109	463	-	13,002,248
Net Assets, End of Year	<u>\$ 11,199,045</u>	<u>\$ 950,581</u>	<u>\$ 14,925</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ 12,165,126</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, 2020

	Program Services					Supporting Services							Eliminations	Combined Total
						Management and General			Fundraising					
	Healthier Colorado	The Fund For A Healthier Colorado	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Total Program	Healthier Colorado	The Fund For A Healthier Colorado	Total Management and General	Healthier Colorado	The Fund For A Healthier Colorado	Total Fundraising			
Salaries	\$ 396,628	\$ 294,577	\$ -	\$ -	\$ 691,205	\$ 43,992	\$ 37,587	\$ 81,579	\$ 151,100	\$ 50,807	\$ 201,907	\$ -	\$ 974,691	
Employee benefits	50,618	38,473	-	-	89,091	5,614	4,909	10,523	19,283	6,636	25,919	-	125,533	
Payroll taxes	38,080	23,746	-	-	61,826	4,224	3,030	7,254	14,507	4,095	18,602	-	87,682	
Total payroll related costs	485,326	356,796	-	-	842,122	53,830	45,526	99,356	184,890	61,538	246,428	-	1,187,906	
Advertising	71,751	43,733	-	-	115,484	853	2,893	3,746	750	-	750	-	119,980	
Contributions to campaigns and candidates	610,000	-	89,943	1,000	700,943	100,000	-	100,000	-	-	-	-	800,943	
Dues and subscriptions	7,322	19,055	-	-	26,377	5,487	5,457	10,944	1,361	5,000	6,361	-	43,682	
Equipment and software	2,856	12,646	-	-	15,502	8,418	8,418	16,836	228	-	228	-	32,566	
Grant expense	424,115	7,500	-	-	431,615	-	-	-	-	-	-	(424,115)	7,500	
Office expenses	5	97	-	-	102	6,002	1,098	7,100	4,499	4	4,503	-	11,705	
Printing	3,147	8,248	-	-	11,395	208	940	1,148	2,306	-	2,306	-	14,849	
Professional services	210,664	376,682	-	-	587,346	43,752	23,976	67,728	5,500	30,036	35,536	-	690,610	
Program and other costs	75	10,983	-	-	11,058	663	663	1,326	531	-	531	-	12,915	
Rent and occupancy	-	28,385	-	-	28,385	28,459	924	29,383	-	44	44	-	57,812	
Supplies	3,466	996	-	-	4,462	1,147	1,124	2,271	456	-	456	-	7,189	
Telephone and internet	654	3,134	-	-	3,788	2,247	95	2,342	581	5	586	-	6,716	
Travel, conferences, and meetings	8,188	7,173	-	-	15,361	7,086	6,041	13,127	998	-	998	-	29,486	
Total Expenses	<u>\$ 1,827,569</u>	<u>\$ 875,428</u>	<u>\$ 89,943</u>	<u>\$ 1,000</u>	<u>\$ 2,793,940</u>	<u>\$ 258,152</u>	<u>\$ 97,155</u>	<u>\$ 355,307</u>	<u>\$ 202,100</u>	<u>\$ 96,627</u>	<u>\$ 298,727</u>	<u>\$ (424,115)</u>	<u>\$ 3,023,859</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, 2020**

	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	\$ (1,636,637)	\$ 829,587	\$ (30,184)	\$ 112	\$ -	\$ (837,122)
Adjustments to reconcile change in net assets to net cash flows from operating activities:						
Investment loss, net	329,453	-	-	-	-	329,453
Equity in income of LP investment	(775,664)	-	-	-	-	(775,664)
Changes in operating assets and liabilities:						
Grants and contributions receivable	197,750	(25,000)	-	-	-	172,750
Accounts receivable	-	(69,563)	-	-	-	(69,563)
Related party - receivables	(30,158)	-	-	-	30,158	-
Prepaid expenses	772	(292)	-	-	-	480
Lease deposit	5,690	(150,487)	-	-	-	(144,797)
Accounts payable	(89,352)	175,315	-	-	-	85,963
Related party - payables	-	30,579	-	(421)	(30,158)	-
Accrued payroll liabilities	40,829	-	-	-	-	40,829
Net cash flows from operating activities	<u>(1,957,317)</u>	<u>790,139</u>	<u>(30,184)</u>	<u>(309)</u>	<u>-</u>	<u>(1,197,671)</u>
Cash Flows From Investing Activities						
Purchases for construction-in-progress	-	(1,573,713)	-	-	-	(1,573,713)
Furniture deposit	-	(446,524)	-	-	-	(446,524)
Tenant improvement allowance receivable	-	(1,013,656)	-	-	-	(1,013,656)
Lease incentive obligation liability	-	2,231,420	-	-	-	2,231,420
Purchase of investments	(34,915,810)	-	-	-	-	(34,915,810)
Sale of investments	37,245,519	-	-	-	-	37,245,519
Net cash flows from investing activities	<u>2,329,709</u>	<u>(802,473)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,527,236</u>
Cash Flows From Financing Activities						
Proceeds from Paycheck Protection Program Loan	-	86,700	-	-	-	86,700
Payments on line of credit - margin account, net	(173,315)	-	-	-	-	(173,315)
Net cash flows from financing activities	<u>(173,315)</u>	<u>86,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,615)</u>
Net Change in Cash and Cash Equivalents	199,077	74,366	(30,184)	(309)	-	242,950
Cash and Cash Equivalents, Beginning of Year	14,505	24,938	45,109	884	-	85,436
Cash and Cash Equivalents, End of Year	<u>\$ 213,582</u>	<u>\$ 99,304</u>	<u>\$ 14,925</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ 328,386</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, 2020

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
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**
Notes to Combined Financial Statements
December 31, 2020

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 combined 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
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**
Notes to Combined Financial Statements
December 31, 2020

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 income 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 returns.

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, 2020. 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, 2020.

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, 2020, 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, 2020, the Organization was in the process of improving certain leased property. Construction-in-progress relating to these improvements totaled \$1,607,170. Other than these improvements, the organization did not hold any property and equipment with an acquisition value greater than \$1,000 at December 31, 2020.

At December 31, 2020, the Organization had a deposit in the amount of \$446,524 for furniture for the leased property.

Lease Deposit

The lease deposit consists of the security deposit on the leased property plus the first month's rent. The Organization moved into the leased property effective March 1, 2021.

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

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.

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.

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

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.

Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on June 29, 2021, and this is the date through which subsequent events were evaluated.

New Accounting Pronouncements

In 2016, the FASB issued Accounting Standards Update (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. The Organization is currently evaluating the impact of the provisions of ASU Topic 842.

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHIER COLORADO SMALL DONOR COMMITTEE
HEALTHIER COLORADO POLITICAL COMMITTEE**
Notes to Combined Financial Statements
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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, 2020:

Cash and cash equivalents	\$ 328,386
Investments in marketable securities, net of margin account	7,158,266
Investment in LP	3,758,498
Grants and contributions receivable	212,500
Accounts receivable	<u>96,201</u>
Total financial assets	11,553,851
Less:	
Restricted contributions included in investments	<u>(10,326,941)</u>
Total financial assets available for general expenditure	<u>\$ 1,226,910</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, 2020, investments in marketable securities were comprised of the following:

Fixed income funds	\$ 5,338,373
Exchange-traded funds	2,175,460
Equity securities	<u>271,770</u>
Total investments	<u>\$ 7,785,603</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 combined 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, 2020. The balance outstanding on the margin account totaled \$627,337, at December 31, 2020.

Investment and interest income related to the above investments consists of the following for the year ended December 31, 2020:

Interest and dividends	\$ 765,750
Realized and unrealized loss on investments, net	(1,061,507)
Investment fees	<u>(33,696)</u>
Total investment loss, net	<u>\$ (329,453)</u>

4. Paycheck Protection Program Loan

As of December 31, 2020, the Organization had an outstanding loan of \$86,700 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP), as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. Under the terms of the original loan agreement, the loan bears interest at a rate of 1%, with monthly payments of principal and interest commencing six months after funding and extending for a two-year term. If certain criteria are met, the SBA will forgive all or a portion of the loan.

Subsequent to executing the loan document, the Paycheck Protection Program Flexibility Act was signed into law which modified the terms of the PPP. The modification to the program also extended the deferral period for payments of principal and interest to the date the SBA remits the borrower's loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period (8 or 24 weeks).

While the Organization believes, based upon current information, all or substantially all of the loan and accrued interest will be forgiven under the program, under GAAP, any forgiveness is not recognized until a formal forgiveness determination is made by the SBA. The Organization applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven in March 2021.

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5. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2020:

	<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	(4,673,059)	-	(4,673,059)
Mental health	-	21,290	21,290
Public health programs	-	65,587	65,587
<u>Subject to the passage of time:</u>			
Contributions receivable	<u>37,500</u>	<u>175,000</u>	<u>212,500</u>
 Total Net Assets With Donor Restrictions	 <u>\$10,364,441</u>	 <u>\$ 216,877</u>	 <u>\$10,626,318</u>

Net assets totaling \$4,001,352 and \$834,043 were released from net assets with donor restrictions for the year ending December 31, 2020, for Healthier Colorado and The Fund for a Healthier Colorado, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes.

6. 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.

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6. Fair Value Measurements (continued)

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 combined 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 combined statement of financial position.

The following table presents the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2020:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ -	\$ 5,338,373	\$ -	\$ 5,338,373
Exchange-traded funds	2,175,460	-	-	2,175,460
Equity securities	271,770	-	-	271,770
Investment in LP	<u>3,758,498</u>	<u>-</u>	<u>-</u>	<u>3,758,498</u>
Total	<u>\$ 6,205,728</u>	<u>\$ 5,338,373</u>	<u>\$ -</u>	<u>\$11,544,101</u>

7. Retirement Plan

The Organization provides retirement benefits to its employees through a defined contribution plan covering eligible employees. During the year ended December 31, 2020, the Organization contributed \$66,486 to the plan.

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8. Master Lease Agreement – Shared Space

In April 2020, the Organization entered into a master lease agreement for office space under an operating lease agreement. The lease became effective March 1, 2021, the date of occupancy, and expires in November 2031. The Organization plans to 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.

The lease agreement includes provisions providing the Organization with a tenant improvement allowance of \$2,231,420. The allowance will be used to subsidize the costs of designing and constructing improvements to the property. As of December 31, 2020, the Organization has incurred construction costs of \$1,217,764, which have been applied against the tenant improvement allowance. As of December 31, 2020, \$1,013,656 is recorded as a tenant improvement allowance receivable on the combined statement of financial position.

In conjunction with recording the tenant improvement allowance, a lease incentive obligation liability in the amount of \$2,231,420 was recorded on the combined statement of financial position as of December 31, 2020. This lease incentive obligation liability will be amortized over the life of the lease to reduce rent expense beginning March 1, 2021.

As of December 31, 2020, the Organization has incurred \$1,607,170 of leasehold improvements which are recorded as Construction-in-Progress on the combined statement of financial position. As of December 31, 2020, the Organization has \$867,394 in construction commitments.

The Master Lease Agreement includes a Letter of Credit Rider that specifies if at any time during the initial sixty-six months of the lease term the average tangible net worth and liquidity of Healthier Colorado is less than \$6,000,000 over any three consecutive calendar month period, then, commencing on the date ten business days after the expiration of such three calendar month period, Healthier Colorado shall deliver to landlord a Letter of Credit in an amount ranging from \$300,000 to \$1,500,000, depending on the period of noncompliance as set forth in the Letter of Credit Rider schedule.

Future minimum lease payments, net of expected sublease collections and net of the lease incentive obligation liability amortization, are as follows:

Year ending December 31,	Lease Payments	Sublease Collections	Lease Incentive Obligation Liability Amortization	Net Obligation
2021	\$ 271,300	\$ (333,800)	\$ (172,980)	\$ (235,480)
2022	819,200	(430,300)	(207,576)	181,324
2023	835,600	(396,800)	(207,576)	231,224
2024	852,300	(360,300)	(207,576)	284,424
2025	869,400	(355,000)	(207,576)	306,824
Thereafter	<u>5,511,200</u>	<u>(2,084,300)</u>	<u>(1,228,136)</u>	<u>2,198,764</u>
Total	<u>\$ 9,159,000</u>	<u>\$ (3,960,500)</u>	<u>\$ (2,231,420)</u>	<u>\$ 2,967,080</u>

8. Master Lease Agreement – Shared Space (continued)

Sublease tenants were allowed to occupy the building effective March 1, 2021, and recruitment of sublease tenants is ongoing. Management expects further growth in sublease collections in 2021 and beyond, and projects that sublease collections will exceed lease payments in the near term.

9. 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.

10. Risks and Uncertainties

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 2021 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 are still developing.

SUPPLEMENTAL INFORMATION

**THE FUND FOR A HEALTHIER COLORADO
COLORADO'S HEALTH CAPITOL LLC**

**Consolidating Statement of Financial Position
December 31, 2020**

ASSETS

	The Fund For A Healthier Colorado	Colorado's Health Capitol LLC	Eliminations	Consolidated Total
Assets				
Cash and cash equivalents	\$ 88,204	\$ 11,100	\$ -	\$ 99,304
Grants and contributions receivable	175,000	-	-	175,000
Accounts receivable	96,201	-	-	96,201
Tenant improvement allowance receivable	-	1,013,656	-	1,013,656
Related party - receivables	493,610	-	(493,610)	-
Prepaid expenses	8,692	-	-	8,692
Lease deposit	-	150,487	-	150,487
Furniture deposit	-	446,524	-	446,524
Construction-in-progress	-	1,607,170	-	1,607,170
Total Assets	\$ 861,707	\$ 3,228,937	\$ (493,610)	\$ 3,597,034

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable	\$ 29,064	\$ 148,782	\$ -	\$ 177,846
Paycheck Protection Program Loan	86,700	-	-	86,700
Related party - payables	-	644,097	(493,610)	150,487
Lease incentive obligation liability	-	2,231,420	-	2,231,420
Total Liabilities	115,764	3,024,299	(493,610)	2,646,453
Net Assets				
Without donor restrictions	484,066	204,638	-	688,704
With donor restrictions	261,877	-	-	261,877
Total Net Assets	745,943	204,638	-	950,581
Total Liabilities and Net Assets	\$ 861,707	\$ 3,228,937	\$ (493,610)	\$ 3,597,034

See independent auditor's report.

**THE FUND FOR A HEALTHIER COLORADO
COLORADO'S HEALTH CAPITOL LLC**

**Consolidating Statement of Activities
Year Ended December 31, 2020**

	The Fund For A Healthier Colorado	Colorado's Health Capitol LLC	Eliminations	Consolidated Total
Change in Net Assets Without Donor Restrictions:				
Support and Revenues				
Contributions and grants	\$ 830,192	\$ -	\$ -	\$ 830,192
Building sponsorships	-	305,000	-	305,000
Contract revenue	51,775	-	(18,520)	33,255
Net assets released from restrictions	834,043	-	-	834,043
Total Support and Revenues	<u>1,716,010</u>	<u>305,000</u>	<u>(18,520)</u>	<u>2,002,490</u>
Expenses				
Program Services				
Public policy and advocacy	499,932	-	-	499,932
Fiscal sponsorship - Chronic Care Colorado	96,060	-	(18,520)	77,540
Healthy Air and Water Colorado	197,594	-	-	197,594
Building management services	-	100,362	-	100,362
Total Program Services	<u>793,586</u>	<u>100,362</u>	<u>(18,520)</u>	<u>875,428</u>
Supporting Services				
Management and general	97,155	-	-	97,155
Fundraising	96,627	-	-	96,627
Total Supporting Services	<u>193,782</u>	<u>-</u>	<u>-</u>	<u>193,782</u>
Total Expenses	<u>987,368</u>	<u>100,362</u>	<u>(18,520)</u>	<u>1,069,210</u>
Change in Net Assets Without Donor Restrictions	<u>728,642</u>	<u>204,638</u>	<u>-</u>	<u>933,280</u>
Change in Net Assets With Donor Restrictions:				
Support and Revenues				
Contributions and grants	730,350	-	-	730,350
Net assets released from restrictions	(834,043)	-	-	(834,043)
Total Support and Revenues	<u>(103,693)</u>	<u>-</u>	<u>-</u>	<u>(103,693)</u>
Change in Net Assets With Donor Restrictions	<u>(103,693)</u>	<u>-</u>	<u>-</u>	<u>(103,693)</u>
Change in Net Assets	624,949	204,638	-	829,587
Net Assets, Beginning of Year	<u>120,994</u>	<u>-</u>	<u>-</u>	<u>120,994</u>
Net Assets, End of Year	<u><u>\$ 745,943</u></u>	<u><u>\$ 204,638</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 950,581</u></u>

See independent auditor's report.

**THE FUND FOR A HEALTHIER COLORADO
FISCAL SPONSORSHIP - CHRONIC CARE COLLABORATIVE
FISCAL SPONSORSHIP - HEALTHY AIR AND WATER COLORADO
COLORADO'S HEALTH CAPITOL LLC**

**Consolidating Statement of Functional Expenses
Year Ended December 31, 2020**

	<u>Program Services</u>					<u>Supporting Services</u>				
	<u>The Fund For A Healthier Colorado</u>	<u>Fiscal Sponsorship - Chronic Care Collaborative</u>	<u>Healthy Air and Water Colorado</u>	<u>Colorado's Health Capitol LLC</u>	<u>Total Program</u>	<u>Management and General</u>		<u>Total Supporting Services</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
						<u>The Fund For A Healthier Colorado</u>	<u>The Fund For A Healthier Colorado</u>			
Salaries	\$ 219,205	\$ -	\$ 61,414	\$ 13,958	\$ 294,577	\$ 37,587	\$ 50,807	\$ 88,394	\$ -	\$ 382,971
Employee benefits	30,409	-	6,241	1,823	38,473	4,909	6,636	11,545	-	50,018
Payroll taxes	17,454	-	5,167	1,125	23,746	3,030	4,095	7,125	-	30,871
Total payroll related costs	267,068	-	72,822	16,906	356,796	45,526	61,538	107,064	-	463,860
Advertising	24,370	335	19,028	-	43,733	2,893	-	2,893	-	46,626
Dues and subscriptions	10,328	5,907	2,820	-	19,055	5,457	5,000	10,457	-	29,512
Equipment and software	7,518	-	128	5,000	12,646	8,418	-	8,418	-	21,064
Grant expense	-	7,500	-	-	7,500	-	-	-	-	7,500
Office expenses	-	-	40	57	97	1,098	4	1,102	-	1,199
Printing	2,449	5,758	41	-	8,248	940	-	940	-	9,188
Professional services	147,401	75,506	95,000	77,295	395,202	23,976	30,036	54,012	(18,520)	430,694
Program and other costs	5,325	-	5,658	-	10,983	663	-	663	-	11,646
Rent and occupancy	27,418	-	-	967	28,385	924	44	968	-	29,353
Supplies	111	718	130	37	996	1,124	-	1,124	-	2,120
Telephone and internet	2,834	200	-	100	3,134	95	5	100	-	3,234
Travel, conferences, and meetings	5,110	136	1,927	-	7,173	6,041	-	6,041	-	13,214
Total Expenses	\$ 499,932	\$ 96,060	\$ 197,594	\$ 100,362	\$ 893,948	\$ 97,155	\$ 96,627	\$ 193,782	\$ (18,520)	\$ 1,069,210

See independent auditor's report.

**THE FUND FOR A HEALTHIER COLORADO
COLORADO'S HEALTH CAPITOL LLC**

**Consolidating Statement of Cash Flows
Year Ended December 31, 2020**

	The Fund For A Healthier Colorado	Colorado's Health Capitol LLC	Eliminations	Consolidated Total
Cash Flows From Operating Activities				
Change in net assets	\$ 624,949	\$ 204,638	\$ -	\$ 829,587
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Transfer construction -n-progress to LLC	33,457	(33,457)	-	-
Changes in operating assets and liabilities:				
Grants and contributions receivable	(25,000)	-	-	(25,000)
Accounts receivable	(69,563)	-	-	(69,563)
Related party - receivables	(493,610)	-	493,610	-
Prepaid expenses	(292)	-	-	(292)
Lease deposit	-	(150,487)	-	(150,487)
Accounts payable	26,533	148,782	-	175,315
Related party - payables	(119,908)	644,097	(493,610)	30,579
Net cash flows from operating activities	<u>(23,434)</u>	<u>813,573</u>	<u>-</u>	<u>790,139</u>
Cash Flows From Investing Activities				
Purchases for construction-in-progress	-	(1,573,713)	-	(1,573,713)
Furniture deposit	-	(446,524)	-	(446,524)
Tenant improvement allowance receivable	-	(1,013,656)	-	(1,013,656)
Lease incentive obligation liability	-	2,231,420	-	2,231,420
Net cash flows from investing activities	<u>-</u>	<u>(802,473)</u>	<u>-</u>	<u>(802,473)</u>
Cash Flows From Financing Activities				
Proceeds from Paycheck Protection Program Loan	86,700	-	-	86,700
Net Change in Cash and Cash Equivalents	63,266	11,100	-	74,366
Cash and Cash Equivalents, Beginning of Year	24,938	-	-	24,938
Cash and Cash Equivalents, End of Year	<u>\$ 88,204</u>	<u>\$ 11,100</u>	<u>\$ -</u>	<u>\$ 99,304</u>

See independent auditor's report.