

Healthier Colorado
The Fund for a Healthier Colorado
Healthy Air and Water Colorado Action
Healthier Colorado Small Donor Committee
Healthier Colorado Political Committee

Combined Financial Statements and Supplemental Information
With Independent Auditor's Report

Year Ended December 31, 2021



**HEALTHIER™
COLORADO**

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHY AIR AND WATER COLORADO ACTION
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
Healthy Air and Water Colorado Action
Healthier Colorado Small Donor Committee
Healthier Colorado Political Committee
Denver, Colorado

Opinion

We have audited the combined financial statements of Healthier Colorado, The Fund for a Healthier Colorado, Healthy Air and Water Colorado Action, 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, 2021, 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.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of Healthier Colorado, The Fund for a Healthier Colorado, Healthy Air and Water Colorado Action, Healthier Colorado Small Donor Committee, and Healthier Colorado Political Committee as of December 31, 2021, and the combined 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Healthier Colorado, The Fund for a Healthier Colorado, Healthy Air and Water Colorado Action, Healthier Colorado Small Donor Committee, and Healthier Colorado Political Committee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgement made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

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 21 through 24 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
Wipfli LLP

August 8, 2022
Denver, Colorado

HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHY AIR AND WATER COLORADO ACTION
HEALTHIER COLORADO SMALL DONOR COMMITTEE
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Combined Statement of Financial Position
December 31, 2021

ASSETS

	Healthier Colorado	The Fund For A Healthier Colorado	Healthy Air and Water Colorado Action	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Eliminations	Combined Total
Assets							
Cash and cash equivalents	\$ 27,099	\$ 502,617	\$ 14,905	\$ 26,170	\$ 575	\$ -	\$ 571,366
Investments in marketable securities	8,035,621	-	-	-	-	-	8,035,621
Investment in LP	4,165,700	-	-	-	-	-	4,165,700
Grants and contributions receivable	-	52,500	-	-	-	-	52,500
Accounts receivable	500	26,378	-	-	-	-	26,878
Related party - receivables	205,996	70,000	39,746	-	-	(315,742)	-
Prepaid expenses	7,526	-	-	-	-	-	7,526
Lease deposit	13,193	111,109	-	-	-	(13,193)	111,109
Property and equipment, net	-	2,889,601	-	-	-	-	2,889,601
Total Assets	\$ 12,455,635	\$ 3,652,205	\$ 54,651	\$ 26,170	\$ 575	\$ (328,935)	\$ 15,860,301

LIABILITIES AND NET ASSETS

Liabilities							
Accounts payable	\$ 73,484	\$ 20,317	\$ -	\$ -	\$ -	\$ -	\$ 93,801
Accrued payroll liabilities	121,425	-	-	-	-	-	121,425
Tenant deposits	-	73,010	-	-	-	(13,193)	59,817
Rent payable	-	438,731	-	-	-	-	438,731
Line of credit - margin account	194,080	-	-	-	-	-	194,080
Related party - payables	109,746	205,996	-	-	-	(315,742)	-
Lease incentive obligation liability	-	2,058,440	-	-	-	-	2,058,440
Total Liabilities	498,735	2,796,494	-	-	-	(328,935)	2,966,294
Net Assets							
Without donor restrictions	(254,384)	457,959	-	26,170	575	-	230,320
With donor restrictions	12,211,284	397,752	54,651	-	-	-	12,663,687
Total Net Assets	11,956,900	855,711	54,651	26,170	575	-	12,894,007
Total Liabilities and Net Assets	\$ 12,455,635	\$ 3,652,205	\$ 54,651	\$ 26,170	\$ 575	\$ (328,935)	\$ 15,860,301

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

**HEALTHIER COLORADO
THE FUND FOR A HEALTHIER COLORADO
HEALTHY AIR AND WATER COLORADO ACTION
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HEALTHIER COLORADO POLITICAL COMMITTEE**

**Combined Statement of Activities
Year Ended December 31, 2021**

	Healthier Colorado	The Fund For A Healthier Colorado	Healthy Air and Water Colorado Action	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	\$ 138,350	\$ 773,373	\$ -	\$ 11,245	\$ -	\$ (211,536)	\$ 711,432
Paycheck Protection Program							
Loan forgiveness	-	86,700	-	-	-	-	86,700
Building sponsorships	-	124,495	-	-	-	-	124,495
Contract revenue	-	33,268	-	-	-	-	33,268
Net assets released from restrictions	605,441	440,078	110,349	-	-	-	1,155,868
Total Support and Revenues	743,791	1,457,914	110,349	11,245	-	(211,536)	2,111,763
Expenses							
Program Services							
Public policy and advocacy	1,320,526	665,303	110,349	-	-	(234,165)	1,862,013
Fiscal sponsorship - Chronic Care Colorado	-	162,232	-	-	-	-	162,232
Fiscal sponsorship - Blue Rising	-	44,723	-	-	-	-	44,723
Building management services	-	414,501	-	-	-	-	414,501
Total Program Services	1,320,526	1,286,759	110,349	-	-	(234,165)	2,483,469
Supporting Services							
Management and general	356,765	91,686	-	-	-	(9,812)	438,639
Fundraising	155,488	70,918	-	-	-	(2,164)	224,242
Total Supporting Services	512,253	162,604	-	-	-	(11,976)	662,881
Total Expenses	1,832,779	1,449,363	110,349	-	-	(246,141)	3,146,350
Change in Net Assets Without Donor Restrictions Before Other Activity	(1,088,988)	8,551	-	11,245	-	34,605	(1,034,587)
Other Activity							
Sublease expense, net of \$385,982 of sublease income	-	(239,296)	-	-	-	(34,605)	(273,901)
Change in Net Assets	(1,088,988)	(230,745)	-	11,245	-	-	(1,308,488)
Change in Net Assets With Donor Restrictions:							
Support and Revenues							
Contributions and grants	7,500	575,953	165,000	-	-	-	748,453
Equity in Income of LP investment	407,202	-	-	-	-	-	407,202
Investment income, net	2,037,582	-	-	-	-	-	2,037,582
Net assets released from restrictions	(605,441)	(440,078)	(110,349)	-	-	-	(1,155,868)
Total Support and Revenues	1,846,843	135,875	54,651	-	-	-	2,037,369
Change in Net Assets With Donor Restrictions	1,846,843	135,875	54,651	-	-	-	2,037,369
Change in Net Assets	757,855	(94,870)	54,651	11,245	-	-	728,881
Net Assets, Beginning of Year	11,199,045	950,581	-	14,925	575	-	12,165,126
Net Assets, End of Year	<u>\$ 11,956,900</u>	<u>\$ 855,711</u>	<u>\$ 54,651</u>	<u>\$ 26,170</u>	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ 12,894,007</u>

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Combined Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services						Supporting Services							Eliminations	Combined Total
							Management and General			Fundraising					
	Healthier Colorado	The Fund For A Healthier Colorado	Healthy Air and Water Colorado Action	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	\$ 630,369	\$ 286,124	\$ 7,862	\$ -	\$ -	\$ 924,355	\$ 58,331	\$ 25,434	\$ 83,765	\$ 41,937	\$ 38,222	\$ 80,159	\$ -	\$ 1,088,279	
Employee benefits	84,970	36,964	64	-	-	121,998	7,863	3,177	11,040	5,653	4,773	10,426	-	143,464	
Payroll taxes	49,349	23,039	60	-	-	72,448	4,566	2,055	6,621	3,282	3,088	6,370	-	85,439	
Total payroll related costs	764,688	346,127	7,986	-	-	1,118,801	70,760	30,666	101,426	50,872	46,083	96,955	-	1,317,182	
Advertising	217,776	227,738	51,455	-	-	496,969	2,409	414	2,823	-	-	-	-	499,792	
Contributions to campaigns and candidates	15,000	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	
Depreciation	-	244,220	-	-	-	244,220	-	-	-	-	-	-	-	244,220	
Dues and subscriptions	6,922	12,315	-	-	-	19,237	1,094	3,848	4,942	2,630	5,000	7,630	-	31,809	
Equipment and software	19,740	17,740	-	-	-	37,480	3,155	11,127	14,282	1,016	-	1,016	-	52,778	
Grant expense	10,000	40,000	-	-	-	50,000	211,536	-	211,536	-	-	-	(211,536)	50,000	
Office expenses	65	1,073	-	-	-	1,138	2,500	10,404	12,904	3,338	343	3,681	-	17,723	
Printing	1,527	6,245	-	-	-	7,772	448	454	902	538	-	538	-	9,212	
Professional services	206,031	320,338	50,898	-	-	577,267	21,592	9,924	31,516	46,611	10,800	57,411	-	666,194	
Program and other costs	27,671	17,946	-	-	-	45,617	2,540	2,540	5,080	4,628	8,692	13,320	-	64,017	
Rent and occupancy	26,951	5,195	-	-	-	32,146	11,686	1,520	13,206	45,242	-	45,242	(34,605)	55,989	
Supplies	13,043	35,879	-	-	-	48,922	1,953	8,844	10,797	432	-	432	-	60,151	
Telephone and internet	1,472	6,592	-	-	-	8,064	409	1,443	1,852	90	-	90	-	10,006	
Travel, conferences, and meetings	9,640	5,351	10	-	-	15,001	26,683	10,502	37,185	91	-	91	-	52,277	
Total Expenses	\$ 1,320,526	\$ 1,286,759	\$ 110,349	\$ -	\$ -	\$ 2,717,634	\$ 356,765	\$ 91,686	\$ 448,451	\$ 155,488	\$ 70,918	\$ 226,406	\$ (246,141)	\$ 3,146,350	

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

HEALTHIER COLORADO
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Combined Statement of Cash Flows
Year Ended December 31, 2021

	Healthier Colorado	The Fund For A Healthier Colorado	Healthy Air and Water Colorado Action	Healthier Colorado Small Donor Committee	Healthier Colorado Political Committee	Eliminations	Combined Total
Cash Flows From Operating Activities							
Change in net assets	\$ 757,855	\$ (94,870)	\$ 54,651	\$ 11,245	\$ -	\$ -	\$ 728,881
Adjustments to reconcile change in net assets to net cash flows from operating activities:							
Investment income, net	(2,037,582)	-	-	-	-	-	(2,037,582)
Equity in income of LP investment	(407,202)	-	-	-	-	-	(407,202)
Depreciation	-	244,220	-	-	-	-	244,220
Lease incentive obligation amortization	-	(172,980)	-	-	-	-	(172,980)
Paycheck Protection Program Loan forgiveness	-	(86,700)	-	-	-	-	(86,700)
Changes in operating assets and liabilities:							
Grants and contributions receivable	37,500	122,500	-	-	-	-	160,000
Accounts receivable	(56,009)	(177)	-	-	-	-	(56,186)
Related party - receivables	-	-	(39,746)	-	-	39,746	-
Prepaid expenses	(3,663)	8,692	-	-	-	-	5,029
Lease deposit	(13,193)	38,853	-	-	-	13,193	38,853
Accounts payable	106,321	(102,020)	-	-	-	-	4,301
Tenant deposits	-	73,535	-	-	-	(13,193)	60,342
Rent payable	-	438,731	-	-	-	-	438,731
Related party - payables	39,746	-	-	-	-	(39,746)	-
Accrued payroll liabilities	35,437	-	-	-	-	-	35,437
Net cash flows from operating activities	(1,540,790)	469,784	14,905	11,245	-	-	(1,044,856)
Cash Flows From Investing Activities							
Purchase of property and equipment	-	(1,080,127)	-	-	-	-	(1,080,127)
Tenant improvement allowance receivable	-	1,013,656	-	-	-	-	1,013,656
Purchase of investments	(11,532,322)	-	-	-	-	-	(11,532,322)
Sale of investments	13,319,886	-	-	-	-	-	13,319,886
Net cash flows from investing activities	1,787,564	(66,471)	-	-	-	-	1,721,093
Cash Flows From Financing Activities							
Payments on line of credit - margin account, net	(433,257)	-	-	-	-	-	(433,257)
Net cash flows from financing activities	(433,257)	-	-	-	-	-	(433,257)
Net Change in Cash and Cash Equivalents	(186,483)	403,313	14,905	11,245	-	-	242,980
Cash and Cash Equivalents, Beginning of Year	213,582	99,304	-	14,925	575	-	328,386
Cash and Cash Equivalents, End of Year	\$ 27,099	\$ 502,617	\$ 14,905	\$ 26,170	\$ 575	\$ -	\$ 571,366
NON-CASH FINANCING ACTIVITY:							
Forgiveness of Paycheck Protection Program Loan	\$ -	\$ 86,700	\$ -	\$ -	\$ -	\$ -	\$ 86,700

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

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Notes to Combined Financial Statements
December 31, 2021**

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), Healthy Air and Water Colorado Action (HAWCA), 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, HAWCA, 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 January 31, 2020, articles of incorporation were filed with the Colorado Secretary of State to form Healthy Air and Water Action. HAWCA is a nonpartisan, non-profit 501(c)(4) organization that advocates for public policy that focuses exclusively on the growing public health threats posed by climate change.

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Notes to Combined Financial Statements
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1. Organization and Summary of Significant Accounting Policies (continued)

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.

Principles of Combination

The accompanying combined financial statements include the accounts of Healthier Colorado, The Fund for a Healthier Colorado, Healthy Air and Water Colorado Action, 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 in the Preparation of Combined Financial Statements

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. The Organization had no donor funds held in perpetuity as of December 31, 2021.

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

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.

Income Taxes

Healthier Colorado, Healthy Air and Water Action 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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, and contributions receivable. The Organization places its cash and cash equivalents with high credit quality financial institutions. As of December 31, 2021 the Organization's uninsured cash balance totaled approximately \$331,000. The Organization has never experienced any losses related to these balances and does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

Credit risk with respect to receivables is limited due to the number and creditworthiness of the entities from which the amounts are due.

The Organization receives substantially all of its revenues from public support. A significant reduction in the level of such support, if it were to occur, may have an adverse effect on the Organization's programs and activities.

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.

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Notes to Combined Financial Statements
December 31, 2021

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

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 13.7% 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, 2021. 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.

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, 2021.

Accounts Receivable

Accounts receivable are uncollateralized amounts due primarily from contract agreements and tenants. Management continually evaluates the need for an allowance for uncollectible accounts. Management reviewed the receivable balances at December 31, 2021, and determined that an allowance was not necessary.

Property and Equipment

The Organization capitalizes the cost of all purchased property and equipment expenditures in excess of \$1,000 and useful life greater than 1 year. 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 7 year useful life of the respective asset. Leasehold improvements are depreciated over the remaining life of the lease.

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred.

Long-Lived Assets

The Organization reviews its long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time. No impairment loss was recognized during the year ended December 31, 2021.

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

Lease Deposit

The lease deposit consists of the security deposit on the leased property. The Organization moved into the leased property effective March 1, 2021.

Tenant Deposits

Tenant deposits consist of security deposits and prepaid rent payments. Rent payments collected prior to the period for which the rents are due are included in tenant deposits and recognized in the month to which the rents relate.

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 identification 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.

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

Contributions and Grants (continued)

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. The Organization received no grant awards considered to be exchange transactions for the year ended December 31, 2021.

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.

The contract agreements contain one performance obligation under a variable fee component, which is satisfied over time on a monthly basis. The transaction price for the variable fees is based on the approved rate in the agreement for the services performed during the month. Amounts are billed monthly for monthly services provided, with a December 31st cutoff of services provided, and payments being received 30 days from the invoice date. The Organization rarely has unsatisfied or partially unsatisfied performance obligations at year end as all monthly contracted services have been completed at the end of the year. There are no warranties, financing options, rebates, discounts, refunds, or concessions for additional consideration under Topic 606.

The key factor affecting the amount, timing, and uncertainty of the Organization's revenue is its concentration of revenue attributed to contributions and grants. Management does not believe that the Organization is exposed to any significant risk related to its concentration of revenues.

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

Contract Revenue (continued)

The Organization does not have any contract liabilities and does not have any contract-related assets outside of receivables. Contract assets consist of billed receivables, which is revenue that has been earned.

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 August 8, 2022, 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.

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2. Liquidity and Availability

Combined 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, 2021:

Cash and cash equivalents	\$ 571,366
Investments in marketable securities, net of margin account	7,841,541
Investment in LP	4,165,700
Grants and contributions receivable	52,500
Accounts receivable	<u>26,878</u>
Total combined financial assets	<u>12,657,985</u>
Less:	
Restricted contributions included in investments	(12,203,784)
Restricted program contributions included in current contributions and grants receivable	(52,500)
Restricted program contributions included in cash and cash equivalents	<u>(407,403)</u>
	<u>(12,663,687)</u>
Total combined financial assets available for general expenditure	<u>\$ (5,702)</u>

The Organization receives a substantial amount of its support and revenues from investment income. Because investment income is unpredictable, combined 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 combined 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. As of December 31, 2021, the Organization had a deficit balance in the combined financial assets available for general expenditure due to timing. The Organization does not feel that it is at risk, or exposed to any significant risks, based on its liquidity policy.

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3. Investments in Marketable Securities

At December 31, 2021, investments in marketable securities were comprised of the following:

Fixed income funds	\$ 6,913,729
Equity securities	1,000,302
Exchange-traded funds	<u>121,590</u>
Total investments	<u>\$ 8,035,621</u>

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 2.25% at December 31, 2021. The balance outstanding on the margin account totaled \$194,080, at December 31, 2021.

Investment and interest income related to the above investments consists of the following for the year ended December 31, 2021:

Interest and dividends	\$ 585,428
Realized and unrealized gains on investments, net	1,490,245
Investment fees	<u>(38,091)</u>
Total investment income, net	<u>\$ 2,037,582</u>

4. Property and Equipment

Property and equipment consist of the following as of December 31, 2021:

Leasehold improvements	\$ 2,694,764
Furniture	<u>439,057</u>
	3,133,821
Less: Accumulated depreciation	<u>(244,220)</u>
Property and equipment, net	<u>\$ 2,889,601</u>

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5. Paycheck Protection Program Loan

In March 2020, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small businesses cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. During 2020, the Organization applied for and received a PPP loan in the amount of \$86,700.

The Organization applied for full loan forgiveness and received forgiveness notification from the SBA that the loan was fully forgiven in March 2021, and thus the loan is recognized as income on the 2021 combined financial statements in accordance with ASC 470.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2021:

	<u>Healthier Colorado</u>	<u>The Fund For a Healthier Colorado</u>	<u>Healthy Air and Water Colorado Action</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	(2,796,216)	-	-	(2,796,216)
Dental therapy	7,500	149,713	-	157,213
Vaccines	-	120,193	-	120,193
Mental health	-	20,783	-	20,783
Public health programs	-	54,563	54,651	109,214
<u>Subject to the passage of time:</u>				
Contributions receivable	<u>-</u>	<u>52,500</u>	<u>-</u>	<u>52,500</u>
Total Net Assets With Donor Restrictions	<u>\$12,211,284</u>	<u>\$ 397,752</u>	<u>\$ 54,651</u>	<u>\$12,663,687</u>

Net assets totaling \$605,441, \$440,078, and \$110,349 were released from net assets with donor restrictions for the year ending December 31, 2021, for Healthier Colorado, The Fund for a Healthier Colorado and Healthy Air and Water Colorado Action, respectively, as a result of the Organization incurring expenditures satisfying the related restricted purposes or from the passage of time.

7. 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 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.

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7. 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, 2021:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Fixed income funds	\$ -	\$ 6,913,729	\$ -	\$ 6,913,729
Equity securities	1,000,302	-	-	1,000,302
Exchange-traded funds	121,590	-	-	121,590
Investment in LP	<u>4,165,700</u>	<u>-</u>	<u>-</u>	<u>4,165,700</u>
Total	<u>\$ 5,287,592</u>	<u>\$ 6,913,729</u>	<u>\$ -</u>	<u>\$ 12,201,321</u>

8. Retirement Plan

The Organization provides retirement benefits to its employees through a defined contribution plan covering eligible employees. All employees are eligible to participate in the plan beginning on their date of hire and the Organization contributes 8% of the employee's salary. There are no employee contributions to the plan. During the year ended December 31, 2021, the Organization contributed \$78,955 to the plan.

9. 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. Monthly payments under this lease are approximately \$67,800. The Organization subleases 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 Master Lease Agreement includes six months of "free" rent and annual rent increases. In accordance with GAAP, the Organization is recognizing rent expense on a straight-line basis over the term of the lease. As a result of the difference between the calculated straight-line lease expense and cash payments made under the agreement, the Organization has recorded rent payable of \$438,731 at December 31, 2021.

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, 2021, the Organization has incurred construction costs of \$2,231,420, which have been applied against the tenant improvement allowance.

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9. Master Lease Agreement – Shared Space (continued)

In conjunction with recording the tenant improvement allowance, a lease incentive obligation liability in the amount of \$2,058,440 was recorded on the combined statement of financial position as of December 31, 2021. The lease incentive obligation liability will be amortized over the life of the lease to reduce rent expense. For the year ended December 31, 2021, amortization expense was \$172,980.

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 <u>Payments</u>	Sublease <u>Collections</u>	Lease Incentive Obligation Liability <u>Amortization</u>	Net (Revenue) <u>Obligation</u>
2022	\$ 819,200	\$ (798,000)	\$ (207,576)	\$ (186,376)
2023	835,600	(752,500)	(207,576)	(124,476)
2024	852,300	(557,800)	(207,576)	86,924
2025	869,400	(439,300)	(207,576)	222,524
2026	886,800	(416,900)	(207,576)	262,324
Thereafter	<u>4,624,400</u>	<u>(1,859,700)</u>	<u>(1,020,560)</u>	<u>1,744,140</u>
Total	<u>\$ 8,887,700</u>	<u>\$ (4,824,200)</u>	<u>\$ (2,058,440)</u>	<u>\$ 2,005,060</u>

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 2022 and beyond, and projects that sublease collections will exceed lease payments in the near term. There are approximately 28 sublease tenants with lease terms ranging from one to ten years and monthly payments ranging from \$220 to \$16,695.

10. Fiscal Sponsorships

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.

In 2021, The Fund for a Healthier Colorado entered into a fiscal sponsorship agreement with Blue Rising (BR). Under the terms of the agreement TFHC agreed to act as the fiscal agent for BR. The fiscal sponsorship agreement is subject to annual review and will terminate upon written notice by either party.

11. 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 2022 combined 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, 2021**

ASSETS

	The Fund For A Healthier Colorado	Colorado's Health Capitol LLC	Eliminations	Consolidated Total
Assets				
Cash and cash equivalents	\$ 389,572	\$ 113,045	\$ -	\$ 502,617
Grants and contributions receivable	52,500	-	-	52,500
Accounts receivable	-	26,378	-	26,378
Related party - receivables	768,957	-	(698,957)	70,000
Lease deposit	525	111,109	(525)	111,109
Property and equipment, net	-	2,889,601	-	2,889,601
Total Assets	\$ 1,211,554	\$ 3,140,133	\$ (699,482)	\$ 3,652,205

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable	\$ 14,233	\$ 6,084	\$ -	\$ 20,317
Tenant deposits	-	73,535	(525)	73,010
Related party - payables	55,509	849,444	(698,957)	205,996
Rent payable	-	438,731	-	438,731
Lease incentive obligation liability	-	2,058,440	-	2,058,440
Total Liabilities	69,742	3,426,234	(699,482)	2,796,494
Net Assets				
Without donor restrictions	744,060	(286,101)	-	457,959
With donor restrictions	397,752	-	-	397,752
Total Net Assets	1,141,812	(286,101)	-	855,711
Total Liabilities and Net Assets	\$ 1,211,554	\$ 3,140,133	\$ (699,482)	\$ 3,652,205

See independent auditor's report.

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

**Consolidating Statement of Activities
Year Ended December 31, 2021**

	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	\$ 773,373	\$ -	\$ -	\$ 773,373
Paycheck Protection Program				
Loan forgiveness	86,700	-	-	86,700
Building sponsorships	-	124,495	-	124,495
Contract revenue	49,591	-	(16,323)	33,268
Net assets released from restrictions	440,078	-	-	440,078
Total Support and Revenues	<u>1,349,742</u>	<u>124,495</u>	<u>(16,323)</u>	<u>1,457,914</u>
Expenses				
Program Services				
Public policy and advocacy	692,711	-	(27,408)	665,303
Fiscal sponsorship - Chronic Care Colorado	181,523	-	(19,291)	162,232
Fiscal sponsorship - Blue Rising	44,723	-	-	44,723
Building management services	-	414,501	-	414,501
Total Program Services	<u>918,957</u>	<u>414,501</u>	<u>(46,699)</u>	<u>1,286,759</u>
Supporting Services				
Management and general	99,873	-	(8,187)	91,686
Fundraising	70,918	-	-	70,918
Total Supporting Services	<u>170,791</u>	<u>-</u>	<u>(8,187)</u>	<u>162,604</u>
Total Expenses	<u>1,089,748</u>	<u>414,501</u>	<u>(54,886)</u>	<u>1,449,363</u>
Change in Net Assets Without Donor Restrictions Before Other Activity	259,994	(290,006)	38,563	8,551
Other Activity				
Sublease expense, net of \$385,982 of sublease income	-	(200,733)	(38,563)	(239,296)
Change in Net Assets	<u>259,994</u>	<u>(490,739)</u>	<u>-</u>	<u>(230,745)</u>
Change in Net Assets With Donor Restrictions:				
Support and Revenues				
Contributions and grants	575,953	-	-	575,953
Net assets released from restrictions	(440,078)	-	-	(440,078)
Total Support and Revenues	<u>135,875</u>	<u>-</u>	<u>-</u>	<u>135,875</u>
Change in Net Assets With Donor Restrictions	<u>135,875</u>	<u>-</u>	<u>-</u>	<u>135,875</u>
Change in Net Assets	395,869	(490,739)	-	(94,870)
Net Assets, Beginning of Year	745,943	204,638	-	950,581
Net Assets, End of Year	<u>\$ 1,141,812</u>	<u>\$ (286,101)</u>	<u>\$ -</u>	<u>\$ 855,711</u>

See independent auditor's report.

**THE FUND FOR A HEALTHIER COLORADO
FISCAL SPONSORSHIP - CHRONIC CARE COLLABORATIVE
FISCAL SPONSORSHIP - BLUE RISING
COLORADO'S HEALTH CAPITOL LLC**

**Consolidating Statement of Functional Expenses
Year Ended December 31, 2021**

	<u>Program Services</u>					<u>Supporting Services</u>				
	<u>The Fund For A Healthier Colorado</u>	<u>Fiscal Sponsorship - Chronic Care Collaborative</u>	<u>Fiscal Sponsorship - Blue Rising</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	\$ 224,186	\$ -	\$ -	\$ 61,938	\$ 286,124	\$ 25,434	\$ 38,222	\$ 63,656	\$ -	\$ 349,780
Employee benefits	28,001	-	-	8,963	36,964	3,177	4,773	7,950	-	44,914
Payroll taxes	18,109	-	-	4,930	23,039	2,055	3,088	5,143	-	28,182
Total payroll related costs	270,296	-	-	75,831	346,127	30,666	46,083	76,749	-	422,876
Advertising	226,543	-	-	1,195	227,738	414	-	414	-	228,152
Depreciation	-	-	-	244,220	244,220	-	-	-	-	244,220
Dues and subscriptions	3,284	7,775	-	1,256	12,315	3,848	5,000	8,848	-	21,163
Equipment and software	1,730	-	-	16,010	17,740	11,127	-	11,127	-	28,867
Grant expense	20,000	20,000	-	-	40,000	-	-	-	-	40,000
Office expenses	58	-	600	415	1,073	10,404	343	10,747	-	11,820
Printing	1,710	4,535	-	-	6,245	454	-	454	-	6,699
Professional services	115,284	144,087	44,123	33,167	336,661	9,924	10,800	20,724	(16,323)	341,062
Program and other costs	17,946	-	-	-	17,946	2,540	8,692	11,232	-	29,178
Rent and occupancy	32,497	3,074	-	-	35,571	9,707	-	9,707	(38,563)	6,715
Supplies	8	953	-	34,918	35,879	8,844	-	8,844	-	44,723
Telephone and internet	110	-	-	6,482	6,592	1,443	-	1,443	-	8,035
Travel, conferences, and meetings	3,245	1,099	-	1,007	5,351	10,502	-	10,502	-	15,853
Total Expenses	<u>\$ 692,711</u>	<u>\$ 181,523</u>	<u>\$ 44,723</u>	<u>\$ 414,501</u>	<u>\$ 1,333,458</u>	<u>\$ 99,873</u>	<u>\$ 70,918</u>	<u>\$ 170,791</u>	<u>\$ (54,886)</u>	<u>\$ 1,449,363</u>

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, 2021**

	The Fund For A Healthier Colorado	Colorado's Health Capitol LLC	Eliminations	Consolidated Total
Cash Flows From Operating Activities				
Change in net assets	\$ 395,869	\$ (490,739)	\$ -	\$ (94,870)
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation	-	244,220	-	244,220
Lease incentive obligation amortization	-	(172,980)	-	(172,980)
Paycheck Protection Program Loan forgiveness	(86,700)	-	-	(86,700)
Changes in operating assets and liabilities:				
Grants and contributions receivable	122,500	-	-	122,500
Accounts receivable	26,201	(26,378)	-	(177)
Related party - receivables	(205,347)	-	205,347	-
Prepaid expenses	8,692	-	-	8,692
Lease deposit	(525)	39,378	-	38,853
Accounts payable	40,678	(142,698)	-	(102,020)
Tenant deposits	-	73,535	-	73,535
Rent payable	-	438,731	-	438,731
Related party - payables	-	205,347	(205,347)	-
Net cash flows from operating activities	<u>301,368</u>	<u>168,416</u>	<u>-</u>	<u>469,784</u>
Cash Flows From Investing Activities				
Purchase of property and equipment	-	(1,080,127)	-	(1,080,127)
Tenant improvement allowance receivable	-	1,013,656	-	1,013,656
Net cash flows from investing activities	<u>-</u>	<u>(66,471)</u>	<u>-</u>	<u>(66,471)</u>
Net Change in Cash and Cash Equivalents	301,368	101,945	-	403,313
Cash and Cash Equivalents, Beginning of Year	88,204	11,100	-	99,304
Cash and Cash Equivalents, End of Year	<u>\$ 389,572</u>	<u>\$ 113,045</u>	<u>\$ -</u>	<u>\$ 502,617</u>
NON-CASH FINANCING ACTIVITY:				
Forgiveness of Paycheck Protection Program Loan	<u>\$ 86,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,700</u>

See independent auditor's report.