

HEALTHIER COLORADO
FINANCIAL STATEMENTS
December 31, 2015 and 2014

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**JOHN CUTLER
& ASSOCIATES**

Board of Directors
Healthier Colorado
Denver, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of Healthier Colorado, which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Healthier Colorado as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

John Cutler & Associates, LLC

May 11, 2016

HEALTHIER COLORADO

STATEMENT OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Restricted Cash and Cash Equivalents	\$ 3,938,143	\$ 3,759,589
Restricted Investments	10,578,323	6,282,035
Accounts Receivable	59,578	-
Notes Receivable	20,000	-
Lease Deposit	2,850	1,860
	<u>2,850</u>	<u>1,860</u>
TOTAL ASSETS	<u>\$ 14,598,894</u>	<u>\$ 10,043,484</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 9,616	\$ 29,254
	<u>9,616</u>	<u>29,254</u>
TOTAL LIABILITIES	<u>9,616</u>	<u>29,254</u>
NET ASSETS		
Unrestricted	536	536
Temporarily Restricted	-	25,750
Permanently Restricted	14,588,742	9,987,944
Total Net Assets	<u>14,589,278</u>	<u>10,014,230</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,598,894</u>	<u>\$ 10,043,484</u>

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

HEALTHIER COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support				
Foundations	\$ -	\$ -	5,000,000	\$ 5,000,000
Grants and Contribution	7,180			7,180
Investment Income	175,866	-	-	175,866
Unrealized and Realized Gains and Losses	-	-	(101,810)	(101,810)
Other Income	59,579	-	-	59,579
Released from Restriction	323,142	(25,750)	(297,392)	-
	<u>565,767</u>	<u>(25,750)</u>	<u>4,600,798</u>	<u>\$ 5,140,815</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT				
EXPENSES				
Program Services				
Policy, Advocacy and Strategic Engagement	386,096	-	-	386,096
	<u>386,096</u>	<u>-</u>	<u>-</u>	<u>386,096</u>
Supporting Services				
Management and General	135,668	-	-	135,668
Fund Raising	44,003	-	-	44,003
	<u>179,671</u>	<u>-</u>	<u>-</u>	<u>179,671</u>
TOTAL EXPENSES	<u>565,767</u>	<u>-</u>	<u>-</u>	<u>565,767</u>
CHANGE IN NET ASSETS	-	(25,750)	4,600,798	4,575,048
NET ASSETS, Beginning	<u>536</u>	<u>25,750</u>	<u>9,987,944</u>	<u>10,014,230</u>
NET ASSETS, Ending	<u>\$ 536</u>	<u>\$ -</u>	<u>\$ 14,588,742</u>	<u>\$ 14,589,278</u>

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

HEALTHIER COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support				
Foundations	\$ -	\$ 33,750	5,000,000	\$ 5,033,750
Investment Income	89,617	-	-	89,617
Unrealized Gains and Losses	-	-	119,599	119,599
Released from Restriction	139,655	(8,000)	(131,655)	-
	<u>229,272</u>	<u>25,750</u>	<u>4,987,944</u>	<u>\$ 5,242,966</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT				
EXPENSES				
Program Services				
Policy, Advocacy and Strategic Engagement	29,150	-	-	29,150
	<u>29,150</u>	<u>-</u>	<u>-</u>	<u>29,150</u>
Supporting Services				
Management and General	200,122	-	-	200,122
	<u>200,122</u>	<u>-</u>	<u>-</u>	<u>200,122</u>
TOTAL EXPENSES	<u>229,272</u>	<u>-</u>	<u>-</u>	<u>229,272</u>
CHANGE IN NET ASSETS	-	25,750	4,987,944	5,013,694
NET ASSETS, Beginning	536	-	5,000,000	5,000,536
NET ASSETS, Ending	<u>\$ 536</u>	<u>\$ 25,750</u>	<u>\$ 9,987,944</u>	<u>\$ 10,014,230</u>

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

HEALTHIER COLORADO

STATEMENT OF CASH FLOWS
Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,575,048	\$ 5,013,694
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
Unrealized and Realized (Gain) Loss on Investments	101,810	(119,599)
Changes in Assets and Liabilities		
Security Deposit	(990)	(1,860)
Accounts Receivable	(59,578)	-
Notes Receivable	(20,000)	-
Accounts Payable	(19,638)	29,254
	<u>4,576,652</u>	<u>4,921,489</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(17,149,834)	(5,968,937)
Sale of Investments	12,575,870	134,061
Investment Income	175,866	89,617
Net Cash Used by Investing Activities	<u>(4,398,098)</u>	<u>(5,745,259)</u>
NET INCREASE (DECREASE) IN CASH	178,554	(823,770)
CASH, Beginning	<u>3,759,589</u>	<u>4,583,359</u>
CASH, Ending	<u>\$ 3,938,143</u>	<u>\$ 3,759,589</u>

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

HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Healthier Colorado is a nonpartisan, 501c(4) nonprofit organization dedicated to ensuring that the voices of all Coloradans are heard by our public officials on issues concerning health. We believe every Coloradan should have access to the basic elements of healthy living, including nutritious food, physical activity, disease management tools, and affordable, high quality healthcare coverage. Public policy plays a fundamental role in empowering our state’s residents to make informed, healthy choices and we therefore seek to articulate the interests of Coloradans in the public policy process by directly advocating for change with elected officials. In July 2015, the Organization established a separate entity, The Fund for a Healthier Colorado, a 501c(3) organization. As of December 31, 2015 this the Fund owed the Organization \$20,000.

Basis of Reporting – Healthier Colorado’s financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – Healthier Colorado reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted, and permanently restricted.

Concentration of Credit Risk – Healthier Colorado maintains several bank accounts at one institution. A portion of the Organization’s cash balances are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. Although at times the balance in these accounts may exceed the federally insured limit, Healthier Colorado has never experienced any losses. The Organization’s cash and investment balances are explained in Note 2.

Cash and Cash Equivalents – For the financial statement purposes, Healthier Colorado considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – Healthier Colorado is recognized as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes.

Estimates – Preparation of Healthier Colorado’s financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and Investments consisted of the following as of December 31, 2015:

Cash and Cash Equivalents	\$ 3,938,143
Marketable Securities	<u>10,578,323</u>
Total	<u>\$14,516,466</u>

Cash and Investments consisted of the following as of December 31, 2014:

Cash and Cash Equivalents	\$ 3,759,589
iShares	1,893,939
Barclay	<u>4,388,096</u>
Total	<u>\$ 10,041,624</u>

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 2: *CASH AND INVESTMENTS* (Continued)

Restricted Cash and Investments

At December 31, 2015 and 2014, cash and investments in the amount of \$14,516,466 and \$10,041,624, respectively, from the Colorado Health Foundation (CHF) have been permanently restricted by CHF under the terms of the grant agreement.

NOTE 3: *TEMPORARILY RESTRICTED NET ASSETS*

The Organization's temporarily restricted consist of grant funds received from The Colorado Health Foundation.

NOTE 4: *PERMANENTLY RESTRICTED NET ASSETS*

The Organization's permanently restricted net assets consist of grants funds received from The Colorado Health Foundation (CHF). Under the terms of the agreement the Organization is to create and maintain a corpus that should be invested to last for perpetuity. The Organization may make expenditures from the corpus upon affirmative vote of a supermajority of all of the members of Healthier Colorado's Board of Directors.

NOTE 5: *NET ASSETS RELEASED FROM RESTRICTIONS*

During the year ended December 31, 2015, temporarily restricted net assets of \$25,750 and permanently restricted assets of \$297,392 were released from restriction because of the satisfaction of the donor requirements.

During the year ended December 31, 2014, temporarily restricted net assets of \$8,000 and permanently restricted assets of \$131,655 were released from restriction because of the satisfaction of the donor requirements.

NOTE 6: *RETIREMENT PLAN*

The Organization provides retirement benefits to its employees through a defined contribution plan covering all employees. The Organization matches the employees' contributions limited to 3% of gross wages. Contributions by the Organization to the plan during the years ended December 31, 2015 and 2014 were \$23,500 and \$9,750, respectively.

NOTE 7: *SUBSEQUENT EVENTS*

Potential subsequent events were considered through May 11, 2016. It was determined that no events were required to be disclosed through this date.