HEALTHIER COLORADO

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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

April 11, 2018

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HEALTHIER COLORADO

STATEMENT OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Restricted Cash and Cash Equivalents	$ 94,472	$ 512,908
Restricted Investments	15,290,429	13,719,915
Accounts Receivable	90,965	50,279
Notes Receivable	20,000	20,000
Prepaid Expenses	400	-
Lease Deposit	4,388	2,850
TOTAL ASSETS	$ 15,500,654	$ 14,305,952
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 30,305	$ 34,669
Other Liabilities	37,217	20,850
TOTAL LIABILITIES	67,522	55,519
NET ASSETS		
Unrestricted	28,339	691
Permanently Restricted	15,404,793	14,249,742
Total Net Assets	15,433,132	14,250,433
TOTAL LIABILITIES AND NET ASSETS	$ 15,500,654	$ 14,305,952

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

HEALTHIER COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

	Unrestricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Foundations	$ 29,310	-	$ 29,310
Investment Income	662,592	-	662,592
Unrealized Gains and Losses	-	1,946,051	1,946,051
Other Income	234,388	-	234,388
Released from Restriction	791,000	(791,000)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,717,290	1,155,051	$ 2,872,341
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	1,130,583	-	1,130,583
Total Program Services	1,130,583	-	1,130,583
Supporting Services			
Management and General	379,565	-	379,565
Total Supporting Services	379,565	-	379,565
Fundraising Services			
Fundraising	179,494	-	179,494
Total Fundraising Services	179,494	-	179,494
TOTAL EXPENSES	1,689,642	-	1,689,642
CHANGE IN NET ASSETS	27,648	1,155,051	1,182,699
NET ASSETS, Beginning	691	14,249,742	14,250,433
NET ASSETS, Ending	$ 28,339	$ 15,404,793	$ 15,433,132

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

HEALTHIER COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	Unrestricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Foundations	$ 639,771	-	$ 639,771
Investment Income	398,535	-	398,535
Unrealized Gains and Losses	-	387,499	387,499
Other Income	154,576	-	154,576
Released from Restriction	726,499	(726,499)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,919,381	(339,000)	$ 1,580,381
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	1,481,631	-	1,481,631
Total Program Services	1,481,631	-	1,481,631
Supporting Services			
Management and General	341,449	-	341,449
Total Supporting Services	341,449	-	341,449
Fundraising Services			
Fundraising	96,146	-	96,146
Total Fundraising Services	96,146	-	96,146
TOTAL EXPENSES	1,919,226	-	1,919,226
CHANGE IN NET ASSETS	155	(339,000)	(338,845)
NET ASSETS, Beginning	536	14,588,742	14,589,278
NET ASSETS, Ending	$ 691	$ 14,249,742	$ 14,250,433

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

HEALTHIER COLORADO

STATEMENT OF CASH FLOWS
Year Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,182,699	$ (338,845)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Used by Operating Activities		
Unrealized and Realized (Gain) Loss on Investments	(1,946,051)	(387,499)
Changes in Assets and Liabilities		
Security Deposit	(1,538)	-
Prepaid Expenses	(400)	-
Accounts Receivable	(40,686)	9,299
Notes Receivable	-	-
Other Liabilities	16,367	20,850
Accounts Payable	(4,364)	25,053
Net Cash Provided (Used) by Operating Activities	(793,973)	(671,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(30,831,568)	(18,938,417)
Sale of Investments	30,544,513	15,785,789
Investment Income	662,592	398,535
Net Cash Used by Investing Activities	375,537	(2,754,093)
NET INCREASE (DECREASE) IN CASH	(418,436)	(3,425,235)
CASH, Beginning	512,908	3,938,143
CASH, Ending	$ 94,472	$ 512,908

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – 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.

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.

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, 2017:

Cash and Cash Equivalents	$ 94,472
Marketable Securities	15,290,429
Total	**$ 15,384,901**

Cash and Investments consisted of the following as of December 31, 2016:

Cash and Cash Equivalents	$ 512,908
Marketable Securities	13,719,915
Total	**$ 14,232,823**

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 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.

NOTE 2: ***CASH AND INVESTMENTS*** (Continued)

Restricted Cash and Investments

At December 31, 2017 and 2016, cash and investments in the amount of $15,384,901 and $14,232,823, respectively, from the Colorado Health Foundation (CHF) have been permanently restricted by CHF under the terms of the grant agreement.

NOTE 3: ***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 4: ***NET ASSETS RELEASED FROM RESTRICTIONS***

During the year ended December 31, 2017 and 2016, permanently restricted assets of $791,000 and $726,499 were released from restriction because of the satisfaction of the donor requirements.

NOTE 5: ***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, 2017 and 2016 were $40,984 and $35,513, respectively.

NOTE 6: ***NOTE RECEIVABLE***

The Organization has a Note Receivable of $20,000 from The Fund for a Healthier Colorado which is a related party.

NOTE 7: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through April 11, 2018. It was determined that no events were required to be disclosed through this date.