

THE FUND FOR A HEALTHIER COLORADO

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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JOHN CUTLER & ASSOCIATES

Board of Directors
The Fund for a Healthier Colorado
Denver, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of The Fund for a Healthier Colorado, which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses 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 The Fund for a Healthier Colorado as of December 31, 2018, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

John Cutler & Associates, LLC

September 20, 2019

THE FUND FOR A HEALTHIER COLORADO

STATEMENT OF FINANCIAL POSITION

December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Restricted Cash and Cash Equivalents	\$ 84,863	\$ 37,404
Accounts Receivable	909	17,490
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 85,772</u>	<u>\$ 54,894</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 4,662	\$ 93,870
Note Payable	20,000	20,000
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>24,662</u>	<u>113,870</u>
 NET ASSETS		
Without Donor Restrictions	46,110	(89,509)
With Donor Restrictions	15,000	30,533
	<u> </u>	<u> </u>
Total Net Assets	<u>61,110</u>	<u>(58,976)</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 85,772</u>	<u>\$ 54,894</u>

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

THE FUND FOR A HEALTHIER COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Grants and Contributions	\$ 585,662	\$ 112,972	\$ 698,634
Net Assets Released from Restriction	128,505	(128,505)	-
	<u>714,167</u>	<u>(15,533)</u>	<u>\$ 698,634</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
	<u>714,167</u>	<u>(15,533)</u>	<u>\$ 698,634</u>
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	409,910	-	409,910
	<u>409,910</u>	<u>-</u>	<u>409,910</u>
Total Program Services	<u>409,910</u>	<u>-</u>	<u>409,910</u>
Supporting Services			
Management and General	167,638	-	167,638
Fund Raising	1,000	-	1,000
	<u>168,638</u>	<u>-</u>	<u>168,638</u>
Total Supporting Services	<u>168,638</u>	<u>-</u>	<u>168,638</u>
TOTAL EXPENSES	<u>578,548</u>	<u>-</u>	<u>578,548</u>
CHANGE IN NET ASSETS	135,619	(15,533)	120,086
NET ASSETS, Beginning	<u>(89,509)</u>	<u>30,533</u>	<u>(58,976)</u>
NET ASSETS, Ending	<u>\$ 46,110</u>	<u>\$ 15,000</u>	<u>\$ 61,110</u>

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

THE FUND FOR A HEALTHIER COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Grants and Contributions	\$ 116,919	\$ 46,900	\$ 163,819
Net Assets Released from Restriction	16,367	(16,367)	-
	<u>133,286</u>	<u>30,533</u>	<u>\$ 163,819</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
	<u>133,286</u>	<u>30,533</u>	<u>\$ 163,819</u>
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	136,625	-	136,625
	<u>136,625</u>	<u>-</u>	<u>136,625</u>
Total Program Services	<u>136,625</u>	<u>-</u>	<u>136,625</u>
Supporting Services			
Management and General	64,518	-	64,518
Fund Raising	12,209	-	12,209
	<u>76,727</u>	<u>-</u>	<u>76,727</u>
Total Supporting Services	<u>76,727</u>	<u>-</u>	<u>76,727</u>
TOTAL EXPENSES	<u>213,352</u>	<u>-</u>	<u>213,352</u>
CHANGE IN NET ASSETS	(80,066)	30,533	(49,533)
NET ASSETS, Beginning	<u>(9,443)</u>	<u>-</u>	<u>(9,443)</u>
NET ASSETS, Ending	<u>\$ (89,509)</u>	<u>\$ 30,533</u>	<u>\$ (58,976)</u>

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

THE FUND FOR A HEALTHIER COLORADO

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services		Support Services		Totals
	Program Expenses	Chronic Care Collaborative	Management and General	Fundraising	
Advertising	\$ 20,522	\$ 335	\$ 220	\$ -	\$ 21,077
Contract Services	28,279	53,472	38,813	680	121,244
Dues and Subscriptions	150	1,461	4,565	118	6,294
Other Expenses	-	2,152	272	202	2,626
Postage and Delivery	1,543	3,622	6	-	5,171
Facility and Equipment	42,238	-	17,252	-	59,490
Salaries and Wages	255,637	-	104,064	-	359,701
Travel and Meetings Expense	93	406	2,446	-	2,945
	<u>\$ 348,462</u>	<u>\$ 61,448</u>	<u>\$ 167,638</u>	<u>\$ 1,000</u>	<u>\$ 578,548</u>

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

THE FUND FOR A HEALTHIER COLORADO

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services		Support Services		Totals
	Program Expenses	Chronic Care Collaborative	Management and General	Fundraising	
Advertising	-	-	2,000	-	2,000
Contract Services	14,220	-	6,250	-	20,470
Dues and Subscriptions	1,490	-	-	-	1,490
Fundraising	-	-	-	11,798	11,798
Other Expenses	-	-	152	411	563
Facility and Equipment	2,000	-	1,000	-	3,000
Salaries and Wages	118,915	-	55,116	-	174,031
	<u>\$ 136,625</u>	<u>\$ -</u>	<u>\$ 64,518</u>	<u>\$ 12,209</u>	<u>\$ 213,352</u>

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

THE FUND FOR A HEALTHIER COLORADO

STATEMENT OF CASH FLOWS
Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 120,086	\$ (49,533)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
Changes in Assets and Liabilities		
Accounts Receivable	16,581	(16,990)
Accounts Payable	<u>(89,208)</u>	<u>43,591</u>
Net Cash Provided (Used) by Operating Activities	<u>47,459</u>	<u>(22,932)</u>
NET INCREASE (DECREASE) IN CASH	47,459	(22,932)
CASH, Beginning	<u>37,404</u>	<u>60,336</u>
CASH, Ending	<u>\$ 84,863</u>	<u>\$ 37,404</u>

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

THE FUND FOR A HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization –The Fund for a Healthier Colorado is a non-profit, non-partisan 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. The organization is affiliated with Healthier Colorado, a 501(c)(4) non-partisan, nonprofit organization.

Basis of Presentation –The financial statements of The Fund for a Healthier Colorado have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Concentration of Credit Risk – The Fund for a 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, The Fund for a Healthier Colorado has never experienced any losses.

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

Contributions – Contributions received 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 net assets with donor restrictions. Support that is restricted by the donor is reported as net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the donor restriction is satisfied. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

THE FUND FOR A HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

- Level 2 Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.

- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

The Organization has no investments requiring categorization at December 31, 2018 and 2017.

Revenue Recognition – All revenues are recognized as earned.

THE FUND FOR A HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 program and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Advertising	Time and Effort
Contract Services	Time and Effort
Dues and Subscriptions	Time and Effort
Other Expenses	Time and Effort
Postage and Delivery	Full Time Equivalent
Facility and Equipment	Time and Effort
Salaries and Wages	Time and Effort
Travel and Meetings Expense	Time and Effort
Fundraising	Time and Effort

Income Tax Status – The Fund for a Healthier Colorado is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes.

Estimates – Preparation of The Fund for a 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.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

THE FUND FOR A HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 2: NOTE PAYABLE

As of December 31, 2018, the Organization owed Healthier Colorado \$20,000. This entity is a related party.

NOTE 3: AVAILABILITY AND LIQUIDITY

As of December 31, 2018, the Organization has a working capital of \$61,110 and average days (based on normal expenditures) cash on hand of 54.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 84,863	\$ 37,404
Accounts Receivable, Net	<u>909</u>	<u>17,490</u>
Total Financial Assets	<u>85,772</u>	<u>54,894</u>
Less amounts not available to be used within a year:		
Net Assets with donor restrictions	15,000	30,533
Less net assets with purpose restrictions to be met in less than a year	<u>(15,000)</u>	<u>(30,533)</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 85,772</u>	<u>\$ 54,894</u>

There were no board restricted funds for the years ending 2018 and 2017.

The organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$142,000).

NOTE 4: SUBSEQUENT EVENTS

Potential subsequent events were considered through September 20, 2019. It was determined that no events were required to be disclosed through this date.

NOTE 5: FISCAL AGENCY FUNDS

The Fund for a Healthier Colorado acts as a fiscal agent for the Chronic Care Collaborative organization. The organization places funds with the Fund for a Healthier Colorado and directs them to disburse funds from time to time on the organizations' behalf.

THE FUND FOR A HEALTHIER COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 6: NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Specific Purpose:		
Boulder Sugar-Beverage Tax	\$ -	\$ 8,633
Healthier Cities Grant	-	21,900
CO Community Water Fluoridation Strategy	<u>15,000</u>	<u>-</u>
 Total	 <u>\$ 15,000</u>	 <u>\$ 30,533</u>

Net assets without donor restrictions for the years ended December 31, 2018 and 2017 were \$46,110 and (\$89,509) respectively.

Net assets released from net assets with donor restrictions are as follows:

	<u>2018</u>	<u>2017</u>
Satisfaction of Purpose Restrictions		
Grant Program Expenditures	<u>\$ 128,505</u>	<u>\$ 16,367</u>