

COLORADO CONSUMER HEALTH INITIATIVE

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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JOHN CUTLER & ASSOCIATES

Board of Directors
Colorado Consumer Health Initiative
Denver, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Colorado Consumer Health Initiative, which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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 the Colorado Consumer Health Initiative as of December 31, 2019 and 2018, and the changes in its net assets, functional expenses 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 15, 2020

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 80,346	\$ 324,773
Board Restricted Cash and Cash Equivalents	167,411	165,329
Grants Receivable	100,375	162,223
Prepaid Expenses	<u>7,581</u>	<u>5,731</u>
Total Current Assets	<u>355,713</u>	<u>658,056</u>
Noncurrent Assets		
Deposits	2,545	2,545
Property and Equipment, net of accumulated depreciation	<u>18,040</u>	<u>2,770</u>
TOTAL ASSETS	<u><u>\$ 376,298</u></u>	<u><u>\$ 663,371</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 11,032	\$ 22,925
Accrued Expenses	37,921	37,854
Unearned Revenues	<u>132</u>	<u>170</u>
TOTAL LIABILITIES	<u>49,085</u>	<u>60,949</u>
NET ASSETS		
Without Donor Restrictions	218,237	230,325
With Donor Restrictions	<u>108,976</u>	<u>372,097</u>
Total Net Assets	<u>327,213</u>	<u>602,422</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 376,298</u></u>	<u><u>\$ 663,371</u></u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Foundations	\$ 572	\$ 532,500	\$ 533,072
Individuals	30,629	-	30,629
Corporations	1,418	-	1,418
Other	432	-	432
Interest Income	2,700	-	2,700
Membership Dues	8,636	-	8,636
Special Events	16,559	-	16,559
Program Service Fees	34,563	-	34,563
Released from Restriction	795,621	(795,621)	-
	<u>891,130</u>	<u>(263,121)</u>	<u>628,009</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	783,748	-	783,748
	<u>783,748</u>	<u>-</u>	<u>783,748</u>
Supporting Services			
Management and General	117,074	-	117,074
Fundraising	2,396	-	2,396
	<u>119,470</u>	<u>-</u>	<u>119,470</u>
TOTAL EXPENSES			
	<u>903,218</u>	<u>-</u>	<u>903,218</u>
CHANGE IN NET ASSETS	(12,088)	(263,121)	(275,209)
NET ASSETS, Beginning	<u>230,325</u>	<u>372,097</u>	<u>602,422</u>
NET ASSETS, Ending	<u>\$ 218,237</u>	<u>\$ 108,976</u>	<u>\$ 327,213</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Foundations	\$ 100	\$ 580,000	\$ 580,100
Individuals	24,288	-	24,288
Corporations	207	-	207
Other	620	-	620
Interest Income	2,881	-	2,881
Membership Dues	7,637	-	7,637
Special Events	19,191	-	19,191
Program Service Fees	23,925	-	23,925
In-Kind	1,643	-	1,643
Released from Restriction	745,727	(745,727)	-
	<u>826,219</u>	<u>(165,727)</u>	<u>660,492</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	768,878	-	768,878
	<u>768,878</u>	<u>-</u>	<u>768,878</u>
Total Program Services	<u>768,878</u>	<u>-</u>	<u>768,878</u>
Supporting Services			
Management and General	118,872	-	118,872
Fundraising	4,857	-	4,857
	<u>123,729</u>	<u>-</u>	<u>123,729</u>
Total Supporting Services	<u>123,729</u>	<u>-</u>	<u>123,729</u>
	<u>892,607</u>	<u>-</u>	<u>892,607</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	(66,388)	(165,727)	(232,115)
NET ASSETS, Beginning	<u>296,713</u>	<u>537,824</u>	<u>834,537</u>
NET ASSETS, Ending	<u>\$ 230,325</u>	<u>\$ 372,097</u>	<u>\$ 602,422</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Program		Supporting Services		Total Expenses
	Education and Outreach	Management and General	Fundraising	Total	
Personnel Expense	\$ 538,404	\$ 95,065	-	\$ 95,065	\$ 633,469
Program Contract and Stipends	81,500	-	-	-	81,500
Lobbying	24,000	-	-	-	24,000
Professional fees	60,949	12,405	-	12,405	73,354
Office supplies and printing	1,965	1,977	-	1,977	3,942
Telephone	4,003	2,928	-	2,928	6,931
Technology	2,774	7,812	-	7,812	10,586
Postage and shipping	104	223	-	223	327
Dues and subscriptions	5,127	161	-	161	5,288
Advertising	1,065	365	-	365	1,430
Occupancy	3,312	25,611	-	25,611	28,923
Travel & Meetings Expenses	19,380	1,270	-	1,270	20,650
Miscellaneous	1,050	9,372	2,396	11,768	12,818
Allocation of Overhead	40,115	(40,115)	-	(40,115)	-
TOTALS	<u>\$ 783,748</u>	<u>\$ 117,074</u>	<u>\$ 2,396</u>	<u>\$ 119,470</u>	<u>\$ 903,218</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Program		Supporting Services		Total Expenses
	Education and Outreach	Management and General	Fundraising	Total	
Personnel Expense	\$ 489,849	\$ 86,989	-	\$ 86,989	\$ 576,838
Grants Contracts and Direct Assistance	145,792	-	-	-	145,792
Professional fees	52,365	11,354	3,722	15,076	67,441
Occupancy	6,404	32,356	-	32,356	38,760
Travel & Meetings Expenses	28,990	1,447	-	1,447	30,437
Miscellaneous	19,994	12,210	1,135	13,345	33,339
Allocation of Overhead	25,484	(25,484)	-	(25,484)	-
TOTALS	<u>\$ 768,878</u>	<u>\$ 118,872</u>	<u>\$ 4,857</u>	<u>\$ 123,729</u>	<u>\$ 892,607</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF CASH FLOWS
Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (275,209)	\$ (232,115)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
Depreciation and Amortization	2,368	960
Changes in Assets and Liabilities		
Grants Receivable	61,848	106,055
Prepaid Expenses	(1,853)	(1,440)
Accounts Payable	(11,893)	19,975
Accrued Expenses	70	5,198
Unearned Revenues	(38)	(970)
	<u>(224,707)</u>	<u>(102,337)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line of Credit	-	(30,000)
	<u>-</u>	<u>(30,000)</u>
Net Cash Provided (Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(17,638)	(3,695)
	<u>(17,638)</u>	<u>(3,695)</u>
Net Cash Provided (Used) by Investing Activities		
NET INCREASE (DECREASE) IN CASH	(242,345)	(136,032)
CASH, Beginning	<u>490,102</u>	<u>626,134</u>
CASH, Ending	<u>\$ 247,757</u>	<u>\$ 490,102</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Our Mission: CCHI advances the consumer voice to improve access to health care for all Coloradans by working statewide for progress toward equity, access, affordability and quality.

Vision: All Coloradans have equitable access to affordable, high-quality health care.

Goals: Decrease the number of uninsured Coloradans, especially those whose access has been limited by race, income and other inequities that create structural barriers, Improve the value and equity of health care for Colorado consumers, Increase the accountability of the health care system to Colorado consumers, Ensure a consumer-informed health care policy agenda through community engagement, Assist and empower consumers to resolve problems navigating the health care system.

About us: CCHI is a nonprofit, consumer-oriented, membership-based health advocacy organization that serves Coloradans whose access to health care and financial security are compromised by structural barriers, affordability, poor benefits, or unfair business practices of the health care industry.

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

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 – CCHI maintains several bank accounts at one institution, which is 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, CCHI has never experienced any losses.

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

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is recorded using the straight line method over estimated useful life ranging from 3 to 10 years. CCHI capitalizes all property and equipment with a useful life of more than one year and cost more than \$2,500. If donors stipulate the use of property and equipment, it is recorded as restricted.

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.

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:

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

Personnel Expense	Time and Effort
Advertising	Time and Effort
Dues and Subscriptions	Time and Effort
Grants Contracts and Direct Assistance	Time and Effort
Lobbying	Time and Effort
Other Expenses	Time and Effort
Program Contract and Stipends	Full Time Equivalent
Office Supplies and Printing	Full Time Equivalent
Professional Services	Full Time Equivalent
Postage and Shipping	Full Time Equivalent
Occupancy	Time and Effort
Technology and Education	Time and Effort
Training and Travel	Time and Effort

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status – CCHI 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 CCHI'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.

NOTE 2: RESTRICTED CASH

At December 31, 2019 and 2018, cash in the amount of \$167,411 and \$165,329, respectively, has been restricted by the Board for future projects.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2019 is summarized below.

Furniture and Equipment	\$ 39,693
Less Accumulated Depreciation	<u>(21,653)</u>
Total Property and Equipment, Net	<u>\$ 18,040</u>

Property and equipment activity for the year ended December 31, 2018 is summarized below.

Furniture and Equipment	\$ 22,056
Less Accumulated Depreciation	<u>(19,286)</u>
Total Property and Equipment, Net	<u>\$ 2,770</u>

Depreciation in the amount of \$2,368 and \$960 for the years ending December 31, 2019 and 2018 has been recognized in the Statement of Activities and is allocated to General and Administrative Expenses.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4: LINE OF CREDIT

In November of 2015, CCHI obtained a line of credit with ANB Bank in the amount of \$200,000. The line of credit carries an interest rate of 4.505%. The initial line of credit expired in November of 2016 and was renewed for an additional year to expire in November 2017. \$110,000 was paid during 2017. The line of credit expired in November of 2017 and was renewed for one-year with a .25% renewal fee, however, they did not take any draws in 2018.

NOTE 5: AVAILABILITY AND LIQUIDITY

As of December 31, 2019, the Organization has a working capital of \$306,628 and average days (based on normal expenditures) cash on hand of 115.

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

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 247,757	\$ 490,102
Accounts Receivable, Net	<u>100,375</u>	<u>162,223</u>
Total Financial Assets	<u>348,132</u>	<u>623,325</u>
Less amounts not available to be used within a year:		
Net Assets with donor restrictions	108,976	372,097
Quasi Endowment established by the Board	167,411	165,329
Less net assets with purpose restrictions to be met in than a year	<u>(108,976)</u>	<u>(372,097)</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 180,721</u>	<u>\$ 486,966</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in money market funds.

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$220,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 6: NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Specific Purpose:		
The Colorado Trust Health Equity Advocacy	\$ -	\$ 2,500
Community Catalyst -Health Justice Mkt Stability	-	27,216
Next 50 Consumer Assistance Program	-	12,268
The Bell Next 50 Long Term Care (CCHI is Sub Grantee)	-	17,805
PITON Fnd (AKC Coalition Work)	-	7,500
Next 50 Older Adult	-	50,000
The Colo Health Fnd GenOp Extension '16-'20	75,000	139,370
RWJF Consumer Advocacy Transformation	-	115,438
Caring for Colorado - Gen Op 2019	9,783	-
Rose Community Foundation	2,500	-
Rose Health Advocacy Mini Grant	3,000	-
Community First Collaboration	9,474	-
Action Now Initiative	(782)	-
Hopewell – Market for Public Option	<u>10,000</u>	<u>-</u>
Totals	<u>\$ 108,975</u>	<u>\$ 372,097</u>

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 were \$218,237 and \$230,325 respectively.

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

	<u>2019</u>	<u>2018</u>
Satisfaction of Purpose Restrictions		
Grant Program Expenditures	<u>\$ 795,621</u>	<u>\$ 745,727</u>
Total	<u>\$ 795,621</u>	<u>\$ 745,727</u>

NOTE 7: DONATED SERVICES

A number of volunteers have donated time in connection with CCHI's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 8: 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, 2019 and 2018 were \$14,916 and \$13,605, respectively.

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through April 15, 2020. It was determined that no events were required to be disclosed through this date.