

# **COLORADO CONSUMER HEALTH INITIATIVE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**COLORADO CONSUMER HEALTH INITIATIVE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



May 6, 2021

Independent Auditors' Report

Board of Directors  
Colorado Consumer Health Initiative  
Denver, Colorado

***Opinion***

We have audited the accompanying financial statements of **Colorado Consumer Health Initiative** (a Colorado based nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Consumer Health Initiative as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colorado Consumer Health Initiative 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 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Colorado Consumer Health Initiative’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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregative, that raise substantial doubt about Colorado Consumer Health Initiative’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.

***Report on Summarized Comparative Information***

Other auditors previously audited Colorado Consumer Health Initiative’s 2019 financial statements and they expressed an unqualified opinion in their report dated April 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial information from which it has been derived.

*Taylor Roth and Company P/C*

TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**COLORADO CONSUMER HEALTH INITIATIVE**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FROM 2019)

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 606,192	\$ 170,230
Cash held for others (Note 3)	135,546	-
Certificates of deposit (Note 4)	269,169	77,527
Accounts receivable	1,310	15,375
Grants receivable	7,500	85,000
Prepaid expenses	5,992	10,126
Property and equipment, net (Note 5)	18,099	18,040
	\$ 1,043,808	\$ 376,298
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 44,469	\$ 11,032
Accrued payroll liabilities	41,582	37,922
Unearned revenue	-	131
Amounts due to others (Note 3)	135,546	-
Paycheck Protection Program loan (Note 6)	100,000	-
Commitments (Note 15)		
	321,597	49,085
 Net assets		
Without donor restrictions		
Undesignated	45,426	50,825
Board designated operating reserve (Note 7)	168,905	167,412
	214,331	218,237
With donor restrictions (Note 8)	507,880	108,976
Total net assets	722,211	327,213
Total liabilities and net assets	\$ 1,043,808	\$ 376,298

The accompanying notes are an integral part of these financial statements

**COLORADO CONSUMER HEALTH INITIATIVE**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations, nonprofits and other	\$ 75,270	\$ 1,387,975	1,463,245	\$ 532,641
Program and annual events	31,473	-	31,473	16,559
Individuals	18,528	-	18,528	31,062
Corporations	17,559	-	17,559	1,850
Fiscal sponsor (Note 3)	10,390	-	10,390	-
Program service fees	9,783	-	9,783	33,973
Membership dues	5,796	-	5,796	8,636
Interest income	2,065	-	2,065	2,700
Other income	128	-	128	-
In-kind	-	-	-	588
Net assets released from restrictions (Note 9)	989,071	(989,071)	-	-
Total revenue and other support	1,160,063	398,904	1,558,967	628,009
<u>Expense</u>				
Program	1,014,827	-	1,014,827	783,748
Supporting services				
Management and general	128,966	-	128,966	117,074
Fund-raising	20,176	-	20,176	2,396
Total expense	1,163,969	-	1,163,969	903,218
Change in net assets	(3,906)	398,904	394,998	(275,209)
Net assets, beginning of year	218,237	108,976	327,213	602,422
Net assets, end of year	\$ 214,331	\$ 507,880	\$ 722,211	\$ 327,213

The accompanying notes are an integral part of these financial statements

**COLORADO CONSUMER HEALTH INITIATIVE**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019	
		Supporting Services			
	Program	Management and General	Fund- raising	Total	Total
Personnel expenses	\$ 578,707	\$ 53,850	\$ 7,490	\$ 640,047	\$ 633,469
Program contracts and stipends	125,000	-	-	125,000	81,500
Research and analysis consultants	79,810	-	-	79,810	2,500
Lobbying	65,000	-	-	65,000	24,000
Advertising	55,527	-	-	55,527	1,430
Consultants - other	34,479	8,487	11,272	54,238	53,078
Polling consultants	32,000	-	-	32,000	-
Rent	-	27,005	-	27,005	28,922
Media consultants	24,000	-	-	24,000	12,360
Technology	5,598	7,655	-	13,253	10,586
Dues and subscriptions	7,082	1,416	225	8,723	5,289
Auditing and accounting	-	7,678	-	7,678	7,484
Travel and meetings	5,520	1,593	-	7,113	20,650
Telecommunications	452	5,347	-	5,799	6,931
Insurance	-	4,063	-	4,063	2,703
Office	870	400	451	1,721	4,269
Bank and merchant fees	-	1,312	9	1,321	1,291
Other	782	1,954	729	3,465	4,387
	1,014,827	120,760	20,176	1,155,763	900,849
Depreciation	-	8,206	-	8,206	2,369
Total	\$1,014,827	\$ 128,966	\$ 20,176	\$1,163,969	\$ 903,218

The accompanying notes are an integral part of these financial statements

**COLORADO CONSUMER HEALTH INITIATIVE**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 394,998	\$ (275,209)
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities:		
Depreciation and amortization	8,206	2,368
Reinvested interest	(1,739)	(2,021)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in accounts receivable	14,065	62,870
Decrease(increase) in grants receivable	77,500	(1,022)
Decrease(increase) in prepaid expenses	4,134	(1,853)
(Decrease)increase in accounts payable	33,437	(11,893)
(Decrease)increase in accrued payroll liabilities	3,660	70
(Decrease)increase in unearned revenue	(131)	(38)
(Decrease)increase in amounts due to others	<u>135,546</u>	<u>-</u>
Net cash provided(used) by operating activities	<u>669,676</u>	<u>(226,728)</u>
<u>Cash flows from investing activities</u>		
Sales(purchases) of certificates of deposit	(189,903)	89,778
(Purchases) of property and equipment	<u>(8,265)</u>	<u>(17,638)</u>
Net cash provided(used) by investing activities	(198,168)	72,140
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	<u>100,000</u>	<u>-</u>
Net increase in cash, cash equivalents and cash held for others	571,508	(154,588)
Cash, cash equivalents and cash held for others beginning of year	<u>170,230</u>	<u>324,818</u>
Cash, cash equivalents and cash held for others end of year	<u>\$ 741,738</u>	<u>\$ 170,230</u>

The accompanying notes are an integral part of these financial statements



# COLORADO CONSUMER HEALTH INITIATIVE

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 1 - NATURE OF ACTIVITIES

Colorado Consumer Health Initiative (the Organization) is a nonprofit corporation incorporated under the laws of the State of Colorado. The Organization's mission is to advance the consumer voice to improve access to health care for all Coloradans by working statewide for progress towards equity, affordability, and quality.

Colorado Consumer Health Initiative is a 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. The Organization's strategic priorities include:

- Ensuring consumers are centered by strengthening and developing the Organization's connections to community and developing community leadership through the Consumer Assistance Program and Strategic Engagement Program.
- Target policy priorities to support communities facing the greatest barriers to accessing health care.
- Maintain and strengthen relationships with policymakers.
- Create and strengthen relationships with organizations in communities facing the greatest barriers.

The Organization is primarily supported through foundations, nonprofits, and other grants.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

#### 1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### 2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report 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 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, whereby the donor has stipulated that the funds be maintained in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

3. Cash, Cash Equivalents and Cash Held for Others

The Organization considers all unrestricted highly liquid investments with an initial maturity of less than three months to be cash and cash equivalents. Cash held for others represents cash held under a fiscal sponsor agreement. The following table provides a reconciliation of cash, cash equivalents and cash held for others reported within the statements of financial position that sum to the total of the same amount in the statement of cash flows:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 606,192
Cash held for others	<u>135,546</u>
Total	<u>\$ 741,738</u>

4. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

7. Functional Reporting of Expenses

For the year ended December 31, 2020, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are personnel and professional which are allocated based on time and effort. Other expenses are allocated based upon the program or supporting service benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

8. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

9. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

10. Subsequent Events

Management has evaluated subsequent events through May 6, 2021, the date the financial statements were available to be issued.

NOTE 3 - FISCAL SPONSOR

During the year, the Organization entered into a fiscal sponsor agreement with a consulting firm under which the Organization will provide financial management services for a foundation grant made to the consulting firm. In connection with these services, the Organization will receive a fee to cover associated administrative expenses. At year-end, the Organization held \$135,546 of grant funds payable which were paid in January 2021.

NOTE 4 - CERTIFICATES OF DEPOSIT

The Organization purchases certificates of deposit having initial terms of one year or less. The certificates of deposit held at year-end carry interest rates ranging from .41% to 1.00%.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 44,285
Less: accumulated depreciation	<u>(26,186)</u>
Net property and equipment	<u>\$ 18,099</u>

Depreciation expense for the year was \$8,206.

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a \$100,000 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan could be partially or fully forgiven if certain eligibility requirements were met, including that 60% of the loan must be spent on payroll. The loan was treated as a refundable advance of a conditional contribution until such time the loan was forgiven by the SBA. In 2021, the SBA forgave the entire loan and the Organization will recognize the revenue.

NOTE 7 - BOARD DESIGNATED OPERATING RESERVE

The Organization's board of directors established an operating reserve to provide funding for financially difficult periods of time. The reserve is reviewed on an annual basis with the goal of maintaining between three to six months of the annual operating budget. The reserve is held in a money market account and certificates of deposit.

NOTE 8 - NET ASSETS WITH DONOR PURPOSE RESTRICTIONS

Net assets with donor purpose restrictions are available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Health coverage and access	\$ 208,069
Prescription drug costs	172,830
Consumer protection assistance and education	<u>126,981</u>
Total	<u>\$ 507,880</u>

NOTE 9 - NET ASSETS RELEASED FROM DONOR PURPOSE RESTRICTIONS

Net assets were released from donor purpose restrictions by incurring expenses satisfying the following restricted program purposes:

<u>Description</u>	<u>Amount</u>
Health coverage and access	\$ 675,823
Prescription drug costs	218,880
Consumer protection assistance and education	88,868
Strategy	<u>5,500</u>
Total	<u>\$ 989,071</u>

NOTE 10 - CONTINGENT GRANTS

The Organization received three grants from two foundations during the year which contained terms for payments in future years. The receipt of future payments under the grants, including amendments, are contingent upon the grantor's acceptance of the Organization's progress towards meeting the grants' purposes and objectives. After year-end, grantors accepted the progress towards grant purposes and objectives and the Organization received \$551,297. Upon grantor's future acceptance of progress under the grants, the Organization anticipates receiving remaining payments of approximately \$64,763 and \$130,355 during 2021 and 2022, respectively.

NOTE 11 - CONCENTRATION OF REVENUE SOURCE

During the year, the Organization received approximately 25% of its revenue and other support from one foundation.

NOTE 12 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and certificates of deposit in two financial institutions. At year-end, these institutions held depository balances of approximately \$735,000 and \$269,000, respectively. Amounts over \$250,000 are not insured by the Federal Deposit Insurance Corporation or other entities. Management has evaluated its banking needs and the strength of the financial institutions and believes it is in the Organization's best interest to continue its existing banking relationships.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2020:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 606,192
Certificates of deposit	269,169
Accounts receivable	1,310
Grants receivable	<u>7,500</u>
Total financial assets	884,171
Less amounts not available to be used within one year:	
Board designated operating reserve	<u>(168,905)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 715,266</u>

NOTE 13 - AVAILABILITY AND LIQUIDITY

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations and plans will be discharged.

Because of the board of director's designation, the board designated reserve is not available for general operating expenditures within the next year, however, the board of directors could make them available, if necessary. The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenditures (approximately \$300,000). As part of its liquidity plan, excess cash is invested in certificates of deposit.

NOTE 14 - RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan (Plan). The Plan covers all eligible employees. Employees may elect to make contributions to the Plan up to the maximum permitted. The Organization matches the first 3% of salary contributed by each eligible employee. The matching contributions for the year were \$14,723.

NOTE 15 - COMMITMENTS

During the year, the Organization entered into a license and space usage agreement for new office space. Under the terms of the agreement, the right to use the space began on November 1, 2020 and will expire on October 31, 2023. Due to construction and permitting delays, the Organization occupied the space after year-end. Upon occupancy, the Organization will pay \$3,360 per month through October 2023.

NOTE 16 - SUBSEQUENT EVENTS

In January 2021, the Organization received notification that the \$100,000 PPP loan obtained in April 2020 had been entirely forgiven. Additionally, the Organization applied for a second draw under the PPP and subsequently received additional PPP funding in the amount of \$120,000.