

# **COLORADO CONSUMER HEALTH INITIATIVE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**COLORADO CONSUMER HEALTH INITIATIVE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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April 7, 2022

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, 2021, 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, 2021, 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 aggregate, 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***

We have previously audited Colorado Consumer Health Initiative's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**COLORADO CONSUMER HEALTH INITIATIVE**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FROM 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 772,151	\$ 606,192
Cash held for others (Note 3)	-	135,546
Certificates of deposit (Note 4)	169,500	269,169
Accounts and contributions receivable	1,534	1,310
Grants receivable (Note 5)	68,250	7,500
Prepaid expenses	12,822	5,992
Property and equipment, net (Note 6)	12,393	18,099
	<u>\$ 1,036,650</u>	<u>\$ 1,043,808</u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 40,064	\$ 44,469
Accrued payroll liabilities	46,028	41,582
Amounts due to others (Note 3)	-	135,546
Paycheck Protection Program loan (Note 7)	-	100,000
Commitments (Note 8)		
	<u>86,092</u>	<u>321,597</u>
 Net assets		
Without donor restrictions		
Undesignated	236,099	45,426
Board designated operating reserve (Note 9)	169,505	168,905
	<u>405,604</u>	<u>214,331</u>
With donor restrictions (Note 10)	544,954	507,880
	<u>950,558</u>	<u>722,211</u>
	<u>\$ 1,036,650</u>	<u>\$ 1,043,808</u>

The accompanying notes are an integral part of these financial statements

**COLORADO CONSUMER HEALTH INITIATIVE**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations, nonprofits and other	\$ 13,500	\$ 1,455,560	1,469,060	\$ 1,463,245
Paycheck Protection Program loans forgiven (Note 7)	220,000	-	220,000	-
Program service fees	45,100	-	45,100	9,783
Individuals	38,253	-	38,253	18,528
Fundraising events	20,226	-	20,226	31,473
Fiscal sponsor (Note 3)	14,944	-	14,944	10,390
Membership dues	6,018	-	6,018	5,796
Interest income	1,002	-	1,002	2,065
Corporations	74	-	74	17,559
Other income	-	-	-	128
Net assets released from restrictions (Note 11)	1,418,486	(1,418,486)	-	-
Total revenue and other support	1,777,603	37,074	1,814,677	1,558,967
<u>Expense</u>				
Program	1,369,496	-	1,369,496	1,014,827
Supporting services				
Management and general	183,112	-	183,112	128,966
Fund-raising	33,722	-	33,722	20,176
Total expense	1,586,330	-	1,586,330	1,163,969
Change in net assets	191,273	37,074	228,347	394,998
Net assets, beginning of year	214,331	507,880	722,211	327,213
Net assets, end of year	\$ 405,604	\$ 544,954	\$ 950,558	\$ 722,211

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, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
		Supporting Services			
	Program	Management and General	Fund- raising	Total	Total
Personnel expenses	\$ 640,510	\$ 79,736	\$ 8,881	\$ 729,127	\$ 640,047
Program contracts and stipends	147,676	-	-	147,676	125,000
Advertising	131,638	-	-	131,638	55,527
Media consultants	121,500	-	-	121,500	24,000
Research and analysis consultants	101,500	-	-	101,500	79,810
Facilitation consultants	76,850	-	-	76,850	-
Consultants - other	26,041	21,567	20,135	67,743	46,378
Lobbying	50,667	-	-	50,667	65,000
Rent	7,447	33,119	-	40,566	27,005
Travel and meetings	28,476	2,574	-	31,050	7,113
Technology	6,831	12,155	898	19,884	13,253
Convening consultants	15,000	-	-	15,000	-
Accounting and legal services	750	10,805	-	11,555	7,678
Dues and subscriptions	5,617	1,520	-	7,137	8,723
Polling consultants	6,806	-	-	6,806	32,000
Office	1,357	3,678	959	5,994	1,270
Telecommunications	830	3,935	-	4,765	5,799
Insurance	-	3,535	-	3,535	4,063
Fundraising events	-	-	2,679	2,679	9,039
Bank and merchant fees	-	1,008	170	1,178	1,321
Other	-	16	-	16	2,737
	1,369,496	173,648	33,722	1,576,866	1,155,763
Depreciation and amortization	-	9,464	-	9,464	8,206
Total	\$1,369,496	\$ 183,112	\$ 33,722	\$1,586,330	\$1,163,969

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, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 228,347	\$ 394,998
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities:		
Paycheck Protection Program loans forgiven	(220,000)	-
Depreciation and amortization	9,464	8,206
Reinvested interest	(730)	(1,739)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in accounts and contributions receivable	(224)	14,065
Decrease(increase) in grants receivable	(60,750)	77,500
Decrease(increase) in prepaid expenses	(6,830)	4,134
(Decrease)increase in accounts payable	(4,405)	33,437
(Decrease)increase in accrued payroll liabilities	4,446	3,660
(Decrease)increase in unearned revenue	-	(131)
(Decrease)increase in amounts due to others	<u>(135,546)</u>	<u>135,546</u>
Net cash provided(used) by operating activities	<u>(186,228)</u>	<u>669,676</u>
<u>Cash flows from investing activities</u>		
Redemption(purchases) of certificates of deposit	100,399	(189,903)
(Purchases) of property and equipment	<u>(3,758)</u>	<u>(8,265)</u>
Net cash provided(used) by investing activities	96,641	(198,168)
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	<u>120,000</u>	<u>100,000</u>
Net increase in cash, cash equivalents and cash held for others	30,413	571,508
Cash, cash equivalents and cash held for others beginning of year	<u>741,738</u>	<u>170,230</u>
Cash, cash equivalents and cash held for others end of year	<u>\$ 772,151</u>	<u>\$ 741,738</u>

The accompanying notes are an integral part of these financial statements



# COLORADO CONSUMER HEALTH INITIATIVE

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### NOTE 1 - NATURE OF ACTIVITIES

Colorado Consumer Health Initiative 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.

- Increase access and affordable, high-quality health coverage and care for Coloradans who have historically faced oppression, systemic racism and other structural barriers.
- Increase the health care system's accountability to Colorado consumers for providing equitable, high-value health care in ways that support dismantling and reversing systemic racism, and promoting financial security.
- Ensure a consumer informed, anti-racist, and anti-oppression health care policy agenda through engaging communities facing the greatest structural barriers to health care.
- Assist and empower individual consumers to protect their health and financial security by resolving problems accessing and affording health care.

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.

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

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.

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.

4. Capitalization, Depreciation and Amortization

The Organization follows the practice of capitalizing all expenditures for furniture, equipment and website and software in excess of \$2,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment and amortization of website and software 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, 2021, 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 expenses 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, 2021, from which the summarized information was derived.

10. Subsequent Events

Management has evaluated subsequent events through April 7, 2022, the date the financial statements were available to be issued.

NOTE 3 - FISCAL SPONSOR AGREEMENTS AND RELATED PARTY

During the prior year, the Organization entered into a fiscal sponsor agreement with a consulting firm under which the Organization provides financial management services for a foundation grant made to the consulting firm. In connection with these services, the Organization receives a fee to cover associated administrative expenses. During the year, the Organization paid out \$300,221 of grant funds to the consulting firm under the agreement and recognized \$10,390 of income.

The Organization entered into a separate fiscal sponsor agreement during the current year with a like-minded nonprofit organization whose Executive Director serves on the Organization's Board of Directors. Under the agreement, the Organization provided administrative and financial management services and recognized \$4,554 for these services.

NOTE 4 - CERTIFICATES OF DEPOSIT

The Organization purchases certificates of deposit having initial maturities of one year or less. The certificates of deposit held at year-end carry interest rates ranging from .19% to .29%.

NOTE 5 - GRANTS RECEIVABLE

At year-end, the Organization has received commitments from a foundation and nonprofit organization for future funding. Management has evaluated each commitment and does not believe an allowance for doubtful accounts is necessary and any present value discount would be immaterial to these financial statements. Under the terms of the commitments, grant payments are anticipated to be received in the amounts of \$59,500 and \$8,750 in 2022 and 2023, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 22,209
Website	8,625
Software	<u>6,500</u>
Total	37,334
Less: accumulated depreciation and amortization	<u>(24,941)</u>
Net property and equipment	<u>\$ 12,393</u>

Depreciation and amortization expense for the year was \$9,464.

NOTE 7 - 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). The Organization submitted a loan forgiveness application and received notification in January 2021 of the approval by the SBA for complete forgiveness of the loan.

In February 2021, the Organization received a second draw of \$120,000 under the PPP. The Organization submitted a loan forgiveness application for this draw and received notification of complete forgiveness in August 2021.

NOTE 8 - COMMITMENTS

During the prior year, the Organization entered into a license and space usage agreement for new office space. Under the terms of the agreement and subsequent amendments, the future payments under the agreement are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 43,200
2023	<u>36,000</u>
Total	<u>\$ 79,200</u>

NOTE 9 - 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 savings account and certificates of deposit.

NOTE 10 - 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	\$ 328,119
Prescription drug costs	142,393
Oral health access	<u>74,442</u>
Total	<u>\$ 544,954</u>

NOTE 11 - 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	\$ 966,010
Prescription drug costs	299,937
Consumer protection assistance and education	126,981
Oral health access	<u>25,558</u>
Total	<u>\$ 1,418,486</u>

NOTE 12 - CONTINGENT GRANTS

The Organization received grants from two foundations which contained terms for payments in future years. The receipt of remaining payments under the grants are contingent upon the grantor's acceptance of the Organization's progress towards meeting the grants' purposes and objectives. Upon the grantor's future acceptance of progress under the grants, the Organization anticipates receiving remaining payments of approximately \$130,000 and \$50,000, respectively, during 2022.

NOTE 13 - CONCENTRATION OF REVENUE SOURCE

During the year, the Organization received approximately 45% of its revenue and other support from one foundation.

NOTE 14 - 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 \$772,000 and \$170,000, 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 15 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year of December 31, 2021:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 772,151
Certificates of deposit	169,500
Accounts and contributions receivable	1,534
Grants receivable	<u>68,250</u>
Total financial assets	1,011,435
Less amounts not available to be used within one year:	
Grants receivable	(8,750)
Board designated operating reserve	<u>(169,505)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 833,180</u>

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. The upcoming operating expenditures are anticipated to be approximately \$1,250,000 - \$1,300,000. As part of its liquidity plan, excess cash is invested in certificates of deposit and a money market account.

NOTE 16 - 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 \$16,122.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent to year end, the Organization's Executive Director announced her decision to resign effective May 3, 2022. The board of directors is currently in the process of performing a search to identify candidates to fill the position.