

**COLORADO CONSUMER HEALTH INITIATIVE**

**FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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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, 2015 and 2014, 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 the Colorado Consumer Health Initiative as of December 31, 2015 and 2014, 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.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements. The statements of functional expenses listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole.

*John Luttler & Associates, LLC*

April 26, 2016

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 499,647	\$ 653,573
Board Restricted Cash and Cash Equivalents	166,236	158,573
Grants Receivable	492,903	273,708
Prepaid Expenses	7,830	-
	<u>1,166,616</u>	<u>1,085,854</u>
<b>Noncurrent Assets</b>		
Deposits	4,121	4,121
Property and Equipment, net of accumulated depreciation	705	2,728
	<u>4,826</u>	<u>6,849</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,171,442</u>	<u>\$ 1,092,703</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 63,823	\$ 4,902
Accrued Expenses	23,318	35,855
	<u>87,141</u>	<u>40,757</u>
<b>TOTAL LIABILITIES</b>	<u>87,141</u>	<u>40,757</u>
<b>NET ASSETS</b>		
Unrestricted	280,464	245,246
Temporarily Restricted	803,837	806,700
	<u>1,084,301</u>	<u>1,051,946</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,171,442</u>	<u>\$ 1,092,703</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support			
Foundations	\$ -	\$ 1,000,000	\$ 1,000,000
Individuals	9,943	-	9,943
Corporations	740	-	740
Other	725	-	725
Interest Income	1,781	-	1,781
Membership Dues	5,775	-	5,775
Special Events	6,350	-	6,350
Program Service Fees	7,954	-	7,954
In-Kind	1,712	-	1,712
Released from Restriction	1,002,863	(1,002,863)	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>1,037,843</u>	<u>(2,863)</u>	<u>1,034,980</u>
<b>EXPENSES</b>			
Program Services			
Policy, Advocacy and Strategic Engagement	856,788	-	856,788
<b>Total Program Services</b>	<u>856,788</u>	<u>-</u>	<u>856,788</u>
<b>Supporting Services</b>			
Management and General	137,429	-	137,429
Fundraising	8,408	-	8,408
<b>Total Supporting Services</b>	<u>145,837</u>	<u>-</u>	<u>145,837</u>
<b>TOTAL EXPENSES</b>	<u>1,002,625</u>	<u>-</u>	<u>1,002,625</u>
<b>CHANGE IN NET ASSETS</b>	35,218	(2,863)	32,355
<b>NET ASSETS, Beginning</b>	<u>245,246</u>	<u>806,700</u>	<u>1,051,946</u>
<b>NET ASSETS, Ending</b>	<u>\$ 280,464</u>	<u>\$ 803,837</u>	<u>\$ 1,084,301</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support			
Foundations	\$ 65,000	\$ 935,000	\$ 1,000,000
Individuals	15,835		15,835
Other	1,141		1,141
Interest Income	2,575		2,575
Membership Dues	8,950		8,950
Special Events	46		46
Program Service Fees	7,296		7,296
Miscellaneous	226		226
Released from Restriction	986,149	(986,149)	-
	<u>1,087,218</u>	<u>(51,149)</u>	<u>1,036,069</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>EXPENSES</b>			
Program Services			
Policy, Advocacy and Strategic Engagement	931,852	-	931,852
	<u>931,852</u>	<u>-</u>	<u>931,852</u>
<b>Supporting Services</b>			
Management and General	186,794	-	186,794
Fundraising	11,417	-	11,417
	<u>198,211</u>	<u>-</u>	<u>198,211</u>
<b>TOTAL EXPENSES</b>	<u>1,130,063</u>	<u>-</u>	<u>1,130,063</u>
<b>CHANGE IN NET ASSETS</b>	(42,845)	(51,149)	(93,994)
<b>NET ASSETS, Beginning</b>	<u>288,091</u>	<u>857,849</u>	<u>1,145,940</u>
<b>NET ASSETS, Ending</b>	<u>\$ 245,246</u>	<u>\$ 806,700</u>	<u>\$ 1,051,946</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 32,355	\$ (93,994)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
Depreciation and Amortization	2,023	6,347
Changes in Assets and Liabilities		
Grants Receivable	(219,195)	163,792
Prepaid Expenses	(7,830)	920
Accounts Payable	58,921	(24,846)
Accrued Expenses	<u>(12,537)</u>	<u>13,403</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(146,263)</u>	<u>65,622</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(146,263)	65,622
<b>CASH, Beginning</b>	<u>812,146</u>	<u>746,524</u>
<b>CASH, Ending</b>	<u><u>\$ 665,883</u></u>	<u><u>\$ 812,146</u></u>

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



# COLORADO CONSUMER HEALTH INITIATIVE

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2015

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Colorado Consumer Health Initiative ("CCHI") is a Colorado 501(c)3 nonprofit organization incorporated in 2000. Its mission is to achieve barrier-free access to quality and affordable health care for all Coloradans. CCHI seeks to create the best possible consumer-focused health care system in Colorado, covering the most people while also taking advantage of the opportunities introduced by federal health care reform.

CCHI is a statewide, non-partisan, non-profit coalition of organizational and individual members, representing well over 500,000 Coloradans. CCHI acts as a representative of the policy and advocacy priorities of our members at the legislature and in the community to influence and shape effective health care policy on behalf of consumers. CCHI represents the consumer as an equal stakeholder to inform the policy making process, from policy formulation to evaluation of effective implementation. In doing so, CCHI strategically engages with members and strengthens their capacity, building a credible narrative and basis for collaboration.

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

Financial Statement Presentation – CCHI reports its financial position and activities in two classes of net assets; unrestricted, and temporarily restricted. CCHI has no permanently restricted net assets as of December 31, 2015 and 2014.

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.

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.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

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 – 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.

**NOTE 2: RESTRICTED CASH**

At December 31, 2015 and 2014, cash in the amount of \$166,236 and \$158,573, respectively, has been restricted by the Board for future projects.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2015

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended December 31, 2015 is summarized below.

Furniture and Equipment	\$ 25,013
Less Accumulated Depreciation	<u>(24,308)</u>
Total Property and Equipment, Net	<u><b>\$ 705</b></u>

Property and equipment activity for the year ended December 31, 2014 is summarized below.

Furniture and Equipment	\$ 28,114
Less Accumulated Depreciation	<u>(25,386)</u>
Total Property and Equipment, Net	<u><b>\$ 2,728</b></u>

Depreciation in the amount of \$2,023 and \$6,347 for the years ending December 31, 2015 and 2014 has been recognized in the Statement of Activities and is allocated to General and Administrative Expenses.

**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 4.250% and expires in November of 2016. No amounts were drawn on the line of credit during the year ended December 31, 2015.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2015

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2015, net assets were temporarily restricted for the following purposes:

Community Catalyst / ACA5	\$	79,194
Community Catalyst / ACA 5 Lobbying		6,547
Community Catalyst / Children's Health		36,575
The Colorado Health Foundation COST Grant		176,250
Piton- Blue Guide 2016		30,000
Robert Wood Johnson Foundation / CVC7		77,549
STB Foundation/ CO Women's Health Coalition		56,000
Rose Community Foundation / General Operating		98,889
The Colorado Health Foundation / General Operating 2015-2017		<u>242,833</u>
 Total		 <u><b>\$ 803,837</b></u>

As of December 31, 2014, net assets were temporarily restricted for the following purposes:

Community Catalyst / ACA4	\$	91,561
Robert Wood Johnson Foundation / CVC6		254,571
STB Foundation/ CO Women's Health Coalition		50,000
Rose Community Foundation / General Operating		200,000
The Colorado Health Foundation / General Operating/ACA Match		30,000
The Colorado Health Foundation / General Operating 2014-2015		<u>180,568</u>
 Total		 <u><b>\$ 806,700</b></u>

**NOTE 6: NET ASSETS RELEASED FROM RESTRICTIONS**

During the years ended December 31, 2015 and 2014, temporarily restricted net assets of \$1,002,863 and \$986,149 were released from restriction because of the satisfaction of the donor requirements.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014 and 2015

**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.

**NOTE 8: RELATED PARTY TRANSACTION**

CCHI had a contract with one board member during 2014 which was approved by the board of directors. During the year ended December 31, 2014, the board member was paid \$8,100, for services CCHI deemed could best be provided by this individual due to their expertise and experience. The board member resigned from the board in 2015 and the contract was not renewed.

**NOTE 9: 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, 2015 and 2014 were \$13,493 and \$10,685, respectively.

**NOTE 10: SUBSEQUENT EVENTS**

Potential subsequent events were considered through April 26, 2016. It was determined that no events were required to be disclosed through this date.

**SUPPLEMENTARY INFORMATION**

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

	Program		Supporting Services		Total Expenses
	Education and Outreach	Management and General	Fundraising	Total	
Salaries	\$ 432,965	\$ 76,406		\$ 76,406	\$ 509,371
Payroll taxes	55,421	9,780		9,780	65,201
Employee benefits	39,618	6,991		6,991	46,609
Program Contract and Stipends	132,500			-	132,500
Lobbying	17,661	834		834	18,495
Professional fees	44,928	20,204	7,350	27,554	72,482
Office supplies and printing	1,623	360	45	405	2,028
Telephone	6,923	1,535		1,535	8,458
Postage and shipping	424	84		84	508
Technology and education	13,585	2,144		2,144	15,729
Copying & Printing	3,581	415		415	3,996
Dues and subscriptions	6,217	887	220	1,107	7,324
Advertising	25,086	739	35	774	25,860
Occupancy	51,744	11,467	7	11,474	63,218
Meetings and conferences	22,579	3,081		3,081	25,660
Miscellaneous	1,933	2,502	751	3,253	5,186
<b>TOTALS</b>	<u>\$ 856,788</u>	<u>\$ 137,429</u>	<u>\$ 8,408</u>	<u>\$ 145,837</u>	<u>\$ 1,002,625</u>

Please see the Independent Auditors' report.

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2014

	Program		Supporting Services		Total Expenses
	Education and Outreach	Management and General	Fundraising	Total	
Salaries	\$ 333,739	\$ 67,442	\$ -	\$ 67,442	\$ 401,181
Payroll taxes	32,227	8,326	-	8,326	40,553
Employee benefits	29,562	7,493	-	7,493	37,055
Program Contract and Stipends	145,000	-	-	-	145,000
Lobbying	21,747	210	-	210	21,957
Professional fees	238,352	1,257	3,125	4,382	242,734
Office supplies and printing	19,250	3,699	117	3,816	23,066
Telephone	277	6,166	-	6,166	6,443
Postage and shipping	577	43	-	43	620
Technology and education	39,800	5,944	-	5,944	45,744
Dues and subscriptions	7,981	191	232	423	8,404
Advertising	27,743	3,160	-	3,160	30,903
Occupancy	-	60,418	-	60,418	60,418
Insurance	-	3,190	-	3,190	3,190
Travel	24,949	3,015	306	3,321	28,270
Meetings and conferences	8,100	3,237	1,876	5,113	13,213
Miscellaneous	2,548	13,003	5,761	18,764	21,312
<b>TOTALS</b>	<u>\$ 931,852</u>	<u>\$ 186,794</u>	<u>\$ 11,417</u>	<u>\$ 198,211</u>	<u>\$ 1,130,063</u>

Please see the Independent Auditors' report.