

**COLORADO CONSUMER HEALTH INITIATIVE**

**FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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*

June 12, 2019

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 324,773	\$ 462,666
Board Restricted Cash and Cash Equivalents	165,329	163,468
Grants Receivable	162,223	268,278
Prepaid Expenses	<u>5,731</u>	<u>4,294</u>
Total Current Assets	<u>658,056</u>	<u>898,706</u>
<b>Noncurrent Assets</b>		
Deposits	2,545	2,545
Property and Equipment, net of accumulated depreciation	<u>2,770</u>	<u>35</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 663,371</u></u>	<u><u>\$ 901,286</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 22,925	\$ 2,950
Accrued Expenses	37,854	32,659
Unearned Revenues	170	1,140
Line of Credit	<u>-</u>	<u>30,000</u>
<b>TOTAL LIABILITIES</b>	<u>60,949</u>	<u>66,749</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	230,325	296,713
With Donor Restrictions	<u>372,097</u>	<u>537,824</u>
Total Net Assets	<u>602,422</u>	<u>834,537</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 663,371</u></u>	<u><u>\$ 901,286</u></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
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
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>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>EXPENSES</b>			
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>
<b>TOTAL EXPENSES</b>			
<b>CHANGE IN NET ASSETS</b>	(66,388)	(165,727)	(232,115)
<b>NET ASSETS, Beginning</b>	<u>296,713</u>	<u>537,824</u>	<u>834,537</u>
<b>NET ASSETS, Ending</b>	<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 ACTIVITIES

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support			
Foundations	\$ 1,700	\$ 567,500	\$ 569,200
Individuals	16,764	-	16,764
Corporations	425	-	425
Other	5,954	-	5,954
Interest Income	1,965	-	1,965
Membership Dues	7,435	-	7,435
Special Events	1,610	-	1,610
Program Service Fees	37,750	-	37,750
Released from Restriction	819,263	(819,263)	-
	<u>892,866</u>	<u>(251,763)</u>	<u>641,103</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>EXPENSES</b>			
Program Services			
Policy, Advocacy and Strategic Engagement	727,312	-	727,312
	<u>727,312</u>	<u>-</u>	<u>727,312</u>
<b>Supporting Services</b>			
Management and General	117,373	-	117,373
Fundraising	3,714	-	3,714
	<u>121,087</u>	<u>-</u>	<u>121,087</u>
<b>TOTAL EXPENSES</b>			
	<u>848,399</u>	<u>-</u>	<u>848,399</u>
<b>CHANGE IN NET ASSETS</b>	44,467	(251,763)	(207,296)
<b>NET ASSETS, Beginning</b>	<u>252,246</u>	<u>789,587</u>	<u>1,041,833</u>
<b>NET ASSETS, Ending</b>	<u>\$ 296,713</u>	<u>\$ 537,824</u>	<u>\$ 834,537</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)	-
<b>TOTALS</b>	<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 FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Program		Supporting Services		Total Expenses
	Education and Outreach	Management and General	Fundraising	Total	
Personnel Expense	\$ 436,164	\$ 80,200	-	\$ 80,200	\$ 516,364
Program Contract and Stipends	133,176	300	-	300	133,476
Lobbying	12,837	1,167	-	1,167	14,004
Professional fees	90	6,126	1,375	7,501	7,591
Office supplies and printing	2,518	2,334	-	2,334	4,852
Telephone	4,016	2,667	-	2,667	6,683
Postage and shipping	144	54	-	54	198
Technology and education	26,067	6,287	-	6,287	32,354
Dues and subscriptions	4,634	4,108	220	4,328	8,962
Advertising	15,364	-	-	-	15,364
Occupancy	8,581	54,790	-	54,790	63,371
Travel & Meetings Expenses	6,258	2,975	69	3,044	9,302
Miscellaneous	26,086	7,742	2,050	9,792	35,878
Allocation of Overhead	51,377	(51,377)	-	(51,377)	-
<b>TOTALS</b>	<u>\$ 727,312</u>	<u>\$ 117,373</u>	<u>\$ 3,714</u>	<u>\$ 121,087</u>	<u>\$ 848,399</u>

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



COLORADO CONSUMER HEALTH INITIATIVE

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

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (232,115)	\$ (207,296)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
Depreciation and Amortization	960	196
Changes in Assets and Liabilities		
Grants Receivable	106,055	240,187
Prepaid Expenses	(1,440)	(2,721)
Accounts Payable	19,975	(69,175)
Accrued Expenses	5,198	(1,957)
Unearned Revenues	(970)	1,140
	<u>(102,337)</u>	<u>(39,626)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Line of Credit	<u>(30,000)</u>	<u>(110,000)</u>
	<u>(30,000)</u>	<u>(110,000)</u>
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<u>(3,695)</u>	<u>-</u>
	<u>(3,695)</u>	<u>-</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	(136,032)	(149,626)
<b>CASH, Beginning</b>	<u>626,134</u>	<u>775,760</u>
<b>CASH, Ending</b>	<u>\$ 490,102</u>	<u>\$ 626,134</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

**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, 2018 and 2017

**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, 2018 and 2017

**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, 2018 and 2017

**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.

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.

**NOTE 2: RESTRICTED CASH**

At December 31, 2018 and 2017, cash in the amount of \$165,329 and \$163,468, 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, 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>

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 3: PROPERTY AND EQUIPMENT** (Continued)

Property and equipment activity for the year ended December 31, 2017 is summarized below.

Furniture and Equipment	\$ 18,361
Less Accumulated Depreciation	<u>(18,326)</u>
 Total Property and Equipment, Net	 <u><b>\$ 35</b></u>

Depreciation in the amount of \$960 and \$196 for the years ending December 31, 2018 and 2017 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 4.505%. 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, 2018, the Organization has a working capital of \$597,107 and average days (based on normal expenditures) cash on hand of 200.

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	\$ 490,102	\$ 626,134
Accounts Receivable, Net	<u>162,223</u>	<u>268,278</u>
Total Financial Assets	<u>652,325</u>	<u>894,412</u>
Less amounts not available to be used within a year:		
Net Assets with donor restrictions	372,097	537,824
Quasi Endowment established by the Board	165,329	163,468
Less net assets with purpose restrictions to be met in than a year	<u>(372,097)</u>	<u>(537,824)</u>
 Financial Assets available to meet general expenditures over the next twelve months	 <u><b>\$ 486,966</b></u>	 <u><b>\$ 730,944</b></u>

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 5: AVAILABILITY AND LIQUIDITY** (Continued)

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.

**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:		
CPBB New Venture Fund- Safety Net Defense	\$ -	\$ 28,107
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-'19	139,370	-
CCMU w/ RWJF Cost Optimization 12/1-11/30/17	-	8,098
RWJF Consumer Advocacy Transformation	115,438	210,534
Caring for Colorado - Gen Op 2017	-	23,613
Rose Community Foundation 1/1/2017-3/1/2019	-	86,897
Rose Health Advocacy Bd Engagement (Davis)	-	2,500
The Colo Health Fnd GenOp Extension '16-'18	-	178,075
	<b><u>\$ 372,097</u></b>	<b><u>\$ 537,824</u></b>

Net assets without donor restrictions for the years ended December 31, 2018 and 2017 were \$230,325 and \$296,713 respectively.

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 6:** *NET ASSETS* (Continued)

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>745,727</u>	\$ <u>819,263</u>
Total	<u>\$ 745,727</u>	<u>\$ 819,263</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.

**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, 2018 and 2017 were \$13,605 and \$12,634, respectively.

**NOTE 9:** *SUBSEQUENT EVENTS*

Potential subsequent events were considered through June 12, 2019. It was determined that no events were required to be disclosed through this date.