

COLORADO CONSUMER HEALTH INITIATIVE

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 Luttrell & Associates, LLC

April 3, 2017

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 607,547	\$ 499,647
Board Restricted Cash and Cash Equivalents	168,213	166,236
Grants Receivable	508,465	492,903
Prepaid Expenses	-	7,830
	<u>1,284,225</u>	<u>1,166,616</u>
Noncurrent Assets		
Deposits	4,121	4,121
Property and Equipment, net of accumulated depreciation	228	705
	<u>4,349</u>	<u>4,826</u>
TOTAL ASSETS	<u>\$ 1,288,574</u>	<u>\$ 1,171,442</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 72,125	\$ 63,823
Accrued Expenses	34,616	23,318
Line of Credit	140,000	-
	<u>246,741</u>	<u>87,141</u>
TOTAL LIABILITIES	<u>246,741</u>	<u>87,141</u>
NET ASSETS		
Unrestricted	252,246	280,464
Temporarily Restricted	789,587	803,837
	<u>1,041,833</u>	<u>1,084,301</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,288,574</u>	<u>\$ 1,171,442</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Foundations	\$ 9,550	\$ 830,265	\$ 839,815
Individuals	12,352	-	12,352
Corporations	10	-	10
Other	690	-	690
Interest Income	1,624	-	1,624
Membership Dues	11,365	-	11,365
Special Events	(7,495)	-	(7,495)
Program Service Fees	9,021	-	9,021
Released from Restriction	844,515	(844,515)	-
	<u>881,632</u>	<u>(14,250)</u>	<u>867,382</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
	<u>881,632</u>	<u>(14,250)</u>	<u>867,382</u>
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	778,069	-	778,069
	<u>778,069</u>	<u>-</u>	<u>778,069</u>
Total Program Services			
	<u>778,069</u>	<u>-</u>	<u>778,069</u>
Supporting Services			
Management and General	131,269	-	131,269
Fundraising	512	-	512
	<u>131,781</u>	<u>-</u>	<u>131,781</u>
Total Supporting Services			
	<u>131,781</u>	<u>-</u>	<u>131,781</u>
TOTAL EXPENSES	<u>909,850</u>	<u>-</u>	<u>909,850</u>
CHANGE IN NET ASSETS	(28,218)	(14,250)	(42,468)
NET ASSETS, Beginning	<u>280,464</u>	<u>803,837</u>	<u>1,084,301</u>
NET ASSETS, Ending	<u>\$ 252,246</u>	<u>\$ 789,587</u>	<u>\$ 1,041,833</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>
REVENUES, GAINS AND OTHER SUPPORT			
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)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,037,843</u>	<u>(2,863)</u>	<u>1,034,980</u>
EXPENSES			
Program Services			
Policy, Advocacy and Strategic Engagement	856,788	-	856,788
Total Program Services	<u>856,788</u>	<u>-</u>	<u>856,788</u>
Supporting Services			
Management and General	137,429	-	137,429
Fundraising	8,408	-	8,408
Total Supporting Services	<u>145,837</u>	<u>-</u>	<u>145,837</u>
TOTAL EXPENSES	<u>1,002,625</u>	<u>-</u>	<u>1,002,625</u>
CHANGE IN NET ASSETS	35,218	(2,863)	32,355
NET ASSETS, Beginning	<u>245,246</u>	<u>806,700</u>	<u>1,051,946</u>
NET ASSETS, Ending	<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 CASH FLOWS
Year Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (42,468)	\$ 32,355
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
Depreciation and Amortization	477	2,023
Changes in Assets and Liabilities		
Grants Receivable	(15,562)	(219,195)
Prepaid Expenses	7,830	(7,830)
Accounts Payable	8,302	58,921
Accrued Expenses	11,298	(12,537)
	<u>(30,123)</u>	<u>(146,263)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	<u>140,000</u>	<u>-</u>
	<u>140,000</u>	<u>-</u>
Net Cash Provided by Financing Activities		
NET INCREASE IN CASH	109,877	(146,263)
CASH, Beginning	<u>665,883</u>	<u>812,146</u>
CASH, Ending	<u>\$ 775,760</u>	<u>\$ 665,883</u>

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

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Colorado Consumer Health Initiative (“CCHI”) advances the consumer perspective to improve health care for all Coloradans. CCHI's vision is All Coloradans can access affordable, high-quality and equitable health care. CCHI goals are to decrease the number of uninsured Coloradans, especially Coloradans with historically higher rates of being uninsured, improve the value of health care and health insurance for Colorado consumers, increase transparency and accountability in the health care system and ensure authentic consumer engagement and representation in health care systems change.

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, 2016 and 2015.

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, 2015 and 2016

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, 2016 and 2015, cash in the amount of \$168,213 and \$166,236, 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, 2016 is summarized below.

Furniture and Equipment	\$ 24,151
Less Accumulated Depreciation	<u>(23,923)</u>
Total Property and Equipment, Net	<u>\$ 228</u>

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2016

NOTE 3: PROPERTY AND EQUIPMENT (Continued)

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>\$ 705</u>

Depreciation in the amount of \$447 and \$2,023 for the years ending December 31, 2016 and 2015 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. \$140,000 was drawn on the line of credit during the year ended December 31, 2016. The line of credit matures in November of 2017.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016, net assets were temporarily restricted for the following purposes:

Rose Foundation - Leadership Training	\$ 4,000
RWJF CCMU Cost Optimization 12/1-11/30/17	44,599
The Colorado Health Foundation Protect Our Care 1/1/17-6/30/17	75,000
The Colorado Health Foundation COST Grant	55,791
Rose Community Foundation 1/1/2017-3/1/2019	216,666
The Colorado Health Foundation / General Operating 2016-2018	<u>393,531</u>
 Total	 <u>\$ 789,587</u>

COLORADO CONSUMER HEALTH INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015 and 2016

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS (Continued)

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>\$ 803,837</u>

NOTE 6: NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2016 and 2015, temporarily restricted net assets of \$844,515 and \$1,002,863 were released from restriction because of the satisfaction of the donor requirements.

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, 2016 and 2015 were \$12,610 and \$13,493, respectively.

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through April 3, 2017. 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, 2016

	Program		Supporting Services		Total Expenses
	Education and Outreach	Management and General	Fundraising	Total	
Salaries	\$ 406,920	\$ 71,811	-	\$ 71,811	\$ 478,731
Payroll taxes	31,158	5,498	-	5,498	36,656
Employee benefits	51,654	9,115	-	9,115	60,769
Program Contract and Stipends	100,500	-	-	-	100,500
Lobbying	29,171	-	-	-	29,171
Professional fees	38,886	17,302	-	17,302	56,188
Office supplies and printing	975	3,424	270	3,694	4,669
Telephone	2,756	3,683	-	3,683	6,439
Postage and shipping	284	414	-	414	698
Technology and education	7,886	9,552	-	9,552	17,438
Dues and subscriptions	4,530	1,062	-	1,062	5,592
Advertising	12,418	-	-	-	12,418
Occupancy	4,537	68,050	-	68,050	72,587
Travel & Meetings Expenses	13,698	6,586	17	6,603	20,301
Miscellaneous	3,876	3,592	225	3,817	7,693
Allocation of Overhead	68,820	(68,820)	-	(68,820)	-
TOTALS	<u>\$ 778,069</u>	<u>\$ 131,269</u>	<u>\$ 512</u>	<u>\$ 131,781</u>	<u>\$ 909,850</u>

Please see the Independent Auditors' report.

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
TOTALS	<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.