

**NORTHWEST COLORADO COMMUNITY
HEALTH PARTNERSHIP, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

DRAFT

**NORTHWEST COLORADO COMMUNITY
HEALTH PARTENRSHIP, INC.**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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August 10, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Colorado Community Health Partnership, Inc
Steamboat Springs, Colorado

We have audited the accompanying financial statements of **Northwest Colorado Community Health Partnership, Inc.**, (a Colorado nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 auditors' 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 Northwest Colorado Community Health Partnership, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Northwest Community Health Partnership Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
Denver, Colorado

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**NORTHWEST COLORADO COMMUNITY
HEALTH PARTNERSHIP, INC.**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 460,166	\$ 637,710
Cash held for others (Note 3)	209,290	213,960
Grants and contracts receivable	57,491	105,925
Prepaid expenses and deposits	13,239	31,259
Investments (Note 4)	102,487	-
Net property and equipment (Note 5)	698,556	551,072
Total assets	\$ 1,541,229	\$ 1,539,926
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 67,005	\$ 88,633
Accrued payroll costs	35,080	54,339
Fiscal sponsor liabilities	209,290	213,960
Deferred revenue	43,133	5,700
Notes payable (Note 6)	317,580	176,380
Total liabilities	672,088	539,012
<u>Net assets</u>		
Without donor restrictions		
Operating	439,995	463,636
Net investment in fixed assets	380,976	374,692
	820,971	838,328
With donor restrictions (Note 7)	48,170	162,586
Total net assets	869,141	1,000,914
Total liabilities and net assets	\$ 1,541,229	\$ 1,539,926

The accompanying notes are an integral part of these financial statements

**NORTHWEST COLORADO COMMUNITY
HEALTH PARTNERSHIP, INC.**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Government grants and contracts	\$ 965,111	\$ -	\$ 965,111	\$ 864,361
Fee for service	138,332	-	138,332	102,825
Foundation awards	24,000	80,700	104,700	265,276
Individual, board, and corporate contributions	7,365	11,249	18,614	5,660
Conferences	15,458	-	15,458	-
Fiscal sponsor fees	7,613	-	7,613	5,000
Interest income	1,267	-	1,267	4,083
Member dues	-	-	-	192,371
Other	1,766	-	1,766	341
In-kind contributions (Note 8)	7,822	-	7,822	3,297
Net assets released from restrictions (Note 9)	206,365	(206,365)	-	-
Total revenue and other support	<u>1,375,099</u>	<u>(114,416)</u>	<u>1,260,683</u>	<u>1,443,214</u>
<u>Expense</u>				
Program services	1,040,715	-	1,040,715	1,003,870
Supporting services				
Management and general	319,140	-	319,140	290,040
Fund-raising	32,601	-	32,601	25,437
Total expense	<u>1,392,456</u>	<u>-</u>	<u>1,392,456</u>	<u>1,319,347</u>
Change in net assets	(17,357)	(114,416)	(131,773)	123,867
Net assets, beginning of year	<u>838,328</u>	<u>162,586</u>	<u>1,000,914</u>	<u>877,047</u>
Net assets, end of year	<u>\$ 820,971</u>	<u>\$ 48,170</u>	<u>\$ 869,141</u>	<u>\$ 1,000,914</u>

The accompanying notes are an integral part of these financial statements

**NORTHWEST COLORADO COMMUNITY
HEALTH PARTNERSHIP, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
		Supporting services			
	Program Services	Management and General	Fund- raising	Total	Total
Salaries, payroll taxes and benefits	\$ 419,260	\$ 176,211	\$ 12,152	\$ 607,623	\$ 544,130
Community care coordination	207,633	-	-	207,633	280,631
Insurance enrollment	167,599	-	-	167,599	126,199
Accounting	-	44,878	-	44,878	35,375
Marketing and advertising	32,204	8,588	2,147	42,939	29,315
Training and development	24,930	2,770	-	27,700	20,999
Conference	21,888	3,585	717	26,190	1,500
Insurance	12,547	11,292	1,255	25,094	13,868
Occupancy	12,258	8,915	1,114	22,287	48,740
Telephone	14,528	5,189	1,037	20,754	7,281
Interest expense	12,305	4,395	878	17,578	1,415
IT services	11,687	4,174	834	16,695	11,997
Supplies	9,509	5,943	396	15,848	30,343
Business development	9,360	5,772	468	15,600	-
Evaluations	15,335	-	-	15,335	13,862
Travel	11,235	2,668	141	14,044	27,347
Health Information Exchange	12,500	-	-	12,500	-
Legal	-	11,378	-	11,378	17,966
Repairs and maintenance	6,650	2,375	475	9,500	-
Membership fees and dues	4,708	3,766	941	9,415	11,486
Grant writing	-	-	7,920	7,920	750
Meetings	3,819	1,364	272	5,455	10,084
Music supplies	4,010	-	-	4,010	22,928
Music and drug abuse prevention	3,734	-	-	3,734	24,133
Equipment	3,282	365	-	3,647	6,058
Health Connector	-	-	-	-	10,020
Other	4,432	1,741	324	6,497	19,005
	1,025,413	305,369	31,071	1,361,853	1,315,432
Depreciation	15,302	13,771	1,530	30,603	3,915
	<u>\$ 1,040,715</u>	<u>\$ 319,140</u>	<u>\$ 32,601</u>	<u>\$ 1,392,456</u>	<u>\$ 1,319,347</u>

The accompanying notes are an integral part of these financial statements

**NORTHWEST COLORADO COMMUNITY
HEALTH PARTNERSHIP, INC.**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (131,773)	\$ 123,867
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	30,603	3,915
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in grants and contracts receivable	48,434	(18,262)
(Increase)decrease in prepaid expenses and deposits	18,020	(18,033)
Increase(decrease) in accounts payable	(21,628)	(14,249)
Increase(decrease) in accrued payroll costs	(19,259)	17,617
Increase(decrease) in amounts due others	(4,670)	213,960
Increase(decrease) in deferred revenue	37,433	(13,177)
Net cash provided(used) by operating activities	(42,840)	295,638
<u>Cash flows from investing activities</u>		
(Additions) to fixed assets	(178,087)	(545,044)
(Purchases) sales of investments	(102,487)	200,000
Net cash provided(used) by investing activities	(280,574)	(345,044)
<u>Cash flows from financing activities</u>		
Borrowing on notes payable	141,200	176,380
Net increase(decrease) in cash and cash equivalents	(182,214)	126,974
Cash and cash equivalents, beginning of year	851,670	724,696
Cash and cash equivalents, end of year	\$ 669,456	\$ 851,670
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ 17,578	\$ 1,415

The accompanying notes are an integral part of these financial statements

NORTHWEST COLORADO COMMUNITY HEALTH PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES

Northwest Colorado Community Health Partnership, Inc. (the Organization) is a nonprofit Health Alliance that works to ensure residents live longer healthier lives. In 2006, Northwest Colorado Community Health Partnership was founded as a regional health alliance under the nonprofit umbrella of Northwest Colorado Visiting Nurse Association, dba Northwest Colorado Health. In 2016, the IRS recognized the Organization as a 501(c)3 agency and thus became a stand-alone organization on January 1, 2017. The Organization is primarily funded through government grants and contracts, fee for service and foundation awards.

The Organization works throughout Northwest Colorado in connecting health and wellness resources through collaboration with community partners. Business is conducted through multiple programs across 5 rural Northwest Counties; Moffat, Grand, Rio Blanco, Jackson and Routt. The Organization identifies gaps in service, and works to create community-wide efficiencies, reduce duplication of services, collect and leverages regional data to support decision making, and advances community-driven solutions. There is a special focus on closing the gaps in social determinants of health, addressing mental health issues and substance use disorder in the region using a community-based collaborative approach.

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.

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.

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

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.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,500. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. 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.

7. 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.

8. Functional Reporting of Expenses

For the year ended December 31, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Occupancy is allocated on square footage. All other costs are assigned directly to the program or functional area benefited.

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, 2018, from which the summarized information was derived.

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

10. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

11. Subsequent Events

Management has evaluated subsequent events through August 10, 2020, the date the financial statements were available for distribution.

12. 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.

NOTE 3 - FISCAL SPONSOR

The Organization has entered into an agreement with another local organization (Choose When) to act as a fiscal sponsor. Under the fiscal sponsor agreement, donated funds are held by the Organization and disbursed on written request by Choose When. An annual fee of \$7,613 was charged for program administration services rendered.

NOTE 4 - INVESTMENTS

Investments, carried at market value (level 1 inputs), consist of a 6-month certificate of deposit. Investment income of \$1,267 consists of interest earned on the certificate of deposit and other cash balances.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Building and improvements	\$ 696,446
Furniture and equipment	<u>38,429</u>
Total	734,875
Less: accumulated depreciation	<u>(36,319)</u>
Net property and equipment	<u>\$ 698,556</u>

Depreciation expense for the year was \$30,603.

NOTE 6 - NOTE PAYABLE

During the year, the Organization refinanced a construction loan for \$325,000 with a local bank. Under the terms of the agreement the Organization will make 60 payments of \$2,297 at an interest rate of 5.75% beginning on March 13, 2019 continuing through February 13, 2024. The interest rate then declines to 5.04% with an additional 180 monthly payments of \$2,192 through February 13, 2039.

Future loan maturities as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 9,240
2021	9,846
2022	10,436
2023	11,061
2024 and after	<u>276,997</u>
Total	<u>\$ 317,580</u>

Subsequent to year-end, the Organization refinanced the loan on June 25, 2020 for \$313,967 locking in a fixed interest rate of 5.25% for a 20 year period, with required monthly payments of \$2,129.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
NW CO outreach, utilization and advocacy	\$ 32,391
Regional Health Connector	12,040
Wellness conference	3,023
Auto insurance assistance	<u>716</u>
Total	<u>\$ 48,170</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

Donated services are reflected in the accompanying statements at their estimated values at date of receipt:

<u>Description</u>	<u>Amount</u>
Business development	\$ 6,240
Legal services	1,277
Supplies	<u>305</u>
Total	<u>\$ 7,822</u>

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restriction by satisfying the restricted program purpose:

<u>Description</u>	<u>Amount</u>
NW CO outreach, utilization and advocacy	\$ 107,778
Regional Health Connector	67,394
Music program	17,490
Wellness conference	8,227
Rent assistance	5,100
Auto insurance assistance	<u>376</u>
Total	<u>\$ 206,365</u>

NOTE 10 - RELATED PARTIES

The Board of Directors includes individuals that are employed by network members. Network members have received payments from the Organization for providing medical services to qualified individuals and have provided funding to the Organization.

NOTE 11 - CONCENTRATION OF REVENUE SOURCES

During the year, the Organization recognized \$720,000 or approximately 57% of its funding from one government contract. The Organization is dependent on this award to deliver services at its current level.

NOTE 12 - PENSION PLAN

The Organization has adopted a 401K plan (The Plan) covering all eligible employees. The Organization contributes 2% of participants' compensation. Total pension expense during the year was \$7,798.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 460,166
Grants and contracts receivable	57,491
Investments	<u>102,487</u>
	<u>620,144</u>
Less amounts not available for general expenditures within one year due to:	
Donor purpose restrictions	<u>(48,170)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 571,974</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of ordinary operations, as being available for general expenditures.

NOTE 14 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is a considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operations. However, the related financial impact and duration cannot be reasonably estimated at this time.