CENTER FOR HEALTH PROGRESS

Financial Statements
As Of December 31, 2018
(With Summarized Financial Information
As Of December 31, 2017)

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Center for Health Progress:

Report on the Financial Statements

We have audited the accompanying statement of financial position of Center for Health Progress (referred to as the "Organization"), as of December 31, 2018, and the related statement of activities, functional expenses and cash flows, and the related notes to the financial statements for the year then ended.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 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.

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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 Center for Health Progress as of December 31, 2018, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

JDS Professional Group

November 11, 2019

CENTER FOR HEALTH PROGRESS

Statement Of Financial Position
As Of December 31, 2018
(With Summarized Financial Information As Of December 31, 2017)

ASSETS	2018	2017
Current Assets:		
Cash and cash equivalents	$ 466,762	$ 163,518
Promises to give	437,954	627,193
Investments	128,298	123,282
Property and equipment, net	2,815	3,563
TOTAL ASSETS	$ 1,035,829	$ 917,556
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 35,242	$ 25,013
Accrued liabilities	35,597	45,229
Total Current Liabilities	70,839	70,242
Net Assets:		
Undesignated	442,717	102,353
Investment in facilities, property and equipment	2,815	3,563
Total net assets without donor restriction	445,532	105,916
Net assets with donor restrictions	519,458	741,398
Total Net Assets	964,990	847,314
TOTAL LIABILITIES AND NET ASSETS	$ 1,035,829	$ 917,556

CENTER FOR HEALTH PROGRESS

Statement Of Activities
For The Year Ended December 31, 2018
(With Summarized Financial Information For The Year Ended December 31, 2017)

		Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Support And Revenue:					
Foundations and other grants		$ 611,698	$ 410,888	$ 1,022,586	$ 388,938
Contributions		71,540		71,540	58,741
Special event income	72,453				
Direct benefit costs	(17,834)	54,619		54,619	63,396
Memberships		42,571		42,571	33,624
Other contracts		79,417		79,417	69,200
Interest income		637		637	200
Other		3,300		3,300	6,600
Net assets released from restrictions:					
Satisfaction of program restrictions		632,828	(632,828)		
Total Support And Revenue		1,496,610	(221,940)	1,274,670	620,699
Expenses:					
Program services		906,036		906,036	1,118,336
Supporting services -					
Management and general		137,091		137,091	137,837
Fundraising		113,867		113,867	124,953
Total Expenses		1,156,994		1,156,994	1,381,126
CHANGES IN NET ASSETS FROM OPERATIONS		339,616	(221,940)	117,676	(760,427)
Net Assets, Beginning Of Year		105,916	741,398	847,314	1,607,741
NET ASSETS, END OF YEAR		$ 445,532	$ 519,458	$ 964,990	$ 847,314

CENTER FOR HEALTH PROGRESS

Statement Of Functional Expenses
For The Year Ended December 31, 2018
(With Summarized Financial Information For The Year Ended December 31, 2017)

	Program Services	Supporting Services: General Admin.	Supporting Services: Fundraising	2018 Total	2017 Total
Salaries	$ 510,653	$ 87,349	$ 73,910	$ 671,912	$ 685,463
Payroll taxes and benefits	126,459	21,631	18,303	166,393	147,217
Partners contracts	96,957			96,957	202,923
Professional services	66,462	11,368	9,619	87,449	153,516
Facilities expense	46,272	7,916	6,700	60,888	51,452
Meetings	11,249	1,924	1,628	14,801	28,408
Travel	16,638			16,638	21,092
Participant stipends	4,876			4,876	18,331
Miscellaneous	430	74	62	566	17,055
Small furniture/equipment	4,120	705	596	5,421	15,305
Professional development	3,788	648	548	4,984	11,680
Communications	5,472	936	792	7,200	6,696
Printing	1,545	264	224	2,033	6,606
Office supplies	4,153	710	601	5,464	4,585
Insurance	4,232	724	612	5,568	5,715
Postage	672	115	97	884	989
Administrative fees		2,521		2,521	1,525
Membership	850			850	1,320
Website	640	109	93	842	500
	905,468	136,994	113,785	1,156,247	1,380,378
Depreciation	568	97	82	747	748
Total	$ 906,036	$ 137,091	$ 113,867	$ 1,156,994	$ 1,381,126

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

Statement Of Cash Flows
For The Year Ended December 31, 2018
(With Summarized Financial Information For The Year Ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ 117,676	$ (760,427)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	748	748
Changes in assets and liabilities -		
Decrease in promises to give	189,240	155,792
Decrease in prepaid expenses		17,046
Increase in accounts payable	10,228	17,722
(Decrease) increase in accrued liabilities	(9,632)	34,401
Net cash provided by (used in) operating activities	308,260	(534,718)
Cash flows from investing activities:		
Purchases of investments	(5,016)	(123,282)
Net cash (used in) investing activities	(5,016)	(123,282)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	303,244	(658,000)
Cash And Cash Equivalents, Beginning Of Year	163,518	821,518
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 466,762	$ 163,518

(1) Nature Of The Organization

Center for Health Progress (the "Organization") is a nonprofit organization incorporated in 2003 for the purpose of creating opportunities and eliminating barriers to good health for medically under served Coloradans. The Organization is supported primarily through foundations and grants. In 2017 the Organization formally changed their name from Colorado Coalition for the Medically Under served to Center for Health Progress.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Presentation

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations.* Under this standard, the Organization is required to report information regarding 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 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 must be maintained in perpetuity. The Organization does not have any funds to be held in perpetuity.

Measure Of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Fair Value Measurements

The Organization follows *Fair Value Measurements* which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of Deposit: The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, promises to give, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and demand deposit accounts. The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Promises To Give

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend on are substantially met and the promises become unconditional.

The allowance method is used to determine uncollectible unconditional promises to give. The allowance is based on the prior years' experience and management's analysis of specific promises. As of December 31, 2018, no allowance was considered necessary.

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of December 31, 2018, all promises to give were expected to be collected within one year, and therefore no discount was computed.

Contributions And Grants

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with

explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment of $500 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such expenses salaries, benefits, professional services, miscellaneous accounts, communications, printing, website, postage, office supplies, meetings, professional development, and facilities expense These expenses are allocated on the basis of estimates of time and effort.

Prior Year Summarized 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, 2017, from which the summarized information was derived.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This 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 between not-for-profit entities. The change required by the update have been applied retrospectively to all periods presented. A key change required by ASU No. 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events through November 11, 2019 which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) **Tax Exempt Status**

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization.

Organization follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2018, Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to December 31, 2015. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, Organization believes no issues would arise.

(4) Investments And Concentration of Credit Risk

As of December 31, 2018, the Organization only had investments (certificates of deposit) using Level 1 inputs.

The Organization places all of its cash with one financial institution. Amounts over $250,000 are not insured by the FDIC or related entity. As of December 31, 2018 the amount of fund which exceeded the FDIC limit was approximately $220,000. Management has evaluated its banking needs and the strength of the financial institution and feels it is in the best long-term interest of the Organization to continue its existing relationship.

(5) Property And Equipment

As of December 31, 2018, property and equipment consisted of the following:

Computers	$ 5,184
Furniture and fixtures	1,430
Less: accumulated depreciation	(3,799)
	$ 2,815

Depreciation expense for the year ended was $748.

(6) Commitments

The Organization leases office space in Denver, Colorado. The future minimum lease payments are as follows:

December 31,	
2019	49,056
2020	50,041
	$ 99,097

(7) Net assets with Donor Restrictions

As of December 31, 2018, net assets with donor restriction consisted of the following:

Subject to expenditure for specified purpose:	
Health equity advocacy	$ 4,437
KP Practice Transformation	22,275
Interdisciplinary Research Leader	275,000
Fellowship	25,000
Immigrant coverage and care	69,792
Total	396,504
Subject to the passage of time:	
Time restricted contributions	122,954
Total	122,954
Grand total	$ 519,458

(8) Partner Contracts

The Organization is the grant recipient for funds from the David and Lucile Packard Foundation to support All Kids Covered. Funds from this grant are shared among other state partners with formal memorandums of understanding who work collaboratively with the Organization to fulfill the grant obligations.

(9) Pension Plans

The Organization has an employer sponsored tax-deferred retirement plan that covers all eligible employees. Employees may elect to make contributions to the plan up to the maximum permitted by the IRS if they wish. The Organization matches 100% of the employees contributions up to 3% of the employee's salary, the Organization matches 50% of the next 2% that the employee contributes to the plan. Pension expense for the year ended December 31, 2018, was $20,266.

(10) Liquidity And Availability Of Financial Assets

		2018
Financial assets at year end		
Cash and cash equivalents	$	466,762
Promises to give, current		437,954
Investments		128,298
Total financial assets		1,033,014
Financial assets available to meet cash needs for general expenditures within one year	$	1,033,014

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to it's donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(11) Adoption Of Accounting Standards Update 2016-14

The following financial statement line items for the year ended December 31, 2017, were reclassified as a result of the adoption of FASB Accounting Standards Update No. 2014-16, *Presentation of Financial Statements of Not-For-Profit Entities.*

	As Previously Reported	Adoption of ASU No. 2016-14	As Reclassified
Temporarily restricted net assets	$ 741,398	$ (741,398)	$
Net assets with donor restrictions		741,398	741,398
Unrestricted net assets	105,916	(105,916)	
Net assets without donor restriction		105,916	105,916
Total	$ 847,314	$	$ 847,314

(12) New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for the Organization for the year ended December 31, 2019. Early application is permitted for the Organization. The Organization is evaluating the effect that ASU No. 2015-14 will have on its financial statement and related disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer off assets as an exchange transaction or a contribution. The distinction is important because contributions are accounted for under Accounting Standards Codification (ASC) 958-605, *Not-For-Profit Entities* - Revenue Recognition, which exchange transactions are accounted for under other guidance such as ASC 606, *Revenue from Contracts with Customers*. The guidance also clarifies how entities will determine whether a contribution is conditional. The timing of revenue and expense recognition depends upon whether a contribution is conditional or unconditional. The new standard is effective for the Organization for the year ended December 31, 2019. Early adoption is permitted. The Organization is evaluating the effect that ASU No. 2018-08 will have on its financial statements and related disclosures.

In December of 2018, FASB issued ASU No. 2018-20, Leases. ASU No. 2018-20 which requires the Organization to recognize all leased assets on the statement of financial position with corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extend of leasing activities. The requirements of this statements are effective for the Organization's year ended December 31, 2020. The Organization has not evaluated the impact due to the timing of implementation of this standard.