**MENTAL HEALTH AMERICA OF COLORADO**
**DBA MENTAL HEALTH COLORADO**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**MENTAL HEALTH AMERICA OF COLORADO**
**DBA MENTAL HEALTH COLORADO**

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# INDEPENDENT AUDITORS' REPORT

Board of Directors
Mental Health America of Colorado
dba Mental Health Colorado
Denver, Colorado

We have audited the accompanying financial statements of Mental Health America of Colorado dba Mental Health Colorado (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 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 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 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 Mental Health America of Colorado dba Mental Health Colorado as of December 31, 2017, 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.

McNurlin Hitchcock & Associates, P.C

McNurlin, Hitchcock & Associates, P.C.
Lakewood, Colorado
April 19, 2018

**MENTAL HEALTH AMERICA OF COLORADO**
**DBA MENTAL HEALTH COLORADO**
Statement of Financial Position
December 31, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | $ 618,976 | $ 151,700 | $ 250 | $ 770,926 |
| Certificate of deposit | 200,549 | - | - | 200,549 |
| Investments | 20,112 | - | - | 20,112 |
| Interest receivable | 130 | - | - | 130 |
| Pledges receivable | 4,337 | - | - | 4,337 |
| Prepaid expenses | 7,909 | - | - | 7,909 |
| TOTAL CURRENT ASSETS | 852,013 | 151,700 | 250 | 1,003,963 |
| OTHER ASSETS | | | | |
| Security deposits | 10,926 | - | - | 10,926 |
| Property and equipment, net | 13,373 | - | - | 13,373 |
| Beneficial interest in assets held by others | - | - | 147,831 | 147,831 |
| TOTAL OTHER ASSETS | 24,299 | - | 147,831 | 172,130 |
| TOTAL ASSETS | $ 876,312 | $ 151,700 | $ 148,081 | $ 1,176,093 |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | $ 5,176 | $ - | $ - | $ 5,176 |
| Accrued liabilities | 29,624 | - | - | 29,624 |
| TOTAL CURRENT LIABILITIES | 34,800 | - | - | 34,800 |
| OTHER LIABILITIES | | | | |
| Deferred rent | 491 | - | - | 491 |
| TOTAL LIABILITIES | 35,291 | - | - | 35,291 |
| NET ASSETS | | | | |
| Unrestricted net assets | | | | |
| Operating | 234,607 | - | - | 234,607 |
| Board Designated - Reserves | 405,865 | - | - | 405,865 |
| Board Designated - Strategic reserves | 200,549 | - | - | 200,549 |
| Temporarily restricted | - | 151,700 | - | 151,700 |
| Permanently restricted | - | - | 148,081 | 148,081 |
| TOTAL NET ASSETS | 841,021 | 151,700 | 148,081 | 1,140,802 |
| TOTAL LIABILITIES AND NET ASSETS | $ 876,312 | $ 151,700 | $ 148,081 | $ 1,176,093 |

See accompanying notes to the financial statements and independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**
**DBA MENTAL HEALTH COLORADO**
Statement of Activities
For the Year Ended December 31, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| REVENUE AND SUPPORT | | | | |
| Grants | | | | |
| Government | $ 2,004 | $ 33,884 | $ - | $ 35,888 |
| Foundations | 340,719 | 207,500 | - | 548,219 |
| Contributions | | | | |
| Individuals | 220,636 | - | 250 | 220,886 |
| Corporations | 42,338 | - | - | 42,338 |
| Affiliated organizations | 8,000 | - | - | 8,000 |
| Special events | 421,596 | - | - | 421,596 |
| Less direct event expenses | (138,923) | - | - | (138,923) |
| Other income | 735 | - | - | 735 |
| Rent reimbursement | 70,369 | - | - | 70,369 |
| Less direct rent expenses | (70,420) | - | - | (70,420) |
| Realized gain on investment | - | - | 13,700 | 13,700 |
| Unrealized gain on investment | 7 | - | - | 7 |
| Interest and dividend income | 1,063 | - | - | 1,063 |
| Net assests released from restriction | 215,524 | (214,209) | (1,315) | - |
| TOTAL REVENUE AND SUPPORT | 1,113,648 | 27,175 | 12,635 | 1,153,458 |
| EXPENSES | | | | |
| Program Services: | | | | |
| Programs and community resources | 410,501 | - | - | 410,501 |
| Public policy and strategic initiatives | 255,712 | - | - | 255,712 |
| Support Services: | | | | |
| Management and general | 162,245 | - | - | 162,245 |
| Fundraising | 132,451 | - | - | 132,451 |
| TOTAL EXPENSES | 960,909 | - | - | 960,909 |
| CHANGE IN NET ASSETS | 152,739 | 27,175 | 12,635 | 192,549 |
| NET ASSETS, Beginning of the year | 688,282 | 124,525 | 135,446 | 948,253 |
| NET ASSETS, End of the year | $ 841,021 | $ 151,700 | $ 148,081 | $ 1,140,802 |

See accompanying notes to the financial statements and independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**
**DBA MENTAL HEALTH COLORADO**
Statement of Functional Expenses
For the Year Ended December 31, 2017

| | Program Services | | | Support Services | | |
|---|---|---|---|---|---|---|
| | Programs and Community Resources | Public Policy and Strategic Initiatives | Total Programs | Management and General | Fundraising | Total |
| Advertising | $ 10,289 | $ 35 | $ 10,324 | $ - | $ 1,502 | $ 11,826 |
| Board of directors | 4,099 | 3,010 | 7,109 | 1,354 | 1,343 | 9,806 |
| Conferences and meetings | 2,072 | 8,134 | 10,206 | - | - | 10,206 |
| Depreciation | 1,393 | 909 | 2,302 | 454 | 513 | 3,269 |
| Donations to others | 1,295 | 191 | 1,486 | 32 | 335 | 1,853 |
| Dues and subscriptions | 2,090 | 1,240 | 3,330 | 650 | 664 | 4,644 |
| Equipment rental | 1,791 | 1,655 | 3,446 | 179 | 743 | 4,368 |
| Employee development | 963 | - | 963 | 271 | - | 1,234 |
| Fundraising | - | - | - | - | 586 | 586 |
| Insurance | 4,993 | 2,998 | 7,991 | 1,245 | 1,319 | 10,555 |
| Miscellaneous | 5,375 | 2,496 | 7,871 | 1,718 | 2,768 | 12,357 |
| Office expenses | 4,012 | 2,797 | 6,809 | 1,403 | 1,141 | 9,353 |
| Outside services | 11,655 | 7,044 | 18,699 | 2,247 | 2,457 | 23,403 |
| Postage | 607 | 325 | 932 | 153 | 654 | 1,739 |
| Printing | 1,841 | 179 | 2,020 | 186 | 1,301 | 3,507 |
| Professional fees | 20,878 | 19,942 | 40,820 | 8,484 | 5,784 | 55,088 |
| Rent | 18,077 | 11,087 | 29,164 | 45,716 | 5,463 | 80,343 |
| Supplies | 178 | 17 | 195 | - | - | 195 |
| Taxes and licenses | 146 | 70 | 216 | 35 | 39 | 290 |
| Telephone and internet | 4,017 | 2,716 | 6,733 | 1,004 | 995 | 8,732 |
| Travel and mileage | 6,801 | 3,420 | 10,221 | 780 | 2,205 | 13,206 |
| Volunteer related expenses | 821 | 283 | 1,104 | 71 | 49 | 1,224 |
| Salaries and related benefits | 306,494 | 186,802 | 493,296 | 96,169 | 102,395 | 691,860 |
| Payroll processing fees | 614 | 362 | 976 | 94 | 195 | 1,265 |
| Total Expenses | $ 410,501 | $ 255,712 | $ 666,213 | $ 162,245 | $ 132,451 | $ 960,909 |

See accompanying notes to the financial statements and independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**
**DBA MENTAL HEALTH COLORADO**
Statement of Cash Flows
For the Year Ended December 31, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Change in Net Assets | $ 152,739 | $ 27,175 | $ 12,635 | $ 192,549 |
| Adjustments to reconcile change in net assets to cash provided by operating activities | | | | |
| Depreciation expense | 3,269 | - | - | 3,269 |
| Change in: | | | | |
| Interest receivable | 42 | - | - | 42 |
| Pledges receivable | 14,981 | - | - | 14,981 |
| Prepaid expenses | 7,508 | - | - | 7,508 |
| Accounts payable | (5,803) | - | - | (5,803) |
| Accrued liabilities | (8,735) | - | - | (8,735) |
| Deferred rent | (7,949) | - | - | (7,949) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 156,052 | 27,175 | 12,635 | 195,862 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Beneficial interest in assets held by others | - | - | (12,635) | (12,635) |
| Interest reinvested in certificate of deposit | (300) | - | - | (300) |
| Donated investments | (20,112) | - | - | (20,112) |
| Purchases of property and equipment | (12,250) | - | - | (12,250) |
| NET CASH USED IN INVESTING ACTIVITIES | (32,662) | - | (12,635) | (45,297) |
| CASH FLOWS FROM FINANCING ACTIVITIES | - | - | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 123,390 | 27,175 | - | 150,565 |
| CASH AND CASH EQUIVALENTS, Beginning of the year | 495,586 | 124,525 | 250 | 620,361 |
| CASH AND CASH EQUIVALENTS, End of the year | $ 618,976 | $ 151,700 | $ 250 | $ 770,926 |
| SUPPLEMENTAL DISCLOSURE | | | | |
| Cash paid for interest | | | | $ - |
| Cash paid for income taxes | | | | $ - |

See accompanying notes to the financial statements and independent auditors' report.

## NOTE 1 NATURE OF THE ORGANIZATION

Mental Health America of Colorado dba Mental Health Colorado (the "Organization") was incorporated as a not-for-profit corporation in the State of Colorado in 1953 as a tax-exempt 501(c)(3) to promote public awareness of mental health and expand access to services. The Organization derives its revenues primarily from special events, grants, and donations.

As part of its mission, the Organization has developed The School Mental Health Toolkit as a guide to support schools and mental health advocates who want to improve the availability of mental health and substance use prevention and intervention in K-12 schools. The Toolkit provides strategies to support all students, as well as those who are at risk of mental health problems, suicide, and substance use. It is not a curriculum or a program, but instead a guide for schools and districts to assess whether they are following best practices.

The Organization has incubated a number of mental health initiatives and programs -- cultivating them until they were stable enough to spin off and become stand-alone organizations. This role has led to fluctuations in the Organization's revenue and expenses from year to year. Constant reinvention of services and programs is a hallmark of Mental Health Colorado's approach to effecting change in the mental health arena.

While the Organization has had full- and part-time employees to perform its day-to-day operations, it relies on the assistance of volunteers as well. It is estimated that the Organization received the benefit of approximately 1,700 volunteer hours from its Board of Directors and various other volunteers.

## NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 19, 2018, the date that the financial statements were available to be issued.

## NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Organization follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit organizations. Under Accounting Standards Codification 958 (ASC 958) *Not-for-Profit Entities*, the Organization is required to report information regarding its net assets, and revenues, expenses, gains, and losses based upon the existence and/or nature of any donor-imposed restrictions. Accordingly, the Organization reports net assets and activities using the following three classes of net assets:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

The Organization had unrestricted, temporarily restricted, and permanently restricted net assets during the year ended December 31, 2017.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Support and Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted and increase those classes of net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction (See Note 14).

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Donated services are recognized as contributions in accordance with accounting standards at their estimated fair value if the services (a) create or enhance the Organization's non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Pledges Receivable

Pledges receivable consist of amounts pledged as contributions from donors. Management reviews all pledges receivable on an annual basis to determine the amount that is believed to be uncollectible. At December 31, 2017, management determined that all pledges are collectible, and no allowance was considered necessary.

Prepaid Expenses

Prepaid expenses consist of amounts paid in advance for expenses.

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation and amortization. Donated assets are recorded at estimated fair market value at the time of the donation. It is the Organization's policy to capitalize equipment in excess of $2,000, with lesser amounts expensed. Fixed assets are depreciated using the straight line method over the estimated useful lives of the assets, which range from three to seven years.

Advertising Costs

The Organization uses advertising to promote its programs amongst the audience it serves, and expenses all costs as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated by the indirect method.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, the Organization accounts for its financial instruments, as well as certain assets and liabilities, at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability.

The Organization is required by United States generally accepted accounting principles to categorize its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access (examples include exchange-traded equity securities and most U.S. Government and agency securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or use model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in non-active markets (examples may include corporate and municipal bonds, and most over-the-counter derivatives including interest rate and currency swaps).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs for the asset or liability are typically based on an entity's own assumptions, as there is little, if any, related market activity and reflect assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments).

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis.

## NOTE 4 INCOME TAXES

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. The Organization is not subject to federal or state income taxes in connection with its exempt activities. In addition, the Organization is treated as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). For the year ended December 31, 2017, the Organization did not have taxable income from unrelated business income, which consisted of rental income and associated rental expenses.

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2017. As of December 31, 2017, the Organization's tax return for 2016, 2015, and 2014 are subject to examination by taxing authorities.

## NOTE 5 CERTIFICATE OF DEPOSIT

The Organization has invested in a certificate of deposit in the amount of $200,549 at Signature Bank via Citywide Bank at an interest rate of 0.15%. The certificate of deposit was effective on July 27, 2017 and will mature on January 25, 2018. The certificate of deposit is reported at cost, which is the same as fair market value. Interest earned totals $130, and is accrued as interest receivable on the Statement of Financial Position at December 31, 2017.

## NOTE 6 PREPAID EXPENSES

At December 31, 2017, prepaid expenses totaled $7,909, which consisted of prepaid rent totaling $5,877, and employee insurance totaling $2,032.

## NOTE 7 PROPERTY AND EQUIPEMENT, NET

Depreciation expense for the year ended December 31, 2017 totaled $3,269. Property and equipment consists of:

| | | |
|---|---|---|
| Office Equipment | $ | 32,460 |
| Leasehold Improvements | | 4,941 |
| Assets Held Under Capital Lease | | 78,470 |
| Total | | 115,871 |
| Less: accumulated depreciation | | (102,498) |
| Net property and equipment | $ | 13,373 |

## NOTE 8 INVESTMENTS/DONATED STOCK

During the year ended December 31, 2017, the Organization received donations of stock ("Investments") totaling $20,344, which were measured at fair market value on the dates of donation. The investments, having a readily determinable value, were all described as Level 1 investments based on the fair value measurement described in Note 3. There have been no changes to the methodologies used at December 31, 2017.

| Investment | Quoted Prices in Active Markets (Level 1) | Fair Market Value at Date of Donation |
|---|---|---|
| Walt Disney | $ 4,945 | $ 4,930 |
| United Health | 5,071 | 5,062 |
| Dowdupont | 5,840 | 5,829 |
| McDonalds | 4,131 | 4,164 |
| Wells Fargo | 364 | 359 |
| Less: Advisory Fees | (239) | - |
| Total Investments | $ 20,112 | $ 20,344 |

## NOTE 9 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In December 2011, the Organization established an Endowment fund with the Rose Community Foundation. Under the terms of the endowment, the contributions are held in perpetuity, and therefore, are classified as permanently restricted as required by accounting principles generally accepted in the United States of America. Rose Community Foundation shall pay 5% of the market value of the fund, after administrative fees and expenses, at least annually to the Organization. The Organization has not taken a distribution from this fund. The activity in the investment held by Rose Community Foundation during the year ended December 31, 2017 is as follows:

| | | |
|---|---|---|
| Balance at December 31, 2016 | $ | 135,196 |
| Current year contributions | | 250 |
| Prior year cash due to Foundation | | 250 |
| Current year cash due to Foundation | | (250) |
| Gain on investment, net | | 12,385 |
| Balance at December 31, 2017 | $ | 147,831 |

At year end, the Organization is holding $250 of donations that are donor restricted for the endowment fund. These funds had not yet been sent to Rose Community Foundation, and are reported as permanently restricted cash as of December 31, 2017.

During the year ended December 31, 2017, the Organization received $250 in funds that were earmarked for the Endowment Fund, and as such, were permanently restricted. Additionally, the Endowment Fund had investment gains of $13,700 and paid administrative fees of $1,315, for a net investment gain of $12,385.

## NOTE 10 OPERATING LEASES

The Organization leases approximately 3,279 square feet of space for their offices and conference room. The lease was executed on February 1, 2016 for a period of 63 months through April 30, 2021, and includes graduated rental payments. Future minimum payments due under the operating lease are as follows:

| | | |
|---|---|---|
| December 31, 2018 | $ | 72,007 |
| December 31, 2019 | | 73,640 |
| December 31, 2020 | | 75,283 |
| Thereafter | | 25,548 |
| | $ | 246,478 |

## NOTE 10 OPERATING LEASES (Continued)

The Organization leases approximately 4,950 square feet of space for their old office space that they sublease. The lease was originally executed on January 6, 2006, renewed on February 25, 2008 to extend through 2013, and most recently amended on November 18, 2011 for an additional period of five years and two months through February 2018, and includes graduated rental payments.

Rent payments for both operating leases totaled $150,763 for the year ended December 31, 2017. This is offset by rental reimbursements of $70,369 for a net rent expense of $80,343.

As the old office space was subleased, but not cancelled, the Organization is still responsible for the rent if it is not paid by the sub-lessee. Future minimum payments due under the operating lease for the years ending December 31, 2018 total $8,815.

On January 9, 2017, the Organization executed an operating lease for a photocopier with an effective date of January 1, 2017, for a period of 60 months through December 31, 2021, and includes monthly payments of $271 plus usage charges. Future minimum payments due under the operating lease are as follows:

| | |
|---|---|
| December 31, 2018 | $ 3,257 |
| December 31, 2019 | 3,257 |
| December 31, 2020 | 3,257 |
| December 31, 2021 | 3,257 |
| | $ 13,028 |

## NOTE 11 RENTAL REIMBURSEMENT ON OLD OFFICE SPACE

The Organization had an office space lease, and moved to a new space prior to the expiration of the lease on the original office space. As a result, the Organization sub-leased the original office space to avoid paying rent on two office locations.

On December 1, 2015, the Organization sub-leased approximately 2,410 square feet of space of their offices and conference room to the Colorado Cross-Disability Coalition. The sub-lease commenced on December 1, 2015, will terminate on February 16, 2018, and includes graduated rental payments.

## NOTE 11 RENTAL REIMBURSEMENT ON OLD OFFICE SPACE (Continued)

On February 1, 2016, the Organization sub-leased approximately 1,293 square feet of space of their offices to the National Hemophilia Foundation, Colorado Chapter. The sub-lease was entered into on December 10, 2015, and commenced on February 1, 2016, will terminate on February 16, 2018, and includes graduated rental payments.

On February 1, 2016, the Organization sub-leased approximately 1,247 square feet of space of their offices to the YESS Institute. The sub-lease was entered into on December 3, 2015, and commenced on February 1, 2016, will terminate on February 16, 2018, and includes graduated rental payments.

Rental reimbursements received by the Organization totaled $70,369 for the year ended December 31, 2017.

Future minimum rental income due to the Organization under the subleases is as follows:

| | Colorado Cross- Disability Coalition (2,410 sq ft) | National Hemophilia Foundation (1,293 sq ft) | YESS Institute (1,247 sq ft) | Total (4,950 sq ft) |
|---|---|---|---|---|
| December 31, 2018 | $ 4,290 | $ 2,304 | $ 2,221 | $ 8,815 |

## NOTE 12 COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation based on length of employment. A liability has been recorded as of December 31, 2017 for compensated absences in the amount of $15,176, and is included in accrued liabilities on the Statement of Financial Position. The Organization recognizes the liability for compensated absences because the Organization's policy is that the employees are allowed to carry over a maximum of 160 hours of unused vacation time from the prior year.

## NOTE 13 RETIREMENT PLAN

The Organization has a defined-contribution retirement plan covering all employees meeting certain age and service requirements. The Organization makes a discretionary contribution to the plan each year equal to 1% of all participants' compensation. Participants are vested in the plan immediately. During the year ended December 31, 2017, employer contributions to the plan totaled $3,776.

## NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

During the year ended December 31, 2017, the Organization received $241,384 in government and foundation grant funds that were temporarily restricted when received. The restrictions were released as the funds were expended and approved by the grantor. At December 31, 2017, the Organization had temporarily restricted assets totaling $151,700 as follows:

| | | |
|---|---|---|
| Foundation/Non-Profit Grants: | | |
| Rose Community Foundation | $ | 16,000 |
| Colorado Health Foundation | | 75,000 |
| Temple Hoyne Buell | | 25,000 |
| Colorado Springs Health Foundation | | 23,200 |
| Telligen Foundation | | 12,500 |
| Temporarily Restricted Net Assets | $ | 151,700 |

Net assets were released from donor restrictions by incurring expenses satisfying the purposes or time restrictions specified by donors as follows:

Agency/Government Grants Released from Restriction

| | | |
|---|---|---|
| Agency/Government Grants: | | |
| Pueblo Community Services | $ | 1,392 |
| Colorado Department of Human Services | | 25,742 |
| National Institute of Mental Health | | 2,500 |
| United Way of Pueblo | | 6,750 |
| | | 36,384 |
| Foundation/Non-Profit Grants: | | |
| Community First Foundation | | 97,800 |
| Temple Hoyne Buell | | 25,000 |
| Rose Community Foundation | | 10,725 |
| Colorado Springs Health Foundation | | 6,800 |
| Telligen Foundation | | 12,500 |
| Colorado Health Foundation | | 25,000 |
| Foundation/Non-Profit Grants Released from Restriction | | 177,825 |
| Net Assets Released from Restriction | $ | 214,209 |

## NOTE 15 BOARD DESIGNEATED NET ASSETS

The Board Designated Reserves have been established to assure the safety, soundness, and financial stability of the Organization primarily through managing and maintaining an acceptable level of working capital for the Organization. The Board Designated Reserves are expected to be drawn upon when working capital is anticipated to fall to levels deemed unacceptable in the assessment of the Finance Committee which is appointed by the Board of Directors. The Organization's policy is to maintain the fund balance at approximately three months of the annual operating budget. At December 31, 2017, $405,865 was reported as Board Designated Reserves. When the fund level is beyond what is deemed necessary, the Finance Committee will suggest to the Board of Directors an amount which should be appropriated to either the Operating fund or the Board Designated Strategic Reserves.

The Board of Directors authorizes any transfer of moneys to the Board Designated Strategic Reserves. At December 31, 2017, $200,549 was reported as Board Designated Strategic Reserves.

The underlying investments of both Board Designated Reserves and Board Designated Strategic Reserves are invested in accordance with investment policies approved by the Board of Directors.

## NOTE 16 AFFILIATED ORGANIZATIONS

The Organization has an affiliation with Mental Health America, Inc. ("MHA"). During the year ended December 31, 2017, MHA contributed $8,000 to the Organization to offset costs associated with representing the mental health community and national interests within the region.

## NOTE 17 IN-KIND DONATIONS

During the year ended December 31, 2017, the Organization received in-kind donations that totaled $26,122 for items to be auctioned off during special events. They have been reported at estimated fair market value on the date of donation. The donated items are reflected as special events revenue and direct event expenses on the Statement of Activities.

## NOTE 18 CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. The Organization places its cash and cash equivalents with creditworthy, high-quality financial institutions. The Organization held funds in one financial institution in excess of the FDIC insured amount. The amount at risk, in excess of the FDIC insured amount was approximately $201,000 at December 31, 2017. Management has evaluated its banking needs and the strength of these financial institutions and feels it is in the best, long-term interest of the Organization to continue its existing banking relationships.