

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

FINANCIAL STATEMENTS

DECEMBER 31, 2016

**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, 2016, 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, 2016, 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 & Associates, P.C.*  
McNurlin & Associates, P.C.  
Lakewood, Colorado  
May 9, 2017

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

Statement of Financial Position  
December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>ASSETS</u>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 495,586	\$ 124,525	\$ 250	\$ 620,361
Certificate of deposit	200,249	-	-	200,249
Interest receivable	172	-	-	172
Pledges receivable	19,318	-	-	19,318
Prepaid expenses	15,417	-	-	15,417
<b>TOTAL CURRENT ASSETS</b>	<u>730,742</u>	<u>124,525</u>	<u>250</u>	<u>855,514</u>
<b>OTHER ASSETS</b>				
Security deposits	10,926	-	-	10,926
Property and equipment, net	4,392	-	-	4,392
Beneficial interest in assets held by others	-	-	135,196	135,196
<b>TOTAL OTHER ASSETS</b>	<u>15,318</u>	<u>-</u>	<u>135,196</u>	<u>150,514</u>
<b>TOTAL ASSETS</b>	<u>\$ 746,060</u>	<u>\$ 124,525</u>	<u>\$ 135,446</u>	<u>\$ 1,006,031</u>
<u>LIABILITIES AND NET ASSETS</u>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 10,979	\$ -	\$ -	\$ 10,979
Accrued liabilities	38,359	-	-	38,359
<b>TOTAL CURRENT LIABILITIES</b>	<u>49,338</u>	<u>-</u>	<u>-</u>	<u>49,338</u>
<b>OTHER LIABILITIES</b>				
Deferred rent	8,440	-	-	8,440
<b>TOTAL LIABILITIES</b>	<u>57,778</u>	<u>-</u>	<u>-</u>	<u>57,778</u>
<b>NET ASSETS</b>				
Unrestricted net assets				
Operating	78,938	-	-	78,938
Board Designated - Reserves	409,095	-	-	409,095
Board Designated - Strategic reserves	200,249	-	-	200,249
Temporarily restricted	-	124,525	-	124,525
Permanently restricted	-	-	135,446	135,446
<b>TOTAL NET ASSETS</b>	<u>688,282</u>	<u>124,525</u>	<u>135,446</u>	<u>948,253</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 746,060</u>	<u>\$ 124,525</u>	<u>\$ 135,446</u>	<u>\$ 1,006,031</u>

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>				
Program fees	\$ 10,652	\$ -	\$ -	\$ 10,652
Grants				
Government	-	76,936	-	76,936
Foundations	226,000	190,300	-	416,300
Contributions				
Individuals	127,569	-	250	127,819
Corporations	44,492	-	-	44,492
Affiliated organizations	10,675	-	-	10,675
Special events	413,516	-	-	413,516
Less direct event expenses	(136,059)	-	-	(136,059)
Other income	550	-	-	550
Rent reimbursement	67,350	-	-	67,350
Less direct rent expenses	(67,350)	-	-	(67,350)
Realized gain on investment	-	-	6,540	6,540
Interest income	766	-	-	766
Net assests released from restriction	242,711	(242,711)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>940,872</b>	<b>24,525</b>	<b>6,790</b>	<b>972,187</b>
<b>EXPENSES</b>				
Programs and community resources	468,728	-	-	468,728
Public policy and strategic initiatives	228,311	-	-	228,311
Support Services				
Management and general	120,225	-	-	120,225
Fundraising	117,721	-	-	117,721
<b>TOTAL EXPENSES</b>	<b>934,985</b>	<b>-</b>	<b>-</b>	<b>934,985</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,887</b>	<b>24,525</b>	<b>6,790</b>	<b>37,202</b>
<b>NET ASSETS, Beginning of the year</b>	<b>682,395</b>	<b>100,000</b>	<b>128,656</b>	<b>911,051</b>
<b>NET ASSETS, End of the year</b>	<b>\$ 688,282</b>	<b>\$ 124,525</b>	<b>\$ 135,446</b>	<b>\$ 948,253</b>

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

**MENTAL HEALTH AMERICA OF COLORADO**  
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Statement of Functional Expenses  
For the year ended December 31, 2016

	Program Services			Support Services		
	Programs and Community Resources	Public Policy and Strategic Initiatives	Total Programs	Management and General	Fundraising	Total
Accounting and legal	\$ 11,098	\$ 6,185	\$ 17,283	\$ 2,220	\$ 2,047	\$ 21,550
Advertising	1,568	537	2,105	26	6,531	8,662
Bad debt	-	-	-	-	2,500	2,500
Board of directors	2,575	1,901	4,476	805	679	5,960
Conferences and meetings	484	1,921	2,405	78	145	2,628
Depreciation	8,500	3,740	12,240	2,720	2,040	17,000
Donations to others	1,205	873	2,078	212	170	2,460
Dues and subscriptions	3,510	1,950	5,460	649	688	6,797
Equipment rental	1,223	665	1,888	261	234	2,383
Employee development	377	239	616	395	216	1,227
Fundraising	-	-	-	27	1,108	1,135
Insurance	8,799	4,714	13,513	6,496	1,716	21,725
Interest	-	-	-	272	-	272
Miscellaneous	499	71	570	472	7,866	8,908
Office expenses	2,548	1,006	3,554	857	405	4,816
Outside services	8,994	7,392	16,386	2,842	2,136	21,364
Postage	1,441	221	1,662	196	1,124	2,982
Printing	3,231	345	3,576	157	1,495	5,228
Professional fees	27,220	17,480	44,700	1,486	5,075	51,261
Rent	32,890	18,169	51,059	8,112	6,101	65,272
Supplies	2,100	221	2,321	-	-	2,321
Taxes and licenses	38	16	54	12	9	75
Telephone and internet	5,705	2,377	8,082	1,387	868	10,337
Travel and mileage	8,165	2,110	10,275	854	1,432	12,561
Volunteer related expenses	1,022	158	1,180	113	236	1,529
Salaries and related benefits	334,768	155,666	490,434	89,352	72,732	652,518
Payroll processing fees	768	354	1,122	224	168	1,514
Total Expenses	<u>\$ 468,728</u>	<u>\$ 228,311</u>	<u>\$ 697,039</u>	<u>\$ 120,225</u>	<u>\$ 117,721</u>	<u>\$ 934,985</u>

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

**MENTAL HEALTH AMERICA OF COLORADO**  
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Statement of Cash Flows  
For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in Net Assets	\$ 5,887	\$ 24,525	\$ 6,790	\$ 37,202
Adjustments to reconcile change in net assets to cash provided by operating activities				
Depreciation expense	17,000	-	-	17,000
Change in:				
Interest receivable	(45)	-	-	(45)
Pledges receivable	7,650	-	-	7,650
Prepaid expenses	(4,922)	-	-	(4,922)
Accounts payable	(3,268)	-	-	(3,268)
Accrued liabilities	2,290	-	-	2,290
Deferred rent	8,440	-	-	8,440
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>33,032</b>	<b>24,525</b>	<b>6,790</b>	<b>64,347</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Beneficial interest in assets held by others	-	-	(6,790)	(6,790)
Interest reinvested in certificate of deposit	(249)	-	-	(249)
Donated property and equipment	(2,000)	-	-	(2,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,249)</b>	<b>-</b>	<b>(6,790)</b>	<b>(9,039)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Principal payments on capital lease obligation	(16,648)	-	-	(16,648)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>14,135</b>	<b>24,525</b>	<b>-</b>	<b>38,660</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of the year</b>	<b>481,451</b>	<b>100,000</b>	<b>250</b>	<b>581,701</b>
<b>CASH AND CASH EQUIVALENTS, End of the year</b>	<b>\$ 495,586</b>	<b>\$ 124,525</b>	<b>\$ 250</b>	<b>\$ 620,361</b>
<b>SUPPLEMENTAL DISCLOSURE</b>				
Cash paid for interest				\$ 272
Cash paid for income taxes				\$ -

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

**MENTAL HEALTH AMERICA OF COLORADO**  
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Notes to the Financial Statements  
December 31, 2016

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 matches pro bono counselors to low-income populations in need of therapy; provides creative programs to help youth identify and express their mental health needs; engages the media and community groups to improve Coloradans' understanding of mental health and substance use disorders; works with policymakers and partner organizations to remove barriers to diagnosis and treatment; and leads classes in Mental Health First Aid.

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 May 9, 2017, 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.

See accompanying independent auditors' report.



**MENTAL HEALTH AMERICA OF COLORADO**  
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Notes to the Financial Statements  
December 31, 2016

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, 2016.

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).

See accompanying independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**  
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Notes to the Financial Statements  
December 31, 2016

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, 2016, 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 Activities. Accordingly, certain costs have been allocated by the direct method.

See accompanying independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**  
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Notes to the Financial Statements  
December 31, 2016

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, 2016, 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, 2016. As of December 31, 2016, the Organization's tax return for 2015, 2014, and 2013 are subject to examination by taxing authorities.

NOTE 5 CERTIFICATE OF DEPOSIT

The Organization has invested in a certificate of deposit at Signature Bank via Citywide Bank at an interest rate of 0.20%. The certificate of deposit was effective on July 28, 2016 and will mature on January 26, 2017. The certificate of deposit is reported at cost, which is the same as fair market value. Interest earned totals \$172, and is accrued as interest receivable on the Statement of Financial Position at December 31, 2016.

NOTE 6 PREPAID EXPENSES

At December 31, 2016, prepaid expenses totaled \$15,417, which consisted of prepaid rent totaling \$11,477 and employee insurance totaling \$3,940.

See accompanying independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**  
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Notes to the Financial Statements  
December 31, 2016

NOTE 7 PROPERTY AND EQUIPEMENT, NET

Depreciation expense for the year ended December 31, 2016 totaled \$17,000. Property and equipment consists of:

Office Equipment	\$	20,210
Leasehold Improvements		4,941
Assets Held Under Capital Lease		78,470
Total		103,621
Less: accumulated depreciation		(99,229)
Net property and equipment	\$	4,392

NOTE 8 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, 2016 is as follows:

Balance at December 31, 2015	\$	128,406
Current year contributions		250
Prior year cash due to Foundation		250
Current year cash due to Foundation		(250)
Gain on investment		6,540
Balance at December 31, 2016	\$	135,196

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, 2016.

During the year ended December 31, 2016, the Organization received \$250 in funds that were earmarked for the Endowment Fund, and as such, were permanently restricted. Additionally, the Endowment Fund had net investment gains of \$6,540.

See accompanying independent auditors' report.

**MENTAL HEALTH AMERICA OF COLORADO**  
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Notes to the Financial Statements  
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NOTE 9 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, 2017	\$	70,363
December 31, 2018		72,007
December 31, 2019		73,640
December 31, 2020		75,283
Thereafter		25,548
	\$	316,841

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 \$132,622 for the year ended December 31, 2016. This is offset by rental reimbursements of \$67,350 for a net rent expense of \$65,272.

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 are as follows:

December 31, 2017	\$	70,369
December 31, 2018		8,815
	\$	79,184

The Organization leases a postage machine from Complete Mailing Solutions. The lease was executed on September 12, 2012 for a period of 48 months. The lease is based on monthly payments, but is billed and paid quarterly. Postage machine payments totaled \$968 for the year ended December 31, 2016. During 2016, the lease was fulfilled and is now on a month-to-month basis.

See accompanying independent auditors' report.

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NOTE 9 OPERATING LEASES (Continued)

Subsequent to year end, the Organization leased a photocopier under an operating lease arrangement. The lease was executed on January 9, 2017, 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. This lease arrangement was to replace the copier leased under the capital lease arrangement (See Note 10). Future minimum payments due under the operating lease are as follows:

December 31, 2017	\$ 3,257
December 31, 2018	3,257
December 31, 2019	3,257
December 31, 2020	3,257
December 31, 2021	3,257
	\$ 16,285

NOTE 10 CAPITAL LEASE OBLIGATION

The Organization leases a photocopier under a capital lease arrangement from Konica Minolta. The lease was executed in December 2011 for a period of 60 months, and the Organization has the option to purchase the equipment at the end of the lease period for fair market value. At December 31, 2016, the lease terms were satisfied, and the Organization purchased the copier for \$500.

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.

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 income received by the Organization totaled \$67,350 for the year ended December 31, 2016.

See accompanying independent auditors' report.

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NOTE 11 RENTAL INCOME (Continued)

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, 2017	\$ 34,244	\$ 18,392	\$ 17,733	\$ 70,369
December 31, 2018	4,290	2,304	2,221	8,815
	<u>\$ 38,534</u>	<u>\$ 20,696</u>	<u>\$ 19,954</u>	<u>\$ 79,184</u>

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, 2016 for compensated absences in the amount of \$24,000, 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. The Organization also permits employees to accrue paid sick time, up to a maximum of 90 days, which carries over from year to year. It is not recognized as a liability for compensated absences because unused sick time is not paid if employment is terminated.

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, 2016, employer contributions to the plan totaled \$4,802.

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

During the year ended December 31, 2016, the Organization received \$267,236 in grant and foundation funds that were temporarily restricted when received. The restrictions were released as the funds were expended and approved by the grantor. At December 31, 2016, the Organization had temporarily restricted assets totaling \$124,525 as follows:

Foundation/Non-Profit Grants:	
Rose Foundation	\$ 26,725
Community First Foundation	97,800
Temporarily Restricted Net Assets	<u>\$ 124,525</u>

See accompanying independent auditors' report.

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NOTE 14 TEMPORARILY RESTRICTED NET ASSETS (Continued)

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

Agency/Government Grants:	
Pueblo Community Services	\$ 955
Colorado Department of Human Services	41,481
National Institute of Health	7,500
United Way of Pueblo	27,000
	76,936
Agency/Government Grants Released from Restriction	
Foundation/Non-Profit Grants:	
Caring for Colorado	100,000
Rose Community Foundation	40,775
Colorado Trust Foundation	25,000
	165,775
Foundation/Non-Profit Grants Released from Restriction	165,775
Net Assets Released from Restriction	\$ 242,711

NOTE 15 AFFILIATED ORGANIZATIONS

The Organization has an affiliation with Mental Health America, Inc. (“MHA”). During the year ended December 31, 2016, MHA contributed \$10,675 to the Organization to offset costs associated with representing the mental health community and national interests within the region.

NOTE 16 IN-KIND DONATIONS

During the year ended December 31, 2016, the Organization received donations-in-kind that totaled \$31,336 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 17 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 \$123,000 at December 31, 2016. 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.

See accompanying independent auditors’ report.