MENTAL HEALTH
AMERICA OF COLORADO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

MENTAL HEALTH AMERICA OF COLORADO

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

CONTENTS

Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

June 4, 2014

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mental Health America of Colorado
Denver, Colorado

We have audited the accompanying financial statements of **Mental Health America of Colorado** (a Colorado nonprofit corporation) which comprise the statement of financial position as of December 31, 2013 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.

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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements 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 includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

800 Grant Street, Suite 205, Denver, CO 80203-2944
www.TaylorRoth.com phone 303-830-8109 fax 303-830-8127 toll free 1-866-330-8109

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 as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Mental Health America of Colorado's 2012 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 3, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor, Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

MENTAL HEALTH AMERICA OF COLORADO

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
Assets		
Cash and cash equivalents - unrestricted	$ 575,062	$ 672,166
Cash and cash equivalents - permanently restricted (Note 4)	5,350	$ -
Certificates of deposit	228,156	102,914
Interest receivable	58	-
Contracts receivable	-	64,592
Pledges receivable	50,900	-
Prepaid expenses and deposits	10,854	4,702
Property and equipment (Note 3)	53,285	62,894
Beneficial interest in assets held by others (Note 4)	84,728	67,455
Total assets	$ 1,008,393	$ 974,723
Liabilities and net assets		
Accounts payable	$ 20,433	$ -
Payroll liabilities	56,763	65,057
Capital lease obligation (Note 5)	48,485	63,702
Commitments (Note 6)		
Liabilities	125,681	128,759
Net assets		
Unrestricted		
Operating	792,634	778,509
Permanently restricted (Note 4)	90,078	67,455
Total net assets	882,712	845,964
Total liabilities and net assets	$ 1,008,393	$ 974,723

The accompanying notes are an integral part of these financial statements

MENTAL HEALTH AMERICA OF COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and other support					
Special events income	$ 520,139	$ -	$ -	$ 520,139	$ 494,861
Less direct event expenses	(116,598)	-	-	(116,598)	(72,621)
Foundations	51,402	337,503	-	388,905	335,499
Individuals	136,458	1,650	12,450	150,558	114,636
Corporate	35,639	4,060	-	39,699	15,399
Program events	21,780	-	-	21,780	22,450
Fiscal agent fees	15,006	-	-	15,006	-
Government	12,849	-	-	12,849	263,930
Interest income	1,453	-	10,173	11,626	8,688
Affiliated organizations	10,000	-	-	10,000	-
Mile High United Way	-	2,500	-	2,500	65,454
Earned income	2,000	-	-	2,000	24,923
Other income	291	-	-	291	2,543
Net assets released from restrictions (Note 7)	345,713	(345,713)	-	-	-
Total revenue and other support	1,036,132	-	22,623	1,058,755	1,275,762
Expense					
Programs and community resources	476,940	-	-	476,940	706,541
Advocacy	280,477	-	-	280,477	236,202
Total program services	757,417	-	-	757,417	942,743
Supporting services					
Management and general	73,992	-	-	73,992	117,664
Fundraising	190,598	-	-	190,598	192,402
Total expense	1,022,007	-	-	1,022,007	1,252,809
Change in net assets	14,125	-	22,623	36,748	22,953
Net assets, beginning of year	778,509	-	67,455	845,964	823,011
Net assets, end of year	$ 792,634	$ -	$ 90,078	$ 882,712	$ 845,964

The accompanying notes are an integral part of these financial statements

MENTAL HEALTH AMERICA OF COLORADO

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013						2012
	Program services			Supporting Services			
	Programs and Community Resources	Advocacy	Total Programs	Management and General	Fund-raising	Total	Total
Salaries	$ 294,674	$ 172,296	$ 466,970	$ 46,715	$ 90,650	$ 604,335	$ 692,073
Payroll taxes and benefits	54,768	32,023	86,791	8,682	16,849	112,322	146,016
Occupancy	24,795	15,469	40,264	4,483	9,413	54,160	72,743
Contract services	27,964	14,929	42,893	550	5,534	48,977	49,143
Special events	-	-	-	-	32,859	32,859	12,511
Accounting and audit	9,393	5,640	15,033	1,758	3,409	20,200	9,469
Dues and subscriptions	8,472	5,142	13,614	1,608	4,958	20,180	19,486
Travel and meals	6,669	5,658	12,327	830	2,560	15,717	24,981
Equipment rental and maintanence	7,124	4,181	11,305	1,394	2,787	15,486	79,186
Supplies	4,497	4,623	9,120	584	1,969	11,673	20,742
IT services	4,898	2,952	7,850	900	1,777	10,527	17,875
Meetings	5,249	2,229	7,478	698	1,516	9,692	14,305
Insurance	3,369	1,977	5,346	769	1,209	7,324	5,899
Telephone	3,822	1,587	5,409	520	1,094	7,023	10,683
Printing	2,978	1,830	4,808	236	1,517	6,561	17,699
Staff development	4,445	565	5,010	187	801	5,998	4,956
Staff/volunteer recognition	2,150	154	2,304	52	1,920	4,276	10,065
Payroll services	1,578	939	2,517	310	574	3,401	3,094
Postage and shipping	714	301	1,015	92	954	2,061	5,181
Advertising	-	1,930	1,930	-	-	1,930	-
Taxes, fee and licenses	843	498	1,341	181	306	1,828	4,322
Interest	-	-	-	1,703	-	1,703	2,152
Recruitment	-	541	541	-	-	541	-
Grants	-	-	-	-	-	-	6,318
Other	749	282	1,031	56	4,783	5,870	-
	469,151	275,746	744,897	72,308	187,439	1,004,644	1,228,899
Depreciation	7,789	4,731	12,520	1,684	3,159	17,363	23,910
Total	$ 476,940	$ 280,477	$ 757,417	$ 73,992	$ 190,598	$ 1,022,007	$ 1,252,809

The accompanying notes are an integral part of these financial statements

MENTAL HEALTH AMERICA OF COLORADO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
Cash flows from operating activities		
Change in net assets	$ 36,748	$ 22,953
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	17,363	23,910
Contributions restricted for long term purposes	(12,450)	(11,427)
Changes in operating assets and liabilities		
(Increase)decrease in accrued interest receivable	(58)	-
(Increase)decrease in contracts receivable	64,592	(6,529)
(Increase)decrease in pledges receivable	(50,900)	100,000
(Increase)decrease in prepaid assets	(6,152)	693
(Decrease)increase in accounts payable	20,433	(1,280)
(Decrease)increase in payroll accruals	(8,294)	13,064
Net cash provided(used) by operating activities	61,282	141,384
Cash flows from investing activities		
(Purchases) of fixed assets	(7,754)	-
(Purchases)proceeds of investments	(125,242)	-
(Purchases)of assets held by others	(7,100)	(11,427)
(Reinvestment) of investment earnings	(10,173)	(6,903)
Net cash provided(used) by investing activities	(150,269)	(18,330)
Cash flows from financing activities		
(Repayment) on capital lease obligation	(15,217)	(14,768)
Contributions restricted for permanent endowment	12,450	11,427
Net cash provided(used) by financing activities	(2,767)	(3,341)
Net increase in cash and cash equivalents	(91,754)	119,713
Cash and cash equivalents, beginning of year	672,166	552,453
Cash and cash equivalents, end of year	$ 580,412	$ 672,166
Supplemental disclosure of information:		
Cash paid during the period for interest	$ 1,703	$ 2,152

The accompanying notes are an integral part of these financial statements

MENTAL HEALTH AMERICA OF COLORADO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - NATURE OF ACTIVITIES

Mental Health America of Colorado ("MHAC" or the "Organization") was incorporated as a non-profit corporation in the state of Colorado as a tax-exempt 501(c)(3). Mental Health America of Colorado serves the people of Colorado by collaborating with strategic partners to promote mental health, expand access to services and transform systems of healthcare. The Organization is supported primarily by special events, foundation grants, and individual donations.

As part of the Organization's mission, MHAC offers Pro Bono Counseling consisting of free (licensed) mental health services to low income individuals and families; school-based education programs encouraging self-identity, conflict resolution, and tolerance, delivered through the arts; speakers on mental health topics are provided to groups free of charge; Mental Health First Aid certifies participants to understand mental illness and respond to psychiatric emergencies; and advocacy programs and initiatives work to improve mental health systems through educating policy-makers and legislators in addition to fighting stigma.

MHAC is an organizational incubator. The organization has a history and penchant for starting and growing mental health initiatives or programs until they are financially and organizationally stable, at which time, they "spin off" to become stand-alone organizations, which can sometimes lead to fluctuations in the organization's revenue and expenses from year to year. Constant reinvention of services and programs is a hallmark of MHAC's approach to affecting change in the mental health arena.

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 Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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. Certificates of Deposit

The certificate of deposit bears interest at .15% and has a six month maturity with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

5. Donations

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, temporarily restricted net assets are reclassified to unrestricted net assets 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.

6. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of $2,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. 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.

8. 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. The Organization's Federal Return of Organization Exempt From Income Tax (Form 990) is subject to examination by the IRS, generally for three years after filing.

9. Functional Reporting of Expenses

For the year ended December 31, 2013, 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.

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

10. 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, 2012, from which the summarized information was derived.

11. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard 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).

12. Reclassifications

Certain material reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

13. Subsequent Events

Management has evaluated subsequent events through June 4, 2014, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

Description	Amount
Furniture and equipment	$ 34,412
Leased equipment	78,470
Leasehold improvements	4,942
Total	117,824
Less: accumulated depreciation	(64,539)
Net property and equipment	$ 53,285

Depreciation expense for the year was $17,363.

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In December 2011, the Organization established an endowment fund with the Rose Community Foundation (Level 3 Input). Under the terms of the endowment, the contributions are held in perpetuity. 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.

Description	Amount
Balance at December 31, 2012	$ 67,455
Additions	7,100
Investment income	10,900
Administrative fees	(727)
Balance at December 31, 2013	$ 84,728

At year-end, the Organization is holding $5,350 of donations that are permanently restricted. These funds were sent to the Rose Community Foundation in January 2014.

NOTE 5 - CAPITAL LEASE OBLIGATION

The Organization has acquired a photocopier under a capital lease arrangement. The Organization may purchase the equipment at the end of the lease for fair market value. The future minimum lease payments are:

Year	Amount
2014	$ 16,920
2015	16,920
2016	16,920
Total	50,760
Less: amount representing interest	(2,275)
Present value of capital lease obligation	$ 48,485

NOTE 6 - LEASE COMMITMENTS

The Organization has entered into a lease agreement for office space in the Denver-Metro area. The future minimum lease payments are as follows:

Year	Amount
2014	$ 66,708
2015	67,946
2016	69,183
2017	70,420
2018	5,877
Total	$ 280,134

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

Description	Amount
Advocacy	$ 189,210
Pro Bono Counseling and Referral Program	110,560
Education and Outreach	45,943
Total	$ 345,713

NOTE 8 - PENSION PLAN

The Organization has a defined-contribution retirement plan (the Plan) covering all eligible employees meeting certain age and service requirements. The Organization makes a contribution to the Plan each year equal to 1% of all participants' compensation. Participants' interests vest upon employment. Total employer contributions for the year were $ 5,066.

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Organization places its cash and certificates of deposit with two high quality financial institutions. Amounts over $250,000 are not insured by the FDIC or related entity. At year-end, the Organization had $252,297 in one of these banks. 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.