

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

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

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McNURLIN & ASSOCIATES, P.C.

Certified Public Accountants

2535 South Wadsworth Boulevard
Lakewood, Colorado 80227
303-988-5648 FAX: 303-988-5919
don@mcnurlincpa.com

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, 2015, 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, 2015, 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
March 11, 2016

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Statement of Financial Position
December 31, 2015

	ASSETS			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 481,451	\$ 100,000	\$ 250	\$ 581,701
Certificate of deposit	200,000	-	-	200,000
Interest receivable	127	-	-	127
Pledges receivable	26,968	-	-	26,968
Prepaid expenses	10,495	-	-	10,495
Total Current Assets	<u>719,041</u>	<u>100,000</u>	<u>250</u>	<u>819,291</u>
OTHER ASSETS				
Security deposits	10,926	-	-	10,926
Property and equipment, net	19,392	-	-	19,392
Beneficial interest in assets held by others	-	-	128,406	128,406
Total Other Assets	<u>30,318</u>	<u>-</u>	<u>128,406</u>	<u>158,724</u>
TOTAL ASSETS	<u><u>\$ 749,359</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 128,656</u></u>	<u><u>\$ 978,015</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 14,247	\$ -	\$ -	\$ 14,247
Accrued liabilities	36,069	-	-	36,069
Current portion of capital lease obligation	16,648	-	-	16,648
Total Current Liabilities	<u>66,964</u>	<u>-</u>	<u>-</u>	<u>66,964</u>
NET ASSETS				
Unrestricted net assets				
Operating	42,246	-	-	42,246
Board Designated - Reserves	395,149	-	-	395,149
Board Designated - Strategic reserves	245,000	-	-	245,000
Temporarily restricted	-	100,000	-	100,000
Permanently restricted	-	-	128,656	128,656
Total Net Assets	<u>682,395</u>	<u>100,000</u>	<u>128,656</u>	<u>911,051</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 749,359</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 128,656</u></u>	<u><u>\$ 978,015</u></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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Program fees	\$ 12,645	\$ -	\$ -	\$ 12,645
Grants				
Government	-	60,593	-	60,593
Foundations	133,356	290,000	-	423,356
Contributions				
Individuals	104,762	-	270	105,032
Corporations	28,780	-	-	28,780
Affiliated organizations	14,867	-	-	14,867
In-kind technical assistance	20,000	-	-	20,000
Special events	521,148	-	-	521,148
Less direct event expenses	(183,663)	-	-	(183,663)
Other income	1,000	-	-	1,000
Rent income	3,327	-	-	3,327
Realized loss on investment	-	-	(4,805)	(4,805)
Interest income	1,136	-	-	1,136
Net assets permanenetly restricted	(25,000)	-	25,000	-
Net assests released from restriction	250,593	(250,593)	-	-
 Total Revenue and Support	 882,951	 100,000	 20,465	 1,003,416
EXPENSES				
Programs and community resources	541,741	-	-	541,741
Public policy and strategic initiatives	292,539	-	-	292,539
Support Services				
Management and general	97,503	-	-	97,503
Fundraising	152,495	-	-	152,495
Total Expenses	1,084,278	-	-	1,084,278
 CHANGE IN NET ASSETS	 (201,327)	 100,000	 20,465	 (80,862)
 NET ASSETS, Beginning of the year	 883,722	 -	 108,191	 991,913
 NET ASSETS, End of the year	 <u>\$ 682,395</u>	 <u>\$ 100,000</u>	 <u>\$ 128,656</u>	 <u>\$ 911,051</u>

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, 2015

	Program Services			Support Services		
	Programs and Community Resources	Public Policy and Strategic Initiatives	Total Programs	Management and General	Fundraising	Total
Accounting and legal	\$ 11,265	\$ 6,083	\$ 17,348	\$ 2,028	\$ 3,154	\$ 22,530
Advertising	3,268	1,764	5,032	588	915	6,535
Board of directors	2,633	1,422	4,055	473	737	5,265
Conferences and meetings	904	488	1,392	162	253	1,807
Depreciation	8,432	4,553	12,985	1,517	2,361	16,863
Donations to others	5,220	2,819	8,039	939	1,461	10,439
Dues and subscriptions	4,584	2,475	7,059	825	1,283	9,167
Equipment rental	3,501	1,891	5,392	630	980	7,002
Employee development	856	462	1,318	154	240	1,712
Fundraising	-	-	-	-	811	811
Insurance	7,525	4,064	11,589	1,354	2,107	15,050
Interest	382	206	588	68	107	763
Miscellaneous	2,873	1,551	4,424	517	804	5,745
Office expenses	4,584	2,475	7,059	825	1,284	9,168
Outside services	22,873	12,351	35,224	4,117	6,404	45,745
Postage	4,033	2,178	6,211	725	1,129	8,065
Printing	938	507	1,445	168	263	1,876
Professional fees	46,911	25,332	72,243	8,443	13,135	93,821
Rent	34,002	18,361	52,363	6,120	9,520	68,003
Supplies	3,848	2,078	5,926	693	1,077	7,696
Taxes and licenses	48	26	74	8	13	95
Telephone and internet	4,311	2,328	6,639	776	1,207	8,622
Recruitment	110	59	169	20	31	220
Travel and mileage	9,200	4,968	14,168	1,655	2,576	18,399
Volunteer related expenses	1,567	846	2,413	281	439	3,133
Salaries and related benefits	357,179	192,877	550,056	64,292	100,010	714,358
Payroll processing fees	694	375	1,069	125	194	1,388
Total Expenses	<u>\$ 541,741</u>	<u>\$ 292,539</u>	<u>\$ 834,280</u>	<u>\$ 97,503</u>	<u>\$ 152,495</u>	<u>\$ 1,084,278</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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ (201,327)	\$ 100,000	\$ 20,465	\$ (80,862)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation expense	16,863	-	-	16,863
Change in:				
Interest receivable	(32)	-	-	(32)
Pledges receivable	157,078	-	-	157,078
Accounts receivable	8,292	-	-	8,292
Prepaid expenses	(6,691)	-	-	(6,691)
Security deposits	(6,421)	-	-	(6,421)
Beneficial interest in assets held by others	-	-	(25,295)	(25,295)
Accounts payable	(6,579)	-	-	(6,579)
Accrued liabilities	(18,383)	-	-	(18,383)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(57,200)	100,000	(4,830)	37,970
CASH FLOWS FROM INVESTING ACTIVITIES:				
Principal payments on line of credit receivable	30,000	-	-	30,000
Cash investment in certificate of deposit	(200,000)	-	-	(200,000)
Cash withdrawn from certificate of deposit	150,000	-	-	150,000
NET CASH USED IN INVESTING ACTIVITIES	(20,000)	-	-	(20,000)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal payments on capital lease obligation	(16,157)	-	-	(16,157)
NET CASH USED IN FINANCING ACTIVITIES	(16,157)	-	-	(16,157)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(93,357)	100,000	(4,830)	1,813
CASH AND CASH EQUIVALENTS, Beginning of the year	574,808	-	5,080	579,888
CASH AND CASH EQUIVALENTS, End of the year	<u>\$ 481,451</u>	<u>\$ 100,000</u>	<u>\$ 250</u>	<u>\$ 581,701</u>
SUPPLEMENTAL DISCLOSURE				
Cash paid for interest				<u>\$ 763</u>
Cash paid for income taxes				<u>\$ -</u>

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

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2015

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 4,668 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 March 11, 2016, 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, 2015

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, 2015.

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 15).

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2015

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. During the year ended December 31, 2015, the Organization received a technical service grant that totaled \$20,000 for services to redesign their website. The donated services are reflected as in-kind technical assistance revenue on the Statement of Activities and included in outside services expense on the Statement of Functional Expenses.

Concentrations

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 two financial institutions in excess of the FDIC insured amount. The amount at risk, in excess of the FDIC insured amount was approximately \$89,000 at December 31, 2015. 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.

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, 2015, management determined that all pledges are collectible, and no allowance was considered necessary.

Prepaid Expenses

Prepaid expenses consist of amounts paid in advance for insurance and operating 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 \$2,500, 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.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2015

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Program and supporting services expenses for the year ended December 31, 2015, are as follows:

Program services:

Programs and community resources	\$ 541,741
Public policy and strategic initiatives	292,539
Total Program services	<u>834,280</u>

Support services:

Management and general	97,503
Fundraising	152,495
	<u><u>\$ 1,084,278</u></u>

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). There was no unrelated business income for 2015.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2015

NOTE 4 INCOME TAXES (Continued)

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, 2015.

As of December 31, 2015, the Organization's tax return for 2014, 2013, and 2012 are subject to examination by taxing authorities.

NOTE 5 CERTIFICATE OF DEPOSIT

The Organization has invested in a certificate of deposit at Century Bank and Trust Company via Citywide Bank at an interest rate of 0.15%. The certificate of deposit was opened on July 31, 2015 and will mature on January 28, 2016. The certificate of deposit is reported at cost, which is the same as fair market value. Interest earned totals \$127, and is accrued as interest receivable on the Statement of Financial Position at December 31, 2015.

NOTE 6 PREPAID EXPENSES

At December 31, 2015, prepaid expenses consisted of \$4,535 of prepaid insurance and \$5,960 of prepaid operating expenses for a total of \$10,495.

NOTE 7 LINE OF CREDIT RECEIVABLE

On August 29, 2014, the Organization extended a line of credit to Metro Crisis Services, Inc. ("MCS") in the amount of \$50,000, with a maturity date of February 28, 2015. MCS repaid the line of credit in full, as agreed, and there was no balance outstanding at December 31, 2015.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2015

NOTE 8 PROPERTY AND EQUIPEMENT, NET

Depreciation expense for the year ended December 31, 2015 totaled \$16,863. Property and equipment consists of:

Office Equipment	\$ 33,288
Leasehold Improvements	4,941
Assets Held Under Capital Lease	78,470
Total	<u>116,699</u>
Less: accumulated depreciation	(97,307)
Net property and equipment	<u><u>\$ 19,392</u></u>

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, 2015 is as follows:

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, 2015.

Balance at December 31, 2014	\$ 103,111
Current year contributions	25,270
Prior year cash due to Foundation	5,080
Current year cash due to Foundation	(250)
Loss on investment	(4,805)
Balance at December 31, 2015	<u><u>\$ 128,406</u></u>

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2015

NOTE 10 OPERATING LEASES

The Organization leases approximately 4,950 square feet of space for their offices and conference room. 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 totaled \$68,003 for the year ended December 31, 2015. Subsequent to year end, the Organization moved to a new location, and subleased 100% of their old space to three separate organizations for the cost of the lease (See Note 12).

As part of the office space leases, the Organization was required to tender refundable security deposits totaling \$10,926 to be held by the landlords for the term of the leases and any lease extensions (See Note 19).

As the existing lease 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, 2016	\$ 69,131
December 31, 2017	70,369
December 31, 2018	8,815
	<u>\$ 148,315</u>

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 \$1,291 for the year ended December 31, 2015. Future minimum payments due under the operating lease for the years ending December 31 are as follows:

December 31, 2016	<u>\$ 968</u>
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NOTE 11 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. Future minimum payments due under the capital lease for the years ended December 31 are as follows:

December 31, 2016	\$ 16,920
Less: amount representing interest	<u>(272)</u>
Present Value of capital lease obligation	<u>\$ 16,648</u>

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2015

NOTE 12 RENTAL INCOME

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. Rent received by the Organization totaled \$3,327 for the year ended December 31, 2015.

Subsequent to year end, 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.

Subsequent to year end, 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.

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, 2016	\$ 33,643	\$ 18,068	\$ 17,420	\$ 69,131
December 31, 2017	34,244	18,392	17,733	70,369
December 31, 2018	4,290	2,304	2,221	8,815
	<u>\$ 72,177</u>	<u>\$ 38,764</u>	<u>\$ 37,374</u>	<u>\$ 148,315</u>

NOTE 13 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, 2015 for compensated absences in the amount of \$21,794, 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.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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December 31, 2015

NOTE 14 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, 2015, employer contributions to the plan totaled \$5,077.

NOTE 15 TEMPORARILY RESTRICTED NET ASSETS

During the year ended December 31, 2015, the Organization received \$350,593 in 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, 2015, the Organization had temporarily restricted assets totaling \$100,000 as follows:

Foundation/Non-Profit Grants:

Caring for Colorado	\$ 100,000
Temporarily Restricted Net Assets	<u>\$ 100,000</u>

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	\$ 3,678
Colorado Department of Human Services	50,660
National Institute of Health	<u>6,255</u>
Agency/Government Grants Released from Restriction	60,593

Foundation/Non-Profit Grants:

Virginia Hill Foundation	12,500
Piton Foundation	75,000
United Way of Pueblo	27,000
Rose Community Foundation	60,000
Patrick Thomas McKee Foundation	500
AV Hunter Trust	<u>15,000</u>
Foundation/Non-Profit Grants Released from Restriction	190,000
Net Assets Released from Restriction	<u>\$ 250,593</u>

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2015

NOTE 16 PERMANENTLY RESTRICTED NET ASSETS

During the year ended December 31, 2015, the Organization permanently restricted \$25,000 and received \$270 in additional funds that were earmarked for the Endowment Fund, and as such, were permanently restricted (See Note 9). Additionally, the Endowment Fund had net investment losses of \$4,805.

NOTE 17 AFFILIATED ORGANIZATIONS

The Organization has an affiliation with Mental Health America, Inc. ("MHA"). During the year ended December 31, 2015, MHA contributed \$10,000 to the Organization to offset costs associated with representing the mental health community and national interests within the region.

NOTE 18 IN-KIND DONATIONS

During the year ended December 31, 2015, the Organization received donations-in-kind that totaled \$56,015 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 19 SUBSEQUENT EVENTS

Operating Lease for Office Space

Subsequent to year end, the Organization leased 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, 2016	\$	45,904
December 31, 2017		70,363
December 31, 2018		72,007
December 31, 2019		73,640
December 31, 2020		75,283
Thereafter		25,548
	\$	<u>362,745</u>

See accompanying independent auditors' report.