

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

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

TABLE OF CONTENTS

| | Page |
|---|------|
| Independent Auditors' Report..... | 1 |
| Financial Statements | |
| Statement of Financial Position | 2 |
| Statement of Activities..... | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows..... | 5 |
| Notes to the Financial Statements | 6 |

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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, 2019, 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, 2019, 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.
July 8, 2020

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Statement of Financial Position
December 31, 2019

| | Without Donor Restriction | With Donor Restriction | Total |
|--|------------------------------|---------------------------|---------------------|
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 950,181 | \$ 253,122 | \$ 1,203,303 |
| Certificate of deposit | 2,475,192 | - | 2,475,192 |
| Interest receivable | 996 | - | 996 |
| Grants receivable | - | 550,000 | 550,000 |
| Bequest receivable | 154,761 | - | 154,761 |
| TOTAL CURRENT ASSETS | 3,581,130 | 803,122 | 4,384,252 |
| OTHER ASSETS | | | |
| Security deposits | 6,421 | - | 6,421 |
| Property and equipment, net | 40,244 | - | 40,244 |
| Intangible, net | 40,104 | - | 40,104 |
| Beneficial interest in assets held by others | - | 288,537 | 288,537 |
| TOTAL OTHER ASSETS | 86,769 | 288,537 | 375,306 |
| TOTAL ASSETS | \$ 3,667,899 | \$ 1,091,659 | \$ 4,759,558 |
| <u>LIABILITIES</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 13,575 | \$ - | \$ 13,575 |
| Accrued liabilities | 52,130 | - | 52,130 |
| TOTAL CURRENT LIABILITIES | 65,705 | - | 65,705 |
| NET ASSETS | | | |
| Operating | 390,943 | - | 390,943 |
| Board Designated - Reserves | 3,003,469 | - | 3,003,469 |
| Board Designated - Strategic reserves | 207,782 | - | 207,782 |
| Net Assets - Donor Restricted | - | 1,091,659 | 1,091,659 |
| TOTAL NET ASSETS | 3,602,194 | 1,091,659 | 4,693,853 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,667,899 | \$ 1,091,659 | \$ 4,759,558 |

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, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| REVENUE AND SUPPORT | | | |
| Grants | | | |
| Government | \$ 3,750 | \$ - | \$ 3,750 |
| Foundations | 214,520 | 900,259 | 1,114,779 |
| Other | 66,150 | - | 66,150 |
| Contributions | | | |
| Individuals | 138,069 | - | 138,069 |
| Ruffer estate bequest | 92,309 | - | 92,309 |
| Corporations | 39,139 | - | 39,139 |
| Affiliated organizations | 14,000 | - | 14,000 |
| Special events | 596,250 | - | 596,250 |
| Less: direct event expenses | (190,684) | - | (190,684) |
| Other income | 59,055 | - | 59,055 |
| Program service fees | 3,263 | - | 3,263 |
| Realized gain | - | 19,681 | 19,681 |
| Interest and dividend income | 47,516 | - | 47,516 |
| Net assets released from restriction | 781,856 | (781,856) | - |
| TOTAL REVENUE AND SUPPORT | 1,865,193 | 138,084 | 2,003,277 |
| EXPENSES | | | |
| Program Services: | | | |
| Programs and community resources | 442,071 | - | 442,071 |
| Public policy and strategic initiatives | 460,515 | - | 460,515 |
| Research | 289,645 | - | 289,645 |
| Support Services: | | | |
| Management and general | 152,091 | - | 152,091 |
| Fundraising | 345,154 | - | 345,154 |
| TOTAL EXPENSES | 1,689,476 | - | 1,689,476 |
| CHANGE IN NET ASSETS | 175,717 | 138,084 | 313,801 |
| NET ASSETS, Beginning of the year | 3,426,477 | 953,575 | 4,380,052 |
| NET ASSETS, End of the year | \$ 3,602,194 | \$ 1,091,659 | \$ 4,693,853 |

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, 2019

| | Program Services | | | Support Services | | Total |
|-------------------------------|--|---|-------------------|---------------------------|-------------------|---------------------|
| | Programs and Community Resources | Public Policy and Strategic Initiatives | Research | Management and General | Fundraising | |
| Advertising | \$ 11,490 | \$ 116 | \$ - | \$ - | \$ - | \$ 11,606 |
| Board of directors | 759 | 854 | 443 | 221 | 886 | 3,163 |
| Conferences and meetings | 2,240 | 7,000 | - | - | 93 | 9,333 |
| Depreciation and amortization | 7,041 | 7,292 | 4,275 | 1,257 | 5,280 | 25,145 |
| Donations to others | 484 | 161 | - | - | 968 | 1,613 |
| Dues and subscriptions | 1,399 | 1,449 | 849 | 251 | 1,049 | 4,997 |
| Equipment rental | 1,433 | 1,386 | 764 | 192 | 1,003 | 4,778 |
| Employee development | 1,594 | - | - | 69 | 51 | 1,714 |
| Fundraising | - | - | - | - | 2,699 | 2,699 |
| Grant distributions | - | - | 35,293 | - | - | 35,293 |
| Insurance | 2,600 | 2,141 | 918 | 534 | 1,453 | 7,646 |
| Interest | - | - | - | 218 | - | 218 |
| Miscellaneous | 2,016 | 806 | - | 3,226 | 34,269 | 40,317 |
| Office expenses | 3,110 | 4,057 | 2,705 | 811 | 2,840 | 13,523 |
| Outside services | 3,838 | 8,407 | 3,655 | 548 | 1,828 | 18,276 |
| Postage | 164 | 157 | 86 | 28 | 278 | 713 |
| Printing | 12,276 | 1,454 | 646 | 484 | 1,292 | 16,152 |
| Professional fees | 6,330 | 30,748 | 8,139 | 40,695 | 4,522 | 90,434 |
| Recruitment | - | - | - | 27,567 | - | 27,567 |
| Rent | 32,189 | 32,189 | 17,883 | 13,113 | 23,843 | 119,217 |
| Taxes and licenses | 28 | 19 | 3 | 25 | 10 | 85 |
| Telephone and internet | 2,069 | 2,290 | 1,108 | 443 | 1,478 | 7,388 |
| Travel and mileage | 6,264 | 2,967 | 3,626 | 824 | 2,802 | 16,483 |
| Volunteer related expenses | 17 | 11 | - | 16 | - | 44 |
| Salaries and related benefits | 344,273 | 356,569 | 209,023 | 61,478 | 258,205 | 1,229,548 |
| Payroll processing fees | 457 | 442 | 229 | 91 | 305 | 1,524 |
| Total Expenses | <u>\$ 442,071</u> | <u>\$ 460,515</u> | <u>\$ 289,645</u> | <u>\$ 152,091</u> | <u>\$ 345,154</u> | <u>\$ 1,689,476</u> |

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, 2019

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Change in Net Assets | \$ 175,717 | \$ 138,084 | \$ 313,801 |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities: | | | |
| Realized gain | - | (19,681) | (19,681) |
| Interest on certificates of deposit | (21,771) | - | (21,771) |
| Depreciation and amortization | 25,145 | - | 25,145 |
| (Increase) decrease in assets: | | | |
| Interest receivable | (221) | - | (221) |
| Grants receivable | - | (550,000) | (550,000) |
| Bequest receivable | 984,881 | - | 984,881 |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | 5,525 | - | 5,525 |
| Deferred rent | (491) | - | (491) |
| Accrued liabilities | 12,707 | - | 12,707 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>1,181,492</u> | <u>(431,597)</u> | <u>749,895</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Contribution to beneficial interest in assets held by others | - | (100,000) | (100,000) |
| Purchase of certificates of deposit | (2,250,000) | - | (2,250,000) |
| Purchases of property, equipment, and intangibles | (23,185) | - | (23,185) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(2,273,185)</u> | <u>(100,000)</u> | <u>(2,373,185)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(1,091,693)</u> | <u>(531,597)</u> | <u>(1,623,290)</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR | <u>2,041,874</u> | <u>784,719</u> | <u>2,826,593</u> |
| CASH AND CASH EQUIVALENTS, END OF THE YEAR | <u>\$ 950,181</u> | <u>\$ 253,122</u> | <u>\$ 1,203,303</u> |
| SUPPLEMENTAL DISCLOSURE | | | |
| Cash paid for interest | | | <u>\$ -</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, 2019

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-time 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 1,800 volunteer hours from its Board of Directors and various other volunteers.

NOTE 2 DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated subsequent events and transactions for potential required recognition or disclosure through the date on the audit report.

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.

Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update No. 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This guidance includes qualitative and quantitative requirements in the following areas: 1) net asset classes, 2) investment returns, 3) expenses, 4) liquidity and availability of resources, and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017.

See accompanying independent auditors’ report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2019

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The accompanying financial statements present the financial activity of the Organization. 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 two classes of net assets:

Net Assets without Donor Restrictions – Resources over which the donor has no restriction for how the contribution is used.

Net Assets with Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

The Organization had net assets without donor restrictions and net assets with donor restrictions during the year ended December 31, 2019.

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 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 donor restricted and increase those classes of net assets. When a donor's restriction expires, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

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.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2019

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable consist of amounts committed to be contributed to the Organization in future periods. Management reviews all grants receivable to determine any potential amount that is believed to be uncollectible. At December 31, 2019, management determined that all grants are collectible, and no allowance was considered necessary.

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 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, 2019, 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, 2019.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2019

NOTE 5 CERTIFICATES OF DEPOSIT

The Organization has invested in certificates of deposit during year ended December 31, 2019 with multiple financial institutions. The certificates of deposit are shown at cost, which approximates fair market value as follows:

| <u>Institution</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Fair Market Value</u> |
|----------------------------------|----------------------|----------------------|--------------------------|
| Live Oak Banking Company | 1.27% | 1/9/2020 | \$ 247,500 |
| United Bank | 1.27% | 1/9/2020 | 3,584 |
| Five Star Bank | 1.06% | 1/30/2020 | 207,782 |
| Bank of America | 1.71% | 1/9/2020 | 40,551 |
| Bank of China | 1.71% | 1/9/2020 | 248,005 |
| Bank OZK | 1.71% | 1/9/2020 | 248,005 |
| BB&T | 1.71% | 1/9/2020 | 248,005 |
| BOKF, National Association | 1.71% | 1/9/2020 | 248,005 |
| First Bank of Highland Park | 1.71% | 1/9/2020 | 248,005 |
| Flagstar Bank | 1.71% | 1/9/2020 | 133,559 |
| Israel Discount Bank of New York | 1.71% | 1/9/2020 | 248,005 |
| MapleMark Bank | 1.71% | 1/9/2020 | 248,005 |
| Western Alliance Bank | 1.71% | 1/9/2020 | 106,181 |
| | | | <u>\$ 2,475,192</u> |

The certificates of deposit are reported on the Statement of Financial Position, including interest earned during the period they were held, totaling \$2,475,192. Interest earned on the certificates of deposit held during year ended December 31, 2019 totaled \$21,771.

NOTE 6 PROPERTY AND EQUIPEMENT, NET

The Organization made leasehold improvements of \$6,389 during the year ended December 31, 2019. Depreciation expense for the year ended December 31, 2019 totaled \$13,016. Property and equipment consist of:

| | |
|--------------------------------|------------------|
| Office Equipment | \$ 135,290 |
| Leasehold Improvements | 28,320 |
| Total | <u>163,610</u> |
| Less: accumulated depreciation | (123,366) |
| Net property and equipment | <u>\$ 40,244</u> |

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO

Notes to the Financial Statements

December 31, 2019

NOTE 7 INTANGIBLES, NET

During the year ended December 31, 2018, the Organization paid a third party to develop an online School Mental Health Toolkit website for school mental health services. Additional improvements were made in the year ending December 31, 2019, costing a total of \$16,796. The toolkit is available to guide community members, schools, local leaders, and districts through 10 best practices, including strategies for implementing, funding, and sustaining mental health services in schools.

As of December 31, 2019, the toolkit is reflected on the Statement of Financial Position as an intangible asset, net of accumulated amortization of \$20,542, at \$40,104. The toolkit is being amortized over 5 years, with current year amortization expense incurred of \$12,129.

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 donor restricted as required by accounting principles generally accepted in the United States of America. Rose Community Foundation, at the option of the Organization, shall pay 5% of the market value of the fund, after administrative fees and expenses, annually to the Organization. The activity in the investment held by Rose Community Foundation during the year ended December 31, 2019 is as follows:

| | |
|------------------------------|-------------------|
| Balance at December 31, 2018 | \$ 168,856 |
| Current year contributions | 100,000 |
| Realized gain | 19,681 |
| Balance at December 31, 2019 | <u>\$ 288,537</u> |

NOTE 9 OPERATING LEASES

In 2018, the Organization amended the office lease agreement to expand the rentable area and extend the term of the lease agreement. The Organization now leases approximately 4,789 square feet of space for their offices and conference room. The lease amendment was executed on October 5, 2018 for a period of 45 months through June 30, 2022 and includes graduated rental payments. Future minimum payments due under the operating lease are as follows:

| Year | Amount |
|------|-------------------|
| 2020 | \$ 122,645 |
| 2021 | 125,099 |
| 2022 | 53,010 |
| | <u>\$ 300,754</u> |

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2019

NOTE 9 OPERATING LEASES (Continued)

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:

| Year | Amount |
|------|-----------------|
| 2020 | \$ 3,257 |
| 2021 | 3,257 |
| | <u>\$ 6,514</u> |

NOTE 10 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, 2019 for compensated absences in the amount of \$23,439, 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 and get paid out upon termination.

NOTE 11 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 3% of all participants' compensation. Participants are vested in the plan immediately. During the year ended December 31, 2019, employer contributions to the plan totaled \$16,370.

NOTE 12 NET ASSETS WITH DONOR RESTRICTION

Donor-restricted funds, as reported on the Statement of Financial Position, for the year ended December 31, 2019, totaled \$1,091,659. Donor-restricted funds received during the year ended December 31, 2019 totaled \$919,940, including \$800,259 in grant funds donor-restricted by time or purpose, and \$119,681 in endowment contributions and investment gains, as detailed in Note 8. The time restricted funds are recorded as grants receivable of \$550,000 on the Statement of Financial Position. For the year ended, December 31, 2019, net assets released from restriction are reported on the Statement of Financial Position as follows:

| | | Time and purpose restricted: | Purpose restricted: Promoting Public Programs and Community Policy and Strategic Initiatives | Resources and Research | Perpetually restricted: Beneficial Interest in Assets Held by Others | Net change in donor- restricted assets |
|--|-------------------|------------------------------------|--|---------------------------|---|---|
| Donor-restricted as of December 31, 2018 | \$ - | \$ - | \$ 784,719 | \$ 168,856 | \$ 953,575 | |
| Donor-restricted contributions | 400,000 | 200,000 | 200,259 | 119,681 | 919,940 | |
| Amounts released from donor restriction | - | (50,000) | (731,856) | - | (781,856) | |
| Donor-restricted as of December 31, 2019 | <u>\$ 400,000</u> | <u>\$ 150,000</u> | <u>\$ 253,122</u> | <u>\$ 288,537</u> | <u>\$ 1,091,659</u> | |

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Notes to the Financial Statements
December 31, 2019

NOTE 13 BOARD DESIGNATED 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, 2019, \$3,003,469 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 monies to the Board Designated Strategic Reserves. At December 31, 2019, \$207,782 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 14 AFFILIATED ORGANIZATIONS

The Organization has an affiliation with Mental Health America, Inc. ("MHA"). During the year ended December 31, 2019, MHA contributed \$14,000 to the Organization to offset costs associated with representing the mental health community and national interests within the region.

NOTE 15 IN-KIND DONATIONS

During the year ended December 31, 2019, the Organization received in-kind donations that totaled \$74,884 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 16 CONCENTRATION OF RISK

During the year ended December 31, 2019, the Organization maintained funds at a financial institution that at times were in excess of FDIC insurance limits.

NOTE 17 RUFFER ESTATE BEQUEST

William Ruffer, Jr. designated the Organization as one of six beneficiaries to his estate. Funds were distributed from his estate beginning in August of 2018 and distributions are set to be completed in 2020. As of December 31, 2019, the Organization was due \$154,761 which is reflected as the bequest receivable on the Statement of Financial Position. The total bequest, after all funds have been received, is estimated to be approximately \$2,724,509. For year ended December 31, 2019, an additional amount of \$92,309 is recognized in Ruffer estate bequest on the Statement of Activities, related to an increase in the total expected distribution to the Organization from the bequest, due to changes in the initial estimate from 2018.

See accompanying independent auditors' report.