

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

FINANCIAL STATEMENTS

DECEMBER 31, 2020

**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, 2020, 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, 2020, 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.
August 13, 2021

MENTAL HEALTH AMERICA OF COLORADO
DBA MENTAL HEALTH COLORADO
Statement of Financial Position
December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,497,232	\$ 128,649	\$ 1,625,881
Certificate of deposit	2,488,186	-	2,488,186
Grants receivable	-	518,000	518,000
TOTAL CURRENT ASSETS	3,985,418	646,649	4,632,067
OTHER ASSETS			
Security deposits	6,421	-	6,421
Property and equipment, net	29,632	-	29,632
Intangible, net	31,554	-	31,554
Beneficial interest in assets held by others	-	316,690	316,690
TOTAL OTHER ASSETS	67,607	316,690	384,297
TOTAL ASSETS	\$ 4,053,025	\$ 963,339	\$ 5,016,364
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 38,257	\$ -	\$ 38,257
Accrued liabilities	64,167	-	64,167
Deferred revenue	22,000	-	22,000
TOTAL CURRENT LIABILITIES	124,424	-	124,424
OTHER LIABILITIES			
Paycheck protection program loan	223,300	-	223,300
TOTAL LIABILITIES	347,724	-	347,724
NET ASSETS			
Operating	968,321	-	968,321
Board Designated - Reserves	248,794	-	248,794
Board Designated - Strategic reserves	2,488,186	-	2,488,186
Net Assets - Donor Restricted	-	963,339	963,339
TOTAL NET ASSETS	3,705,301	963,339	4,668,640
TOTAL LIABILITIES AND NET ASSETS	\$ 4,053,025	\$ 963,339	\$ 5,016,364

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

MENTAL HEALTH AMERICA OF COLORADO
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Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants			
Government	\$ 3,750	\$ -	\$ 3,750
Foundations	523,690	336,060	859,750
Other	24,900	-	24,900
Contributions			
Individuals	131,229	-	131,229
Corporations	106,320	17,000	123,320
Affiliated organizations	49,067	-	49,067
Special events	354,747	-	354,747
Less: direct event expenses	(33,086)	-	(33,086)
Other income	5,346	-	5,346
Realized gain	-	30,982	30,982
Interest and dividend income	14,784	-	14,784
Net assets released from restriction	512,362	(512,362)	-
TOTAL REVENUE AND SUPPORT	1,693,109	(128,320)	1,564,789
EXPENSES			
Program Services:			
Programs and community resources	443,823	-	443,823
Public policy and strategic initiatives	424,150	-	424,150
Research	296,555	-	296,555
Support Services:			
Management and general	111,459	-	111,459
Fundraising	314,015	-	314,015
TOTAL EXPENSES	1,590,002	-	1,590,002
CHANGE IN NET ASSETS	103,107	(128,320)	(25,213)
NET ASSETS, Beginning of the year	3,602,194	1,091,659	4,693,853
NET ASSETS, End of the year	\$ 3,705,301	\$ 963,339	\$ 4,668,640

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, 2020

	Program Services			Support Services		Total
	Programs and Community Resources	Public Policy and Strategic Initiatives	Research	Management and General	Fundraising	
Advertising	\$ 1,585	\$ 32	\$ 1,554	\$ -	\$ -	\$ 3,171
Board of directors	764	764	764	230	763	3,285
Conferences and meetings	383	797	383	16	15	1,594
Depreciation and amortization	5,535	5,535	5,535	1,667	5,536	23,808
Donations to others	363	181	363	-	907	1,814
Dues and subscriptions	1,594	1,651	1,423	-	1,025	5,693
Equipment rental	1,225	1,021	1,021	-	815	4,082
Employee development	677	721	721	-	65	2,184
Fundraising	-	-	-	-	1,149	1,149
Grant distributions	35,583	-	35,583	-	-	71,166
Insurance	3,556	2,370	2,370	1,185	2,371	11,852
Miscellaneous	838	335	-	1,342	14,254	16,769
Office expenses	1,999	1,333	1,333	666	1,333	6,664
Outside services	5,300	11,609	5,048	757	2,524	25,238
Postage	178	171	93	31	303	776
Printing	3,986	1,087	3,986	1,208	1,813	12,080
Professional fees	4,815	23,388	6,191	30,955	3,440	68,789
Recruitment	-	-	-	150	-	150
Rent	38,477	25,651	25,651	12,826	25,652	128,257
Taxes and licenses	83	55	10	73	29	250
Telephone and internet	1,556	1,037	1,037	519	1,037	5,186
Travel and mileage	1,517	719	878	200	678	3,992
Volunteer related expenses	24	16	-	21	-	61
Salaries and related benefits	333,369	345,275	202,403	59,530	250,028	1,190,605
Payroll processing fees	416	402	208	83	278	1,387
Total Expenses	<u>\$ 443,823</u>	<u>\$ 424,150</u>	<u>\$ 296,555</u>	<u>\$ 111,459</u>	<u>\$ 314,015</u>	<u>\$ 1,590,002</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, 2020

	Without Donor Restriction	With Donor Restriction	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 103,107	\$ (128,320)	\$ (25,213)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:			
Realized gain on endowment fund	-	(30,982)	(30,982)
Depreciation and amortization	23,808	-	23,808
(Increase) decrease in assets:			
Interest receivable	996	-	996
Grants receivable	-	32,000	32,000
Bequest receivable	154,761	-	154,761
Increase (decrease) in liabilities:			
Accounts payable	24,682	-	24,682
Accrued liabilities	12,037	-	12,037
Deferred revenue	22,000	-	22,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	341,391	(127,302)	214,089
CASH FLOWS FROM INVESTING ACTIVITIES:			
Administrative fees paid by beneficial interest in assets held by others	-	2,829	2,829
Purchase of certificates of deposit	(7,666,011)	-	(7,666,011)
Maturities of certificates of deposit	7,651,671	-	7,651,671
Intangible assets acquired	(3,300)	-	(3,300)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(17,640)	2,829	(14,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
Paycheck protection program loan proceeds	223,300	-	223,300
NET CASH PROVIDED BY FINANCING ACTIVITIES	223,300	-	223,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	547,051	(124,473)	422,578
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	950,181	253,122	1,203,303
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 1,497,232	\$ 128,649	\$ 1,625,881
SUPPLEMENTAL DISCLOSURE			
Cash paid for interest			\$ -
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, 2020

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.

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 typically relies on the assistance of volunteers as well. During year ended December 31, 2020, the Organization had a minimal amount of volunteer hours due to the disruption of operations from the COVID-19 pandemic (See Note 18).

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.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2020

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, 2020.

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.

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Notes to the Financial Statements
December 31, 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Receivables

Grant receivables 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, 2020, 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, 2020, 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, 2020.

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2020

NOTE 5 CERTIFICATES OF DEPOSIT

The Organization has invested in certificates of deposit during year ended December 31, 2020 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>Cost Basis</u>
Bank of America	0.01%	1/14/2021	\$ 247,500
BankUnited	0.01%	1/14/2021	247,500
City First Bank of D.C.	0.01%	1/14/2021	241,960
Dime Community Bank	0.01%	1/14/2021	247,500
Fidelity Bank	0.01%	1/14/2021	247,500
Genesee Regional Bank	0.01%	1/14/2021	247,500
MidFirst Bank	0.01%	1/14/2021	247,500
Provident Bank	0.01%	1/14/2021	247,500
Southside Bank	0.01%	1/14/2021	51,902
City First Bank of D.C.	0.01%	1/14/2021	5,540
TBK Bank, SSB	0.01%	1/14/2021	247,500
Popular Bank	0.01%	1/28/2021	208,784
			\$ 2,488,186

The certificates of deposit are reported on the Statement of Financial Position, including interest earned during the period they were held, totaling \$2,488,186. Interest earned on the certificates of deposit held during year ended December 31, 2020 totaled \$12,994.

NOTE 6 PROPERTY AND EQUIPEMENT, NET

Property and equipment consist of office equipment and leasehold improvements. Depreciation expense for the year ended December 31, 2020 totaled \$11,019. Property and equipment included on the Balance Sheet are as follows:

Office Equipment	\$ 135,290
Leasehold Improvements	28,320
Total	163,610
Less: accumulated depreciation	(133,978)
Net property and equipment	\$ 29,632

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
December 31, 2020

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. 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.

During year ended December 31, 2020, additional intangible assets totaling \$3,300 were capitalized. As of December 31, 2020, the toolkit along with additions are reflected on the Statement of Financial Position as an intangible asset, net of accumulated amortization in the amount of \$31,554. The Organization's intangible assets are being amortized over 5 years, with current year amortization expense totaling \$12,789.

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, 2020 is as follows:

Balance at December 31, 2019	\$	288,538
Current year contributions		-
Administrative fees		(2,830)
Realized gain		30,982
Balance at December 31, 2020	<u>\$</u>	<u>316,690</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
2021	\$ 125,099
2022	53,010
	<u>\$ 178,109</u>

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements

December 31, 2020

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
2021	\$ 3,257
	<u>\$ 3,257</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, 2020 for compensated absences in the amount of \$38,682, 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, 2020, employer contributions to the plan totaled \$23,975.

NOTE 12 NET ASSETS WITH DONOR RESTRICTION

Donor-restricted funds, as reported on the Statement of Financial Position, for the year ended December 31, 2020, totaled \$963,339. Donor-restricted funds received during the year ended December 31, 2020 totaled \$384,042, of which \$30,982 was investment gains, as detailed in Note 8. The time restricted funds are recorded as grants receivable of \$518,000 on the Statement of Financial Position. For the year ended, December 31, 2020, net assets released from restriction are reported on the Statement of Financial Position as follows:

	Time restricted	Initiatives	Research	by Others	Net change in donor-restricted assets
Donor-restricted as of December 31, 2019	\$ 400,000	\$ 150,000	\$ 253,122	\$ 288,537	\$ 1,091,659
Donor-restricted contributions	217,000	1,000	135,060	30,982	384,042
Amounts released from donor restriction	(200,000)	(50,000)	(259,533)	(2,829)	(512,362)
Donor-restricted as of December 31, 2020	<u>\$ 417,000</u>	<u>\$ 101,000</u>	<u>\$ 128,649</u>	<u>\$ 316,690</u>	<u>\$ 963,339</u>

See accompanying independent auditors' report.

MENTAL HEALTH AMERICA OF COLORADO
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Notes to the Financial Statements
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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, 2020, \$248,794 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, 2020, \$2,488,186 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, 2020, MHA contributed \$13,000 to the Organization, which is included in affiliated organizations on the Statement of Activities, 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, 2020, the Organization received in-kind donations that totaled \$20,429 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, 2020, 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. As of December 31, 2020, the total bequest, which is \$2,724,509, has been received.

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Notes to the Financial Statements
December 31, 2020

NOTE 18 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. As a result, there have been mandates from federal, state, and local authorities. The Organization's operations were disrupted due to this pandemic. Notably, Mental Health Colorado experienced shrinking donor and grant revenue due to economic uncertainty.

As of December 31, 2020, and through the date on the audit report, the Organization has experienced ongoing negative impacts from the COVID-19 pandemic. This is a complex problem that affects many aspects of society. At this point, the Organization cannot reasonably estimate the duration and severity of this pandemic, or the material adverse impact on daily operations or events that could result from this pandemic. The Organization believes their financial position and cash flows will be sufficient to maintain operations of the Organization for the foreseeable future.

NOTE 19 PAYCHECK PROTECTION PROGRAM LOANS AND CONTINGENCIES

On April 29, 2020, the Organization was granted a loan from Citywide Banks (the "Lender"), in the aggregate amount of \$223,300, pursuant to the Paycheck Protection Program (the "PPP"). The PPP, established as part of Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The loan, which was in the form of a promissory note dated April 28, 2020, matures on April 27, 2022, and bears interest at a rate of 1% per annum. The note requires seventeen (17) monthly consecutive principal and interest payments of \$12,567 each, beginning November 27, 2020, with interest calculated on the unpaid principal balance; and one principal and interest payment of \$12,567 on April 27, 2022. The loan and accrued interest are forgivable so long as the borrower uses the loan proceeds for eligible purposes. As of December 31, 2020, the loan was under review to be forgiven, as a result, the Organization had not begun making payments on the loan and due to expecting this loan to be forgiven, the Organization has not accrued interest payable on this loan.

Subsequent to the Balance Sheet date, the Organization was granted a second PPP loan from the Lender, in the aggregate amount of \$223,465, pursuant to the PPP, dated February 16, 2021. This loan will mature on February 16, 2026. Per the terms of the note, it will be paid with one principal payment of \$223,465 plus interest on February 16, 2026, unless the loan is forgiven.