

**TRAILHEAD INSTITUTE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**TRAILHEAD INSTITUTE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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September 15, 2020

Independent Auditors' Report

Board of Directors  
Trailhead Institute  
Denver, Colorado

We have audited the accompanying statements of **Colorado Foundation for Public Health and the Environment dba Trailhead Institute** (a Colorado nonprofit corporation) which comprise the statement of financial position as of December 31, 2018, 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 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 auditors' 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 Trailhead Institute as of December 31, 2018, 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.

***Report on Summarized Comparative Information***

We have previously audited Trailhead Institute's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020 on our consideration of Trailhead Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trailhead Institute's internal control over financial reporting and compliance.

*Taylor R Roth and Company PLLC*

TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
Denver, Colorado

**TRAILHEAD INSTITUTE**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
<u>Assets</u>		
Cash and cash equivalents	\$ 1,413,847	\$ 1,133,939
Due from others	1,623	379
Contracts receivable (Note 3)	1,340,552	1,103,951
Grants receivable (Note 4)	517,264	410,261
Prepaid expenses	21,219	23,040
Property and equipment (Note 5)	118,924	71,749
Total assets	\$ 3,413,429	\$ 2,743,319
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 64,018	\$ 369,501
Payroll liabilities	17,221	55,946
Copier lease obligation (Note 6)	17,948	-
Commitments (Note 7)		
Total liabilities	99,187	\$ 425,447
 Net assets		
Without donor restrictions		
Undesignated	1,639,264	1,384,307
With donor restrictions (Note 8)	1,674,978	933,565
Total net assets	3,314,242	2,317,872
Total liabilities and net assets	\$ 3,413,429	\$ 2,743,319

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Government contracts (Note 9)	\$ 8,361,187	\$ -	\$ 8,361,187	5,265,378
Foundations	125,617	1,494,139	1,619,756	1,021,018
Program service fees	723,210	-	723,210	790,388
Individuals	149,015	-	149,015	18,086
Sublease income	12,924	-	12,924	12,804
Interest income	1,619	-	1,619	1,176
Corporations	-	-	-	35,647
Other	2,591	-	2,591	8,415
In-kind contributions (Note 10)	7,289	-	7,289	1,622
Net assets released from restrictions (Note 11)	752,726	(752,726)	-	-
<b>Total revenue and other support</b>	<u>10,136,178</u>	<u>741,413</u>	<u>10,877,591</u>	<u>7,154,534</u>
<u>Expense</u>				
Program services	7,742,219	-	7,742,219	4,549,430
Project services	1,473,213	-	1,473,213	1,063,498
<b>Total program services</b>	<u>9,215,432</u>	<u>-</u>	<u>9,215,432</u>	<u>5,612,928</u>
Supporting services				
Management and general	665,789	-	665,789	591,203
<b>Total expense</b>	<u>9,881,221</u>	<u>-</u>	<u>9,881,221</u>	<u>6,204,131</u>
<b>Change in net assets</b>	<u>254,957</u>	<u>741,413</u>	<u>996,370</u>	<u>950,403</u>
Net assets, beginning of year	<u>1,384,307</u>	<u>933,565</u>	<u>2,317,872</u>	<u>1,367,469</u>
Net assets, end of year	<u>\$ 1,639,264</u>	<u>\$ 1,674,978</u>	<u>\$ 3,314,242</u>	<u>\$ 2,317,872</u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			Supporting Services		2017
	Program	Project	Total Program Services	Management and General	Total	Total
Salaries	\$ 823,588	\$ 213,034	\$ 1,036,622	\$ 266,004	\$ 1,302,626	\$ 1,006,962
Payroll taxes & benefits	203,716	47,805	251,521	66,501	318,022	155,896
Professional fees	5,534,998	1,010,219	6,545,217	65,859	6,611,076	3,886,739
Travel	464,148	54,216	518,364	16,885	535,249	159,346
Indirects	332,479	233	332,712	-	332,712	103,318
Conferences	155,129	56,222	211,351	11,366	222,717	203,756
Website	53,833	18,138	71,971	22,847	94,818	44,446
Rent	-	5,589	5,589	69,483	75,072	68,184
Office supplies	45,984	16,059	62,043	4,246	66,289	92,775
Accounting & legal	32,115	-	32,115	32,008	64,123	184,628
Stipends	37,595	7,997	45,592	-	45,592	79,105
IT support	1,163	1,730	2,893	26,686	29,579	49,707
Equipment	19,598	6,033	25,631	3,660	29,291	27,046
Telephone	2,107	5,201	7,308	13,389	20,697	19,296
Staff development	6,293	429	6,722	11,141	17,863	11,824
Grants	4,432	5,343	9,775	7,500	17,275	21,932
Funds returned	-	12,726	12,726	-	12,726	4,609
Marketing	7,574	4,435	12,009	-	12,009	9,681
Contract services	-	-	-	9,504	9,504	9,474
Insurance	4,123	1,647	5,770	3,305	9,075	3,634
Printing	443	3,916	4,359	2,880	7,239	10,243
Dues	935	110	1,045	5,346	6,391	17,948
Program materials	2,987	-	2,987	152	3,139	4,257
Postage	609	729	1,338	481	1,819	1,965
Interest	-	-	-	1,408	1,408	296
Bank & credit card fees	-	12	12	1,357	1,369	2,943
Other	8,370	1,390	9,760	10,459	20,219	17,496
	<u>\$7,742,219</u>	<u>\$ 1,473,213</u>	<u>\$ 9,215,432</u>	<u>\$ 652,467</u>	<u>\$ 9,867,899</u>	<u>\$ 6,197,506</u>
Depreciation	-	-	-	13,322	13,322	6,625
<b>Total</b>	<u><u>\$7,742,219</u></u>	<u><u>\$ 1,473,213</u></u>	<u><u>\$ 9,215,432</u></u>	<u><u>\$ 665,789</u></u>	<u><u>\$ 9,881,221</u></u>	<u><u>\$ 6,204,131</u></u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 996,370	\$ 950,403
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	13,322	6,625
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contracts receivable	(236,601)	(665,050)
(Increase)decrease in grants receivable	(107,003)	(340,261)
(Increase)decrease in prepaid assets	1,821	(7,047)
(Decrease)increase in accounts payable	(305,483)	243,068
(Decrease)increase in payroll liabilities	(38,725)	39,860
(Decrease)increase in due to others	(1,244)	(1,526)
(Decrease)increase in deferred contract revenue	-	(387)
Net cash provided(used) by operating activities	<u>322,457</u>	<u>225,685</u>
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	<u>(41,195)</u>	<u>(61,116)</u>
<u>Cash flows from financing activities</u>		
(Repayment) on capital lease obligation	<u>(1,354)</u>	<u>-</u>
Net increase in cash and cash equivalents	279,908	164,569
Cash and cash equivalents, beginning of year	<u>1,133,939</u>	<u>969,370</u>
Cash and cash equivalents, end of year	<u>\$ 1,413,847</u>	<u>\$ 1,133,939</u>
Supplemental disclosure of information		
Cash paid during the period for interest	<u>\$ 1,408</u>	<u>\$ 296</u>
Noncash investing and financing transactions		
Property purchased under a capital lease	<u>\$ 19,302</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



**TRAILHEAD INSTITUTE**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

NOTE 1 - NATURE OF ACTIVITIES

The Colorado Foundation for Public Health and the Environment dba Trailhead Institute (Organization) was incorporated in 1993 in Colorado as 501(c)(3) non-profit organization. The mission of the Organization is to mobilize community and public resources in the interest of health and well being of the residents of Colorado and the Rocky Mountain region; to protect and improve Colorado's environment; to prevent disease, disability, premature death; and to assist in the development and implementation of policies and services that maintain and improve the personal health and environment of all citizens, including those with special needs. The Organization is primarily funded by government contracts, foundation awards, and program service fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

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

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. When necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended December 31, 2018, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The significant expenses allocated are salaries and payroll taxes, which are allocated based on time and effort. Projects are assigned directly or allocated to the program or functional area benefited.

9. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

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

10. Subsequent Events

Management has evaluated subsequent events through September 15, 2020, the date the financial statements were available to be issued.

11. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses net asset classification, information about liquidity and available resources, information provided about the functional allocation of expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 - CONTRACTS RECEIVABLE – CONCENTRATION

The \$8,361,187 in contracts receivable includes reimbursements from government agencies for products and services delivered on government contracts to be received in 2019.

NOTE 4 - GRANTS RECEIVABLE – CONCENTRATION

The Organization has two multi-year awards, which will be received in 2019. At December 31, 2018, the outstanding amount totaled \$517,264.

Management does not believe a present value discount or allowance for uncollectable would be significant to these financial statements. The remaining amounts of the grants are to be received in 2019.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Grant management software CIP	\$ 61,000
Website	30,000
Other equipment	28,275
Copier obligation	<u>19,302</u>
Total	138,577
Less: accumulated depreciation	<u>(19,653)</u>
Net property and equipment	<u>\$ 118,924</u>

Depreciation expense for the year was \$13,322.

NOTE 6 - COPIER LEASE OBLIGATION

The Organization has entered into a financing transaction for a copier. The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2019	\$ 4,188
2020	4,188
2021	4,188
2022	4,188
2023	<u>3,490</u>
Total	20,242
Less interest	<u>(2,294)</u>
Total payments	<u>\$ 17,948</u>

NOTE 7 - COMMITMENTS

The Organization leases office space. The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2019	<u>\$ 40,507</u>

Subsequent event

On May 3, 2019, the Organization extended their current lease for office space. Future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2019	\$ 41,290
2020	71,344
2021	72,688
2022	<u>42,859</u>
Total payments	<u>\$ 228,181</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are to be used for the following purposes:

<u>Description</u>	<u>Amount</u>
Projects:	
Navigator	\$ 445,336
SNAP	412,772
Primary care movers and changers	335,979
Administrative equity program	180,505
Wise initiative	155,539
Innovator's society	80,465
Capacity building and coaching	25,000
CHARGE for Positive Youth Development	17,091
CREA results	10,126
Developing pathways	7,200
Equity convening	<u>4,965</u>
Total Projects	<u>\$ 1,674,978</u>

NOTE 9 - GOVERNMENT CONTRACTS

The \$8,361,187 in unrestricted revenue from contracts includes reimbursements from government agencies for products and services already delivered in the fulfillment of various government contracts.

NOTE 10 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Amount</u>
Donated fiscal fees	\$ 5,000
Donated rent	<u>4,789</u>
Total	<u>\$ 9,789</u>

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Programs	
RIHEL/COAC	\$ <u>52,396</u>
Projects:	
Primary care movers and changers	\$ 382,527
CHARGE for Positive Youth Development	52,908
Wise initiative	44,461
Leadership for community design	44,428
SNAP	37,840
Navigator	21,394
Youth sexual health SCAN	20,000
CREA/Komen	19,201
Administrative equity program	18,745
Belay	17,977
Positive youth development	12,726
Root cause coalition	10,000
Innovator's society	9,385
New leaders' program	3,250
Mobile Health Screen for Latino Women	2,500
Gaining ground	2,152
Developing pathways	800
Equity convening	<u>36</u>
Total Projects	<u>\$ 700,330</u>
Total	<u>\$ 752,726</u>

NOTE 12 - FUNDING AGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, the Organization may be required to refund amounts to the grantor.

NOTE 13 - PENSION PLAN

The Organization has adopted a 401(k)-retirement plan covering all eligible employees. The Organization matches contributions up to 3% of participants' compensation. Total pension expense during the year was \$34,288.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2018:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,413,847
Contracts receivable	1,340,553
Grants receivable	<u>517,264</u>
	3,271,664
Total financial assets available to meet cash needs for General expenditures within one year	<u>\$ 3,271,664</u>

The Organization's goal is generally to maintain financial assets to meet six months or more of administrative costs. The Organization considers donor restricted net assets available to be general expenditures in the next twelve months.

NOTE 14 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operations. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 15 - CONCENTRATION OF CREDIT RISK

The Organization places all of its cash with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or related entity.