

**TRAILHEAD INSTITUTE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**TRAILHEAD INSTITUTE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

February 11, 2022

## 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, 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 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, 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.

***Report on Summarized Comparative Information***

We have previously audited Trailhead Institute’s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 February 11, 2022, 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 Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**TRAILHEAD INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 4,281,809	\$ 1,529,572
Contracts receivable (Note 3)	1,341,748	634,199
Grants receivable	106,639	241,150
Prepaid expenses	10,969	9,343
Property and equipment (Note 4)	95,371	103,377
Total assets	\$ 5,836,536	\$ 2,517,641
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 665,291	\$ 124,953
Payroll liabilities	108,573	103,281
Copier lease obligation (Note 5)	11,042	14,581
Refundable advance - Paycheck Protection Program (Note 6)	253,000	-
Commitments (Note 7)		
Total liabilities	1,037,906	\$ 242,815
 Net assets		
Without donor restrictions	2,676,888	879,703
With donor restrictions (Note 8)	2,121,742	1,395,123
Total net assets	4,798,630	2,274,826
Total liabilities and net assets	\$ 5,836,536	\$ 2,517,641

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	3,624,039	5,579,713	9,203,752	879,237
Government contracts	4,219,166	5,500	4,224,666	2,316,348
Program service fees	1,115,491	-	1,115,491	975,843
Individuals	103,241	-	103,241	109,026
Corporations	10,571	99,500	110,071	22,241
Sublease income	24,600	-	24,600	18,157
Interest income	12,914	-	12,914	11,143
Other	17,939	-	17,939	9,113
Net assets released from restrictions (Note 9)	4,958,094	(4,958,094)	-	-
Total revenue and other support	<u>14,086,055</u>	<u>726,619</u>	<u>14,812,674</u>	<u>4,341,108</u>
<u>Expense</u>				
Project services	10,551,518	-	10,551,518	2,078,964
Program services	904,413	-	904,413	2,680,688
Total program services	<u>11,455,931</u>	-	<u>11,455,931</u>	<u>4,759,652</u>
Supporting services				
Management and general	<u>832,939</u>	-	<u>832,939</u>	<u>620,872</u>
Total expense	<u>12,288,870</u>	-	<u>12,288,870</u>	<u>5,380,524</u>
Change in net assets	1,797,185	726,619	2,523,804	(1,039,416)
Net assets, beginning of year	<u>879,703</u>	<u>1,395,123</u>	<u>2,274,826</u>	<u>3,314,242</u>
Net assets, end of year	<u><u>\$ 2,676,888</u></u>	<u><u>\$ 2,121,742</u></u>	<u><u>\$ 4,798,630</u></u>	<u><u>\$ 2,274,826</u></u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	2020					2019
	Program Services			Supporting Services		Total
	Projects	Program	Total Program Services	Management and General	Total	
Salaries	\$ 994,490	\$ 327,932	\$ 1,322,422	\$ 390,397	\$ 1,712,819	\$1,456,982
Payroll taxes & benefit	174,091	67,722	241,813	76,388	318,201	738,609
Grants & allocations	6,341,200	51,607	6,392,807	-	6,392,807	237,507
Professional fees	2,466,602	389,991	2,856,593	48,992	2,905,585	1,940,132
Supplies	185,823	3,458	189,281	1,891	191,172	75,601
Stipends	134,384	28,265	162,649	240	162,889	212,977
Equipment	26,851	878	27,729	64,196	91,925	15,822
Rent	21,701	4,320	26,021	65,487	91,508	88,767
Conferences	46,616	9,450	56,066	3,245	59,311	167,668
Accounting & legal	4,545	-	4,545	48,137	52,682	32,977
Bad debts	3,520	907	4,427	36,392	40,819	13,053
Website	20,202	3,167	23,369	16,647	40,016	35,327
Travel	34,949	2,750	37,699	1,256	38,955	162,574
IT support	3,519	-	3,519	25,165	28,684	28,041
Fines	28,227	-	28,227	-	28,227	-
Bank fees	2,019	1	2,020	15,703	17,723	16,386
Staff development	2,663	9,271	11,934	702	12,636	8,506
Funds returned	12,500	-	12,500	-	12,500	-
Telephone	4,587	969	5,556	6,699	12,255	15,627
Insurance	377	-	377	9,882	10,259	12,721
Advertising	7,448	782	8,230	-	8,230	22,269
Dues & subscriptions	495	30	525	4,530	5,055	5,253
All other	33,892	2,913	36,805	2,182	38,987	78,917
	<u>10,550,701</u>	<u>904,413</u>	<u>11,455,114</u>	<u>818,131</u>	<u>12,273,245</u>	<u>5,365,716</u>
Depreciation	817	-	817	14,808	15,625	14,808
Total	<u>\$ 10,551,518</u>	<u>\$ 904,413</u>	<u>\$11,455,931</u>	<u>\$ 832,939</u>	<u>\$12,288,870</u>	<u>\$5,380,524</u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 2,523,804	\$ (972,620)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	15,625	14,808
Loss on disposal of fixed assets	61,000	739
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contracts receivable	(707,549)	706,353
(Increase)decrease in grants receivable	134,511	276,114
(Increase)decrease in prepaid assets	(1,626)	11,876
(Decrease)increase in accounts payable	540,338	(5,861)
(Decrease)increase in payroll liabilities	5,292	86,060
(Decrease)increase in repayment agreement	-	-
(Decrease)increase in due to others	-	1,623
Net cash provided(used) by operating activities	<u>2,571,395</u>	<u>119,092</u>
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	<u>(68,619)</u>	<u>-</u>
<u>Cash flows from financing activities</u>		
(Repayment) on capital lease obligation	(3,539)	(3,367)
Borrowing on refundable advance - Paycheck Protection Program	<u>253,000</u>	<u>-</u>
Net cash provided(used) by financing activities	<u>249,461</u>	<u>(3,367)</u>
Net increase in cash and cash equivalents	2,752,237	115,725
Cash and cash equivalents, beginning of year	<u>1,529,572</u>	<u>1,413,847</u>
Cash and cash equivalents, end of year	<u>\$ 4,281,809</u>	<u>\$ 1,529,572</u>
Supplemental disclosure of information		
Cash paid during the period for interest	<u>\$ 437</u>	<u>\$ 1,837</u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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 wellbeing 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.

During 2020, COVID-19 created a huge need and recognition of the importance of public health from funders, government, and the public alike. This recognition and support created many opportunities for Trailhead, ballooning the budget in an all-hands-on deck response to the pandemic. Trailhead kicked off several new programs and several existing programs saw emergency COVID-19 funds come in. Notable examples are the Hunger Relief Fund under the Blueprint to End Hunger, the Respond and Rebuild Fund supporting small and medium sized food producers, and Project Protect Promotora Network to support community level response to COVID-19.

The Organization is primarily funded by government contracts, and foundation awards.

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.

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

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.

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. Grants Receivable

Grants 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 \$5,000. 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. Government Contracts

A significant portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

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

9. Functional Reporting of Expenses

For the year ended December 31, 2020, 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. Project expenses are assigned directly or allocated to the program or functional area benefited.

10. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

11. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

12. Subsequent Events

Management has evaluated subsequent events through February 11, 2022, the date the financial statements were available to be issued.

NOTE 3 - CONTRACTS RECEIVABLE

Contracts receivable consists mainly of reimbursements from government agencies due in 2021.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Accessible bicycles	\$ 68,619
Website	30,000
Computers	23,946
Leased equipment	19,302
Furniture	<u>2,896</u>
Total	144,763
Less: accumulated depreciation	<u>(49,392)</u>
Net property and equipment	<u>\$ 95,371</u>

Depreciation expense for the year was \$15,625.

NOTE 5 - 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>
2021	\$ 4,188
2022	4,188
2023	<u>3,490</u>
Total payments	11,866
Less interest	<u>(824)</u>
Net present value	<u>\$ 11,042</u>

NOTE 6 - REFUNDABLE ADVANCE – PAYROLL PROTECTION PROGRAM

On April 14, 2020, the Organization borrowed \$253,000 under the Payroll Protection Program (PPP). Congress established the PPP to provide relief to small businesses during COVID-19 pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans and accrued interest are forgivable after eight weeks and up to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes. PPP proceeds are recognized as a refundable advance liability until the loan is forgiven, and then the liability is reduced, and a contribution is recorded for the amount given. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The PPP loan was forgiven subsequent to year-end on May 12, 2021.

NOTE 7 - COMMITMENTS

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

<u>Year</u>	<u>Amount</u>
2021	\$ 72,688
2022	<u>42,859</u>
Total payments	<u>\$ 115,547</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:	
Colorado Blueprint to End Hunger	\$ 1,044,178
SNAP	160,022
Youth sexual health	157,034
Safe and Abundant Nutrition Assistance	156,200
Financial Reporting upgrades project	148,000
Culture of health	122,157
Apprentice of Peace Youth Organization	119,612
CHARGE for positive youth development	104,748
Black business initiative	46,158
Empowered healthcare	16,500
Navigator	11,958
La Cocina	9,000
Colorado Farm and Food Systems response Team's COVID-19 Producer	8,896
Colorado Cancer Coalition	7,500
Wise initiative	6,468
Denver Ambulatory Street Health Response	2,637
New leaders' program	<u>674</u>
Total Projects	<u>\$ 2,121,742</u>

NOTE 9 - 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>
Projects:	
Colorado Blueprint to End Hunger	\$ 2,879,245
Colorado farm and food systems response and rebuild fund	614,854
Wise initiative	290,882
SNAP	251,815
Navigator	201,127
Youth sexual health	116,897
Development of CoEpi application	100,000
Diversity and inclusion	67,500
Black business initiative	64,542
Administration equity program	61,892
Safe and abundant nutrition assistance	49,300
Apprentice of peace youth organization	41,388
Empowered healthcare	36,300
Mental health capacity building	31,818
From the heart	25,000
Kings Council	20,000
Visible network labs	20,000
Culture of health	14,930
Financial reporting upgrades project	14,800
Denver ambulatory street health response	14,362
Colorado cancer coalition	12,500
Integration navigation outreach wealth building	10,442
Education community	9,000
New leaders' program	5,000
Symposium	<u>4,500</u>
Total Projects	<u>\$ 4,958,094</u>

NOTE 10 - 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 11 - PENSION PLAN

The Organization has adopted a 401(k)-retirement plan covering all eligible employees. The Organization matches contributions \$.50 on the dollar up to 6% of participants' compensation. Total pension expense during the year was \$40,311.

NOTE 12 - CONCENTRATION OF FUNDING SOURCE

The Organization received approximately 30% of its revenue and other support from one foundation and is dependent on this revenue to continue delivering services on its current level.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2020:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 4,281,809
Contracts receivable	1,341,748
Grants receivable	<u>106,639</u>
Total financial assets	<u>5,730,196</u>
Less: amounts not available for general expenditures within one year:	<u>(2,121,742)</u>
Total financial assets available to meet cash needs for General expenditures within one year	<u>\$ 3,608,454</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 to be available for general expenditures in the next twelve months.

NOTE 14 - PRIOR PERIOD ADJUSTMENTS

During the 2020 audit, it was determined that certain professional fees were not properly recognized in the prior year and one donor restricted award was improperly classified as without donor restriction. Beginning net assets on December 31, 2019, was overstated by \$66,796 for under recognition of contract expenses. The correction to beginning net assets, professional fees, and accounts payable resulted in a \$66,696 decrease in the 2020 beginning net assets. Corrections to accounts for 2019 were made resulting in the following restated balances for 2019.

<u>Financial Statement Classification</u>	<u>Originally Stated</u>	<u>Change</u>	<u>Restated</u>
<u>Statement of Financial Position</u>			
Accounts payable	\$ 58,157	\$ 66,796	\$ 124,953
Net assets without donor restriction	1,046,499	(166,796)	879,703
Net assets with donor restriction	1,295,123	100,000	1,395,123
Net assets, end of year	2,341,622	(66,796)	2,274,826
<u>Statement of Activities</u>			
Project services	\$ 2,012,168	\$ 66,796	\$ 2,078,964
Total expense	5,313,728	66,796	5,380,524
Change in net assets	(972,620)	66,796	(1,039,416)