

**TRAILHEAD INSTITUTE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

**TRAILHEAD INSTITUTE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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Taylor, Roth and Company, PLLC  
Certified Public Accountants  
working exclusively with nonprofit organizations

October 16, 2019

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, 2017, 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.

***Auditors' 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***

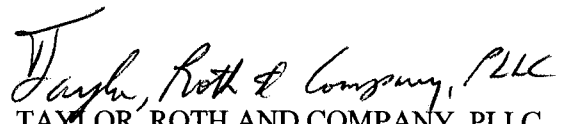
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trailhead Institute as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Trailhead Institute's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 October 16, 2019 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  
CERTIFIED PUBLIC ACCOUNTANTS

**TRAILHEAD INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 610,635	\$ 636,063
Cash and cash equivalents - temporarily restricted	523,304	333,307
Due from others	379	-
Contracts receivable	1,103,951	438,901
Grants receivable - temporarily restricted (Note 3)	340,261	70,000
Prepaid expenses	23,040	15,993
Property and equipment (Note 4)	<u>71,749</u>	<u>17,258</u>
Total assets	<u>\$ 2,673,319</u>	<u>\$ 1,511,522</u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 369,501	\$ 126,433
Payroll liabilities	55,946	16,086
Due to others	-	1,147
Deferred contract revenue	-	387
Line of credit (Note 5)	-	-
Commitments (Note 6)	<u>-</u>	<u>-</u>
Total liabilities	<u>425,447</u>	<u>\$ 144,053</u>
 Net assets		
Unrestricted		
Operating	1,384,307	964,162
Temporarily restricted (Note 7)	<u>863,565</u>	<u>403,307</u>
Total net assets	<u>2,247,872</u>	<u>1,367,469</u>
Total liabilities and net assets	<u>\$ 2,673,319</u>	<u>\$ 1,511,522</u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenue and other support</b>				
Government contracts (Note 8)	\$ 5,265,378	\$ -	\$ 5,265,378	\$ 2,719,146
Foundations	47,480	903,538	951,018	276,367
Program service fees	790,388	-	790,388	419,353
Corporations	25,447	10,200	35,647	14,021
Individuals	18,086	-	18,086	76,374
Sublease income	12,804	-	12,804	14,274
Interest income	1,176	-	1,176	1,346
Other	8,415	-	8,415	1,784
In-kind contributions (Note 9)	1,622	-	1,622	1,588
Net assets released from restrictions (Note 10)	453,480	(453,480)	-	-
<b>Total revenue and other support</b>	<b>6,624,276</b>	<b>460,258</b>	<b>7,084,534</b>	<b>3,524,253</b>
<b>Expense</b>				
Program services	4,549,430	-	4,549,430	2,505,380
Project services	1,063,498	-	1,063,498	614,918
<b>Total program services</b>	<b>5,612,928</b>	<b>-</b>	<b>5,612,928</b>	<b>3,120,298</b>
Supporting services				
Management and general	591,203	-	591,203	403,141
<b>Total expense</b>	<b>6,204,131</b>	<b>-</b>	<b>6,204,131</b>	<b>3,523,439</b>
<b>Change in net assets</b>	<b>420,145</b>	<b>460,258</b>	<b>880,403</b>	<b>814</b>
Net assets, beginning of year	964,162	403,307	1,367,469	1,366,655
Net assets, end of year	<u>\$ 1,384,307</u>	<u>\$ 863,565</u>	<u>\$ 2,247,872</u>	<u>\$ 1,367,469</u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017				2016	
	Program	Project	Total Program Services	Supporting Services Management and General	Total	Total
Salaries	\$ 640,623	\$ 59,591	\$ 700,214	\$ 306,748	\$1,006,962	\$ 698,364
Payroll taxes & benefits	126,338	10,499	136,837	19,059	155,896	100,705
Professional fees	3,197,535	682,560	3,880,095	6,644	3,886,739	2,009,591
Conferences	62,516	132,458	194,974	8,782	203,756	189,779
Accounting & legal	136,650	-	136,650	47,978	184,628	38,809
Travel	109,072	39,237	148,309	11,037	159,346	98,808
Indirects	101,777	1,541	103,318	-	103,318	55,130
Office supplies	25,877	55,027	80,904	11,871	92,775	58,897
Stipends	71,636	6,488	78,124	981	79,105	-
Rent	-	-	-	68,184	68,184	50,061
IT support	10,579	8,054	18,633	31,074	49,707	30,129
Website	42,219	2,141	44,360	86	44,446	34,509
Equipment	4,682	15,903	20,585	6,461	27,046	18,716
Grants	-	6,932	6,932	15,000	21,932	14,090
Telephone	2,891	3,473	6,364	12,932	19,296	15,700
Dues	470	15,095	15,565	2,383	17,948	3,231
Staff recognition	350	155	505	11,319	11,824	2,165
Printing	3,730	4,651	8,381	1,862	10,243	5,770
Marketing & rebranding	2,137	7,544	9,681	-	9,681	4,685
Contract services	-	-	-	9,474	9,474	3,225
Funds returned	4,156	369	4,525	84	4,609	16,137
Program materials	374	3,702	4,076	181	4,257	45,874
Insurance	-	-	-	3,634	3,634	4,574
Bank & credit card fees	-	1,835	1,835	1,108	2,943	1,020
Postage	103	837	940	1,025	1,965	1,957
Outreach	-	-	-	-	-	6,150
Other	5,715	5,406	11,121	6,671	17,792	14,017
	<u>\$4,549,430</u>	<u>\$ 1,063,498</u>	<u>\$ 5,612,928</u>	<u>\$ 584,578</u>	<u>\$6,197,506</u>	<u>\$ 3,522,093</u>
Depreciation	-	-	-	6,625	6,625	1,346
Total	<u>\$4,549,430</u>	<u>\$ 1,063,498</u>	<u>\$ 5,612,928</u>	<u>\$ 591,203</u>	<u>\$6,204,131</u>	<u>\$ 3,523,439</u>

The accompanying notes are an integral part of these financial statements

**TRAILHEAD INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 880,403	\$ 814
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	6,625	1,346
Loss on disposal of asset	-	3,259
Adjustment to copier lease obligation	-	(3,548)
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contracts receivable	(665,050)	(183,971)
(Increase)decrease in grants receivable	(270,261)	55,050
(Increase)decrease in prepaid assets	(7,047)	(2,823)
(Decrease)increase in accounts payable	243,068	81,834
(Decrease)increase in payroll liabilities	39,860	7,044
(Decrease)increase in due to others	(1,526)	1,147
(Decrease)increase in deferred contract revenue	(387)	(10,349)
Net cash provided(used) by operating activities	<u>225,685</u>	<u>(50,197)</u>
 <u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	<u>(61,116)</u>	<u>(17,518)</u>
 <u>Cash flows from financing activities</u>		
(Repayment) on capital lease obligation	<u>-</u>	<u>(906)</u>
Net increase in cash and cash equivalents	164,569	(68,621)
 Cash and cash equivalents, beginning of year	<u>969,370</u>	<u>1,037,991</u>
Cash and cash equivalents, end of year	<u>\$ 1,133,939</u>	<u>\$ 969,370</u>
 Supplemental disclosure of information		
Cash paid during the period for interest	<u>\$ 296</u>	<u>\$ 416</u>

The accompanying notes are an integral part of these financial statements



**TRAILHEAD INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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 Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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.

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

6. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction is met, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

7. 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.

8. 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.

9. Functional Reporting of Expenses

For the year ended December 31, 2017, 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.

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, 2016, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through October 16, 2019, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE – CONCENTRATION

The Organization has two multi-year awards, which will be received in 2018. At December 31, 2017, the outstanding amount totaled \$340,261.

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 as follows:

<u>Year</u>	<u>Amount</u>
2018	<u>\$ 340,261</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Website CIP	\$ 30,000
Software CIP	24,400
Other equipment	<u>23,969</u>
Total	78,369
Less: accumulated depreciation	<u>(6,620)</u>
Net property and equipment	<u>\$ 71,749</u>

Depreciation expense for the year was \$6,625.

NOTE 5 - LINE OF CREDIT

At year end, there is no balance on a \$50,000 bank line-of-credit at an interest rate of prime plus 6.75 percent.

NOTE 6 - COMMITMENTS

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

<u>Year</u>	<u>Amount</u>
2018	<u>\$ 29,125</u>

NOTE 6 - COMMITMENTS (Concluded)

The Organization currently has two operating leases for copiers. The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2018	\$ 3,744
2019	<u>2,636</u>
Total payments	<u>\$ 6,380</u>

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

<u>Description</u>	<u>Amount</u>
Programs	
RIHEL/COAC	<u>\$ 52,396</u>
Projects	
Primary care movers and changers	\$ 718,506
Leadership for community design	44,428
Belay	17,977
CREA results	15,380
Positive Youth Development	12,726
Gaining Ground	<u>2,152</u>
Total Projects	<u>\$ 811,169</u>
Total	<u>\$ 863,565</u>

NOTE 8 - GOVERNMENT CONTRACTS

The \$5,265,378 in unrestricted revenue from contracts includes reimbursements from government agencies for products and services already delivered in the fulfillment of various government contracts.

NOTE 9 - IN-KIND CONTRIBUTIONS

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

<u>Description</u>	<u>Amount</u>
Donated accounting services	<u>\$ 1,622</u>

NOTE 10 - NET ASSETS RELEASED FROM 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/General	\$ 33,044
RIHEL/COAC	7,007
RMPHEC	<u>1,199</u>
Total Programs	<u>\$ 41,250</u>
Projects	
Colorado Prevention Alliance	\$ 196,603
Aurora Health Access	46,732
Primary care movers and changers	40,824
Leadership for community design	40,728
Positive youth development	28,629
CREA/Komen	27,698
Gaining ground	23,563
Belay	7,023
Farm to school task force	<u>430</u>
Total Projects	<u>\$ 412,230</u>
Total	<u>\$ 453,480</u>

NOTE 11 - 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.