

Oral Health Colorado

FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

December 31, 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Oral Health Colorado  
Greely, CO

***Report on the Financial Statements***

We have audited the accompanying financial statements of Oral Health Colorado (the "Organization") which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America as established by the *American Institute of Certified Public Accountants*.

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 our audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

An audit includes 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Oral Health Colorado, as of December 31, 2017, and the results of its operations, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis-of-Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in NOTE B to the financial statements, the Organization is primarily dependent on two funding sources and for 2017 the Organization had a negative change in net assets and the Organization's operations used cash, as opposed to provided cash, that raises substantial doubt its ability to continue as a going concern. Management's plans regarding those matters also are described in NOTE B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Supplemental Information**

Our audit was conducted with the purpose of forming an opinion on the financial statements of Oral Health Colorado taken as a whole.

The supplemental information on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of the management of Oral Health Colorado and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures to the supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. However, we do not express an opinion or provide any assurance on the supplemental information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Marc, James and Associates, PC*

Highlands Ranch, CO  
August 2, 2018

*FINANCIAL STATEMENTS*

Oral Health Colorado

STATEMENT OF FINANCIAL POSITION

December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 97,202	\$ 60,292	\$ 157,494
FIXED ASSETS, net of accumulated depreciation of \$4,087			
	<u>2,006</u>	<u>-</u>	<u>2,006</u>
Total assets	<u>\$ 99,208</u>	<u>\$ 60,292</u>	<u>\$ 159,500</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued liabilities	<u>\$ 5,684</u>	<u>\$ -</u>	<u>\$ 5,684</u>
Total liabilities	<u>5,684</u>	<u>-</u>	<u>5,684</u>
NET ASSETS			
Restricted	-	60,292	60,292
Unrestricted	<u>93,524</u>	<u>-</u>	<u>93,524</u>
Total net assets	<u>93,524</u>	<u>60,292</u>	<u>153,816</u>
Total liabilities and net assets	<u>\$ 99,208</u>	<u>\$ 60,292</u>	<u>\$ 159,500</u>

The accompanying notes are an integral part of these financial statements

Oral Health Colorado

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Public support			
Grants	\$ 66,416	\$ 297,040	\$ 363,456
Contributions-in-kind	10,500	-	10,500
Donations	176	-	176
	<u>77,092</u>	<u>297,040</u>	<u>374,132</u>
Total public support			
Other revenue			
Conference sponsorships	15,500	-	15,500
Conference registrations	2,650	-	2,650
Reimbursed expenses	12,217	-	12,217
Program revenue	9,860	-	9,860
Other	5,401	-	5,401
	<u>45,628</u>	<u>-</u>	<u>45,628</u>
Total other revenue			
Total public support and other revenues	122,720	297,040	419,760
Revenue released from restrictions	303,029	(303,029)	-
Expenses			
Program services	447,536	-	447,536
Fundraising	8,703	-	8,703
Administration	21,673	-	21,673
	<u>477,912</u>	<u>-</u>	<u>477,912</u>
Total expenses			
CHANGE IN NET ASSETS	(52,163)	(5,989)	(58,152)
NET ASSETS			
Beginning of the year	<u>145,687</u>	<u>66,281</u>	<u>211,968</u>
End of the year	<u>\$ 93,524</u>	<u>\$ 60,292</u>	<u>\$ 153,816</u>

The accompanying notes are an integral part of these financial statements

Oral Health Colorado  
STATEMENT OF CASH FLOWS  
Year ended December 31, 2017

Cash flows from operating activities	
Change in net assets	\$ (58,152)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	936
Changes in operating assets and liabilities	
Accounts payable	(1,368)
Accrued liabilities	<u>(341)</u>
Net cash used by operating activities	(58,925)
Cash flows from investing activities	
Additions to fixed assets	<u>(1,847)</u>
Net cash used by investing activities	(1,847)
Decrease in cash and cash equivalents	(60,772)
Cash and cash equivalents, beginning of the year	<u>218,266</u>
Cash and cash equivalents, end of the year	<u><u>\$ 157,494</u></u>

The accompanying notes are an integral part of these financial statements



NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Oral Health Colorado ("OHC" or the "Organization") conform to the accounting principles generally accepted in the United States of America ("US GAAP"). The following is a summary of the more significant policies consistently applied in the preparation of the financial statements of OHC.

1. *Organization*

Oral Health Colorado was founded in 2003 as a 501(c)(3) organization to develop and promote strategies that achieve optimal oral health in Colorado.

The goals of the Organization are to:

- Educate coalition constituents and the public,
- Help increase access to comprehensive oral health care,
- Work with both the public and private dental communities to assure the providers are available,
- Develop communications that promote best practices in a variety of settings,
- Develop and support public policy initiatives resulting in improved oral health for all Coloradans.

2. *Financial Accounting Framework*

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Organization prepares its financial statements in accordance with the financial reporting requirements of the Financial Accounting Standards Board, Accounting Standards Codification ("ASC"), Topic 958, *Not-for-Profit Entities*. ASC Topic 958 requires the classification of net assets, revenue, expenses, gains and losses based upon the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the following three classifications, as applicable, of net assets be displayed in the statement of financial condition and statement of activities as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations,

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that either expire by the passage of time or the accomplishment of the stipulated purpose,

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that are to be maintained by the Organization in perpetuity.

As of December 31, 2017, the Organization did not have r permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

*3. Cash and Cash Equivalents*

The Organization considers cash on hand, demand deposits, saving accounts, money market accounts and short-term investments with an original maturity of three months or less to be cash equivalents.

*4. Fixed Assets*

Property and equipment are carried at cost or, if donated, the approximate fair value at the time of donation. The Organization has a capitalization policy of \$1,500. Management has the option to capitalize certain items less than \$1,500 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable property and equipment assets to operations over the estimated useful lives of the property and equipment using the straight-line method. Depreciation is provided under the straight-line method, with estimated service lives of three to seven years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

*5. Fair Value of Financial Instruments*

For certain of the Organization's financial instruments, which may include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short maturities?

*6. Impairment of Long-Lived Assets*

In the event that facts and circumstances indicate that the carrying value of fixed assets or other assets may be impaired, an evaluation of the recovery would be performed by management. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's current carrying value to determine if additional analysis is required and if a write-down is necessary. For the year ended December 31, 2017, no impairment losses were recorded.

*7. Income Taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Fiscal years after December 31, 2015 are subject to examination by the Internal Revenue Service.

*8. Allocation of Functional Expenses*

Certain costs of providing the various programs and other activities have been allocated among the program and supporting services that benefited based upon total personnel costs or other systematic basis and are reflected in the Schedule of Functional Expenses.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

9. *Estimates*

The preparation of the Organization's financial statements in conformity with US GAAP required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates. Significant estimates include the useful lives of the Organization's fixed assets and the allocation of functional expenses.

NOTE B - GOING CONCERN

The accompanying financial statements have been prepared in conformity with US GAAP, which contemplates continuation of the Organization as a going concern. However for the year ended December 31, 2017, the Organization incurred a negative change in net assets of \$58,152. For 2017, the Organization's operations used, rather than provided, cash in the amount of \$58,925. In addition, as discussed in NOTE F, the Organization's operations are primarily dependent on grants from two grantor organizations.

In view of the matters described in the preceding paragraph, the Organization's ability to meet its funding requirements and to succeed in its future operations is dependent on its ability to diversify and expand its funding sources. The accompanying financial statements do not include any adjustments that might be necessary should the Organization be unable to continue in existence.

Management anticipates that the following related to its funding requirements, which management believes will be sufficient to provide the Organization with the ability to continue in existence:

- Identification of several new funding sources and the submission of grant applications in excess of \$400,000 and anticipates submitting grant application to several additional organizations,
- Increasing the amount of sponsorship revenue for the Organization's annual conference,
- The development and implementation of a business plan for licensing and expansion of the Organizations Smart Mouths-Smart Kids program.

NOTE C - SMART MOUTHS-SMART KIDS

The Organization has developed a tool kit to encourage communities to establish preventive oral health programs in their schools and to develop relationships with dental providers. The funding of the on-going development and operation of the Smart Mouth-Smart Kids program was provided under a grant specifically for the program. Accordingly, the activity associated with the grant proceeds and remaining balance as of December 31, 2017 is reflected as restricted.

Oral Health Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE D – FIXED ASSETS

As of December 31, 2017, fixed assets consisted of the following:

Office furniture	\$	1,135
Computers and software		<u>4,958</u>
Total property and equipment		6,093
Less: accumulated depreciation		<u>(4,087)</u>
Net property and equipment	\$	<u><u>2,006</u></u>

Depreciation expense for 2017 was \$936 and was allocated to the general and administrative function.

NOTE E - COMMITMENTS AND CONTINGENCIES

*Grants*

Grants awarded to the Organization may contain clauses providing that the grants and related expenditures are subject to financial reporting, audit and potential adjustment. As of December 31, 2017, the Organization has complied with all reporting requirements and has not received notification of any potential adjustments.

*Contract Services*

*Accounting and Financial Reporting*

The Organization outsources the accounting, financial and tax reporting function. The service contract renews annually each year on January 1, unless notice of non-renewal is provided by either party as described in the service contract.

*Program Development Communications*

The Organization contracts various program development and outreach communications services under multiple contracts.

NOTE F – CONCENTRATION OF REVENUE

For the year ending December 31, 2017, the Organization’s primary sources of revenue were as follows:

Grants	90.0	%
Annual conference	5.0	%
Contributions and other	5.0	%

For the year ended December 31, 2017, the grants were provided primarily by two organizations.

Oral Health Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE G – SUBSEQUENT EVENTS

The preparation of the Organization's financial statements and accompanying footnotes in conformity with generally accepted accounting principles requires management of the Organization to evaluate transactions and events subsequent to year-end involving the Organization. Management of the Organization has evaluated the subsequent transactions and events of the Organization through August 2, 2018, which is the date the financial statement and accompanying footnotes were available for issuance.

*SUPPLEMENTAL INFORMATION*

Oral Health Colorado

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2017

	Program Services	Fundraising	Administration	Total
Accounting	\$ -	\$ -	\$ 2,858	2,858
Bank fees	-	-	144	144
Communications	37,604	-	-	37,604
Contract services	193,115	-	924	194,039
Oral Health Summit	15,572	-	-	15,572
Conference training	2,322	-	-	2,322
Depreciation	-	-	936	936
Dues and subscriptions	1,719	-	445	2,164
Employee benefits	15,075	876	1,578	17,529
Office equipment	1,277	-	-	1,277
Facilities	4,500	-	-	4,500
Grants	10,900	-	-	10,900
Internet	594	-	-	594
Insurance	2,884	168	301	3,353
Legislative affairs	17,328	-	-	17,328
Meals and entertainment	138	-	-	138
Miscellaneous	-	-	101	101
Payroll taxes	8,813	536	964	10,313
Postage	-	-	9	9
Printing and copying	5,000	-	-	5,000
Salaries and wages	120,300	7,000	12,700	140,000
Supplies	-	-	145	145
Telecommunications	1,879	123	221	2,223
Travel	8,516	-	347	8,863
	<u>\$ 447,536</u>	<u>\$ 8,703</u>	<u>\$ 21,673</u>	<u>\$ 477,912</u>