



CLINICA COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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POYSTI & ASSOCIATES, LLC

Independent Auditor's Report

Board of Directors
Clinica Colorado
Westminster, Colorado

Report on the Financial Statements

I have audited the accompanying financial statements of Clinica Colorado (a Colorado nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinica Colorado as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



June 18, 2021
Denver, Colorado

CLINICA COLORADO
STATEMENTS OF FINANCIAL POSITION

<u>December 31,</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 886,134	\$ 1,157,793
Promises to give, net of allowance	498,918	549,510
Prepaid expense	28,204	25,116
Property and equipment, net of accumulated depreciation	<u>31,871</u>	<u>48,714</u>
Total Assets	<u>\$ 1,445,127</u>	<u>\$ 1,781,133</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	<u>\$ 67,672</u>	<u>\$ 71,011</u>
<u>Net assets</u>		
Without donor restrictions	1,249,835	1,602,812
With donor restrictions	<u>127,620</u>	<u>107,310</u>
Total net assets	<u>1,377,455</u>	<u>1,710,122</u>
Total Liabilities and Net Assets	<u>\$ 1,445,127</u>	<u>\$ 1,781,133</u>

The accompanying notes are an integral part of these financial statements.

CLINICA COLORADO
STATEMENTS OF ACTIVITIES

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>For the Year Ended December 31, 2020:</u>			
<u>Revenue, Support and Other Gains</u>			
Contributions	\$ 323,502	\$ 65,780	\$ 389,282
Government grants and contracts	674,619	0	674,619
Patient fees	344,045	0	344,045
Other income	180,701	0	180,701
Interest income	1,994	0	1,994
In-kind	58,015	0	58,015
Net assets released from restrictions	<u>45,470</u>	<u>(45,470)</u>	<u>0</u>
Total Support and Revenue	<u>1,628,346</u>	<u>20,310</u>	<u>1,648,656</u>
Expenses			
Program services	1,839,137		1,839,137
Management and general	127,268		127,268
Fundraising	<u>14,918</u>		<u>14,918</u>
Total expenses	<u>1,981,323</u>		<u>1,981,323</u>
Change in net assets	(352,977)	20,310	(332,667)
Net assets at beginning of year	<u>1,602,812</u>	<u>107,310</u>	<u>1,710,122</u>
Net assets at end of year	<u>\$ 1,249,835</u>	<u>\$ 127,620</u>	<u>\$ 1,377,455</u>
<u>For the Year Ended December 31, 2019:</u>			
<u>Revenue, Support and Other Gains</u>			
Contributions	\$ 39,608	\$ 77,819	\$ 117,427
Government grants and contracts	698,452	0	698,452
Patient fees	619,801	0	619,801
Other income	30,705	0	30,705
Interest income	12,487	0	12,487
In-kind	92,708	0	92,708
Net assets released from restrictions	<u>20,210</u>	<u>(20,210)</u>	<u>0</u>
Total Support and Revenue	<u>1,513,971</u>	<u>57,609</u>	<u>1,571,580</u>
Expenses			
Program services	1,595,337		1,595,337
Management and general	143,317		143,317
Fundraising	<u>28,043</u>		<u>28,043</u>
Total expenses	<u>1,766,697</u>		<u>1,766,697</u>
Change in net assets	(252,726)	57,609	(195,117)
Net assets at beginning of year	<u>1,855,538</u>	<u>49,701</u>	<u>1,905,239</u>
Net assets at end of year	<u>\$ 1,602,812</u>	<u>\$ 107,310</u>	<u>\$ 1,710,122</u>

The accompanying notes are an integral part of these financial statements.

CLINICA COLORADO
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 905,787	\$ 77,718	\$ 9,715	\$ 993,220
Payroll taxes and benefits	114,762	9,928	1,241	125,931
Conferences and meetings	23,070	367	28	23,465
Lab fees	96,690	0	0	96,690
Medical services	127,882	0	0	127,882
Office supplies	47,994	2,784	2,071	52,849
Insurance	16,961	1,475	0	18,436
Occupancy	133,875	11,670	1,445	146,990
Professional fees	301,092	19,054	0	320,146
Communications	50,157	3,830	418	54,405
Other expenses	4,456	10	0	4,466
	<u>1,822,726</u>	<u>126,836</u>	<u>14,918</u>	<u>1,964,480</u>
Depreciation	<u>16,411</u>	<u>432</u>	<u>0</u>	<u>16,843</u>
Total	<u>\$ 1,839,137</u>	<u>\$ 127,268</u>	<u>\$ 14,918</u>	<u>\$ 1,981,323</u>

For the Year Ended December 31, 2019:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 722,001	\$ 72,458	\$ 16,102	\$ 810,561
Payroll taxes and benefits	113,811	11,337	2,519	127,667
Conferences and meetings	7,465	5,508	1,732	14,705
Lab fees	125,006	0	0	125,006
Medical services	110,056	0	0	110,056
Office supplies	39,971	17,766	3,621	61,358
Insurance	6,073	323	72	6,468
Occupancy	135,376	13,690	3,042	152,108
Professional fees	262,243	17,433	0	279,676
Communications	38,617	3,905	867	43,389
Other expenses	19,121	503	0	19,624
	<u>1,579,740</u>	<u>142,923</u>	<u>27,955</u>	<u>1,750,618</u>
Depreciation	<u>15,597</u>	<u>394</u>	<u>88</u>	<u>16,079</u>
Total	<u>\$ 1,595,337</u>	<u>\$ 143,317</u>	<u>\$ 28,043</u>	<u>\$ 1,766,697</u>

The accompanying notes are an integral part of these financial statements.

CLINICA COLORADO
STATEMENTS OF CASH FLOWS

<u>For the Years Ended December 31,</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from:		
Donations	\$ 389,282	\$ 117,427
Clients and government agencies	1,069,256	1,365,707
Interest	1,994	12,487
Other income	180,701	30,705
Cash paid to suppliers and employees	<u>(1,912,892)</u>	<u>(1,660,002)</u>
Net used for operating activities	<u>(271,659)</u>	<u>(133,676)</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>0</u>	<u>(12,937)</u>
Net change in cash and cash equivalents	(271,659)	(146,613)
Cash and cash equivalents at beginning of year	<u>1,157,793</u>	<u>1,304,406</u>
Cash and cash equivalents at end of year	<u>\$ 886,134</u>	<u>\$ 1,157,793</u>

The accompanying notes are an integral part of these financial statements.

CLINICA COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

Clinica Colorado (the Organization, us, we, our) is a nonprofit corporation health care facility operating in Adams County, Colorado. The Organization operates to provide a medical home for those in need. The Organization's mission is to provide equitable primary health care and resources to those with limited access across Colorado. The Organization is supported primarily through contributions from individuals, corporations, foundations, patient fees and government grants and contracts.

The Organization's services include the full range of preventive and primary care delivered in a family medicine model, creating a true medical home for thousands of uninsured individuals in the Denver metropolitan area. The bilingual staff serves more than half of patients who are monolingual Spanish speakers.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount we expect to collect from outstanding balances. We provide 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. Balances that are still outstanding after we have used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2020 and 2019, we believe all accounts receivable are fully collectible and no allowance is recorded.

Property and Equipment

We record property and equipment additions over \$1,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CLINICA COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Revenue is recognized when earned. We charge nominal fees for providing medical services to our patients. Revenues for medical services are recorded as they are received, due to the financial instability of the patients served. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

No provision for income taxes has been made in the accompanying financial statements. We are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Colorado state law, and contributions to it are tax deductible within the limitations prescribed by the Code. Our tax filings are subject to audit by various taxing authorities. Our ending open audit periods are December 31, 2017 through 2020. The Organization believes it has no material unrelated business income tax liability or significant uncertain tax positions for the years ended December 31, 2020 and 2019.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

CLINICA COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Paycheck Protection Program Loan

We received a \$149,700 grant loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. We initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The loan was forgiven in 2021.

Subsequent Events

Our financial statements were available to be issued on June 18, 2021, and this is the date through which subsequent events were evaluated.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease Covid-19, as a pandemic. We have adjusted certain aspects of our operations to protect our employees and customers while still meeting their health care needs. We continue to monitor the situation closely and it is possible that we will implement further measures. In light of the uncertainty as to the severity and duration of the pandemic, the impact on our revenues, profitability and financial position is uncertain at this time.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 886,134	\$ 1,157,793
Promises to give	<u>498,918</u>	<u>549,510</u>
	<u>\$ 1,385,052</u>	<u>\$ 1,707,303</u>

NOTE 3 - PROMISES TO GIVE

As a Primary Care Fund Provider, we have received an unconditional promise to give in the amount of \$572,351 and \$729,346 in 2020 and 2019 from the Colorado Department of Health Care Policy and Financing. The outstanding balances were \$498,918 and \$547,010 as of December 31, 2020 and 2019. We expect to receive all of our promises to give within one year.

CLINICA COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

	2020	2019
Furniture and equipment	\$ 87,102	\$ 87,102
Less accumulated depreciation	(55,231)	(38,388)
Net property and equipment	\$ 31,871	\$ 48,714

NOTE 5 - OPERATING LEASES

We lease equipment and our medical facility under the terms of non-cancelable operating leases expiring through October 2025. Total lease expense for the year ended December 31, 2020 and 2019 was \$144,466 and \$150,806.

Future minimum lease payments under operating leases for the five subsequent years are as follows:

2021	\$ 68,735
2022	71,540
2023	74,346
2024	77,151
2025	66,397

NOTE 6 - CONCENTRATIONS

Forty-one percent of 2020 and forty-four percent of 2019 total revenue, support, and other gains were received from the Primary Care Fund. We continue to monitor our cash flow so as not to rely on large donations to perform our exempt purpose.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2020	2019
Patient fee assistance	\$ 49,701	\$ 49,701
Colorado Safety Net Collaborative	77,919	57,609
	\$ 127,620	\$ 107,310

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2020	2019
Colorado Safety Net Collaborative	\$ 45,470	\$ 20,210

NOTE 8 - POST EMPLOYMENT BENEFITS

We sponsor a tax-deferred annuity plan (the Plan) which is available for all employees. We match 100% of participant contribution up to 3% of compensation. During the years ended December 31, 2020 and 2019, we contributed \$18,584 and \$16,841 to the Plan, respectively.