

THE CHANDA PLAN FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020

(With summarized comparative information as of and for the year ended December 31, 2019)

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1987 Wadsworth Blvd., Suite A
Lakewood, Colorado 80214



Phone: 303.988.5648
Fax: 303.988.5919

www.mcnurlincpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Chanda Plan Foundation
Lakewood, Colorado

We have audited the accompanying financial statements of The Chanda Plan Foundation, which comprise the statement of financial position as of December 31, 2020, and the related statements of statement of activities and changes in net assets, the statement of functional expenses, and the statement of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 the audit to obtain reasonable assurance about whether the 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 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, 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 The Chanda Plan Foundation as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements and Summarized Comparative Information

The financial statements of the Chanda Plan Foundation as of December 31, 2019, were audited by other auditors whose report dated August 25, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2019, was subjected to the auditing procedures applied in the Organization's 2019 audit by other auditors, whose report on such information, stated that it was fairly stated in all material respects.

McNurlin, Hitchcock & Associates, P.C.

McNurlin, Hitchcock & Associates, P.C.
May 24, 2021

THE CHANDA PLAN FOUNDATION
Statement of Financial Position
December 31, 2020
(with summarized comparative totals for 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 533,179	\$ 296,689
Accounts receivable	-	6,606
Due from related party	33,876	17,622
Inventory	-	106
Prepaid expenses	3,818	1,579
Total current assets	570,873	322,602
Noncurrent Assets:		
Property and equipment, net	2,255,529	2,241,384
Loan fees, net	-	7,764
Investments	121,400	120,347
Total non-current assets	2,376,929	2,369,495
TOTAL ASSETS	\$ 2,947,802	\$ 2,692,097
LIABILITIES AND NET ASSETS		
Current Liabilities		
Programs payable	\$ 10,360	\$ 34,759
Real estate taxes payable	12,612	12,455
Accrued vacation	8,537	4,165
Mortgage payable, current portion	40,308	52,209
Total current liabilities	71,817	103,588
Noncurrent Liabilities		
Mortgage payable, net of current portion	418,375	452,981
Paycheck protection loan	88,500	-
Security deposits	4,900	4,900
Total noncurrent liabilities	511,775	457,881
TOTAL LIABILITIES	583,592	561,469
Net Assets		
Net assets without donor restrictions	2,166,138	1,959,701
Net assets with donor restrictions	198,072	170,927
Total net assets	2,364,210	2,130,628
TOTAL LIABILITIES AND NET ASSETS	\$ 2,947,802	\$ 2,692,097

See accompanying notes to the financial statements and independent auditors' report.

THE CHANDA PLAN FOUNDATION
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2020
(with summarized comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUES				
Individual contributions	\$ 117,370	\$ 137,000	\$ 254,370	\$ 287,167
Events	340,032	-	340,032	427,725
Grants and foundations	373,800	273,371	647,171	427,325
In-kind donations	158,296	-	158,296	33,136
Rental income	51,142	-	51,142	49,156
Interest and dividends, net	1,054	-	1,054	3,111
Other	570	-	570	10,721
Net assets released from restrictions	383,226	(383,226)	-	-
Total support and revenues	<u>1,425,490</u>	<u>27,145</u>	<u>1,452,635</u>	<u>1,238,341</u>
EXPENSES				
Program services	702,485	-	702,485	658,473
Support services:				
General and administrative	340,012	-	340,012	187,032
Fundraising	176,556	-	176,556	270,258
Total expenses	<u>1,219,053</u>	<u>-</u>	<u>1,219,053</u>	<u>1,115,763</u>
Change in Net Assets	206,437	27,145	233,582	122,578
Net Assets, Beginning of Year	<u>1,959,701</u>	<u>170,927</u>	<u>2,130,628</u>	<u>2,008,050</u>
Net Assets, End of Year	<u>\$ 2,166,138</u>	<u>\$ 198,072</u>	<u>\$ 2,364,210</u>	<u>\$ 2,130,628</u>

See accompanying notes to the financial statements and independent auditors' report.

THE CHANDA PLAN FOUNDATION
Statement of Functional Expenses
For the year ended December 31, 2020
(with summarized comparative totals for 2019)

	Program	Supporting Services		2020	2019
	Expenses	General and		Total	Total
	Program	Administrative	Fundraising		
	Expenses	Expenses	Expenses		
Advertising and marketing	\$ 7,870	\$ 4,109	\$ 10,060	\$ 22,039	\$ 22,240
Bank and merchant fees	4,227	2,207	15,166	21,600	9,331
Cost of goods sold	49	-	-	49	-
Depreciation	-	53,394	-	53,394	53,039
Dues and subscriptions	3,196	1,669	1,717	6,582	2,701
Events	-	894	13,834	14,728	55,441
In-kind goods	-	35,316	16,172	51,488	33,136
In-kind contributed services	-	106,980	-	106,980	-
Insurance	-	66	-	66	4,069
Interest expense	5,459	7,684	-	13,143	14,318
Office expenses	616	250	2,166	3,032	12,915
Payroll taxes	5,758	4,070	5,643	15,471	17,699
Printing	-	606	356	962	2,567
Professional fees	22,587	11,728	49,940	84,255	93,062
Programs and direct services	589,697	-	-	589,697	532,244
Property management	-	-	-	-	4,754
Rental expenses	-	56,757	-	56,757	60,097
Repairs and maintenance	-	-	-	-	10,143
Salaries and benefits	62,064	53,017	61,502	176,583	176,976
Small equipment	-	29	-	29	1,831
Taxes and licenses	-	-	-	-	97
Telephone and utilities	962	151	-	1,113	9,063
Training	-	1,085	-	1,085	40
Total expenses	<u>\$ 702,485</u>	<u>\$ 340,012</u>	<u>\$ 176,556</u>	<u>\$ 1,219,053</u>	<u>\$ 1,115,763</u>

See accompanying notes to the financial statements and independent auditors' report.

THE CHANDA PLAN FOUNDATION
Statement of Cash Flows
For the year ended December 31, 2020
(with summarized comparative totals for 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 233,582	\$ 122,578
Adjustments to reconcile revenues over expenses to net cash provided by operating activities:		
Depreciation	64,949	63,157
Amortization of loan fees	-	711
Donated securities	(15,000)	(6,607)
(Increase) decrease in assets:		
Accounts receivable	6,606	889
Inventory	106	(106)
Prepaid expenses	(2,239)	4,962
Loan fees, net	7,764	-
Increase (decrease) in liabilities:		
Programs payable	(24,399)	(20,726)
Real estate taxes payable	157	3,124
Accrued vacation	4,372	4,164
NET CASH PROVIDED BY OPERATING ACTIVITIES	275,898	172,146
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(79,094)	-
Proceeds from sale of donated securities	15,000	76,729
Advanced to (payments from) related party, net	(16,254)	(3,051)
Reinvested interest and dividends	(1,053)	(2,889)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(81,401)	70,789
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from paycheck protection loan	88,500	-
Draw on line of credit	100,000	-
Repayment on line of credit	(100,000)	(69,735)
Principal payments on mortgage note	(46,507)	(46,940)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	41,993	(116,675)
NET INCREASE IN CASH	236,490	126,260
CASH AT BEGINNING OF YEAR	296,689	170,429
CASH AT END OF YEAR	\$ 533,179	\$ 296,689
SUPPLEMENTAL DISCLOSURE		
Income taxes paid	\$ -	\$ -
Interest paid	\$ 22,480	\$ 25,059

See accompanying notes to the financial statements and independent auditors' report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 1 NATURE OF ORGANIZATION

The Chanda Plan Foundation (the “Organization”) was incorporated April 4, 2006 in the State of Colorado as a non-profit corporation. The mission of the Chanda Plan Foundation is to support the Chanda Center for Health in delivering and advocating for integrative therapy, primary care, and other complementary services to improve health outcomes and reduce healthcare costs for persons with physical disabilities.

While the Organization does have full and part-time employees that perform the day-to-day operations, the Organization relies on the assistance of volunteers as well. It is estimated that the Organization received the benefit of approximately 670 volunteer hours from 75 volunteers.

Note 2 DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential required recognition or disclosure through the date on the audit report.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). Revenue is recognized when earned and expenses when the obligation is incurred.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958-205, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

See accompanying independent auditors’ report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Support and Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property or equipment are recorded at the estimated fair value when received and reflected in the financial statements as contribution revenue and an addition to fixed assets.

The Organization receives donated services from unpaid volunteers who assist in fund-raising and operations of the Organization's activities and events. However, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria under US GAAP.

Cash and Cash Equivalents

The Organization considers all checking, savings, and money market accounts, as well as highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the statement of cash flows.

Accounts Receivable

Receivables are recorded when invoices are issued. Receivables are written off when they are determined to be uncollectible. No allowance for doubtful accounts was required at December 31, 2020 and 2019, as all receivables were considered to be collectible.

See accompanying independent auditors' report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at cost, if purchased, or at fair value if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Purchases and sales are reflected on a trade-date basis. Gains and losses on sales of securities are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned and dividends are accrued as of the ex-dividend date.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs consist of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Property and Equipment

Capital assets are defined by the Organization as assets with an initial cost exceeding \$1,000 and an estimated useful life greater than one year. Property and equipment are stated at cost. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the related lease. Maintenance and repairs are charged to operations as incurred and major improvements are capitalized. Property and equipment are recorded at cost and depreciated on the straight-line basis over the following estimated useful lives:

Building and improvements	39 years
Furniture and fixtures	5-7 years
Intangible assets	15 years

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents and investments. The Organization maintains cash balances at various financial institutions where these balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor. From time to time, the Organization may maintain cash balances in financial institutions in excess of the FDIC insured limit.

See accompanying independent auditors’ report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs or supporting services. Expenses relating to more than one function are allocated based on estimates of time spent by employees on projects or events, or other factors. Certain occupancy costs relating to office space not occupied by the Organization are reported as rental expenses in the statement of functional expenses.

Advertising Expenses

Advertising costs are expensed as they are incurred. Total advertising cost for the years ended December 31, 2020 and 2019 was \$22,039 and \$22,240, respectively.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by function. 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.

Note 4 INCOME TAXES

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. Therefore, the Organization is not subject to federal or state income taxes in connection with its exempt activities. In addition, the Organization is treated as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the years ended December 31, 2020 and 2019.

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2020 and 2019.

See accompanying independent auditors' report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31, 2020 and 2019, net of accumulated depreciation:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 2,225,005	\$ 2,147,705
Furniture and equipment	65,401	63,607
Land	<u>209,065</u>	<u>209,065</u>
	2,499,471	2,420,377
Less: accumulated depreciation	<u>(243,942)</u>	<u>(178,993)</u>
Property and equipment, net	<u>\$ 2,255,529</u>	<u>\$ 2,241,384</u>

Depreciation expenses for the years ended December 31, 2020 and 2019 totaled \$64,949 and \$63,157, respectively as reported on the Statement of Functional Expenses. Of these total depreciation expense amounts, \$11,975 and \$10,118 were recorded as part of rental expenses as of December 31, 2020 and 2019, respectively.

Note 6 INVESTMENTS

The Organization has an investment account held with Morgan Stanley. For years ended December 31, 2020, and 2019, all investments were being held in a mutual fund that holds only cash equivalents, totaling \$121,400 and \$120,347, respectively, which is considered a Level 1 investment.

Note 7 LEASES

The Organization leases office space to unrelated tenants under various triple net operating lease agreements expiring in 2021 and 2022. The monthly lease amounts range from \$1,247 to \$1,546. For the years ended December 31, 2020 and 2019, total rents received were \$51,142 and \$49,156, respectively. The future minimum lease payments to be received as of December 31, 2020 are as follows:

2021	\$ 42,324
2022	<u>3,202</u>
Total	<u>\$ 45,526</u>

Note 8 MORTGAGE PAYABLE AND REVOLVING LINE OF CREDIT

The Organization has a mortgage payable for the purchase of the Organization's facility. The original mortgage had a fifteen (15) year term and carried a 4.8% interest rate. The mortgage was refinanced in October 2019 which reduced the monthly installment amounts from \$5,324 to \$4,827. The new mortgage carries a 4.0% interest rate and has a maturity date of December 1, 2030. As of December 31, 2020 and 2019, the outstanding mortgage balances were \$458,683 and \$505,190, respectively.

See accompanying independent auditors' report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 8 MORTGAGE PAYABLE AND REVOLVING LINE OF CREDIT (Continued)

The Organization receives a donor restricted contribution of \$6,000 per month that is designated to be used for the Organization's mortgage payments. Although the mortgage only calls for monthly installments of \$4,827, the Organization remits monthly installments to the lender equal to the amount of donor restricted contributions received.

The Organization has a \$100,000 revolving line of credit. As of December 18, 2020, the Organization renewed the line of credit with a 4.0% interest rate through December 31, 2021 at which point the interest rate is subject to change based on a variable rate calculation. The line of credit has a maturity date of December 20, 2023. The line of credit is collateralized by substantially all assets of the Organization. At December 31, 2020 and 2019, the Organization did not carry an outstanding balance on the line of credit.

The following is a schedule of the future minimum annual principal payments on the mortgage payable:

2020	\$ 40,308
2021	41,950
2022	43,659
2023	45,438
2024	47,289
Thereafter	240,038
	<u>\$ 458,683</u>

During the year ended, December 31, 2020, interest expense on the note payable and line of credit totaled \$22,480, of which, \$9,337 is recorded in rental expenses and \$13,143 is recorded as interest expense on the Statement of Functional Expenses.

Note 9 RETIREMENT PLAN

The Organization has established a 401(k) Retirement Account Plan (the "Plan") for its employees. The Organization is the administrator of the Plan. All employees are eligible to participate in the Plan, provided they are employed at the Organization for one year and are employed full-time. Under the Plan, eligible employees may elect to have their pre-tax compensation reduced by a percentage or fixed dollar amount, not to exceed amounts by IRS limits. The Organization matches the employee's contributions up to 3% of each employee's eligible compensation for the year. All contributions to the Plan vest immediately. For the years ended December 31, 2020 and 2019, the Organization made matching contributions of \$3,726 and \$2,771, respectively.

See accompanying independent auditors' report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 10 RELATED PARTY TRANSACTIONS

On September 15, 2017, the Chanda Center for Health (“CCFH”) was created to carry out the mission of the Organization. CCFH is a separate entity for legal and tax purposes, has its own separate Board of Directors, and provides certain services on behalf of the Organization. CCFH provides services that include massage therapy, acupuncture, chiropractic care, adaptive yoga, counseling, and care coordination. The Organization provides funding for the programs and operations of CCFH.

For the years ended December 31, 2020 and 2019, the Organization provided direct support to CCFH of \$589,697 and \$532,244 respectively. At December 31, 2020 and 2019, the Organization had amounts due from CCFH of \$33,876 and \$17,622, respectively.

The Organization is also carrying on their books a loan that was taken by CCFH. On April 15, 2020, CCFH received a loan from a bank in the amount of \$88,500, with a 1% annual interest rate, under the Paycheck Protection Program (“PPP”). The loan received was transferred to the Organization to fund the payroll costs of both entities. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses, as described in the CARES Act. This loan has not been approved for loan forgiveness or legally released by the issuing bank as of December 31, 2020. Due to these factors, the Organization has determined that following FASB ASC 470, *Debt*, is the most practical option for accounting for these funds, and the loan is included as part of notes payable on the Statement of Financial Position, as of December 31, 2020.

Note 11 NET ASSETS

Net assets with donor restrictions for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Specific purpose:		
Program services	\$ 198,072	\$ 170,927
Total	<u>\$ 198,072</u>	<u>\$ 170,927</u>

Net assets without donor restrictions for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 2,044,738	\$ 1,839,354
Board-designated - reserves	121,400	120,347
Total	<u>\$ 2,166,138</u>	<u>\$ 1,959,701</u>

The Board has designated funds to be reserved for future capital or operating needs.

See accompanying independent auditors’ report.

THE CHANDA PLAN FOUNDATION

Notes to the Financial Statements

December 31, 2020

Note 12 CONTRIBUTED LEGAL SERVICES

During year ended December 31, 2020, the organization received contributed services in the form of legal work. The services are considered skilled and thus the Organizations recorded the services as in-kind revenue. The pro bono work consisted of legal advisement regarding health care regulations, work on policy and compensation documentation, setting up lease and contractor agreements, and work on changing the Organization's legal identity with respect to the Internal Revenue Service. The estimated value of contributed legal work for 2020 totaled \$106,980 and is included in the in-kind contributed services expense on the Statement of Functional Expenses.

Note 13 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. As a result, there have been mandates from federal, state, and local authorities. The Organization's operations were disrupted due to this pandemic. The Health Center temporarily suspended onsite programming for 2.5 months, and when re-opened, it did so with limited availability and increased personal protective equipment. Funding for off-site services and intensive fund was removed. Fundraising events were either cancelled or transitioned to a virtual gala.

As of December 31, 2020, and through the date on the audit report, the Organization has been negatively impacted by the COVID-19 pandemic. This is a complex problem that impacts many aspects of society. At this point, the Organization cannot reasonably estimate the duration and severity of this pandemic, or the material adverse impact on daily operations or events that could result from this pandemic. The Organization believes their financial position and cash flows will be sufficient to maintain operations of the Organization for the foreseeable future.

During 2020, CCFH was notified of a Medicaid billing problem for behavioral health. Colorado Community Health Alliance (CCHA) identified that some claims were paid in error for participants who are dual eligible for both Medicaid and Medicare. CCFH is not a provider of Medicare; however, CCHA states CCFH should have provided proof of denial from Medicare before billing CCHA. CCHA paid on these claims despite being provided an explanation of benefits from Medicare. Therefore, CCHA required a recoupment for previously paid claims for dual eligible participants for services rendered in 2019 and 2020. The Organization believes the total refund related to this issue will likely be under \$10,000, but a precise estimate is not able to be determined and as such, no amount has been recorded as a liability on the Statement of Financial Position. Due to these uncertainties and the size of this potential liability, the Organization has determined recording the expense as refunds are paid by CCFH is appropriate for this situation.

See accompanying independent auditors' report.