

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

**(With Summarized Financial Information
For The Year Ended December 31, 2015)**



DRAFT

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Rocky Mountain Fisher House Foundation

We have audited the accompanying financial statements of the Rocky Mountain Fisher House Foundation, which comprise the statement of financial position as of December 31, 2016, 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 the financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 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.

Board of Directors
Rocky Mountain Fisher House Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rocky Mountain Fisher House Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Rocky Mountain Fisher House's (formerly Denver Fisher House Foundation) 2015 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bauerle and Company, P.C.
Denver, Colorado

July 18, 2017

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH SUMMARIZED TOTALS FOR DECEMBER 31, 2015)**

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 108,437	\$ 49,712
Contributions and Grants Receivable	32,577	14,764
Other Receivables	621	2,116
Prepaid Expenses	5,469	5,224
Total Current Assets	<u>147,104</u>	<u>71,816</u>
 PROPERTY AND EQUIPMENT - AT COST		
Computer Hardware	10,063	10,063
Furnishing and Fixtures	3,824	3,824
	<u>13,887</u>	<u>13,887</u>
Less: Accumulated Depreciation	10,284	8,532
Property and Equipment - Net	<u>3,603</u>	<u>5,355</u>
 OTHER ASSETS		
Investments	597,731	642,340
Deposits	3,077	3,077
Total Other Assets	<u>600,808</u>	<u>645,417</u>
 TOTAL ASSETS	<u>\$ 751,515</u>	<u>\$ 722,588</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 1,162	\$ 521
Accrued Wages	811	2,697
Total Current Liabilities	<u>1,973</u>	<u>3,218</u>
 NET ASSETS		
Unrestricted	579,908	586,656
Temporarily Restricted	169,634	132,714
Total Net Assets	<u>749,542</u>	<u>719,370</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 751,515</u>	<u>\$ 722,588</u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

	Year Ended December 31, 2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE AND SUPPORT				
Contributions	\$ 147,745	\$ 36,920	\$ 184,665	\$ 137,408
Investment Income	26,166	-	26,166	8,030
Net Assets Released from Restrictions	-	-	-	-
TOTAL REVENUE AND SUPPORT	<u>173,911</u>	<u>36,920</u>	<u>210,831</u>	<u>145,438</u>
EXPENSES				
Program Services	100,418	-	100,418	97,261
Supporting Services:				
General and Administrative	45,000	-	45,000	45,843
Fundraising	35,241	-	35,241	47,173
Total Supporting Services	<u>80,241</u>	<u>-</u>	<u>80,241</u>	<u>93,016</u>
TOTAL EXPENSES	<u>180,659</u>	<u>-</u>	<u>180,659</u>	<u>190,277</u>
CHANGE IN NET ASSETS	(6,748)	36,920	30,172	(44,839)
NET ASSETS - BEGINNING OF YEAR	<u>586,656</u>	<u>132,714</u>	<u>719,370</u>	<u>764,209</u>
NET ASSETS - END OF YEAR	<u>\$ 579,908</u>	<u>\$ 169,634</u>	<u>\$ 749,542</u>	<u>\$ 719,370</u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

EXPENSES	Year Ended December 31, 2016				Total 2015
	Program Services	Supporting Services		Total	
		General and Administrative	Fundraising		
Direct Program:					
Fisher House Facility Costs	\$ 25,988	\$ -	\$ -	\$ 25,988	\$ 17,264
Hotel Vouchers	6,276	-	-	6,276	2,768
Total Direct Program	<u>32,264</u>	<u>-</u>	<u>-</u>	<u>32,264</u>	<u>20,032</u>
Operations:					
Wages and Benefits	27,249	13,624	4,542	45,415	57,804
Rent	17,400	8,700	2,900	29,000	33,805
Event and Fundraising	858	-	15,095	15,953	41,402
Professional Management Fees	4,497	4,497	4,497	13,491	-
Public Relations	5,404	600	6,554	12,558	1,400
Travel, Meals, and Entertainment	6,651	3,326	1,109	11,086	5,467
Accounting and Legal Fees	-	10,554	-	10,554	11,517
Office Expenses	1,920	960	320	3,200	5,058
Depreciation	-	1,751	-	1,751	1,751
Computer and Technology	1,266	141	-	1,407	5,743
Dues and Subscriptions	984	109	-	1,093	1,752
Printing and Postage	613	307	102	1,022	947
Miscellaneous Expenses	724	137	24	885	2,196
Telephone and Internet	135	67	23	225	1,324
Insurance	453	227	75	755	79
Total Operations	<u>68,154</u>	<u>45,000</u>	<u>35,241</u>	<u>148,395</u>	<u>170,245</u>
TOTAL EXPENSES	<u>\$ 100,418</u>	<u>\$ 45,000</u>	<u>\$ 35,241</u>	<u>\$ 180,659</u>	<u>\$ 190,277</u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 30,172	\$ (44,839)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used in) Operating Activities:		
Depreciation Expense	1,751	1,751
Contributions Restricted for the Building Fund	(4,343)	(17,376)
Net (Gain) on Investments	(26,166)	(8,030)
(Increase) decrease in:		
Contributions Receivable	(17,813)	6,033
Other Receivables	1,495	8,723
Prepaid Expenses	(245)	(3,750)
Deposits	-	(1,517)
Increase (decrease) in:		
Accounts Payable	641	(5,779)
Accrued Wages	(1,886)	533
Net Cash Provided By (Used In) Operating Activities	<u>(16,394)</u>	<u>(64,251)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	165,855	144,474
Purchases of Investments	(95,079)	(131,232)
Net Cash Provided By (Used In) Investing Activities	<u>70,776</u>	<u>13,242</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for the Building Fund	4,343	17,376
Net Cash Provided By (Used In) Financing Activities	<u>4,343</u>	<u>17,376</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	58,725	(33,633)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>49,712</u>	<u>83,345</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 108,437</u>	<u>\$ 49,712</u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

1 Organization and Summary of Significant Accounting Policies.

Nature of Organization. The Rocky Mountain Fisher House Foundation (the "Foundation") is a charitable organization, incorporated as a not-for-profit organization, under the laws of the State of Colorado. The mission of the Foundation is to provide temporary housing to veterans and their families, while the veteran receives healthcare as an inpatient or in an outpatient capacity away from their primary residence.

The Rocky Mountain Fisher House (formerly Denver Fisher House) was built in 1992 and opened in 1993 at the Fitzsimons Army Medical Center Campus. Rocky Mountain Fisher House Foundation was formed in 1993 to support programs of the Rocky Mountain Fisher House. When the Fitzsimons base closed in 1999, the management of the Rocky Mountain Fisher House passed to the Denver VA Medical Center, and the Rocky Mountain Fisher House Foundation continued its mission of support.

On March 17, 2016, the Foundation filed Articles of Amendment with the Colorado Secretary of State changing the name of the Foundation to Rocky Mountain Fisher House Foundation.

Method of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation. Financial statement presentation follows the requirements under Generally Accepted Accounting Principles for Not-for-Profit Organizations. Under this presentation, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements.

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

1 Organization and Summary of Significant Accounting Policies. (Continued)

Fair Value Measurements. (Continued)

Level 2 Fair Value Measurements.

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 Input must be observable for substantially the full-term of the asset or liability.

Level 3 Fair Value Measurements.

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Fixed Income, U.S. and International Equities: Valued based on the active market in which the securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances, and the amounts reported in the Statement of Financial Position.

The carrying amount reported in the Statement of Financial Position for cash and cash equivalents, receivables, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

1 Organization and Summary of Significant Accounting Policies. (Continued)

Investment Expenses. Investment expenses amounted to \$7,403 for the year ended December 31, 2016, and have been included with the investment income figure appearing in the accompanying Statement of Activities.

Summarized Financial 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 Foundation's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Cash Equivalents. For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Property and Equipment. Property and equipment is carried at cost or fair market value at date of contribution. Property and equipment acquired with an estimated useful life in excess of one year is capitalized and depreciated using the straight-line method over the estimated useful lives of the assets of five to ten years.

Donations of assets are recorded at estimated fair market value. Long-lived assets are recorded without implying a time restriction, therefore increasing unrestricted net assets at the fair market value in the year which the assets are received.

Recognition of Revenue and Support. Unconditional contributions are recognized as revenue in the period awarded and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions receivable are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year.

Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction expires (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 Foundation's policy is to record contributions whose restrictions are met in the same reporting period as unrestricted contributions. Contributions whose restrictions are not met in the same reporting period are reported as temporarily restricted net assets.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2016

1 Organization and Summary of Significant Accounting Policies. (Continued)

Donated Services. Donated services are recognized as contributions in accordance with Generally Accepted Accounting Principles for Not-for-Profit Organizations, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation receives a substantial amount of donated services; however, no amounts have been recognized in the financial statements as the services do not meet the criteria for recognition.

Income Tax Status. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Foundation's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Management of the Foundation believes it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Functional Allocation of Expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Subsequent Events. In preparing its financial statements, the Foundation has evaluated subsequent events through July 18, 2017, which is the date the financial statements were available to be issued.

2 Concentration of Credit Risk.

The Foundation's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2016, the Foundation's cash deposits did not exceed the FDIC limit.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

3 Fair Value Measurements.

The following table presents the Foundation's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2016:

	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Fixed Income				
Intermediate Duration	\$ 80,174	\$ -	\$ -	\$ 80,174
Bond Inflation Strategy	41,249	-	-	41,249
U.S. Equities				
Strategic Equities	207,835	-	-	207,835
International Equities				
International Portfolios	69,997	-	-	69,997
Emerging Markets	17,757	-	-	17,757
Dynamic Asset Allocation	<u>180,719</u>	<u>-</u>	<u>-</u>	<u>180,719</u>
Total	<u>\$ 597,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,731</u>

4 Temporarily Restricted Net Assets.

At December 31, 2016, temporarily restricted net assets consists of \$137,057 of funding received restricted for the construction of a second Rocky Mountain Fisher House and \$32,577 in contributions and grants receivable. Temporarily restricted net assets total \$169,634 at December 31, 2016.

The Rocky Mountain Fisher House provides a "home away from home" for veterans from the Rocky Mountain region. The Rocky Mountain Fisher House has outgrown the capacity at its current location and will be building a second Fisher House on the new Denver VA Medical Center campus, scheduled to open in 2018. The Foundation is dedicated to raising funds for this second Fisher House and has collected funds totaling \$137,057, through December 31, 2016.

5 Operating Lease Commitments.

The Foundation leases office space under non-cancelable operating leases. Future minimum lease payments required under these agreements are as follows:

Years Ending December 31;	
2017	\$ 19,100
2018	<u>4,800</u>
	<u>\$ 23,900</u>

For the year ended December 31, 2016, rent expense for all operating leases totaled \$29,000.