

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Together with Independent Auditors' Report)



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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, 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 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. 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.

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, 2017, 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.

Report on Summarized Comparative Information

Rocky Mountain Fisher House Foundation's 2016 financial statements were audited by Bauerle and Company, P.C., who merged with Wipfli LLP as of February 1, 2018, and whose report dated August 16, 2017, expressed an unmodified opinion on those financial statements. 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.



Wipfli LLP
Denver, Colorado

July 30, 2018

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017
(With Comparative Totals for December 31, 2016)**

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 272,273	\$ 108,437
Contributions and Grants Receivable	10,800	32,577
Other Receivables	621	621
Prepaid Expenses	-	5,469
Total Current Assets	<u>283,694</u>	<u>147,104</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	11,915	10,284
Property and Equipment - Net	<u>1,972</u>	<u>3,603</u>
OTHER ASSETS		
Investments	692,360	597,731
Deposits	3,077	3,077
Total Other Assets	<u>695,437</u>	<u>600,808</u>
TOTAL ASSETS	<u>\$ 981,103</u>	<u>\$ 751,515</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 1,162
Accrued Wages	-	811
Total Current Liabilities	<u>-</u>	<u>1,973</u>
NET ASSETS		
Unrestricted	814,378	579,908
Temporarily Restricted	166,725	169,634
Total Net Assets	<u>981,103</u>	<u>749,542</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 981,103</u>	<u>\$ 751,515</u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Year Ended December 31, 2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE AND SUPPORT				
Contributions	\$ 226,285	\$ 29,668	\$ 255,953	\$ 184,665
Investment Income	94,728	-	94,728	26,166
Net Assets Released from Restrictions	32,577	(32,577)	-	-
TOTAL REVENUE AND SUPPORT	353,590	(2,909)	350,681	210,831
EXPENSES				
Program Services	59,557	-	59,557	108,174
Supporting Services:				
General and Administrative	31,649	-	31,649	35,526
Fundraising	27,914	-	27,914	36,959
Total Supporting Services	59,563	-	59,563	72,485
TOTAL EXPENSES	119,120	-	119,120	180,659
CHANGE IN NET ASSETS	234,470	(2,909)	231,561	30,172
NET ASSETS - BEGINNING OF YEAR	579,908	169,634	749,542	719,370
NET ASSETS - END OF YEAR	\$ 814,378	\$ 166,725	\$ 981,103	\$ 749,542

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Year Ended December 31, 2017				Total 2016
	Program Services	Supporting Services		Total	
		General and Administrative	Fundraising		
EXPENSES					
Direct Program:					
Fisher House Facility Costs	\$ 14,526	\$ -	\$ -	\$ 14,526	\$ 25,988
Hotel Vouchers	86	-	-	86	6,276
Total Direct Program	<u>14,612</u>	<u>-</u>	<u>-</u>	<u>14,612</u>	<u>32,264</u>
Operations:					
Professional Management Fees	17,834	17,834	17,834	53,502	13,491
Rent	17,674	1,104	3,314	22,092	29,000
Accounting and Legal Fees	-	9,683	-	9,683	10,554
Event and Fundraising	-	-	6,371	6,371	15,953
Travel, Meals, and Entertainment	4,999	357	119	5,475	11,085
Computer and Technology	2,760	307	-	3,067	1,407
Office Expenses	1,078	498	186	1,762	5,049
Depreciation	-	1,631	-	1,631	1,751
Wages and Benefits	296	148	49	493	45,415
Telephone and Internet	154	77	26	257	225
Miscellaneous Expenses	90	10	-	100	885
Printing and Postage	60	-	15	75	1,022
Public Relations	-	-	-	-	12,558
Total Operations	<u>44,945</u>	<u>31,649</u>	<u>27,914</u>	<u>104,508</u>	<u>148,395</u>
TOTAL EXPENSES	<u>\$ 59,557</u>	<u>\$ 31,649</u>	<u>\$ 27,914</u>	<u>\$ 119,120</u>	<u>\$ 180,659</u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 231,561	\$ 30,172
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used in) Operating Activities:		
Depreciation Expense	1,631	1,751
Contributions Restricted for the Building Fund	(18,868)	(4,343)
Net (Gain) on Investments	(101,952)	(26,166)
(Increase) Decrease in:		
Contributions and Grants Receivable	21,777	(17,813)
Other Receivables	-	1,495
Prepaid Expenses	5,469	(245)
Increase (Decrease) in:		
Accounts Payable	(1,162)	641
Accrued Wages	(811)	(1,886)
Net Cash Provided By (Used In) Operating Activities	<u>137,645</u>	<u>(16,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	90,639	165,855
Purchases of Investments	(83,316)	(95,079)
Net Cash Provided By Investing Activities	<u>7,323</u>	<u>70,776</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for the Building Fund	18,868	4,343
Net Cash Provided By Financing Activities	<u>18,868</u>	<u>4,343</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	163,836	58,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>108,437</u>	<u>49,712</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 272,273</u></u>	<u><u>\$ 108,437</u></u>

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

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 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.

Basis 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 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, which requires an entity to develop its own assumptions. The asset’s or liability’s fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments. Investments are measured at fair value in the accompanying statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by donor or law.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

Investment Expenses. Investment expenses amounted to \$7,282 and \$7,403, respectively, for the years ended December 31, 2017 and 2016, and have been included with the investment income figure appearing in the accompanying Statements of Activities.

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

Contributions and Grants Receivable. The Foundation records as contributions and grants receivable unconditional promises to give. These unconditional promises represent written or oral agreements to contribute cash or other assets to the Foundation. At December 31, 2017 and 2016, management deemed all contributions and grants receivable to be fully collectible; accordingly, no allowance for uncollectible contributions and grants was required.

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.

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 Statements 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.

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.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

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 30, 2018, which is the date the financial statements were available to be issued.

New Accounting Pronouncements. In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities. This ASU is meant to eliminate diversity in practice and increase comparability among not-for-profit entities. The FASB believes that certain requirements of the ASU will increase transparency around a not-for-profit's available financial resources and flexibility. This ASU is effective for fiscal years beginning after December 15, 2017; however, early adoption of this ASU is permitted. Management is currently evaluating the potential impact of this ASU on the Foundations's financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the provisions of ASC 606 on its financial statements.

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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). The balance, at times, may exceed the FDIC insured limit. The Foundation believes it is not exposed to any significant credit risk on its cash balances.

3 Fair Value Measurements.

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, 2017.

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 Statements of Financial Position.

The carrying amount reported in the Statements 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

The following table presents the Foundation's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2017:

	<u>Fair Value Measurements Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income				
Intermediate Duration	\$ 81,176	\$ -	\$ -	\$ 81,176
Bond Inflation Strategy	42,442	-	-	42,442
U.S. Equities				
Strategic Equities	246,654	-	-	246,654
International Equities				
International Portfolios	88,549	-	-	88,549
Emerging Markets	23,611	-	-	23,611
Dynamic Asset Allocation	<u>209,928</u>	<u>-</u>	<u>-</u>	<u>209,928</u>
Total	<u>\$ 692,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,360</u>

ROCKY MOUNTAIN FISHER HOUSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

3 Fair Value Measurements. (continued)

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

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
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, 2017 and 2016, temporarily restricted net assets consists of \$155,925 and \$137,057 of funding received restricted for the construction of a second Rocky Mountain Fisher House and \$10,800 and \$32,577 in contributions and grants receivable, respectively. Temporarily restricted net assets total \$166,725 and \$169,634 at December 31, 2017 and 2016, respectively.

The Rocky Mountain Fisher House provides a "home away from home" for veteran and military families. The House serves the Rocky Mountain region and has outgrown the capacity at its current location. A new house is being built on the campus of the Rocky Mountain Regional VA Medical Center and is scheduled to open in 2019. The Foundation is dedicated to raising funds for this second Fisher House and has collected funds totaling \$155,925, through December 31, 2017.

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:

Year Ending December 31:	
2018	<u>\$ 4,800</u>

For the years ended December 31, 2017 and 2016, rent expense for all operating leases totaled \$22,092 and \$29,000, respectively.