



**FINANCIAL STATEMENTS**

**December 31, 2019**

# HEALING WARRIORS PROGRAM

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Healing Warriors Program  
Fort Collins, Colorado

We have audited the accompanying financial statements of Healing Warriors Program (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, 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*

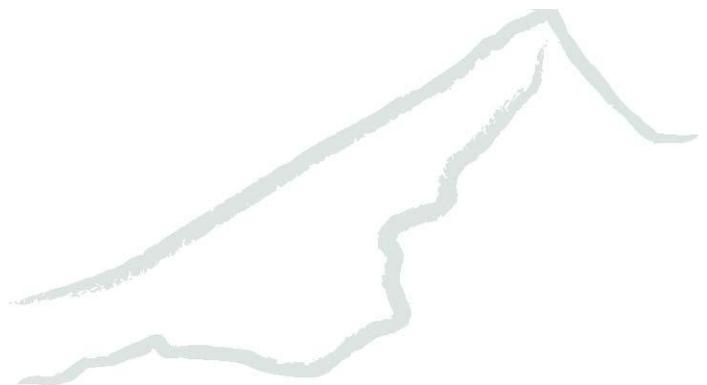
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, as established by the Auditing Standards Board. Those standards require that we 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, 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 Healing Warriors Program as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, consisting of the letters 'RLR' in a cursive style, followed by 'LLP' in a smaller, more formal font.

Fort Collins, Colorado  
January 29, 2020

**HEALING WARRIORS PROGRAM**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 49,714
Accounts receivable, net	11,505
Grants receivable	4,478
Prepaid expenses	3,982
<b>Total current assets</b>	<b>69,679</b>
Fixed Assets, Net	21,173
Security Deposits	3,982
<b>Total assets</b>	<b>\$ 94,834</b>
 <b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable and accrued expenses	\$ 17,606
<b>Total current liabilities</b>	<b>17,606</b>
<b>Total liabilities</b>	<b>17,606</b>
Net Assets	
Without donor restrictions	77,228
<b>Total net assets</b>	<b>77,228</b>
<b>Total liabilities and net assets</b>	<b>\$ 94,834</b>

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

**HEALING WARRIORS PROGRAM**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

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Support and Revenue	
Program fees	\$ 122,847
Grants	121,272
Contributions	72,714
Special events (net of cost of direct benefit to donors of \$31,914)	27,981
In-kind contributions	38,063
Other income	13,929
<b>Total support and revenue</b>	<u>396,806</u>
Expenses	
Program services	346,931
Management and general	47,550
Fundraising	43,567
<b>Total expenses</b>	<u>438,048</u>
Change in Net Assets	(41,242)
Net Assets, Beginning of Year	<u>118,470</u>
Net Assets, End of Year	<u><u>\$ 77,228</u></u>

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

**HEALING WARRIORS PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 74,203	\$ 13,186	\$ 29,635	\$ 117,024
Occupancy	29,477	2,701	3,249	35,427
Payroll taxes	5,101	636	1,017	6,754
Clinic practitioner services	126,394	-	-	126,394
Oversight manager services	9,452	-	-	9,452
Contract services	21,072	1,908	1,147	24,127
Accounting and legal	21,596	3,572	2,380	27,548
Telephone	5,411	496	596	6,503
Depreciation	2,886	265	318	3,469
Insurance	2,507	1,863	198	4,568
Office supplies	15,176	1,391	1,673	18,240
Therapy supplies	15,871	-	-	15,871
Bank fees	551	1,386	-	1,937
Printing and postage	1,875	3,699	455	6,029
Dues and subscriptions	662	6,122	-	6,784
Repairs and maintenance	1,344	485	-	1,829
Training	1,030	20	13	1,063
Travel and meetings	1,183	1,289	436	2,908
Advertising and promotion	11,140	6,859	2,050	20,049
Other	-	1,672	400	2,072
	<u>\$ 346,931</u>	<u>\$ 47,550</u>	<u>\$ 43,567</u>	<u>\$ 438,048</u>

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

**HEALING WARRIORS PROGRAM**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

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Cash Flows From Operating Activities	
Change in net assets	\$ (41,242)
Adjustments to reconcile changes in net assets to net cash (used) by operating activities:	
Depreciation	3,469
Change in allowance of uncollectible accounts	(13,600)
Changes in assets and liabilities:	
Decrease in accounts receivable	45,449
(Increase) in grants receivable	(418)
(Increase) in prepaid expense	(3,982)
(Increase) in security deposit	(2,382)
(Decrease) in accounts payable and accrued expenses	(1,133)
<b>Net cash (used) by operating activities</b>	<u>(13,839)</u>
 Cash Flows From Investing Activities	
Purchase of fixed assets	<u>(22,511)</u>
<b>Net cash (used) by investing activities</b>	<u>(22,511)</u>
 Net (Decrease) in Cash and Cash Equivalents	(36,350)
 Cash and Cash Equivalents, Beginning of Year	<u>86,064</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 49,714</u></u>
 Supplemental Disclosure of Non-Cash Operating Activities:	
Contributed services	\$ 38,063
In-kind expenses	\$ (38,063)

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

**HEALING WARRIORS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**Note 1. Summary of Significant Accounting Policies**

Nature of Activities

The mission of Healing Warriors Program (the Organization) is to advance individual well-being for Veterans and their families through evidence-based Integrative Care services and education. Our goal is to interrupt the factors that contribute to veteran suicide. Toward this end, the Organization provides acupuncture, craniosacral therapy, and Healing Touch treatments for clients suffering from chronic and severe pain, symptoms of post-traumatic stress, complications from traumatic brain injury, and debilitating sleep disturbances. In addition to work with clients at the Fort Collins, Colorado clinic, the Organization provides outreach services at monthly Pop-Up clinics held in three other Colorado Front Range cities, as well as at Yellow Ribbon Events for active duty military and their families, and at Stand Downs for homeless veterans. The Organization also provides materials to clients for home use to promote self-care. Data for clients of the Organization shows significant improvement in symptoms: for example, cumulative data show a reduction in average reported pain and anxiety levels of over 50% post-therapeutic session.

In November 2019, the Organization launched an Interpersonal Trauma Series to work with sexual, childhood and other personal trauma. This series seeks to work with victims of military sexual trauma (MST) as well as the broader perspective of non-service related injury impacting our military community. This represents a key differentiator with most existing MST programs which use a more limited scope. The new series has been well-received both by the veteran clients and by local Veterans Administration physicians who have referred clients for care.

Since the first clinic opened in Fort Collins in July 2013, the Organization has provided over 18,000 treatment sessions to clients. The demand for services in outlying communities continues to increase with requests for pop up clinic services.

The Organization expanded their capacity in March 2019 with the move to the Drake clinic office which added an additional treatment room, space for medical charting and clinic chart reviews, and a business office. With the generosity of Elevations Credit Union, the Organization was able to upgrade their technology with an internal network and more robust firewall configuration.

New Accounting Pronouncement

Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining if a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**HEALING WARRIORS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). As required by Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net Assets Without Donor Restrictions—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization had no net assets with donor restrictions at December 31, 2019.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

For purposes of financial statement presentation, the Organization considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

The Organization maintains its cash and cash equivalent balances at financial institutions. At times, cash balances in commercial banks may exceed federally insured limits of \$250,000 as guaranteed by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in these accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from reimbursements from federal, state, insurance and private sources for services rendered during the year, net of an allowance for uncollectible accounts.

The Organization's policy is not to accrue interest on accounts receivable. Adjustments, which are offset against the related income account, are made to accounts receivable based on allowable insurance payment policies, and recorded during the year of service. The allowance for uncollectible accounts was \$3,200 at December 31, 2019, and is based on management's estimate of the collectability of receivables.

Grants Receivable

Grants receivable includes amounts due from federal, state and local grant programs. All grants are considered by management to be fully collectible, and no allowance for doubtful accounts has been accrued. Grants receivable as of December 31, 2019 was \$4,478.

**HEALING WARRIORS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

Promises to Give

Unconditional contributions that are promised, but not received, prior to year-end are recorded as promises to give at year-end. All promises to give are recorded as current income, however, if restrictions are attached to the funds to be received, they will be reported as restricted net assets in the statement of financial position. There were no promises to give as of December 31, 2019.

Fair Value

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Organization considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value: Level 1—observable inputs such as quoted prices for identical instruments in active markets; Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations in which all significant inputs are observable in active markets; and Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions.

The Organization categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

Fixed Assets

Fixed assets are carried at cost. Repairs and maintenance, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income. Donated equipment is recorded as a contribution at its estimated fair value at the date of donation, using Level 3 inputs of the fair value hierarchy. The policy for capitalization is any asset with a value over \$1,000 and a remaining useful life of two years or more.

Depreciation of fixed assets is provided on the straight-line method over the following estimated useful lives:

Furniture and equipment	3 – 7 years
Leasehold improvements	7 years

Deferred Revenue

The Organization considers payments received on grant agreements and service contracts in advance of the services being performed to be deferred revenue. Revenue relating to service contracts and grants is recognized as the terms of grant agreements are met or as services outlined in contracts are performed. There was no deferred revenue as of December 31, 2019.

Donated Services

Numerous volunteers donate significant time to program services and special events. Only donated time that requires specific expertise and would have otherwise been purchased by the Organization is reported in the financial statements.

**HEALING WARRIORS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**Note 1. Summary of Significant Accounting Policies (continued)**

Revenue and Revenue Recognition

The Organization recognizes revenue from sales of products and services when the products are transferred and the services are provided. The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Our federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs, operating costs, and depreciation, which are allocated on a square footage basis.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in these financial statements for income taxes.

The Organization has adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes of the organization. The Organization's income tax filings are subject to audit by various taxing authorities.

In evaluating the Organization's tax provisions and accruals, interpretations and tax planning strategies are considered. The Organization believes their estimates are appropriate based on current facts and circumstances and have not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the year ended December 31, 2019 were \$20,050.

Subsequent Events

Management has evaluated subsequent events through January 29, 2020, the date on which the financial statements were available to be issued.

**HEALING WARRIORS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**Note 2. Fixed Assets**

Fixed assets at December 31, 2019 consist of the following:

	2019
Furniture and equipment	\$ 24,497
Leasehold improvements	11,376
Accumulated depreciation	(14,700)
Fixed Assets, Net	\$ 21,173

**Note 3. Donated Services**

The Organization receives donations of professional services from various individuals. The total value of this donated support for the year ended December 31, 2019 was \$38,063, determined using Level 3 inputs of the fair value hierarchy. As disclosed in Note 5, \$37,063 of donated support was from an officer of the Organization.

**Note 4. Office Leases**

The Organization entered into a new lease for office space in Fort Collins, Colorado which requires a monthly base rent of \$3,982 increasing by fifty cents per square foot annually until termination at February 28, 2026. The lease requires a security deposit of \$3,982. The Organization is subleasing part of this office space to an unrelated third party. The sublease agreement requires monthly rent of \$400 until termination on September 30, 2020. The subtenant also paid a \$400 security deposit which is presented as a current liability on the Organization's statement of financial position.

The Organization has a lease for office space in Greeley, Colorado which requires monthly base rent of \$600 until termination on April 30, 2020.

Future minimum lease payments due are as follows:

For the year ending December 31,	Amount
2020	\$ 50,929
2021	49,775
2022	50,861
2023	51,947
2024	53,033
Thereafter	63,169
Total	\$ 319,714

Rent expense, net of sublease rental income, for the year ended December 31, 2019 was \$34,756.

**Note 5. Related Party Transactions**

During the year ended December 31, 2019, an officer of the Organization contributed \$13,960 and donated services of \$37,063.

**HEALING WARRIORS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**Note 6. Concentrations**

For the year ended December 31, 2019, approximately 31% of total revenue and 100% of accounts receivable was from program services billed through the U.S. Department of Veterans Affairs (VA) or agencies contracted by the VA. The Organization also received approximately 10% of total revenue from one grant provider. If a significant reduction in this revenue were to occur, it could have a significant effect on the Organization's activities.

**Note 7. Line of Credit**

The Organization has a line of credit agreement, secured by the assets of the Organization, that allows borrowings up to \$80,000 with a variable interest rate tied to the U.S. Wall Street Journal Prime rate. The interest rate at December 31, 2019 was 6%. The agreement requires monthly interest only payments until maturity on October 10, 2020, at which time all unpaid interest and principal are due. There was no outstanding principal balance at December 31, 2019.

**Note 8. Liquidity**

The Organization monitors its liquidity so that it is able to meet its operating needs and other commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	2019
Cash and cash equivalents	\$ 49,714
Accounts receivable	11,505
Grants receivable	4,478
	<u>\$ 65,697</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues and utilizing resources from current and prior years gifts. Although not expected to be needed, the Organization also has an operating line of credit with availability of \$80,000. The statement of cash flows identifies the sources and uses of the Organization's cash and cash equivalents and presents net cash used by operations of (\$13,839) for the year ended December 31, 2019.