

**HEALTH TEAM WORKS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**HEALTH TEAM WORKS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

May 18, 2023

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
HealthTeamWorks  
Golden, Colorado

### ***Opinion***

We have audited the accompanying financial statements of **HealthTeamWorks**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthTeamWorks as of December 31, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HealthTeamWorks and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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 of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthTeamWorks's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HealthTeamWorks's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthTeamWorks's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited HealthTeamWorks' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company PLLC*

TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER COLORADO

**HEALTH TEAM WORKS**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
<u>Assets</u>		
Cash and cash equivalents	\$ 531,767	\$ 984,848
Contracts receivable	122,834	115,412
Prepaid expenses	16,065	7,830
Total assets	\$ 670,666	\$ 1,108,090
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 24,272	\$ 7,599
Payroll liabilities	73,939	73,533
Total liabilities	98,211	81,132
<u>Net assets</u>		
Without donor restrictions		
Undesignated	572,455	660,266
Board designated operating reserve	-	366,692
Total net assets	572,455	1,026,958
Total liabilities and net assets	\$ 670,666	\$ 1,108,090

The accompanying notes are an integral part of these financial statements

**HEALTH TEAM WORKS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contract revenue	\$ 671,501	\$ -	\$ 671,501	\$ 1,380,982
Contributions	5,223	-	5,223	2,344
Interest income	1,196	-	1,196	218
PPP loan forgiveness (Note 8)	-	-	-	249,000
In-kind	-	-	-	400
Other	-	-	-	1,465
Total revenue and other support	<u>677,920</u>	<u>-</u>	<u>677,920</u>	<u>1,634,409</u>
<u>Expense</u>				
Program services	855,849	-	855,849	908,625
Supporting services				
Management and general	238,215	-	238,215	244,800
Business development	<u>38,359</u>	<u>-</u>	<u>38,359</u>	<u>20,148</u>
Total expense	<u>1,132,423</u>	<u>-</u>	<u>1,132,423</u>	<u>1,173,573</u>
Change in net assets	(454,503)	-	(454,503)	460,836
Net assets, beginning of year	<u>1,026,958</u>	<u>-</u>	<u>1,026,958</u>	<u>566,122</u>
Net assets, end of year	<u>\$ 572,455</u>	<u>\$ -</u>	<u>\$ 572,455</u>	<u>\$ 1,026,958</u>

The accompanying notes are an integral part of these financial statements

## HEALTH TEAM WORKS

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021
	Program	Supporting Services			Total
	Systems Transformation	Manage- ment and General	Business Development	Total	
Salaries	\$ 547,767	\$ 159,707	\$ 26,882	\$ 734,356	
Payroll taxes and benefits	110,471	30,750	5,416	146,637	167,429
Software and IT support	49,916	6,932	1,176	58,024	55,208
Organizational consultants	38,682	11,192	1,898	51,772	46,801
Contract and professional	26,608	6,022	1,265	33,895	37,839
Travel	19,880	7,876	421	28,177	6,514
Program consultants	25,964	-	-	25,964	12,000
Insurance	14,720	4,259	722	19,701	19,742
Telephone	8,327	2,983	380	11,690	12,630
Meetings	4,981	1,956	-	6,937	1,740
Facilities	4,052	1,172	199	5,423	7,568
Equipment	2,447	2,163	-	4,610	9,930
Staff development	1,464	2,239	-	3,703	846
Supplies	570	964	-	1,534	557
All other	-	-	-	-	2,094
Total expenses	\$ 855,849	\$ 238,215	\$ 38,359	\$ 1,132,423	\$ 1,173,573

The accompanying notes are an integral part of these financial statements

**HEALTH TEAMWORKS**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (454,503)	\$ 460,836
Adjustments to reconcile change in net assets to net cash provided by operating activities		
PPP Loan forgiveness	-	(100,000)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contracts receivable	(7,422)	35,656
(Increase)decrease in prepaid expenses	(8,235)	250
Increase(decrease) in accounts payable	16,673	(2,250)
Increase(decrease) in payroll accruals	406	35,698
Increase(decrease) in deferred revenue	-	-
Net cash provided(used) by operating activities	(453,081)	430,190
Net increase(decrease) in cash and cash equivalents	(453,081)	430,190
Cash and cash equivalents, beginning of year	984,848	554,658
Cash and cash equivalents, end of year	\$ 531,767	\$ 984,848

The accompanying notes are an integral part of these financial statements

**HEALTH TEAM WORKS**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

HealthTeamWorks, (Organization), a national nonprofit organization exists to solve complex healthcare problems in the pursuit of **health, equity, and resilience**. Amid significant transitions in healthcare, HealthTeamWorks provides **performance improvement, organization development, and training** services to foster value-based care delivery in Alternative Payment Models (APMs), improve access to culturally responsive whole-person care, and advance workforce readiness.

In 2020, HealthTeamWorks shifted our organizational focus with a renewed strategic plan, mission, vision and values. This shift resulted in reduced administrative and sales staff as the organization prioritized service delivery, program development, teaming relationships, and fundraising. As an example, program staff expanded Diversity, Health Equity and Inclusion, and Community Collaboration programming while maintaining and growing legacy service capabilities. In line with these operational adjustments, HealthTeamWorks has made progress in diversifying funding sources and collaborative teaming relationships. The Organization is supported primarily through contract revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of the Organization's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

3. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments with an initial maturity of three months or less.

4. Contracts Receivable

The Organization states accounts receivable at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Currently, Management considers no allowance for uncollectible accounts necessary.

5. Revenue and Revenue Recognition

The Organization recognizes contract revenue by providing services that are reimbursed, payments that mirror the services provided, or considered deferred revenue. The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

6. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment of \$5,000 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. At year-end, the organization had no fixed assets.

7. 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.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Functional Reporting of Expenses

For the year ended December 31, 2022, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, payroll taxes & benefits and telephone are allocated by time and effort.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

10. Summarized Prior-Year 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 Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through May 18, 2023, the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization places a significant amount of its cash with more than one financial institution. Amounts over \$250,000 are not insured by the FDIC or related entity.

NOTE 4 - RELATED PARTIES

During the year, the Organization paid \$5,217 for legal services provided by a board member. The board and management believe that these arrangements are in the best interest of the Organization and were evaluated in accordance with the Organization's conflict of interest policy.

NOTE 5 - PENSION PLAN

The Organization has a 401(k) retirement plan. Employee contributions were matched up to 4% of compensation. The total pension expense for the year was \$20,612.

NOTE 6 - CONCENTRATION OF FUNDING SOURCE

During the year, the Organization received 32% of its total revenue from one vendor and is dependent on that support to continue at the current level of service.

NOTE 7 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 531,767
Contracts receivable	<u>122,834</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 654,601</u>

The Organization's goal is to maintain financial assets to meet 180 days of operating expenses, which would approximate \$900,000. The Board designated operating reserve is available as needed for general operating expense.

NOTE 8 - SUBSEQUENT EVENT - MERGER

In November 2022, the Iowa Chronic Care Consortium (ICCC) Board of Directors approved a resolution to merge with HealthTeamWorks (HTW). Steps toward merging ICCC into HTW have been underway with anticipated finalization in 2023. This merger is a logical step to combine complementary training programs which ICCC and HTW have teamed to co-deliver over a number of years. ICCC's flagship services include Clinical Health Coach® (CHC) and Community Health Coach (CHW) Training. These trainings coming under the Organization's brand, expand our ecosystem of services geared toward impacting HTW value-based care delivery and patient-focused outcomes.