

**CHC: CREATING HEALTHIER
COMMUNITIES (FORMERLY KNOWN AS
COMMUNITY HEALTH CHARITIES)
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

And Report of Independent Auditor

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
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Report of Independent Auditor

The Board of Directors
CHC: Creating Healthier Communities and Affiliates
Alexandria, Virginia

We have audited the accompanying consolidated financial statements of CHC: Creating Healthier Communities and Affiliates (the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 14–19 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Cherry BeKant LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
November 9, 2020

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 8,949,099
Investments	2,058,100
Pledges receivable:	
Pledges receivable, gross	17,809,918
Allowance for uncollectible pledges	(4,424,333)
Pledges receivable, net	<u>13,385,585</u>
Advances receivable	346,812
Other member receivables	250,435
Prepaid expenses	99,044
Property and equipment, net	36,622
Deposits	<u>55,480</u>
Total Assets	<u><u>\$ 25,181,177</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 2,388,045
Campaign funds payable	<u>13,665,001</u>
Total Liabilities	16,053,046
Net Assets Without Donor Restrictions	<u>9,128,131</u>
Total Liabilities and Net Assets	<u><u>\$ 25,181,177</u></u>

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020

Net Assets Without Donor Restrictions:	
Gross campaign revenue	\$ 24,449,883
Less donor designations	(19,237,543)
Net campaign revenue	<u>5,212,340</u>
Other Public Support and Revenue:	
Application fees	453,919
Contributions	396,377
Campaign service fee revenue	758
Management fees	19,493
Event sponsorships	15,000
Investment return, net	61,917
Other revenue	<u>24,438</u>
Total Public Support and Revenue	<u>6,184,242</u>
Expenses:	
Program services	<u>5,173,958</u>
Supporting Services:	
Management and general	756,621
Fundraising	<u>312,978</u>
Total Supporting Services	<u>1,069,599</u>
Total Expenses	<u>6,243,557</u>
Change in net assets	(59,315)
Net assets, beginning of year	<u>9,187,446</u>
Net assets, end of year	<u><u>\$ 9,128,131</u></u>

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total	
Personnel Expenses:					
Salaries	\$ 2,852,130	\$ 406,213	\$ 208,982	\$ 615,195	\$ 3,467,325
Payroll taxes	203,652	29,005	14,922	43,927	247,579
Employee benefits	372,305	53,025	27,280	80,305	452,610
Total Personnel Expenses	3,428,087	488,243	251,184	739,427	4,167,514
Other Expenses:					
Advertising	80,496	11,780	5,890	17,670	98,166
Depreciation	19,187	2,733	1,406	4,139	23,326
Dues and fees	168,900	24,055	12,375	36,430	205,330
Furniture and equipment	97,897	13,943	7,173	21,116	119,013
Insurance	42,283	6,022	3,099	9,121	51,404
Meetings	12,189	12,189	-	12,189	24,378
Occupancy	230,085	47,237	11,521	58,758	288,843
Printing and postage	17,627	2,511	1,292	3,803	21,430
Professional fees	498,986	88,055	-	88,055	587,041
Software	110,342	15,716	8,085	23,801	134,143
Supplies	130,615	6,537	3,379	9,916	140,531
Telephone and internet	5,244	912	29	941	6,185
Temporary services	124,776	22,019	-	22,019	146,795
Training	11,206	1,596	821	2,417	13,623
Travel	91,782	13,073	6,724	19,797	111,579
Grants	104,256	-	-	-	104,256
Total Other Expenses	1,745,871	268,378	61,794	330,172	2,076,043
Total Expenses	<u>\$ 5,173,958</u>	<u>\$ 756,621</u>	<u>\$ 312,978</u>	<u>\$ 1,069,599</u>	<u>\$ 6,243,557</u>

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:

Change in net assets	\$ (59,315)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	23,326
Loss on disposal of property and equipment	2,101
Increase in allowance for pledges receivable	301,135
Reinvested dividends and interest	(71,735)
Realized and unrealized losses on investments, net of investment management expenses	9,818
Decrease (increase) in operating assets:	
Advances receivable	(346,812)
Other member receivables	(24,427)
Pledges receivable	4,204,926
Prepaid expenses	(27,964)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(584,134)
Campaign funds payable	(5,750,412)
Net cash flows from operating activities	<u>(2,323,493)</u>

Cash flows from investing activities:

Purchases of property and equipment	<u>(23,320)</u>
Net cash flows from investing activities	<u>(23,320)</u>

Net decrease in cash and cash equivalents	(2,346,813)
Cash and cash equivalents, beginning of year	<u>11,295,912</u>
Cash and cash equivalents, end of year	<u>\$ 8,949,099</u>

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1—Nature of operations and summary of significant accounting policies

Name Change – On September 1, 2020, Community Health Charities relaunched its brand as CHC: Creating Healthier Communities focusing on serving as a catalyst for good health, bringing communities, non-profits, and businesses together around a shared commitment to better health and wellbeing. The Board of Directors voted unanimously on September 23, 2020 to update the By-laws and Articles of Incorporation to reflect this new name. And in accordance with the laws governing nonprofit organizations in the District of Columbia, have filed the updated documents with all appropriate agencies.

Nature of Operations – CHC: Creating Healthier Communities and Affiliates (the “Organization”), through participation in the Combined Federal Campaign and certain corporate campaigns, serves as a vehicle through which federal (domestic and overseas) employees and employees in the private sector may make contributions to the Organization’s charity partners and their local chapters, which are not-for-profit charitable organizations performing medical research, providing community and patient services, and materials and programs for public and professional education in the health field. The Organization conducts business nationwide through a network of local affiliates. Amounts raised in unaffiliated states are distributed directly to designated charitable organizations based on campaign designation reports.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of CHC: Creating Healthier Communities, Community Health Charities, Local, Christian Service Charities, Inc., Human Service Charities of America, Inc., and Neighbor to Nation. All inter-organization account balances and transaction are eliminated in the preparation of the consolidated financial statements.

Basis of Presentation – The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Organization presents information regarding its financial position and activities according to two classes of net assets described as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions generally result from revenues generated by providing services, receiving unrestricted contributions, and interest from banks, less expenses incurred in providing related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization reported no net assets with donor restrictions as of June 30, 2020.

Use of Estimates – The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowances for uncollectible pledges and shrinkage.

Cash and Cash Equivalents – Cash and cash equivalents consist of operating, payroll, and money market accounts and certificates of deposit with a maturity of three months or less.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Property and Equipment – Property and equipment with unit values in excess of \$1,000 are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Cost and related accumulated depreciation are removed from the accounts when the assets are disposed of, with any gain or loss recognized currently. Repairs and maintenance are charged to expense when incurred.

Campaign Funds Payable – Campaign funds payable include funds not distributed as of year-end for donor pledges that are undesignated or designated to the Organization or charity partners. When pledges are received and processed from campaigns, the cash is allocated using the ratio of donor-designated funds combined with the pro rata share of undesignated funds to the total cash received.

Distribution Policy – The Policy of the Organization is to distribute, as of the Organization's scheduled distribution dates, all of the receipts from all contributing campaigns, less an agreed-upon fee, in accordance with gross designation reports provided by administrators of the various campaigns, to include the Combined Federal Campaign.

Designations to Member Agencies – The federation is honoring designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member, per CFC regulations at § 950.301(e)(2)(i).

Revenue Recognition – Administrative fees from amounts raised in campaigns represent the Organization's fee for processing collections from campaigns that have been passed through to specific member charities based on donor designations for the year ended June 30, 2020. These fees represent board-approved costs of raising funds on behalf of others and are recognized when the funds are received and processed for distribution. The campaign percentages vary based on individual agreements. Affiliation fees are based on audited results of amounts raised in workplace campaigns by affiliates using a board-approved rate and are recognized annually.

Expenses – Expenses are recognized by the Organization during the period in which they are incurred. Expenses which are paid in advance and not yet incurred are deferred to the applicable period.

Program services consist of costs associated with managing, maintaining, and increasing revenue sources for the Organization's charity partners from existing workplace fundraising campaigns; increasing overall recognition and representation of charity partners; and costs that benefit the overall campaign. Management and general expenses consist of costs directly related to the overall operations of the Organization and maintenance of its corporate existence, including general office management, reception, and financial reporting. Fundraising includes those costs associated with accessing new workplace fundraising campaigns.

Functional Allocation of Expenses – The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Professional fees, software, temporary services and meetings expenses were allocated based on management's best estimate of which benefit was derived. Occupancy expenses were allocated based on square footage. All remaining expenses were allocated based on estimated time and effort.

Income Taxes – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). In addition, the Organization is classified by the Internal Revenue Service ("IRS") under Section 509(a)(1) as an organization that is not a private foundation and is required to report unrelated business income to the IRS and the State of Virginia taxing authorities. For the year ended June 30, 2020, there was no unrelated business income earned.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1—Nature of operations and summary of significant accounting policies (continued)

Accounting for Uncertainty in Income Taxes – The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal and state tax returns are generally open for examination for three years following the date filed.

Accounting Pronouncements Adopted – During the year, the Organization also adopted the provision of the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ended December 31, 2019 are presented under FASB ASU 2018-08. There was not a material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Significant New Accounting Standards Not Yet Adopted – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. ASU 2014-09 becomes effective for the Organization in 2021 with early adoption permitted. Organizations may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-09. The Organization is currently evaluating the effect the standard will have on the financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires lessees to record most leases on their balance sheets as a lease liability with a corresponding right-of-use asset, but continue to recognize the related leasing expense within net income. The guidance also eliminates real estate-specific provisions for all entities. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. ASU No. 2016-02 becomes effective for the Organization in 2023 with early adoption permitted and will be applied under a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The calculation of the lease liability and right-of-use asset requires further analysis of the underlying leases to determine which portion of the underlying lease payments are required to be included in the calculation. The Organization is currently evaluating ASU No. 2016-02 to determine the potential impact that adopting this standard will have on its financial statements.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 2—Property and equipment

Property and equipment consisted of the following as of June 30, 2020:

Cost:

Office/computer equipment	\$	68,052
Software		44,925
		<u>112,977</u>
Less accumulated depreciation		<u>(76,355)</u>
Net property and equipment	\$	<u>36,622</u>

Depreciation expense for the year ended June 30, 2020 was \$23,326.

Note 3—Commitments

The Organization has commitments under operating leases for its headquarters office as well as leases still in effect for several of their local affiliates which were acquired in prior years. These leases expire at various dates through October 2027.

The Organization also leases equipment under an operating lease which has a monthly rent payment of \$430 and expires in January 2023.

Future minimum rental payments, by fiscal year and in the aggregate, under the operating leases are as follows:

<u>Years Ending June 30,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Totals</u>
2021	\$ 268,212	\$ 5,160	\$ 273,372
2022	275,577	5,160	280,737
2023	283,145	3,010	286,155
2024	290,943	-	290,943
2025	298,970	-	298,970
2026 and thereafter	729,129	-	729,129
	<u>\$ 2,145,976</u>	<u>\$ 13,330</u>	<u>\$ 2,159,306</u>

Rent expense for the year ended June 30, 2020 was \$259,182.

Note 4—Pension plan

The Organization has a defined-contribution plan under Section 403(b) of the IRC covering all employees who have completed at least one year of service. Under the plan, the Organization made discretionary contributions to the plan equal to 6.5% of each eligible employee's salary. Contributions of \$185,060 were made during the year ended June 30, 2020.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 5—Concentration of credit risk and financial instruments

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of short-term investments maintained at creditworthy financial institutions. These account balances, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. At June 30, 2020, the CHC had deposits in excess of Federal Deposit Insurance Corporation limits of \$8,778,000. Credit risk with respect to pledges receivable is limited because the Organization deals with a significant number of campaigns whose participants are spread over a wide geographical area.

Note 6—Investments and fair value measurements

The Organization established 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market 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 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. At this time, the Organization does not hold any investments which would be included in this category.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 6—Investments and fair value measurements (continued)

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although management 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.

The following table summarizes investments as of June 30, 2020:

	Fair Value	Cost
Corporate bonds	\$ 657,164	\$ 650,906
Mutual funds	903,073	867,898
Equities	285,742	199,884
Certificates of deposit	50,334	51,369
Money market funds	161,787	10,078
	<u>\$ 2,058,100</u>	<u>\$ 1,780,135</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 657,164	\$ -	\$ 657,164
Mutual funds	903,073	-	-	903,073
Equities	285,742	-	-	285,742
Certificates of deposit	50,334	-	-	50,334
Money market funds	161,787	-	-	161,787
	<u>\$ 1,400,936</u>	<u>\$ 657,164</u>	<u>\$ -</u>	<u>\$ 2,058,100</u>

The following table summarizes investment returns, net for the year ended June 30, 2020:

Interest and dividends	\$ 71,735
Realized and unrealized gains and losses	(620)
Investment management expenses	(9,198)
	<u>\$ 61,917</u>

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Note 7—Liquidity and availability of resources

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization considers all general expenditures to be all program services, management and general, and fundraising costs incurred in the ordinary course of the advancement of the Organization's mission. The table below represents financial assets available for general expenditures within one year at June 30, 2020:

Financial assets at year-end:	
Cash and cash equivalents	\$ 8,949,099
Investments	2,058,100
Advances receivable	346,812
Other member receivables	250,435
Total financial assets	11,604,446
Less excess of campaign funds payable over receivables	(279,416)
Financial assets available to meet general expenditures within one year	<u>\$ 11,325,030</u>

Note 8—Risks and uncertainties

Although certain in person activities of CHC were suspended in March 2020, the Organization has been minimally impacted by the outbreak of a novel strain of coronavirus ("COVID-19"). The Organization implemented health and safety guidelines that allowed its business to continue. However, the recent global outbreak of COVID-19 has disrupted economic markets and the prolonged economic impact is uncertain. Such uncertainty, including the duration and spread of the outbreak, may negatively impact the performance and cash flows of the Organization.

Note 9—Subsequent events

Consistent with the goal of building greater efficiencies and increasing partner nonprofit support, the Board of Directors of the Organization voted on July 15, 2020 to approve the acquisition of Caring Connection, an independent, community-based nonprofit organization and federation that similarly engages donors, employers, and nonprofit organizations in defending and serving vulnerable populations within the greater Denver community. After the acquisition was completed on August 31, 2020, Caring Connection's 37 nonprofit partners became members of the Organization. The Organization also acquired all assets and liabilities of Caring Connection including cash of \$84,322.

The Organization has evaluated subsequent events through November 9, 2020, which is the date the financial statements were available to be issued.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2020

	CHC: Creating Healthier Communities	Community Health Charities, Local	Christian Service Charities, Inc.	Human Service Charities of America, Inc.	Neighbor to Nation	Eliminations	Consolidated Total
ASSETS							
Cash and cash equivalents	\$ 8,949,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,949,099
Investments	2,058,100	-	-	-	-	-	2,058,100
Pledges receivable:							
Pledges receivable	14,308,795	1,454,781	1,577,664	163,528	305,150	-	17,809,918
Allow ance for uncollectible pledges	(3,832,219)	(234,730)	(262,321)	(25,958)	(69,105)	-	(4,424,333)
Pledges receivable, net	<u>10,476,576</u>	<u>1,220,051</u>	<u>1,315,343</u>	<u>137,570</u>	<u>236,045</u>	<u>-</u>	<u>13,385,585</u>
Advances receivable	346,812	-	-	-	-	-	346,812
Other member receivables	250,435	-	-	-	-	-	250,435
Prepaid expenses	99,044	-	-	-	-	-	99,044
Due from affiliate	202,955	-	-	-	-	(202,955)	-
Property and equipment, net	36,622	-	-	-	-	-	36,622
Deposits	55,480	-	-	-	-	-	55,480
Total Assets	<u>\$ 22,475,123</u>	<u>\$ 1,220,051</u>	<u>\$ 1,315,343</u>	<u>\$ 137,570</u>	<u>\$ 236,045</u>	<u>\$ (202,955)</u>	<u>\$ 25,181,177</u>
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and accrued expenses	\$ 2,281,282	\$ -	\$ 53,206	\$ 10,035	\$ 43,522	\$ -	\$ 2,388,045
Campaign funds payable	10,745,360	1,220,051	1,315,343	137,723	246,524	-	13,665,001
Due to affiliate	-	-	102,297	6,506	94,152	(202,955)	-
Total Liabilities	<u>13,026,642</u>	<u>1,220,051</u>	<u>1,470,846</u>	<u>154,264</u>	<u>384,198</u>	<u>(202,955)</u>	<u>16,053,046</u>
Net Assets, Without Donor Restrictions	9,448,481	-	(155,503)	(16,694)	(148,153)	-	9,128,131
Total Liabilities and Net Assets	<u>\$ 22,475,123</u>	<u>\$ 1,220,051</u>	<u>\$ 1,315,343</u>	<u>\$ 137,570</u>	<u>\$ 236,045</u>	<u>\$ (202,955)</u>	<u>\$ 25,181,177</u>

See report of independent auditor.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2020

	CHC: Creating Healthier Communities	Community Health Charities, Local	Christian Service Charities, Inc.	Human Service Charities of America, Inc.	Neighbor to Nation	Eliminations	Consolidated Total
Gross campaign revenue	\$21,356,817	\$ 1,922,954	\$ 1,742,472	\$ 153,709	\$ 534,528	\$ (1,260,597)	\$24,449,883
Less donor designations	(15,361,838)	(1,701,321)	(2,287,023)	(222,632)	(925,326)	1,260,597	(19,237,543)
Net campaign revenue	5,994,979	221,633	(544,551)	(68,923)	(390,798)	-	5,212,340
Other Public Support and Revenue:							
Application fees	453,919	-	-	-	-	-	453,919
Contributions	396,377	-	-	-	-	-	396,377
Campaign service fee revenue	-	-	-	-	758	-	758
Management fees	249,845	-	-	-	-	(230,352)	19,493
Event sponsorships	15,000	-	-	-	-	-	15,000
Investment return, net	61,917	-	-	-	-	-	61,917
Other revenue	21,900	-	2,538	-	-	-	24,438
Total Public Support and Revenue	7,193,937	221,633	(542,013)	(68,923)	(390,040)	(230,352)	6,184,242
Expenses:							
Program services	5,171,585	195,560	1,775	897	(321)	(195,538)	5,173,958
Supporting Services:							
Management and general	756,276	34,266	282	134	(46)	(34,291)	756,621
Fundraising	312,882	526	66	51	(24)	(523)	312,978
Total Supporting Services	1,069,158	34,792	348	185	(70)	(34,814)	1,069,599
Total Expenses	6,240,743	230,352	2,123	1,082	(391)	(230,352)	6,243,557
Change in net assets	953,194	(8,719)	(544,136)	(70,005)	(389,649)	-	(59,315)
Net assets, beginning of year	8,495,287	8,719	388,633	53,311	241,496	-	9,187,446
Net assets, end of year	\$ 9,448,481	\$ -	\$ (155,503)	\$ (16,694)	\$ (148,153)	\$ -	\$ 9,128,131

See report of independent auditor.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services						
	CHC: Creating Healthier Communities	Community Health Charities, Local	Christian Service Charities, Inc.	Human Service Charities of America, Inc.	Neighbor to Nation	Eliminations	Program Services Total
Personnel Expenses:							
Salaries	\$ 2,852,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,852,130
Payroll taxes	203,652	-	-	-	-	-	203,652
Employee benefits	372,305	-	-	-	-	-	372,305
Total Personnel Expenses	3,428,087	-	-	-	-	-	3,428,087
Other Expenses:							
Advertising	80,496	-	-	-	-	-	80,496
Depreciation	19,187	-	-	-	-	-	19,187
Dues and fees	167,851	-	668	702	(321)	-	168,900
Furniture and equipment	97,897	-	-	-	-	-	97,897
Insurance	42,056	-	227	-	-	-	42,283
Meetings	12,189	-	-	-	-	-	12,189
Occupancy	230,085	-	-	-	-	-	230,085
Printing and postage	17,627	-	-	-	-	-	17,627
Professional fees	497,911	188,388	880	195	-	(188,388)	498,986
Software	110,342	-	-	-	-	-	110,342
Supplies	130,593	7,172	-	-	-	(7,150)	130,615
Telephone and internet	5,244	-	-	-	-	-	5,244
Temporary services	124,776	-	-	-	-	-	124,776
Training	11,206	-	-	-	-	-	11,206
Travel	91,782	-	-	-	-	-	91,782
Grants	104,256	-	-	-	-	-	104,256
Total Other Expenses	1,743,498	195,560	1,775	897	(321)	(195,538)	1,745,871
Total Expenses	\$ 5,171,585	\$ 195,560	\$ 1,775	\$ 897	\$ (321)	\$ (195,538)	\$ 5,173,958

See report of independent auditor.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2020

	Management and General						
	CHC: Creating Healthier Communities	Community Health Charities, Local	Christian Service Charities, Inc.	Human Service Charities of America, Inc.	Neighbor to Nation	Eliminations	Management and General Total
Personnel Expenses:							
Salaries	\$ 406,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,213
Payroll taxes	29,005	-	-	-	-	-	29,005
Employee benefits	53,025	-	-	-	-	-	53,025
Total Personnel Expenses	488,243	-	-	-	-	-	488,243
Other Expenses:							
Advertising	11,780	-	-	-	-	-	11,780
Depreciation	2,733	-	-	-	-	-	2,733
Dues and fees	23,906	-	95	100	(46)	-	24,055
Furniture and equipment	13,943	-	-	-	-	-	13,943
Insurance	5,990	-	32	-	-	-	6,022
Meetings	12,189	-	-	-	-	-	12,189
Occupancy	47,237	-	-	-	-	-	47,237
Printing and postage	2,511	-	-	-	-	-	2,511
Professional fees	87,866	33,245	155	34	-	(33,245)	88,055
Software	15,716	-	-	-	-	-	15,716
Supplies	6,562	1,021	-	-	-	(1,046)	6,537
Telephone and internet	912	-	-	-	-	-	912
Temporary services	22,019	-	-	-	-	-	22,019
Training	1,596	-	-	-	-	-	1,596
Travel	13,073	-	-	-	-	-	13,073
Grants	-	-	-	-	-	-	-
Total Other Expenses	268,033	34,266	282	134	(46)	(34,291)	268,378
Total Expenses	\$ 756,276	\$ 34,266	\$ 282	\$ 134	\$ (46)	\$ (34,291)	\$ 756,621

See report of independent auditor.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2020

	Fundraising							
	CHC: Creating Healthier Communities	Community Health Charities, Local	Christian Service Charities, Inc.	Human Service Charities of America, Inc.	Neighbor to Nation	Eliminations	Fundraising Total	Consolidated Total
Personnel Expenses:								
Salaries	\$ 208,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 208,982	\$ 3,467,325
Payroll taxes	14,922	-	-	-	-	-	14,922	247,579
Employee benefits	27,280	-	-	-	-	-	27,280	452,610
Total Personnel Expenses	251,184	-	-	-	-	-	251,184	4,167,514
Other Expenses:								
Advertising	5,890	-	-	-	-	-	5,890	98,166
Depreciation	1,406	-	-	-	-	-	1,406	23,326
Dues and fees	12,299	-	49	51	(24)	-	12,375	205,330
Furniture and equipment	7,173	-	-	-	-	-	7,173	119,013
Insurance	3,082	-	17	-	-	-	3,099	51,404
Meetings	-	-	-	-	-	-	-	24,378
Occupancy	11,521	-	-	-	-	-	11,521	288,843
Printing and postage	1,292	-	-	-	-	-	1,292	21,430
Professional fees	-	-	-	-	-	-	-	587,041
Software	8,085	-	-	-	-	-	8,085	134,143
Supplies	3,376	526	-	-	-	(523)	3,379	140,531
Telephone and internet	29	-	-	-	-	-	29	6,185
Temporary services	-	-	-	-	-	-	-	146,795
Training	821	-	-	-	-	-	821	13,623
Travel	6,724	-	-	-	-	-	6,724	111,579
Grants	-	-	-	-	-	-	-	104,256
Total Other Expenses	61,698	526	66	51	(24)	(523)	61,794	2,076,043
Total Expenses	\$ 312,882	\$ 526	\$ 66	\$ 51	\$ (24)	\$ (523)	\$ 312,978	\$ 6,243,557

See report of independent auditor.

CHC: CREATING HEALTHIER COMMUNITIES AND AFFILIATES

CONSOLIDATING SCHEDULE OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	CHC: Creating Healthier Communities	Community Health Charities, Local	Christian Service Charities, Inc.	Human Service Charities of America, Inc.	Neighbor to Nation	Eliminations	Consolidated Total
Cash flows from operating activities:							
Change in net assets	\$ 953,194	\$ (8,719)	\$ (544,136)	\$ (70,005)	\$ (389,649)	\$ -	\$ (59,315)
Adjustments to reconcile change in net assets to net cash flow s from operating activities:							
Depreciation	23,326	-	-	-	-	-	23,326
Loss on disposal of property and equipment	2,101	-	-	-	-	-	2,101
Increase (decrease) in allow ance for pledges receivable	484,951	(198,342)	(16,377)	1,023	29,880	-	301,135
Reinvested dividends and interest	(71,735)	-	-	-	-	-	(71,735)
Realized and unrealized losses on investments, net of investment management expenses	9,818	-	-	-	-	-	9,818
Decrease (increase) in operating assets:							
Advances receivable	(346,812)	-	-	-	-	-	(346,812)
Other member receivables	(24,427)	-	-	-	-	-	(24,427)
Pledges receivable	2,362,934	1,496,111	319,827	(1,774)	27,828	-	4,204,926
Prepaid expenses	(27,964)	-	-	-	-	-	(27,964)
Due from affiliate	(202,955)	35,719	-	-	-	167,236	-
Increase (decrease) in operating liabilities:							
Accounts payable and accrued expenses	(524,651)	(27,000)	(25,106)	(1,449)	(5,928)	-	(584,134)
Campaign funds payable	(4,042,115)	(1,297,769)	(303,509)	1,898	(108,917)	-	(5,750,412)
Due to affiliate	(35,719)	-	102,297	6,506	94,152	(167,236)	-
Net cash flow s from operating activities	(1,440,054)	-	(467,004)	(63,801)	(352,634)	-	(2,323,493)
Cash flows from investing activities:							
Purchases of property and equipment	(23,320)	-	-	-	-	-	(23,320)
Net cash flow s from investing activities	(23,320)	-	-	-	-	-	(23,320)
Net decrease in cash and cash equivalents	(1,463,374)	-	(467,004)	(63,801)	(352,634)	-	(2,346,813)
Cash and cash equivalents, beginning of year	10,412,473	-	467,004	63,801	352,634	-	11,295,912
Cash and cash equivalents, end of year	\$ 8,949,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,949,099

See report of independent auditor.