



*CHC: Creating Healthier Communities and
Affiliate*

Consolidated Financial Statements
and
Independent Auditor's Report

June 30, 2022



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Independent Auditor's Report

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To the Board of Directors
CHC: Creating Healthier Communities and Affiliate
Alexandria, Virginia

Opinion

We have audited the accompanying consolidated financial statements of CHC:Creating Healthier Communities (a nonprofit organization) and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHC: Creating Healthier Communities and Affiliate as of June 30, 2022, and the results of its operations 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 audits 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 CHC: Creating Healthier Communities and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CHC: Creating Healthier Communities and Affiliate's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 CHC: Creating Healthier Communities and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CHC: Creating Healthier Communities and Affiliate'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 Consolidating Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole..

Sikich LLP

Alexandria, Virginia
October 26, 2022

CHC: Creating Healthier Communities and Affiliate
Consolidated Statement of Financial Position
June 30, 2022

Assets

Cash	\$ 8,793,090
Investments	2,775,582
Accounts receivable	100,756
Pledges receivable, net	12,530,865
Prepaid expenses	144,217
Deferred rental income	8,943
Property and equipment, net	13,457
Deposits	<u>50,141</u>
Total assets	<u>\$ 24,417,051</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 1,898,824
Campaign funds payable	12,573,590
Deferred rent	<u>249,616</u>
Total liabilities	<u>14,722,030</u>
Net assets:	
Without donor restrictions	7,659,955
With donor restrictions	<u>2,035,066</u>
Total liabilities and net assets	<u>\$ 24,417,051</u>

CHC: Creating Healthier Communities and Affiliate
Consolidated Statement of Activities
For the Year Ended June 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues:			
Gross campaign revenue	\$ 18,798,062	\$ -	\$ 18,798,062
Less disbursements to designated campaigns	<u>(15,315,039)</u>	<u>-</u>	<u>(15,315,039)</u>
Net campaign revenue	3,483,023	-	3,483,023
Contributions	602,009	2,035,066	2,637,075
Application fees	466,946	-	466,946
Management fees	98,000	-	98,000
Rental income	95,897	-	95,897
Other revenue	300	-	300
Investment return, net	<u>(339,584)</u>	<u>-</u>	<u>(339,584)</u>
Total revenues	<u>4,406,591</u>	<u>2,035,066</u>	<u>6,441,657</u>
Expenses:			
Program services:			
Workplace giving expenses	3,796,845	-	3,796,845
Health equity expenses	<u>393,586</u>	<u>-</u>	<u>393,586</u>
Total program services	<u>4,190,431</u>	<u>-</u>	<u>4,190,431</u>
Support services:			
Management and general expenses	692,927	-	692,927
Fundraising expenses	<u>259,009</u>	<u>-</u>	<u>259,009</u>
Total support services	<u>951,936</u>	<u>-</u>	<u>951,936</u>
Total expenses	<u>5,142,367</u>	<u>-</u>	<u>5,142,367</u>
Change in net assets	(735,776)	2,035,066	1,299,290
Net assets, beginning of year	<u>8,395,731</u>	<u>-</u>	<u>8,395,731</u>
Net assets, end of year	<u>\$ 7,659,955</u>	<u>\$ 2,035,066</u>	<u>\$ 9,695,021</u>

See accompanying notes to the consolidated financial statements.

CHC: Creating Healthier Communities and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022

	Workplace giving expenses	Health equity expenses	Total program	Management and general expenses	Fundraising expenses	Total support services	Total expenses
Salaries	\$ 2,352,828	\$ 131,982	\$ 2,484,810	\$ 339,539	\$ 174,681	\$ 514,220	\$ 2,999,030
Payroll taxes	171,902	9,239	181,141	25,799	13,273	39,072	220,213
Employee benefits	300,877	15,838	316,715	41,181	20,910	62,091	378,806
Total personnel expense	<u>2,825,607</u>	<u>157,059</u>	<u>2,982,666</u>	<u>406,519</u>	<u>208,864</u>	<u>615,383</u>	<u>3,598,049</u>
Advertising	-	-	-	34,729	-	34,729	34,729
Charitable giving	5,000	-	5,000	5,000	-	5,000	10,000
Depreciation	12,742	708	13,450	1,916	986	2,902	16,352
Dues and fees	94,969	5,279	100,248	15,670	7,225	22,895	123,143
Furniture and equipment	64,070	3,561	67,631	9,632	4,955	14,587	82,218
Honorarium	11,943	-	11,943	1,701	875	2,576	14,519
Insurance	40,617	2,258	42,875	6,106	3,142	9,248	52,123
Meals and entertainment	15,385	-	15,385	2,191	1,128	3,319	18,704
Occupancy	205,034	11,397	216,431	44,505	10,906	55,411	271,842
Printing and postage	6,107	339	6,446	918	472	1,390	7,836
Professional fees	277,477	158,471	435,948	121,920	-	121,920	557,868
Software	76,112	-	76,112	10,840	5,577	16,417	92,529
Supplies	137,530	7,643	145,173	20,613	10,639	31,252	176,425
Telephone and internet	7,773	432	8,205	1,274	563	1,837	10,042
Temporary services	4,356	-	4,356	620	319	939	5,295
Travel	12,123	46,439	58,562	8,773	3,358	12,131	70,693
Total other expenses	<u>971,238</u>	<u>236,527</u>	<u>1,207,765</u>	<u>286,408</u>	<u>50,145</u>	<u>336,553</u>	<u>1,544,318</u>
Total expenses	<u>\$ 3,796,845</u>	<u>\$ 393,586</u>	<u>\$ 4,190,431</u>	<u>\$ 692,927</u>	<u>\$ 259,009</u>	<u>\$ 951,936</u>	<u>\$ 5,142,367</u>

See accompanying notes to the consolidated financial statements.

CHC: Creating Healthier Communities and Affiliate
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Change in net assets	\$ <u>1,299,290</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,352
Net unrealized and realized loss	430,691
Allowance for pledges receivable	726,249
Deferred rental income	(8,943)
Deferred rent	(18,596)
Decrease (increase) in assets:	
Accounts receivable	62,357
Pledges receivable	135,840
Prepaid expenses	(24,960)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	12,366
Campaign funds payable	<u>(939,687)</u>
Total adjustments	<u>391,669</u>
Net cash provided by operating activities	<u>1,690,959</u>
Cash flows from investing activities:	
Purchases of property and equipment	(15,172)
Purchases of investments	(844,546)
Proceeds from sales of investments	<u>2,615</u>
Net cash used in investing activities	<u>(857,103)</u>
Net increase in cash	833,856
Cash, beginning of year	<u>7,959,234</u>
Cash, end of year	\$ <u><u>8,793,090</u></u>

See accompanying notes to the consolidated financial statements.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

1. Organization

CHC: Creating Healthier Communities and Affiliate (CHC), 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 state are distributed directly to designated charitable organizations based on campaign designation reports.

CHC: Creating Healthier Communities, Local (Local) is the local chapter of CHC and functions the same as CHC to specifically collect local funding.

Workplace giving 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. Health equity services consist of costs associated with health initiatives and projects. 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.

2. Summary of Significant Accounting Policies

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of CHC and Local (collectively, the Organization). All significant intra-entity accounts and transactions have been eliminated in consolidation.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

b. Basis of presentation

The Organization's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion.
- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and 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.

c. Basis of accounting

The Organization's consolidated financial statements are prepared on the accrual basis of accounting in accordance with US GAAP.

d. Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

e. Fair value measurements

US GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. US GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Valuation Techniques

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended June 30, 2022.

- Mutual Funds: Valued at the NAV of shares on the last trading day of the year.
- Exchange-traded funds: Valued at the closing quoted price in an active market.
- Corporate bonds: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

f. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. The Organization is not classified as a private foundation for tax reporting purposes.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

g. Accounts receivable

Accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2022, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized. However, actual writeoffs may occur.

h. Pledges receivable, net

Pledges receivable are unconditional promises to give that are recognized as pledges when the promise is received. Pledges receivable are expected to be collected within one year and are reported at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2022 the allowance for doubtful accounts totaled \$2,666,895.

i. Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the consolidated statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor restrictions or law. If a restriction expires within the same year that the income is earned, the income is included in net assets without donor restrictions. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying consolidated financial statements. Investment returns are reported net of external and direct internal investment expenses.

j. Property and equipment, net

Property and equipment acquisitions are recorded in the consolidated financial statements at cost, net of accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

Office equipment	5 years
Computer equipment	3 years
Software	5 years

The Organization's policy is to capitalize major additions and improvements over \$1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

k. Deferred rent and lease incentives

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

l. 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.

m. 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 ("CFC").

n. 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).

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

o. Revenue recognition

Contributions: 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 - 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 met. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restriction expires in the same reporting period in which the contribution is recognized.

Net campaign revenue: Administrative fees from amounts raised in campaigns represent the organization's fee for processing collection from campaigns that have been passed through to specific member charities based on donor designations. These fees represent board-approved costs of raising funds on behalf of other and are recognized at the point in time the funds are dispersed to the member charities. The campaign percentages vary based on the individual agreement.

Application fees: Nonprofits may submit applications annually to be listed in public and private campaigns as a charity to which donors may designate their funds. The Organization's performance obligation is to review the application, add the charity to all qualifying campaign lists, and submit the lists to the various public and private campaigns for approval. The Organization recognizes revenue from application fees at the point in time the list is submitted to the public and private campaigns for approval. Application fees vary based on the size of the non-profit and are non-refundable.

Management fees: Separate from administration fees, the Organization provides additional platform services to public, private, and nonprofits in order to process campaign revenue. The management fee is recognized at the point in time access to the campaign giving platform and associated resources is granted, upon execution of the agreement.

Rental income: The Organization rents out a portion of the building to tenants. Revenue from rental income is recognized straight-lined over the life of the lease.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

p. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Professional fees, software, temporary services, charitable giving, honorarium, meals and entertainment	Management's estimate of which benefit was derived
Occupancy	Square footage
All other expenses	Estimated time and effort

q. New pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), to increase transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosure about leasing arrangements. ASU No. 2016-02, as amended by 2020-05 is effective for nonpublic entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new lease standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

3. Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2022:

Financial assets at year end:

Cash	\$ 8,793,090
Investments	2,775,582
Accounts receivable	<u>100,756</u>
Total financial assets	11,669,428
Less excess campaign funds payable over receivables	(42,725)
Less net assets with donor restrictions to be met in less than a year	<u>(2,035,066)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,591,637</u>

The Organization's goal is generally to maintain financial assets to be available as its general expenditures, liability and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

4. Concentrations of Credit Risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2022, the Organization had bank deposits in excess of FDIC limits of \$8,322,729. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash.

5. Investments and Fair Value Measurements

Assets measured at fair value on a recurring basis at June 30, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ 1,854,552	\$ -	\$ -	\$ 1,854,552
Exchange-traded funds	448,694	-	-	448,694
Corporate bonds	<u>-</u>	<u>412,090</u>	<u>-</u>	<u>412,090</u>
Total assets	<u>\$ 2,303,246</u>	<u>\$ 412,090</u>	<u>\$ -</u>	2,715,336
Cash, reported at cost				<u>60,246</u>
Total investments				<u>\$ 2,775,582</u>

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

6. Property and Equipment, Net

The following is a summary of property and equipment held at June 30, 2022:

Office equipment	\$ 14,043
Computer equipment	66,483
Software	<u>44,925</u>
Property and equipment	125,451
Accumulated depreciation	<u>(111,994)</u>
Total property and equipment, net	<u>\$ 13,457</u>

7. Net Assets With Donor Restrictions

For the year ended June 30, 2022, there were no net assets released from donor restrictions. Net assets with donor restrictions were available for the following:

JHP and SDOH Interventions	\$ 1,985,066
Telligen Community Initiative	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 2,035,066</u>

8. Commitments

Operating leases

In November 2016, the Organization entered into a lease agreement for office space for a term of eleven years, expiring in October 2027. The lease has a base rent of \$20,227 with annual increases of 2.75 percent. The lease allows for a rent abatement period for the first twelve months of the lease. The lease includes access to parking spots at a rate of \$120 per spot, to be paid on a monthly basis.

In March 2021, the Organization entered into a sublease agreement for a portion of the office space. The sublease commenced in April 2021 and runs through the lease term. The sublease has a base rent of \$5,339 with annual increases of 4.0 percent. The sublease also includes access to up to six parking spots, to be paid directly by the subtenant on a monthly basis.

In September 2021, the Organization entered into another sublease agreement for office space on a month-to-month basis. The base monthly rent is \$550.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

In February 2018, the Organization entered into an agreement to lease a postage machine for five years, with a base monthly payment of \$165. In January 2020, the Organization entered into an agreement to lease a copier for three years, with a base monthly payment of \$430.

Rent and parking expense for the year ended June 30, 2022 was \$259,636 and \$10,560, respectively. Equipment lease expense for the year ended June 30, 2022 was \$7,847.

Sublease income for the year ended June 30, 2022 was \$86,954.

Aggregate future minimum lease payments are as follows for the years ending June 30:

	<u>Office space</u>	<u>Sublease income</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 283,145	\$ (67,302)	\$ 4,230	\$ 220,073
2024	290,943	(69,994)	-	220,949
2025	298,970	(72,794)	-	226,176
2026	307,227	(75,706)	-	231,521
2027	315,713	(78,734)	-	236,979
2028	<u>106,190</u>	<u>(27,024)</u>	<u>-</u>	<u>79,166</u>
Total	<u>\$ 1,602,188</u>	<u>\$ (391,554)</u>	<u>\$ 4,230</u>	<u>\$ 1,214,864</u>

9. Concentrations of Revenue Risk

During the year ended June 30, 2022, the Organization received \$2,333,333 from a single donor, which is approximately 36% of its total revenue and support. Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations.

10. Disaggregation of revenue

Disaggregated revenue for the year ended June 30, 2022 consisted of services transferred at a point in time \$4,047,969.

Various economic factors affect the recognition of revenue and cash flows, including the Organization's ability to participate in and collect funds from the Combined Federal Campaign. No significant events occurred that have a material impact on the Organization's revenue recognition or cash flows for the year ended June 30, 2022.

CHC: Creating Healthier Communities and Affiliate
Notes to the Consolidated Financial Statements
June 30, 2022

The timing of revenue recognition, billings and cash collections could result in billed accounts receivable (contract asset) on the statement of financial position. Amounts are billed at the point in time services occur. Payments are typically due within 30 days of billing. Amounts received in advance of the period in which services are rendered are recorded as contract liabilities in the accompanying statement of financial position.

The beginning and ending contract balances were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 100,756	\$ 163,113

11. Retirement Plan

The Organization sponsors a 403(b) retirement plan for employees that have completed one year of service. The Organization makes discretionary contributions equal to 6.5% of each eligible employee's salary. For the year ended June 30, 2022, retirement plan expense was \$159,187.

12. Subsequent Events

In preparing the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2022, which is the date the consolidated financial statements were available to be issued. There were no additional subsequent events that require recognition of, or disclosure in, these consolidated financial statements.

Supplemental Information

CHC: Creating Healthier Communities and Affiliate
Consolidating Schedule of Financial Position
June 30, 2022

	CHC: Creating Healthier Communities	Community Health Charities, Local	Eliminations	Total
Assets				
Cash	8,793,090	-	-	8,793,090
Investments	2,775,582	-	-	2,775,582
Accounts receivable	100,756	-	-	100,756
Pledges receivable, net	11,233,654	1,297,211	-	12,530,865
Prepaid expenses	144,217	-	-	144,217
Deferred rental income	8,943	-	-	8,943
Property and equipment, net	13,457	-	-	13,457
Deposits	<u>50,141</u>	<u>-</u>	<u>-</u>	<u>50,141</u>
Total assets	<u>\$ 23,119,840</u>	<u>\$ 1,297,211</u>	<u>\$ -</u>	<u>\$ 24,417,051</u>
Liabilities and Net Assets				
Accounts payable and accrued expenses	1,898,824	-	-	1,898,824
Campaign funds payable	11,276,379	1,297,211	-	12,573,590
Deferred rent	<u>249,616</u>	<u>-</u>	<u>-</u>	<u>249,616</u>
Total liabilities	<u>13,424,819</u>	<u>1,297,211</u>	<u>-</u>	<u>14,722,030</u>
Net assets:				
Without donor restrictions	7,659,955	-	-	7,659,955
With donor restrictions	<u>2,035,066</u>	<u>-</u>	<u>-</u>	<u>2,035,066</u>
Total net assets	<u>9,695,021</u>	<u>-</u>	<u>-</u>	<u>9,695,021</u>
Total liabilities and net assets	<u>\$ 23,119,840</u>	<u>\$ 1,297,211</u>	<u>\$ -</u>	<u>\$ 24,417,051</u>

CHC: Creating Healthier Communities and Affiliate
Consolidating Schedule of Activities
For the Year Ended June 30, 2022

	CHC: Creating Healthier Communities	Community Health Charities, Local	Eliminations	Total
Net assets without donor restrictions:				
Revenues:				
Gross campaign revenue	\$ 17,294,208	\$ 1,503,854	\$ -	\$ 18,798,062
Less disbursements to designated campaigns	<u>(13,994,276)</u>	<u>(1,320,763)</u>	<u>-</u>	<u>(15,315,039)</u>
Net campaign revenue	3,299,932	183,091	-	3,483,023
Contributions	602,009	-	-	602,009
Application fees	466,946	-	-	466,946
Management fees	281,091	-	(183,091)	98,000
Rental income	95,897	-	-	95,897
Other revenue	300	-	-	300
Investment return, net	<u>(339,584)</u>	<u>-</u>	<u>-</u>	<u>(339,584)</u>
Total revenues without donor restrictions	<u>4,406,591</u>	<u>183,091</u>	<u>(183,091)</u>	<u>4,406,591</u>
Expenses:				
Program services:				
Workplace giving expenses	3,796,845	-	-	3,796,845
Health equity expenses	<u>393,586</u>	<u>-</u>	<u>-</u>	<u>393,586</u>
Total program services	<u>4,190,431</u>	<u>-</u>	<u>-</u>	<u>4,190,431</u>
Support services:				
Management and general expenses	692,927	183,091	(183,091)	692,927
Fundraising expenses	<u>259,009</u>	<u>-</u>	<u>-</u>	<u>259,009</u>
Total support services	<u>951,936</u>	<u>183,091</u>	<u>(183,091)</u>	<u>951,936</u>
Total expenses	<u>5,142,367</u>	<u>183,091</u>	<u>(183,091)</u>	<u>5,142,367</u>
Change in net assets without donor restrictions	<u>(735,776)</u>	<u>-</u>	<u>-</u>	<u>(735,776)</u>
Net assets with donor restrictions:				
Revenues:				
Contributions	<u>2,035,066</u>	<u>-</u>	<u>-</u>	<u>2,035,066</u>
Change in net assets with donor restrictions	<u>2,035,066</u>	<u>-</u>	<u>-</u>	<u>2,035,066</u>
Total change in net assets	1,299,290	-	-	1,299,290
Net assets, beginning of year	<u>8,395,731</u>	<u>-</u>	<u>-</u>	<u>8,395,731</u>
Net assets, end of year	<u>\$ 9,695,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,695,021</u>