SIKICH

CHC: Creating Healthier Communities and Affiliate

Consolidated Financial Statements
and
Independent Auditor's Report

June 30, 2023

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333 John Carlyle Street, Suite 500
Alexandria, VA 22314
703.836.1350
SIKICH.COM

Independent Auditor's Report

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, 2023, 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, 2023, 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.

Emphasis-of-Matter Regarding Adoption of New Accounting Standard

As discussed in Note 2p to the consolidated financial statements, CHC: Creating Healthier Communities and Affiliate adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*, which supersedes prior lease accounting principles generally accepted in the United States of America under ASC Topic 840. The adoption of this Topic resulted in a change to the accounting for CHC: Creating Healthier Communities and Affiliate's lease; primarily resulting in the recognition of a right-of-use asset and a lease liability for the operating lease. Our opinion is not modified with respect to this matter.

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 17, 2023

CHC: Creating Healthier Communities and Affiliate

Consolidated Statement of Financial Position

June 30, 2023

Assets

Cash	$ 2,697,020
Funds held for others	248,083
Investments	9,137,689
Grants receivable	250,000
Accounts receivable	145,712
Campaign funds to be collected on behalf of other organizations	11,862,799
Prepaid expenses	126,826
Deferred rental income	13,381
Property and equipment, net	16,085
Operating lease right-of-use asset	1,046,965
Financing lease right-of-use asset	6,106
Deposits	50,141
Total assets	$ 25,600,807

Liabilities and Net Assets

Accounts payable and accrued expenses	$ 1,625,528
Campaign funds due to other organizations	11,862,799
Other liabilities	36,618
Campaign fees due to CFC	248,083
Operating lease liability	1,249,778
Financing lease liability	6,106
Total liabilities	15,028,912
Net assets:	
Without donor restrictions	8,016,774
With donor restrictions	2,555,121
Total net assets	10,571,895
Total liabilities and net assets	$ 25,600,807

CHC: Creating Healthier Communities and Affiliate

Consolidated Statement of Activities

For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Amounts collected on behalf of other organizations	$ 18,913,990	$ -	$ 18,913,990
Less disbursements to designated campaigns	(15,539,311)	-	(15,539,311)
Net campaign revenue	3,374,679	-	3,374,679
Grants	660,644	2,555,121	3,215,765
Application fees	620,170	-	620,170
Investment return, net	460,320	-	460,320
Management fees	325,274	-	325,274
Rental income	91,944	-	91,944
Other revenue	48,882	-	48,882
In-kind revenue	1,804	-	1,804
Net assets released from restrictions:			
Satisfaction of donor restrictions	2,035,066	(2,035,066)	-
Total revenues	7,618,783	520,055	8,138,838
Expenses:			
Program services:			
Workplace giving expenses	3,516,972	-	3,516,972
Health equity expenses	2,741,289	-	2,741,289
Total program services	6,258,261	-	6,258,261
Support services:			
Management and general expenses	622,747	-	622,747
Fundraising expenses	380,956	-	380,956
Total support services	1,003,703	-	1,003,703
Total expenses	7,261,964	-	7,261,964
Change in net assets	356,819	520,055	876,874
Net assets, beginning of year	7,659,955	2,035,066	9,695,021
Net assets, end of year	$ 8,016,774	$ 2,555,121	$ 10,571,895

CHC: Creating Healthier Communities and Affiliate

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2023

	Workplace giving expenses	Health equity expenses	Total program	Management and general expenses	Fundraising expenses	Total support services	Total expenses
Salaries	$ 2,271,979	$ 421,336	$ 2,693,315	$ 300,937	$ 232,152	$ 533,089	$ 3,226,404
Payroll taxes	175,251	32,500	207,751	28,383	21,896	50,279	258,030
Employee benefits	248,320	131,374	379,694	33,926	26,172	60,098	439,792
Total personnel expense	2,695,550	585,210	3,280,760	363,246	280,220	643,466	3,924,226
Advertising	-	-	-	20,430	-	20,430	20,430
Grants	-	898,352	898,352	-	-	-	898,352
Depreciation	8,475	1,572	10,047	1,372	1,059	2,431	12,478
Dues and fees	98,190	3,131	101,321	13,845	10,678	24,523	125,844
Furniture and equipment	56,082	10,400	66,482	9,083	7,006	16,089	82,571
Honorarium	6,444	445	6,889	941	726	1,667	8,556
Insurance	39,109	7,253	46,362	6,334	4,886	11,220	57,582
Meals and entertainment	13,465	5,405	18,870	2,578	1,989	4,567	23,437
Occupancy	179,171	33,227	212,398	41,600	12,389	53,989	266,387
Printing and postage	31,566	2,305	33,871	1,379	1,064	2,443	36,314
Professional fees	119,029	1,137,732	1,256,761	102,886	39,757	142,643	1,399,404
Software	68,026	-	68,026	14,932	-	14,932	82,958
Supplies	114,817	3,996	118,813	16,232	12,522	28,754	147,567
Telephone and internet	5,853	1,085	6,938	949	731	1,680	8,618
Training	11,191	4,778	15,969	9,078	841	9,919	25,888
Travel	70,004	46,398	116,402	17,862	7,088	24,950	141,352
Total other expenses	821,422	2,156,079	2,977,501	259,501	100,736	360,237	3,337,738
Total expenses	$ 3,516,972	$ 2,741,289	$ 6,258,261	$ 622,747	$ 380,956	$ 1,003,703	$ 7,261,964

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, 2023

Cash flows from operating activities:	
Change in net assets	$ 876,874
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	12,478
Net unrealized and realized gain	(242,366)
Deferred rental income	(4,438)
Deferred rent	(249,616)
Loss on disposal of assets	150
Non-cash lease expense	203,813
Decrease (increase) in assets:	
Grants receivable	(250,000)
Accounts receivable	(44,956)
Prepaid expenses	17,391
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(273,296)
Other liabilities	(6,107)
Total adjustments	(836,947)
Net cash provided by operating activities	39,927
Cash flows from investing activities:	
Purchases of property and equipment	(15,256)
Purchases of investments	(6,394,639)
Proceeds from sales of investments	274,898
Net cash used in investing activities	(6,134,997)
Cash flows from financing activities:	
Principal payments for financing lease liability	(1,000)
Net cash used in financing activities	(1,000)
Net decrease in cash	(6,096,070)
Cash, beginning of year	8,793,090
Cash, end of year	$ 2,697,020
Non-cash transactions:	
Right-of-use asset obtained in exchange for operating lease liability	$ 1,245,811
Right-of-use asset obtained in exchange for financing lease liability	$ 6,830

See accompanying notes to the consolidated financial statements.

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.

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:

- 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, 2023.

- 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.

The Organization is not aware of any activities that would jeopardize their tax exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If material omissions of income exist, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying consolidated financial statements. As of June 30, 2023, the Organization had no uncertain tax positions which should be recognized as a liability.

g. Grants receivable

Grants receivable are unconditional grant awards that are recognized as grants when the awards are promised. Grants receivable are expected to be collected in less than one year and is 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, 2023, all receivables are considered collectible, therefore no allowance for doubtful accounts have been recognized. However, actual write-offs may occur.

h. 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, 2023, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized. However, actual write-offs may occur.

i. Campaign funds held for others

The Organization receives and distributions amounts for the campaigns under an agency arrangement. Under the agreements, the Organization accepts pledges from the donor and agrees to transfer those assets once received to other not-for-profit organizations that are specified by the donor. The amounts expected to be collected are reflected as a liability, campaign funds due to other organizations, on the accompanying consolidated statement of financial position. The asset and liability are recorded at net realizable value net an allowance of $2.133,539 based on historical collection rates and are expected to be collected and transferred within the following year.

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").

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).

j. Amounts held for others

Amounts held for others consist of campaign fees due to CFC. These funds represent fees collected by the Organization on behalf of clients for CFC campaign registrations. The funds are collected at the time of application to the campaign and recorded as liability, Campaign fees due to CFC, until paid directly to the CFC.

k. 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.

l. 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:

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.

m. Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liability on the accompanying consolidated statement of financial position. Financing leases are included in financing lease right-of-use (ROU) assets and financing lease liability on the accompanying consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU asset and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization does not have lease agreements with non-lease components.

n. Revenue recognition

Grants: The Organization recognizes grants 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. Consequently, at June 30, 2023, grants approximating $2,333,333 have not been recognized in the accompanying consolidated statement of activities because the condition(s) on which they depend has not yet been met. The future funding is dependent upon the satisfaction and approval of reporting requirements.

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. Deferred rental income is recorded and amortized to the extent the total minimum rental receipts allocated to the current period on a straight-line basis exceed, or are less than, the cash payments received.

o. 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:

Expense	Method of Allocation
Professional fees, software, grants, honorarium, meals and entertainment, printing and postage, supplies, training and travel	Management's estimate of which benefit was derived
Occupancy	Square footage
All other expenses	Estimated time and effort

p. Recently Adopted Accounting Guidance - Leases

In February 2016, FASB issued guidance (ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 using a modified retrospective approach, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a lease liability of $1,485,684, which represents the present value of the remaining operating lease payments of $1,602,188, discounted using the risk-free rate of 2.88%, and a right-of-use asset of $1,236,068.

The standard had a material impact on the consolidated statement of financial position, but did not have an impact on the consolidated statement of activities, nor consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

3. Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2023:

Financial assets at year end:	
Cash	$ 2,697,020
Investments	9,137,689
Grants receivable	250,000
Accounts receivable	145,712
Total financial assets	12,230,421
Less net assets with donor restrictions to be met in less than a year	(2,555,121)
Financial assets available to meet general expenditures within one year	$ 9,675,300

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, 2023, the Organization had bank deposits in excess of FDIC limits of $2,525,825. The Organization has not experienced any losses in such accounts and management 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, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	$ 3,314,132	$ -	$ -	$ 3,314,132
Corporate bonds	-	952,568	-	952,568
Exchange-traded funds	762,999	-	-	762,999
Total assets	$ 4,077,131	$ 952,568	$ -	5,029,699
Cash, reported at cost				4,805
Certificates of deposit, reported at cost				4,103,185
Total investments				$ 9,137,689

6. Property and Equipment, Net

The following is a summary of property and equipment held at June 30, 2023:

Office equipment	$ 14,043
Computer equipment	81,589
Software	44,925
Property and equipment	140,557
Accumulated depreciation	(124,472)
Total property and equipment, net	$ 16,085

Depreciation expense for the year ended June 30, 2023 was $12,478.

7. Net Assets With Donor Restrictions

Net assets were released from donor restrictions during the year ended June 30, 2023 for the following purposes:

Black birthing initiative and SDOH Interventions	$ 1,985,066
Telligen Community Initiative	50,000
Total net assets released from restrictions	$ 2,035,066

At June 30, 2023, net assets with donor restrictions were available for the following purposes:

Black birthing initiative and SDOH Interventions	$ 2,149,890
Health Equity Community Partnerships	405,231
Total net assets with donor restrictions	$ 2,555,121

8. Leases

The Organization has operating and financing leases for office space and equipment. The leases have remaining lease terms of three to five years, one of which includes the option to extend the lease for up to 5 years. The renewal period was not included in the calculation of the lease liability. As of June 30, 2023, assets recorded under finance leases were $6,106, and accumulated depreciation associated with finance leases was $905.

The components of lease expense were as follows:

Operating lease cost	$ 237,224
Financing lease cost	
Amortization of right-of-use assets	$ 905
Interest on lease liabilities	95
Total finance lease cost	$ 1,000

Other information related to leases was as follows:

Supplemental cash flows information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 284,027
Financing cash flows from financing lease	$ 1,000
Right-of-use assets obtained in exchange for lease obligation:	
Operating leases	$ 1,236,068
Financing lease	$ 6,830

Weighted average remaining lease term	
Operating lease	4.3 years
Financing lease	3 years
Weighted average discount rate	
Operating lease	2.88%
Financing lease	3.75%

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

	Operating leases	Financing lease
Years Ending June 30,		
2024	$ 293,060	$ 2,401
2025	301,088	2,401
2026	309,344	1,399
2027	317,830	-
2028	122,339	-
Total future minimum lease payments	1,343,661	6,201
Less imputed interest	(93,883)	(95)
Total	$ 1,249,778	$ 6,106

Reported as of June 30, 2023

Operating lease liabilities	$ 1,249,778
Financing lease liabilities	6,106
Total	$ 1,255,884

Subtenant agreement

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.

Sublease income for the year ended June 30, 2023 was $87,506.

Aggregate future minimum lease rental income is as follows for the years ending June 30:

2024	$ 69,994
2025	72,794
2026	75,706
2027	78,734
2028	27,024
Total	$ 324,252

9. In-kind Contributions

The Organization received in-kind contributed traveling expenses in the amount of $1,804 for the year ended June 30, 2023. The unreimbursed travel expenses were donated by two board members and valued at actual amount charged by the airlines for the flights or by the hotel for accommodations. The donated expenses were utilized within the year and allocated to the programs or supporting services benefited. There were no donor restrictions associated with the donated expenses.

10. Concentrations of Revenue Risk

During the year ended June 30, 2023, the Organization received $2,333,333 in grants from a single donor for the Health Equity program, which is approximately 30% of its total revenue and support. Any significant reduction in revenue and support may adversely impact the Organization's Health Equity program or other specific grant programs.

11. Disaggregation of Revenue and Contract Balances

Disaggregated revenue for the year ended June 30, 2023 consisted of services transferred at a point in time $4,320,123.

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, 2023.

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 consolidated statement of financial position.

The beginning and ending contract balances were as follows at June 30, 2023 and 2022. There were no contract liabilities as of July 1, 2022.

	2023	2022
Accounts receivable	$ 145,712	$ 100,756

12. 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, 2023, retirement plan expense was $157,447.

13. Subsequent Events

In preparing the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 17, 2023, which is the date the consolidated financial statements were available to be issued. There were no 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, 2023

	CHC: Creating Healthier Communities	CHC: Creating Healthier Communities, Local	Eliminations	Total
Assets				
Cash	2,697,020	-	-	2,697,020
Funds held for others	248,083	-	-	248,083
Investments	9,137,689	-	-	9,137,689
Grants receivable	250,000	-	-	250,000
Accounts receivable	145,712	-	-	145,712
Campaign funds to be collected on behalf of other organizations	10,830,155	1,032,644	-	11,862,799
Prepaid expenses	126,826	-	-	126,826
Deferred rental income	13,381	-	-	13,381
Property and equipment, net	16,085	-	-	16,085
Operating lease right-of-use asset	1,046,965	-	-	1,046,965
Financing lease right-of-use asset	6,106	-	-	6,106
Deposits	50,141	-	-	50,141
Total assets	$ 24,568,163	$ 1,032,644	$ -	$ 25,600,807
Liabilities and Net Assets				
Accounts payable and accrued expenses	1,625,528	-	-	1,625,528
Campaign funds due to other organizations	10,830,155	1,032,644	-	11,862,799
Other liabilities	36,618	-	-	36,618
Campaign fees due to CFC	248,083	-	-	248,083
Operating lease liability	1,249,778	-	-	1,249,778
Financing lease liability	6,106	-	-	6,106
Total liabilities	13,996,268	1,032,644	-	15,028,912
Net assets:				
Without donor restrictions	8,016,774	-	-	8,016,774
With donor restrictions	2,555,121	-	-	2,555,121
Total net assets	10,571,895	-	-	10,571,895
Total liabilities and net assets	$ 24,568,163	$ 1,032,644	$ -	$ 25,600,807

CHC: Creating Healthier Communities and Affiliate

Consolidating Schedule of Activities

For the Year Ended June 30, 2023

	CHC: Creating Healthier Communities	CHC: Creating Healthier Communities, Local	Eliminations	Total
Net assets without donor restrictions:				
Revenues:				
Amounts collected on behalf of other organizations	$ 17,520,095	$ 1,393,895	$ -	$ 18,913,990
Less disbursements to designated campaigns	(14,315,495)	(1,223,816)	-	(15,539,311)
Net campaign revenue	3,204,600	170,079	-	3,374,679
Grants	660,644	-	-	660,644
Application fees	620,170	-	-	620,170
Investment return, net	460,320	-	-	460,320
Management fees	495,353	-	(170,079)	325,274
Rental income	91,944	-	-	91,944
Other revenue	48,882	-	-	48,882
In-kind revenue	1,804	-	-	1,804
Net assets released from restrictions:				
Satisfaction of donor restrictions	2,035,066	-	-	2,035,066
Total revenues without donor restrictions	7,618,783	170,079	(170,079)	7,618,783
Expenses:				
Program services:				
Workplace giving expenses	3,516,972	-	-	3,516,972
Health equity expenses	2,741,289	-	-	2,741,289
Total program services	6,258,261	-	-	6,258,261
Support services:				
Management and general expenses	622,747	170,079	(170,079)	622,747
Fundraising expenses	380,956	-	-	380,956
Total support services	1,003,703	170,079	(170,079)	1,003,703
Total expenses	7,261,964	170,079	(170,079)	7,261,964
Change in net assets without donor restrictions	356,819	-	-	356,819
Net assets with donor restrictions:				
Revenues:				
Grants	2,555,121	-	-	2,555,121
Net assets released from restrictions:				
Satisfaction of donor restrictions	(2,035,066)	-	-	(2,035,066)
Change in net assets with donor restrictions	520,055	-	-	520,055
Total change in net assets	876,874	-	-	876,874
Net assets, beginning of year	9,695,021	-	-	9,695,021
Net assets, end of year	$ 10,571,895	$ -	$ -	$ 10,571,895