SIKICH

CHC: Creating Healthier Communities and Affiliate

Consolidated Financial Statements
and
Independent Auditor's Report

June 30, 2024

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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, 2024, 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, 2024, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 CPA LLC

Alexandria, Virginia
November 14, 2024

CHC: Creating Healthier Communities and Affiliate

Consolidated Statement of Financial Position

June 30, 2024

Assets

Investments	$ 8,775,199
Accounts receivable	139,764
Government grant receivable	526,776
Campaign funds to be collected on behalf of other organizations	10,972,291
Prepaid expenses	136,952
Deferred rental income	15,126
Funds held for others	199,177
Cash, with donor restrictions	2,011,013
Investments, with donor restrictions	65,527
Property and equipment, net	14,523
Operating lease right-of-use asset	805,232
Financing lease right-of-use asset	3,602
Deposits	50,141
Total assets	$ 23,715,323

Liabilities and Net Assets

Accounts payable and accrued expenses	$ 1,383,376
Campaign funds due to other organizations	10,972,291
Other liabilities	11,816
Campaign fees due to CFC	199,177
Operating lease liability	987,974
Financing lease liability	3,697
Total liabilities	13,558,331
Net assets:	
Without donor restrictions	8,080,452
With donor restrictions	2,076,540
Total net assets	10,156,992
Total liabilities and net assets	$ 23,715,323

See accompanying notes to the consolidated financial statements.

CHC: Creating Healthier Communities and Affiliate

Consolidated Statement of Activities

For the Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Amounts collected on behalf of other organizations	$ 17,031,135	$ -	$ 17,031,135
Less disbursements to designated campaigns	(14,228,496)	-	(14,228,496)
Net campaign revenue	2,802,639	-	2,802,639
Grants	38,382	3,633,333	3,671,715
Investment return, net	755,801	-	755,801
Application fees	576,400	-	576,400
Government grant revenue	526,776	-	526,776
Contributions	165,684	-	165,684
Management fees	130,487	-	130,487
Rental income	92,022	-	92,022
Net assets released from restrictions:			
Satisfaction of donor restrictions	4,111,914	(4,111,914)	-
Total revenues	9,200,105	(478,581)	8,721,524
Expenses:			
Program services:			
Workplace giving expenses	3,960,712	-	3,960,712
Health equity expenses	4,024,416	-	4,024,416
Total program services	7,985,128	-	7,985,128
Support services:			
Management and general expenses	833,198	-	833,198
Fundraising expenses	318,101	-	318,101
Total support services	1,151,299	-	1,151,299
Total expenses	9,136,427	-	9,136,427
Change in net assets	63,678	(478,581)	(414,903)
Net assets, beginning of year	8,016,774	2,555,121	10,571,895
Net assets, end of year	$ 8,080,452	$ 2,076,540	$ 10,156,992

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, 2024

	Workplace giving expenses	Health equity expenses	Total program	Management and general expenses	Fundraising expenses	Total support services	Total expenses
Salaries	$ 2,684,277	$ 511,785	$ 3,196,062	$ 317,260	$ 222,081	$ 539,341	$ 3,735,403
Payroll taxes	171,738	32,744	204,482	24,637	17,245	41,882	246,364
Employee benefits	283,549	161,713	445,262	34,162	23,914	58,076	503,338
Total personnel expense	3,139,564	706,242	3,845,806	376,059	263,240	639,299	4,485,105
Advertising	-	-	-	74,964	-	74,964	74,964
Depreciation	6,885	1,313	8,198	988	691	1,679	9,877
Dues and fees	171,342	2,924	174,266	31,000	13,738	44,738	219,004
Facility rental and equipment	6,485	46,257	52,742	6,832	4,259	11,091	63,833
Furniture and equipment	59,434	11,332	70,766	8,526	5,969	14,495	85,261
Grants	-	2,029,641	2,029,641	-	-	-	2,029,641
Honorarium	7,489	10,956	18,445	2,222	1,556	3,778	22,223
Insurance	36,161	6,895	43,056	5,188	3,631	8,819	51,875
Meals and entertainment	31,613	10,547	42,160	5,079	3,556	8,635	50,795
Occupancy	172,599	32,908	205,507	42,341	10,327	52,668	258,175
Printing and postage	6,596	4,578	11,174	533	373	906	12,080
Professional fees	144,213	1,131,478	1,275,691	225,122	-	225,122	1,500,813
Software	29,264	49	29,313	29,312	-	29,312	58,625
Supplies	54,402	7,478	61,880	7,453	5,219	12,672	74,552
Telephone and internet	6,255	1,193	7,448	897	628	1,525	8,973
Training	10,156	2,879	13,035	1,571	1,099	2,670	15,705
Travel	78,254	17,746	96,000	15,111	3,815	18,926	114,926
Total other expenses	821,148	3,318,174	4,139,322	457,139	54,861	512,000	4,651,322
Total expenses	$ 3,960,712	$ 4,024,416	$ 7,985,128	$ 833,198	$ 318,101	$ 1,151,299	$ 9,136,427

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, 2024

Cash flows from operating activities:	
Change in net assets	$ (414,903)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,877
Net unrealized and realized gain	(755,801)
Deferred rental income	(1,745)
Non-cash lease expense	(20,071)
Finance lease expense	2,496
Decrease (increase) in assets:	
Funds held for others	48,906
Grants receivable	250,000
Accounts receivable	5,948
Government grant receivable	(526,776)
Prepaid expenses	(10,126)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(242,152)
Other liabilities	(24,802)
Campaign fees due to CFC	(48,906)
Total adjustments	(1,313,152)
Net cash used in operating activities	(1,728,055)
Cash flows from investing activities:	
Purchases of property and equipment	(8,315)
Purchases of investments	(100,000)
Proceeds from sales of investments	1,152,764
Net cash provided by investing activities	1,044,449
Cash flows from financing activities:	
Principal payments for financing lease liability	(2,401)
Net cash used in financing activities	(2,401)
Net decrease in cash	(686,007)
Cash, beginning of year	2,697,020
Cash, end of year	$ 2,011,013

1. Organization

CHC: Creating Healthier Communities (CHC) and Affiliate (collectively, the Organization), through participation in the Combined Federal Campaign and certain corporate campaigns, serves as a vehicle through which federal (domestic and overseas) and private sector employees 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. All significant intercompany 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 (U.S. 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 U.S. GAAP.

d. Use of estimates

The preparation of consolidated financial statements in conformity with U.S. 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

U.S. 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. U.S. 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, 2024.

- 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 consolidated 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, 2024, the Organization had no uncertain tax positions which should be recognized as a liability. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2020.

g. Cash and cash equivalents

For financial statement purposes, the Organization classifies demand deposits as cash and short-term investments with an original maturity of three months or less as cash equivalents. However, cash and cash equivalents held temporarily within the investment portfolio are not considered cash equivalents. The Organization held no cash equivalents as of June 30, 2024. The Organization has cash with donor restrictions. Cash, with donor restrictions represents cash that is restricted for donor designations.

h. Accounts receivable

Accounts receivable are due in less than one year and stated at their net realizable value.

i. Allowance for credit losses

The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. Management has determined that the allowance for credit losses is immaterial to the consolidated financial statements and no allowance for credit losses has been applied.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. There were no write-offs during the year ended June 30, 2024.

j. Government grants receivable

Government grants receivable represent amounts due from the Employee Retention Credit ("ERC") under the CARES Act. Government grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. All government grants receivable outstanding are considered collectible. Accordingly, no allowance for doubtful accounts has been recorded at June 30, 2024.

k. Campaign funds held for others

The Organization receives and distributes 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 $1,845,539 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).

l. 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.

m. 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.

n. Allowance for credit losses: Held-to-maturity securities

Management measures expected credit losses on held-to-maturity securities on a collective basis by major security type. The held-to-maturity securities held by the Organization consist of certificates of deposit with maturity dates greater than 90 days. The certificates of deposit exceed the amount insured by FDIC. The Organization estimates an allowance for credit losses based on past credit history with the financial institution, historical experience, the current economic environment, and management's expectations of future economic conditions based on reasonable and supportable forecasts. The Organization has not experienced historical losses on its certificates of deposit and believes that it is not exposed to any significant credit risk with respect to certificates of deposit. Therefore, the Organization expects zero credit loss and believes no allowance for credit losses is required.

o. 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.

p. 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 assets 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.

q. 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, 2024, grants approximating $450,000 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.

r. 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
Dues and fees, facility rental and equipment, grants, honorarium, meals and entertainment, printing and postage, professional fees, software, supplies, training and travel	Management's estimate of which benefit was derived
Occupancy	Square footage
All other expenses	Estimated time and effort

s. Adoption of new accounting standard

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments - *Credit Losses (Topic 326)*. This standard requires nonprofits to change their measurement of credit losses on financial instruments to be based on forward-looking estimates. ASU 2016-13, as amended by ASU No. 2019-10, is effective for non-public entities for the fiscal years beginning after December 15, 2022 and interim periods within fiscal years beginning after December 15, 2023. Financial assets held by the Organization that are subject to the guidance were accounts receivables and held-to-maturity securities. The Organization adopted the standard effective July 1, 2023. There was no material effect on the consolidated financial statements upon implementation of this new standard.

3. Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2024:

Financial assets at year end:

Cash, with donor restrictions	$ 2,011,013
Investments	8,775,199
Investments, with donor restrictions	65,527
Accounts receivable	139,764
Government grant receivable	526,776
Total financial assets	11,518,279
Less net assets with donor restrictions to be met in less than a year	(2,076,540)
Financial assets available to meet general expenditures within one year	$ 9,441,739

The Organization considers general expenditures to be those not limited by or used to meet donor or other restrictions. 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, 2024, the Organization had bank deposits in excess of FDIC limits of $2,019,549. 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. Property and Equipment, Net

The following is a summary of property and equipment held at June 30, 2024:

Office equipment	$ 14,043
Computer equipment	89,754
Software	44,925
Property and equipment	148,722
Accumulated depreciation	(134,199)
Total property and equipment, net	$ 14,523

6. Investments and Fair Value Measurements

Assets measured at fair value on a recurring basis at June 30, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	$ 4,187,670	$ -	$ -	$ 4,187,670
Corporate bonds	-	596,194	-	596,194
Exchange-traded funds	901,086	-	-	901,086
Total assets	$ 5,088,756	$ 596,194	$ -	5,684,950
Cash, reported at cost				570
Certificates of deposit, reported at amortized cost				3,155,206
Total investments				$ 8,840,726

Reported as of June 30, 2024

Investments	$ 8,775,199
Investments, with donor restrictions	65,527
Total	$ 8,840,726

7. Net Assets With Donor Restrictions

At June 30, 2024, net assets with donor restrictions were available for the following purposes:

Black birthing initiative and SDOH Interventions	$ 1,703,234
Health Equity Community Partnerships	373,306
Total net assets with donor restrictions	$ 2,076,540

8. Employee Retention Credit

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter.

The Organization is eligible for the Employee Retention Credit ("ERC") under the CARES Act. Grants receivable and government grant revenue for the ERC at and for the year ended June 30, 2024 is $526,776 which represents refunds due on the 2021 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2021 and September 30, 2021.

The IRS has extended the statute of limitations to five years with respect to ERC claims. Should the IRS subsequently audit ERC amounts and determine the Organization did not meet the eligibility requirements, a legal liability for repayment of previously recognized ERC amounts could be incurred.

9. Leases

The Organization has operating and financing leases for office space and equipment. The leases have remaining lease terms of two to four 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, 2024, assets recorded under finance leases were $6,824, and accumulated depreciation associated with finance leases was $3,222.

The components of lease expense were as follows:

Operating lease cost	$	255,724
Financing lease cost		
Amortization of right-of-use assets	$	2,275
Interest on lease liabilities		176
Total finance lease cost	$	2,451

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	$	293,060
Operating cash flows from financing lease	$	177
Financing cash flows from financing lease	$	2,224

Weighted average remaining lease term	
Operating lease	3.3 years
Financing lease	1.6 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, 2024 were as follows:

	Operating leases	Financing lease
Years Ending June 30,		
2025	$ 301,087	$ 2,401
2026	309,344	1,401
2027	317,830	-
2028	107,424	-
Total future minimum lease payments	1,035,685	3,802
Less imputed interest	(47,711)	(105)
Total	$ 987,974	$ 3,697

Reported as of June 30, 2024

Operating lease liabilities	$ 987,974
Financing lease liabilities	3,697
Total	$ 991,671

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 $5,340 with annual increases of 4%. 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. This sublease agreement ended in December 2023.

Total sublease income for the year ended June 30, 2024 was $92,022.

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

2025	$ 72,794
2026	75,706
2027	78,734
2028	27,024
Total	$ 254,258

10. Concentrations of Revenue Risk

During the year ended June 30, 2024, the Organization received $3,633,333 in grants from two donors for the Health Equity program, which is approximately 42% 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 contract revenue as of the year ended June 30, 2024 is as follows:

Timing of Revenue Recognition:	2024
Net campaign revenue	$ 2,802,639
Application fees	576,400
Management fees	130,487
Total contract revenue for services transferred at a point in time	$ 3,509,526

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, 2024.

The timing of revenue recognition, billings and cash collections could result in billed accounts receivable (contract asset) on the consolidated 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, 2024 and 2023.

	2024	2023
Accounts receivable	$ 139,764	$ 145,712

12. Related Party Transactions

The Organization received total contributions from board members of $18,900 for the year ended June 30, 2024.

13. Advertising Expense

The Organization expenses the cost of advertising as incurred. Advertising expense was $74,964 for the year ended June 30, 2024 and is included as advertising expense on the statement of functional expenses.

14. 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, 2024, retirement plan expense was $186,696.

15. Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing consolidated financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after that date (that is, nonrecognized subsequent events).

In preparing the consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2024, 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.

Supplementary Information

CHC: Creating Healthier Communities and Affiliate

Consolidating Schedule of Financial Position

June 30, 2024

	CHC: Creating Healthier Communities	CHC: Creating Healthier Communities, Local	Eliminations	Total
Assets				
Investments	$ 8,775,199	$ -	$ -	$ 8,775,199
Accounts receivable	139,764	-	-	139,764
Government grant receivable	526,776	-	-	526,776
Campaign funds to be collected on behalf of other organizations	9,887,277	1,085,014	-	10,972,291
Prepaid expenses	136,952	-	-	136,952
Deferred rental income	15,126	-	-	15,126
Funds held for others	199,177	-	-	199,177
Cash, with donor restrictions	2,011,013	-	-	2,011,013
Investments, with donor restrictions	65,527	-	-	65,527
Property and equipment, net	14,523	-	-	14,523
Operating lease right-of-use asset	805,232	-	-	805,232
Financing lease right-of-use asset	3,602	-	-	3,602
Deposits	50,141	-	-	50,141
Total assets	$ 22,630,309	$ 1,085,014	$ -	$ 23,715,323
Liabilities and Net Assets				
Accounts payable and accrued expenses	$ 1,383,376	$ -	$ -	$ 1,383,376
Campaign funds due to other organizations	9,887,277	1,085,014	-	10,972,291
Other liabilities	11,816	-	-	11,816
Campaign fees due to CFC	199,177	-	-	199,177
Operating lease liability	987,974	-	-	987,974
Financing lease liability	3,697	-	-	3,697
Total liabilities	12,473,317	1,085,014	-	13,558,331
Net assets:				
Without donor restrictions	8,080,452	-	-	8,080,452
With donor restrictions	2,076,540	-	-	2,076,540
Total net assets	10,156,992	-	-	10,156,992
Total liabilities and net assets	$ 22,630,309	$ 1,085,014	$ -	$ 23,715,323

CHC: Creating Healthier Communities and Affiliate

Consolidating Schedule of Activities

For the Year Ended June 30, 2024

	CHC: Creating Healthier Communities	CHC: Creating Healthier Communities, Local	Eliminations	Total
Net assets without donor restrictions:				
Revenues:				
Amounts collected on behalf of other organizations	$ 15,982,044	$ 1,049,091	$ -	$ 17,031,135
Less disbursements to designated campaigns	(13,306,516)	(921,980)	-	(14,228,496)
Net campaign revenue	2,675,528	127,111	-	2,802,639
Grants	38,382	-	-	38,382
Investment return, net	755,801	-	-	755,801
Application fees	576,400	-	-	576,400
Government grant revenue	526,776	-	-	526,776
Contributions	165,684	-	-	165,684
Management fees	257,598	-	(127,111)	130,487
Rental income	92,022	-	-	92,022
Net assets released from restrictions:				
Satisfaction of donor restrictions	4,111,914	-	-	4,111,914
Total revenues without donor restrictions	9,200,105	127,111	(127,111)	9,200,105
Expenses:				
Program services:				
Workplace giving expenses	3,960,712	108,044	(108,044)	3,960,712
Health equity expenses	4,024,416	-	-	4,024,416
Total program services	7,985,128	108,044	(108,044)	7,985,128
Support services:				
Management and general expenses	833,198	19,067	(19,067)	833,198
Fundraising expenses	318,101	-	-	318,101
Total support services	1,151,299	19,067	(19,067)	1,151,299
Total expenses	9,136,427	127,111	(127,111)	9,136,427
Change in net assets without donor restrictions	63,678	-	-	63,678
Net assets with donor restrictions:				
Revenues:				
Grants	3,633,333	-	-	3,633,333
Net assets released from restrictions:				
Satisfaction of donor restrictions	(4,111,914)	-	-	(4,111,914)
Change in net assets with donor restrictions	(478,581)	-	-	(478,581)
Total change in net assets	(414,903)	-	-	(414,903)
Net assets, beginning of year	10,571,895	-	-	10,571,895
Net assets, end of year	$ 10,156,992	$ -	$ -	$ 10,156,992