

**Combined Health Agencies Drive, Inc. d/b/a  
Community Health Charities of Nebraska**

**Financial Statements  
June 30, 2019 and 2018**

**Together with Independent Auditor's Report**

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## Independent Auditor's Report

To the Board of Directors  
Combined Health Agencies Drive, Inc. d/b/a  
Community Health Charities of Nebraska  
Omaha, Nebraska:

### Report on the Financial Statements

We have audited the accompanying financial statements of Combined Health Agencies Drive, Inc. d/b/a Community Health Charities of Nebraska (CHC) which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHC as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 to the financial statements, CHC adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2019. Our opinion is not modified with respect to this matter.

SEIM JOHNSON, LLP

Omaha, Nebraska,  
November 4, 2019.

**Combined Health Agencies Drive, Inc. d/b/a  
Community Health Charities of Nebraska**

**Statements of Financial Position  
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 95,585	56,930
Contributions receivable, net of allowance of \$25,500 and \$33,000 at June 30, 2019 and 2018, respectively	926,491	956,661
Prepaid expenses	2,252	2,144
Endowment:		
Cash surrender value of life insurance	35,064	34,683
Investments	595,513	577,862
Beneficial interest in Grand Island Community Foundation	24,462	24,582
Furniture and equipment, net	12,857	14,121
	<u>1,692,224</u>	<u>1,666,983</u>
Total assets	\$	
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 30,396	32,852
Payable to charities - designated, net of allowance of \$7,500 and \$15,000 at June 30, 2019 and 2018, respectively	604,110	661,842
Payable to charities - undesignated	301,529	235,223
	<u>936,035</u>	<u>929,917</u>
Total liabilities		
Commitments		
Net assets (deficit):		
Without donor restrictions	(349,399)	(341,419)
With donor restrictions	1,105,588	1,078,485
	<u>756,189</u>	<u>737,066</u>
Total net assets		
Total liabilities and net assets	\$ <u>1,692,224</u>	<u>1,666,983</u>

*See notes to financial statements*

**Combined Health Agencies Drive, Inc. d/b/a  
Community Health Charities of Nebraska**

**Statement of Activities  
For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Public support:			
Campaign results	\$ 380,021	1,378,880	1,758,901
Less: Amounts designated by donors for specific organizations	--	(930,531)	(930,531)
Total public support	380,021	448,349	828,370
Sponsorships	13,390	2,200	15,590
In-kind contributions	11,150	--	11,150
Revenue share and other income	4,034	--	4,034
Change in uncollectible contributions	--	(6,309)	(6,309)
Net assets released from restrictions	436,260	(436,260)	--
Total public support and other revenue	844,855	7,980	852,835
<b>OPERATING EXPENSES:</b>			
Program	380,269	--	380,269
General and administrative	146,194	--	146,194
Fundraising	22,339	--	22,339
Total operating expenses	548,802	--	548,802
Excess of public support and other revenue over expenses	296,053	7,980	304,033
Distributions to member charities	(304,033)	--	(304,033)
Income from operations, net	(7,980)	7,980	--
<b>ENDOWMENT ACTIVITIES AND OTHER:</b>			
Contributions to endowment fund	--	9,070	9,070
Change in cash surrender value of life insurance	--	381	381
Investment income, net	--	31,242	31,242
Change in beneficial interest in Grand Island Community Foundation	--	1,030	1,030
Grant distributions to member charities	(22,600)	--	(22,600)
Net assets released from restrictions	22,600	(22,600)	--
Total endowment activities and other, net	--	19,123	19,123
<b>CHANGE IN NET ASSETS</b>	(7,980)	27,103	19,123
<b>NET ASSETS (DEFICIT), Beginning of year</b>	(341,419)	1,078,485	737,066
<b>NET ASSETS (DEFICIT), End of year</b>	\$ (349,399)	1,105,588	756,189

See notes to financial statements

**Combined Health Agencies Drive, Inc. d/b/a  
Community Health Charities of Nebraska**

**Statement of Activities  
For the Year Ended June 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Public support:			
Campaign results	\$ 360,237	1,430,478	1,790,715
Less: Amounts designated by donors for specific organizations	<u>          --</u>	<u>(989,759)</u>	<u>(989,759)</u>
Total public support	360,237	440,719	800,956
Sponsorships	5,474	700	6,174
In-kind contributions	19,635	--	19,635
Revenue share and other income	24,025	--	24,025
Change in uncollectible contributions	--	(15,518)	(15,518)
Net assets released from restrictions	<u>413,110</u>	<u>(413,110)</u>	<u>          --</u>
Total public support and other revenue	<u>822,481</u>	<u>12,791</u>	<u>835,272</u>
<b>OPERATING EXPENSES:</b>			
Program	384,055	--	384,055
General and administrative	139,221	--	139,221
Fundraising	<u>23,370</u>	<u>          --</u>	<u>23,370</u>
Total operating expenses	<u>546,646</u>	<u>          --</u>	<u>546,646</u>
Excess of public support and other revenue over expenses	275,835	12,791	288,626
Distributions to member charities	<u>(188,626)</u>	<u>          --</u>	<u>(188,626)</u>
Income from operations, net	<u>87,209</u>	<u>12,791</u>	<u>100,000</u>
<b>ENDOWMENT ACTIVITIES AND OTHER:</b>			
Contributions to endowment fund	--	8,775	8,775
Change in cash surrender value of life insurance	--	315	315
Investment income, net	--	39,638	39,638
Change in beneficial interest in Grand Island Community Foundation	--	24,582	24,582
Grant distributions to member charities	(14,000)	--	(14,000)
Net assets released from restrictions	<u>14,000</u>	<u>(14,000)</u>	<u>          --</u>
Total endowment activities and other, net	<u>          --</u>	<u>59,310</u>	<u>59,310</u>
CHANGE IN NET ASSETS	87,209	72,101	159,310
NET ASSETS (DEFICIT), Beginning of year (see Note 14)	<u>(428,628)</u>	<u>1,006,384</u>	<u>577,756</u>
NET ASSETS (DEFICIT), End of year	<u>\$ (341,419)</u>	<u>1,078,485</u>	<u>737,066</u>

*See notes to financial statements*

**Combined Health Agencies Drive, Inc. d/b/a  
Community Health Charities of Nebraska**

**Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 19,123	159,310
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	1,836	2,098
Loss on disposal of assets	116	--
Change in beneficial interest in Grand Island Community Foundation	(1,030)	(24,582)
Realized and unrealized gain on investments, net	(17,776)	(29,841)
Contributions restricted for endowment	(9,070)	(8,775)
(Increase) decrease in assets:		
Contributions receivable, net	30,170	18,827
Prepaid expenses	(108)	1,336
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,456)	(6,307)
Payable to charities - designated	(57,732)	(70,546)
Payable to charities - undesignated	66,306	(23,098)
Net cash provided by operating activities	<u>29,379</u>	<u>18,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(688)	(7,500)
Increase in cash surrender value of life insurance	(381)	(315)
Distributions from beneficial interest in Grand Island Community Foundation	1,150	--
Purchases of investments	(41,627)	(27,202)
Proceeds from sales of investments	41,752	22,450
Net cash provided by (used in) investing activities	<u>206</u>	<u>(12,567)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment	9,070	8,775
NET INCREASE IN CASH	38,655	14,630
CASH, Beginning of year	<u>56,930</u>	<u>42,300</u>
CASH, End of year	<u>\$ 95,585</u>	<u>56,930</u>

*See notes to financial statements*



Combined Health Agencies Drive, Inc. d/b/a  
**Community Health Charities of Nebraska**

**Statements of Functional Expenses**  
**For the Years Ended June 30, 2019 and 2018**

	2019				2018			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Audit and accounting fees	\$ 15,505	1,938	1,938	19,381	20,709	2,589	2,589	25,887
Building occupancy	20,730	2,591	2,591	25,912	19,958	2,495	2,495	24,948
Campaign expense	7,933	--	418	8,351	4,020	--	212	4,232
CFC fees	1,025	--	--	1,025	1,265	--	--	1,265
Contract labor	1,600	457	229	2,286	1,117	160	319	1,596
Depreciation	1,468	184	184	1,836	1,678	210	210	2,098
Insurance	4,010	501	501	5,012	4,121	515	515	5,151
Meetings	3,404	378	--	3,782	3,671	408	--	4,079
Membership dues	556	500	56	1,112	672	605	67	1,344
Miscellaneous	109	521	--	630	76	516	--	592
Payroll taxes	19,119	8,873	850	28,842	19,426	8,717	846	28,989
Printing and postage	5,317	665	665	6,647	6,745	843	843	8,431
Public relations	2,899	171	341	3,411	14,746	867	1,735	17,348
Public sector fees	1,027	114	--	1,141	1,456	--	--	1,456
Salaries, wages and benefits	280,826	126,998	13,029	420,853	269,114	118,901	11,959	399,974
Supplies and equipment	3,117	890	445	4,452	3,287	939	470	4,696
Telephone	6,178	772	772	7,722	6,101	763	763	7,627
Travel	5,446	641	320	6,407	5,893	693	347	6,933
<b>Total operating expenses</b>	<b>380,269</b>	<b>146,194</b>	<b>22,339</b>	<b>548,802</b>	<b>384,055</b>	<b>139,221</b>	<b>23,370</b>	<b>546,646</b>
Distributions to member charities	304,033	--	--	304,033	188,626	--	--	188,626
Grant expenses	22,600	--	--	22,600	14,000	--	--	14,000
<b>Total functional expenses</b>	<b>\$ 706,902</b>	<b>146,194</b>	<b>22,339</b>	<b>875,435</b>	<b>586,681</b>	<b>139,221</b>	<b>23,370</b>	<b>749,272</b>

*See notes to financial statements*

Notes to Financial Statements  
June 30, 2019 and 2018

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(1) Description of Organization and Summary of Significant Accounting Policies

A. Organization

The purpose of Combined Health Agencies Drive, Inc. d/b/a Community Health Charities of Nebraska (CHC) is to combine the fundraising efforts of its member health charities, in an appeal to commerce and industry, and provide public health education and awareness of its member health charities' programs and services in Nebraska and western Iowa. As of June 30, 2019 and 2018, CHC's member health charities are:

- The ALS Association Mid-America Chapter
- Alzheimer's Association Nebraska Chapter
- American Diabetes Association of Nebraska
- American Lung Association in Nebraska
- Arthritis Foundation Nebraska
- Autism Action Partnership
- Brain Injury Alliance of Nebraska
- Crohn's & Colitis Foundation, Nebraska/Iowa Chapter
- Cystic Fibrosis Foundation – Nebraska Chapter
- JDRF International – Heartland Chapter
- Leukemia & Lymphoma Society – Nebraska Chapter
- March of Dimes, Nebraska & Western Iowa Market
- Muscular Dystrophy Association of Nebraska
- National MS Society – Mid America Chapter
- Nebraska AIDS Project
- Nebraska Chapter of the National Hemophilia Foundation
- Nebraska Community Blood Bank
- Nebraska Hospice and Palliative Care Association
- Nebraska Kidney Association
- Susan G. Komen® Great Plains
- Team Jack Foundation
- United Cerebral Palsy of Nebraska

B. Basis of Accounting

CHC maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements have been prepared in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor imposed restrictions. CHC maintains the following classes of net assets:

Without Donor Restrictions – Represents net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions are to be used for general operations and payments to member charities.

With Donor Restrictions – CHC reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Additionally, certain gifts are accepted with the donors' stipulations that the principal be maintained in perpetuity, and that only the income from investments thereof be expended either for general purposes or purposes specified by the donors.

Notes to Financial Statements  
June 30, 2019 and 2018

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C. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

D. *Cash*

For purposes of the statements of cash flows, CHC does not consider cash held in investment accounts as cash.

E. *Contributions Receivable*

Contributions are recorded at their estimated fair value when received, and discounted to their net present value. The discount is amortized into contribution revenue using the effective interest method. CHC evaluates for the collectibility of receivables at the end of the fiscal year and establishes an allowance for bad debts for all accounts or portions thereof considered uncollectible. Conditional promises to give are not included as support until the conditions are substantially met. All contributions receivable recorded in the statements of financial position are due in one year or less.

F. *Investments and Related Revenue*

Investments are measured at fair value in the statements of financial position. Investments received by donation or bequest are reflected at market value on the date of acquisition.

Investment income or loss (including realized and unrealized gains and losses and interest and dividends earned and accrued) is reflected as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

G. *Beneficial Interest in Grand Island Community Foundation*

The beneficial interest in Grand Island Community Foundation represents CHC's interest in a fund held and administered by the Grand Island Community Foundation. This fund was created by donors independently of CHC and is neither in the possession nor the control of CHC. A beneficial interest is recognized as revenue when CHC is notified that it has been named as an irrevocable beneficiary and has sufficient information to make a reasonable estimate of the fair value of its interest. Assets contributed by donors under these agreements are reported at fair value. The value of the beneficial interest in Grand Island Community Foundation is adjusted annually for the change in fair value and reported as changes in net assets with donor restrictions. The corpus of this fund will be held in perpetuity however the income earned may be distributed in accordance with donor requirements.

H. *Furniture and Equipment*

Furniture and equipment are recorded at cost or, if donated, at fair value on the date donated. CHC's capitalization policy is determined by management on an asset-by-asset basis. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 7 years.

I. *Payable to Charities*

Contributions received from donors are paid out to charities in quarterly distributions. Payables to charities are identified on the statements of financial position as follows:

Notes to Financial Statements  
June 30, 2019 and 2018

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Designated – Contributions that are designated by donors to one of more of CHC's member or non-member charities. CHC does not pay out contributions from donors participating in the Combined Federal Campaign that are not collected. Therefore, CHC evaluates the collectability of these receivables along with its impact on the designated payable.

Undesignated – Contributions that are received without a designation and are allocated to member charities consistent with CHC's policies for distributions to member charities.

*J. Revenue Recognition*

CHC receives contributions in connection with its appeal to commerce and industry. These contributions are either designated to be distributed to specific organizations or are received without such designations.

Unconditional promises to contribute cash and other assets by donors are accrued at estimated fair value at the date each promise is received. The contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

Assets received for specific organizations are held in an agency capacity and are therefore excluded from net assets and included as an asset and corresponding liability in the accompanying statements of financial position. These designations are presented as part of total campaign results on the statements of activities, but are then deducted to arrive at CHC's actual revenue.

CHC also receives contributions from certain donors, including donors participating in the Combined Federal Campaign, who have elected to use third-party pledge administrators to process the designated payments on their behalf. These contributions are included in total campaign results, but are not included in contributions receivable or payable to charities – designated, because those donations are paid directly by the donor to the third-party administrator, who then remits the donations to the designated charities. Contributions paid through third-party administrators totaled \$251,420 and \$232,896 for the years ended June 30, 2019 and 2018, respectively.

*K. In-kind Contributions*

Contributions consisting of property and equipment are recorded at fair value at the date of the contribution. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions totaled \$11,150 and \$19,635 for the years ended June 30, 2019 and 2018, respectively, and were used for both program and administrative functions.

*L. Distributions to Member Charities*

Contributions received without a designation are allocated among member charities based on each member charity's average annual percentage, as defined, of designated contributions. The operating expenses of CHC are netted against the undesignated contributions prior to distribution to member charities. It takes a member charity three years of participation in CHC to be entitled to a full proportionate share of undesignated distributions.

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Notes to Financial Statements  
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*M. Associate Membership Charities*

In 1997, CHC created an associate member category. Associate members receive designated contributions, but do not participate in the allocation of undesignated contributions. Associate members are charged an administrative fee determined by a percentage of gross designations from the previous year's campaign. As of June 30, 2019 and 2018, CHC's only associate member charity is Nebraska Community Blood Bank.

*N. Functional Expenses*

The costs of providing various programs and other activities have been presented in the statements of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on employee time spent and square footage. Other expenses are directly assigned to a functional class.

*O. Income Taxes*

CHC's operation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

*P. Advertising*

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$3,411 and \$17,348, respectively, and are included in public relations in the statements of functional expense.

*Q. Reclassification*

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 reporting format.

*R. Subsequent Events*

CHC considered events occurring through November 4, 2019 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

Combined Health Agencies Drive, Inc. d/b/a  
**Community Health Charities of Nebraska**

**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**(2) Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 95,585	56,930
Contributions receivable, net of allowance	926,491	956,661
Cash surrender value of life insurance	35,064	34,683
Investments	595,513	577,862
Beneficial interest in Grand Island Community Foundation	<u>24,462</u>	<u>24,582</u>
 Total financial assets	 <u>1,677,115</u>	 <u>1,650,718</u>
 Less those unavailable for general expenditure within one year, due to:		
Donor restrictions for specified purpose	(475,011)	(466,001)
Donor restrictions for endowments	<u>(630,577)</u>	<u>(612,545)</u>
 Amounts unavailable for general expenditure within one year	 <u>(1,105,588)</u>	 <u>(1,078,546)</u>
 Total financial assets available for general expenditure within one year	 \$ <u><u>571,527</u></u>	 <u><u>572,172</u></u>

To manage liquidity, CHC makes distributions to charities quarterly based on income from the previous year, not the current year. Additionally, CHC receives funds from its two largest income sources, United Way of Lincoln and Lancaster County and United Way of the Midlands, evenly throughout the year.

**(3) Fair Value Measurement**

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CHC has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair market value. Valuation techniques used need to maximize

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**Notes to Financial Statements  
June 30, 2019 and 2018**

the use of observable inputs and minimize the use of unobservable inputs. For the years ended June 30, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Money markets and cash equivalents approximate fair value due to their short-term nature. Mutual funds and exchange-traded funds are stated at fair value as determined by quoted market prices, which represents the net asset value of shares held by CHC at year end. The fair value of the beneficial interest in Grand Island Community Foundation is estimated as the fair value of the underlying assets held by the third-party trust.

The following table presents the balances of assets measured at fair value on a recurring basis at June 30, 2019 and 2018:

	<b>2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market and cash equivalents	\$ 6,630	--	--	6,630
Exchange-traded funds:				
Midcap blend	35,305	--	--	35,305
Small blend	34,565	--	--	34,565
Mutual funds:				
Diversified emerging markets	35,499	--	--	35,499
Large blend	96,548	--	--	96,548
Foreign large growth	35,971	--	--	35,971
Intermediate term bond	105,203	--	--	105,203
Large growth	42,874	--	--	42,874
Large value	41,287	--	--	41,287
Short term bond	45,710	--	--	45,710
Multi sector bond	81,160	--	--	81,160
Real estate	34,761	--	--	34,761
Investments	<u>\$ 595,513</u>	<u>--</u>	<u>--</u>	<u>595,513</u>
Beneficial interest in Grand Island Community Foundation	<u>\$ --</u>	<u>--</u>	<u>24,462</u>	<u>24,462</u>
	<b>2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market and cash equivalents	\$ 7,027	--	--	7,027
Exchange-traded funds:				
Midcap blend	34,325	--	--	34,325
Small blend	35,217	--	--	35,217
Mutual funds:				
Diversified emerging markets	32,997	--	--	32,997
Large blend	91,344	--	--	91,344
Foreign large growth	32,715	--	--	32,715
Intermediate term bond	103,050	--	--	103,050
Large growth	40,367	--	--	40,367
Large value	39,709	--	--	39,709
Short term bond	45,653	--	--	45,653
Multi sector bond	80,063	--	--	80,063
Real estate	35,395	--	--	35,395
Investments	<u>\$ 577,862</u>	<u>--</u>	<u>--</u>	<u>577,862</u>
Beneficial interest in Grand Island Community Foundation	<u>\$ --</u>	<u>--</u>	<u>24,582</u>	<u>24,582</u>

Combined Health Agencies Drive, Inc. d/b/a  
**Community Health Charities of Nebraska**

**Notes to Financial Statements**  
**June 30, 2019 and 2018**

The following table presents the activity for assets measured at fair value on a recurring basis using level 3 inputs for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 24,582	--
Change in value of beneficial interest in perpetual trusts	1,030	24,582
Distributions	<u>(1,150)</u>	<u>--</u>
Balance at end of year	<u>\$ 24,462</u>	<u>24,582</u>

**(4) Furniture and Equipment**

A summary of furniture and equipment at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 21,580	29,984
Furniture	1,306	1,306
Construction in process	<u>7,500</u>	<u>7,500</u>
	30,386	38,790
Less accumulated depreciation	<u>(17,529)</u>	<u>(24,669)</u>
Furniture and equipment, net	<u>\$ 12,857</u>	<u>14,121</u>

**(5) Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2019 and 2018 are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Promises to give that are designated by donors	\$ 448,349	440,719
Restricted by donors for the annual meeting	<u>2,200</u>	<u>700</u>
Total purpose restrictions	<u>450,549</u>	<u>441,419</u>
Beneficial interest in Grand Island Community Foundation, the income from which is available to support member charities	<u>24,462</u>	<u>24,582</u>
Endowments:		
Unspent appreciation of endowment funds which must be appropriated for expenditure before use	216,811	208,170
Endowment, held in perpetuity, the income from which is available to support member charities	<u>413,766</u>	<u>404,314</u>
Total endowments	<u>630,577</u>	<u>612,484</u>
Total net assets with donor restrictions	<u>1,105,588</u>	<u>1,078,485</u>



**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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**(6) Endowment**

CHC holds endowment funds for support of its member charities that consist primarily of investments and life insurance policies. As required by GAAP, net assets and the changes therein associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of CHC has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CHC classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by CHC in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, CHC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of CHC and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of CHC.
7. The investment policies of CHC.

The composition of endowment net assets at June 30, 2019 and 2018 is as follows:

		<b>2019</b>		
		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$	--	630,577	630,577
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
		<b>2018</b>		
		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$	--	612,484	612,484
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Combined Health Agencies Drive, Inc. d/b/a  
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Notes to Financial Statements  
June 30, 2019 and 2018

The changes in endowment net assets for the years ended June 30, 2019 and 2018 is as follows:

		<b>2019</b>		
		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$	--	612,484	612,484
Investment income:				
Interest and dividends, net		--	13,847	13,847
Realized and unrealized gains, net		--	17,776	17,776
Total investment income, net		--	31,623	31,623
Appropriations		--	(22,600)	(22,600)
Contributions		--	9,070	9,070
Endowment net assets, end of year	\$	--	630,577	630,577
		<b>2018</b>		
		<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$	--	577,756	577,756
Investment income:				
Interest and dividends, net		--	10,112	10,112
Realized and unrealized gains, net		--	29,841	29,841
Total investment income, net		--	39,953	39,953
Appropriations		--	(14,000)	(14,000)
Contributions		--	8,775	8,775
Endowment net assets, end of year	\$	--	612,484	612,484

Return Objectives and Risk Parameters

CHC has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy the endowment assets are invested in a manner that preserves the capital while generating a positive total return sufficient to provide income to CHC in a reasonable amount determined annually by the Board of Directors. The total returns over long periods of time are primarily achieved through capital appreciation.

Combined Health Agencies Drive, Inc. d/b/a  
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Notes to Financial Statements  
June 30, 2019 and 2018

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Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective of preserving endowment funds, CHC relies on a total return strategy in which investment returns are achieved primarily through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

Interest, dividends, and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when spent. Per CHC policy, management may distribute interest, dividends, and net appreciation earned up to 4% of the average balance of the previous three years ended June 30. Management determines distributions to member charities through an application process. Management made distributions of \$22,600 and \$14,000 from the endowment during the years ended June 30, 2019 and 2018, respectively.

**(7) Investment Income**

Investment income in the statements of activities for the years ended June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 18,999	15,247
Realized and unrealized gains, net	17,776	29,841
Investment expenses	<u>(5,533)</u>	<u>(5,450)</u>
Investment income, net	<u>\$ 31,242</u>	<u>39,638</u>

**(8) Leases**

CHC rents office space under operating leases with expirations through fiscal year 2022. Minimum rental commitments under these leases are as follows:

2020	\$ 12,502
2021	2,168
2022	<u>519</u>
	<u>\$ 15,189</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$25,912 and \$24,948, respectively.

**(9) Retirement Savings Plan**

CHC has a Simplified Employee Pension Plan (the Plan), established under Section 401(k) of the Internal Revenue Code for the benefit of its employees. After employment of two consecutive calendar years, employees are eligible for participation in the Plan on the next January 1. For the years ended June 30, 2019 and 2018, CHC contributed on behalf of each employee 5% of the employee's annual salary. The employee is 100% vested in all contributions immediately. Contributions by CHC were \$19,744 and \$18,982 for the years ended June 30, 2019 and 2018, respectively.

CHC also has a Tax Deferred Annuity Plan established under Section 403(b) of the Internal Revenue Code. All employees are eligible to contribute a portion of their compensation to this plan. There are no employer contributions.

Notes to Financial Statements  
June 30, 2019 and 2018

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**(10) Combined Federal Campaign**

In 1997, CHC began collecting contributions as a federation of 15 or more charities under the local federation criteria set forth by Combined Federal Campaign (CFC) regulations. These designated contributions are distributed to the federations of charities, less a reasonable management fee.

During the years ended June 30, 2019 and 2018, CHC complied with the requirements of the CFC to honor designations made to each member charity by distributing a proportionate share of receipts based on donor designation reports provided by the Primary Campaign Fiduciary Organization to each member charity.

**(11) Risks and Uncertainties**

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

CHC, at times, maintains cash deposits in excess of Federal Deposit Insurance Corporation insurance limits. Management believes the risk relating to these deposits is minimal.

**(12) Related Party Transactions**

Distributions in the amount of \$326,633 and \$202,626 for the years ended June 30, 2019 and 2018, respectively, were made to member charities. Included in payable to charities - designated as of June 30, 2019 and 2018 was \$610,015 and \$660,210, respectively, due to member charities. Included in payable to charities – undesignated as of June 30, 2019 and 2018 was \$301,529 and \$235,223, respectively, due to member charities.

For the years ended June 30, 2019 and 2018, CHC received income of approximately \$3,825 and \$2,670, respectively, from related parties through grants and foundation contributions.

**(13) Concentrations**

As of June 30, 2019 and 2018, approximately 83% and 81%, respectively, of contributions receivable were due from two organizations. For the years ended June 30, 2019 and 2018, approximately 65% and 64% of CHC's revenue was received from two organizations, respectively.

**(14) Change in Accounting Principle**

CHC adopted the FASB Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The presentation of these statements has been adjusted accordingly, including expanded footnote disclosure.

**Combined Health Agencies Drive, Inc. d/b/a  
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**Notes to Financial Statements  
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The following schedule summarizes the impact these changes have on the beginning net asset balances:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Net assets, as previously reported, July 1, 2017	\$ (428,628)	611,160	395,224	--	--	577,756
Reclassifications due to adoption of ASU 2016-14 -						
Change in net asset terminology:						
Unrestricted	428,628	--	--	(428,628)	--	--
Temporarily restricted	--	(611,160)	--	--	611,160	--
Permanently restricted	--	--	(395,224)	--	395,224	--
Net assets, as reclassified, July 1, 2017	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>(428,628)</u>	<u>1,006,384</u>	<u>577,756</u>

**(15) Subsequent Events**

Effective July 1, 2019, CHC changed its name from Combined Health Agencies Drive, Inc. d/b/a Community Health Charities of Nebraska to Combined Health Agencies Drive, Inc.

Effective July 1, 2019, American Diabetes Association of Nebraska is no longer a member health charity.