

# **Combined Health Agencies Drive, Inc.**

**Financial Statements  
June 30, 2021 and 2020**

**Together with Independent Auditor's Report**

**Combined Health Agencies Drive, Inc.**

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## Independent Auditor's Report

To the Board of Directors  
Combined Health Agencies Drive, Inc.  
Omaha, Nebraska:

### Report on the Financial Statements

We have audited the accompanying financial statements of Combined Health Agencies Drive, Inc. (CHAD) which comprise the statements of financial position as of June 30, 2021 and 2020, 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 CHAD as of June 30, 2021 and 2020, 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.

*SEIM JOHNSON, LLP*

Omaha, Nebraska,  
November 1, 2021.

# Combined Health Agencies Drive, Inc.

## Statements of Financial Position June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 207,503	260,809
Contributions receivable, net of allowance for uncollectible contributions of \$10,000 and \$20,200 at June 30, 2021 and 2020, respectively	931,948	879,012
Prepaid expenses and other	6,240	2,080
Endowment:		
Cash surrender value of life insurance	35,542	35,343
Investments	734,875	594,219
Beneficial interest in Grand Island Community Foundation	27,786	23,761
Furniture and equipment, net	12,599	11,028
	<u>1,956,493</u>	<u>1,806,252</u>
Total assets	\$	
	<u>1,956,493</u>	<u>1,806,252</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 34,989	28,496
Payable to charities - designated, net of allowance of \$0 and \$2,200 at June 30, 2021 and 2020, respectively	551,677	633,394
Payable to charities - undesignated	471,624	301,439
Conditional contribution	--	89,600
	<u>1,058,290</u>	<u>1,052,929</u>
Total liabilities	1,058,290	1,052,929
Commitments		
Net assets (deficit):		
Without donor restrictions	(432,045)	(379,280)
With donor restrictions	1,330,248	1,132,603
	<u>898,203</u>	<u>753,323</u>
Total net assets	898,203	753,323
	<u>1,956,493</u>	<u>1,806,252</u>
Total liabilities and net assets	\$	
	<u>1,956,493</u>	<u>1,806,252</u>

*See notes to financial statements*

## Combined Health Agencies Drive, Inc.

### Statement of Activities For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Public support:			
Campaign results	\$ 313,593	1,181,065	1,494,658
Less: Amounts designated by donors for specific organizations	--	(646,630)	(646,630)
Total public support	313,593	534,435	848,028
Sponsorships	23,000	--	23,000
In-kind contributions	10,919	--	10,919
Revenue share and other income	92,393	--	92,393
Change in uncollectible contributions	--	(1,900)	(1,900)
Net assets released from restrictions	479,770	(479,770)	--
Total public support and other revenue	919,675	52,765	972,440
<b>OPERATING EXPENSES:</b>			
Program	337,783	--	337,783
General and administrative	145,074	--	145,074
Fundraising	20,953	--	20,953
Total operating expenses	503,810	--	503,810
Excess of public support and other revenue over expenses	415,865	52,765	468,630
Distributions to member charities	(468,630)	--	(468,630)
Income from operations, net	(52,765)	52,765	--
<b>ENDOWMENT ACTIVITIES AND OTHER:</b>			
Contributions to endowment fund	--	10,805	10,805
Change in cash surrender value of life insurance	--	199	199
Investment income, net	--	154,725	154,725
Change in beneficial interest in Grand Island Community Foundation, net	--	4,025	4,025
Grant distributions to member charities	(24,874)	--	(24,874)
Net assets released from restrictions	24,874	(24,874)	--
Total endowment activities and other, net	--	144,880	144,880
CHANGE IN NET ASSETS	(52,765)	197,645	144,880
NET ASSETS (DEFICIT), Beginning of year	(379,280)	1,132,603	753,323
NET ASSETS (DEFICIT), End of year	\$ (432,045)	1,330,248	898,203

See notes to financial statements

## Combined Health Agencies Drive, Inc.

### Statement of Activities For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Public support:			
Campaign results	\$ 330,690	1,185,875	1,516,565
Less: Amounts designated by donors for specific organizations	--	(704,205)	(704,205)
Total public support	330,690	481,670	812,360
Sponsorships	22,500	--	22,500
In-kind contributions	11,560	--	11,560
Revenue share and other income	5,127	--	5,127
Change in uncollectible contributions	--	(7,848)	(7,848)
Net assets released from restrictions	443,941	(443,941)	--
Total public support and other revenue	813,818	29,881	843,699
<b>OPERATING EXPENSES:</b>			
Program	360,929	--	360,929
General and administrative	158,674	--	158,674
Fundraising	22,657	--	22,657
Total operating expenses	542,260	--	542,260
Excess of public support and other revenue over expenses	271,558	29,881	301,439
Distributions to member charities	(301,439)	--	(301,439)
Income from operations, net	(29,881)	29,881	--
<b>ENDOWMENT ACTIVITIES AND OTHER:</b>			
Contributions to endowment fund	--	12,855	12,855
Change in cash surrender value of life insurance	--	279	279
Investment income, net	--	9,951	9,951
Change in beneficial interest in Grand Island Community Foundation, net	--	(701)	(701)
Other	--	(1,150)	(1,150)
Grant distributions to member charities	(24,100)	--	(24,100)
Net assets released from restrictions	24,100	(24,100)	--
Total endowment activities and other, net	--	(2,866)	(2,866)
CHANGE IN NET ASSETS	(29,881)	27,015	(2,866)
NET ASSETS (DEFICIT), Beginning of year	(349,399)	1,105,588	756,189
NET ASSETS (DEFICIT), End of year	\$ (379,280)	1,132,603	753,323

See notes to financial statements

## Combined Health Agencies Drive, Inc.

### Statements of Cash Flows For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 144,880	(2,866)
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,929	1,829
Change in beneficial interest in Grand Island Community Foundation	(5,255)	(539)
Realized and unrealized (gain) loss on investments, net	(144,461)	4,208
Contributions restricted for endowment	(10,805)	(12,855)
(Increase) decrease in assets:		
Contributions receivable, net	(52,936)	47,479
Prepaid expenses and other	(4,160)	172
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	6,493	(1,900)
Payable to charities - designated	(81,717)	29,284
Payable to charities - undesignated	170,185	(90)
Conditional contribution	(89,600)	89,600
Net cash (used in) provided by operating activities	<u>(64,447)</u>	<u>154,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(4,500)	--
Increase in cash surrender value of life insurance	(199)	(279)
Distributions from beneficial interest in Grand Island Community Foundation	1,230	1,240
Purchases of investments	(41,518)	(43,907)
Proceeds from sales of investments	45,323	40,993
Net cash provided by (used in) investing activities	<u>336</u>	<u>(1,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment	10,805	12,855
NET (DECREASE) INCREASE IN CASH	(53,306)	165,224
CASH, Beginning of year	<u>260,809</u>	<u>95,585</u>
CASH, End of year	<u>\$ 207,503</u>	<u>260,809</u>

See notes to financial statements

**Combined Health Agencies Drive, Inc.**

**Statements of Functional Expenses  
For the Years Ended June 30, 2021 and 2020**

	2021				2020			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Audit and accounting fees	\$ 1,996	15,970	1,996	19,962	2,035	16,280	2,035	20,350
Building occupancy	24,254	3,032	3,032	30,318	22,562	2,820	2,820	28,202
Campaign expense	298	16	--	314	3,635	--	191	3,826
CFC fees	--	--	--	--	738	--	--	738
Contract labor	2,002	572	286	2,860	1,921	549	275	2,745
Depreciation	2,343	293	293	2,929	1,463	183	183	1,829
Insurance	2,024	2,530	506	5,060	4,054	507	507	5,068
Meetings	822	91	--	913	1,824	203	--	2,027
Membership dues	496	446	50	992	616	553	61	1,230
Miscellaneous	85	383	--	468	112	500	--	612
Payroll taxes	17,302	7,418	663	25,383	19,258	8,848	835	28,941
Printing and postage	9,569	1,196	1,196	11,961	5,760	720	720	7,200
Public relations	2,843	167	335	3,345	2,450	144	288	2,882
Public sector fees	--	--	--	--	697	78	--	775
Salaries, wages and benefits	264,680	111,348	11,528	387,556	281,397	125,125	13,388	419,910
Supplies and equipment	3,060	874	437	4,371	4,008	1,145	573	5,726
Telephone	4,188	524	524	5,236	4,325	541	541	5,407
Travel	1,821	214	107	2,142	4,074	478	240	4,792
<b>Total operating expenses</b>	<b>337,783</b>	<b>145,074</b>	<b>20,953</b>	<b>503,810</b>	<b>360,929</b>	<b>158,674</b>	<b>22,657</b>	<b>542,260</b>
Distributions to member charities	468,630	--	--	468,630	301,439	--	--	301,439
Grants to member charities	24,874	--	--	24,874	24,100	--	--	24,100
<b>Total functional expenses</b>	<b>\$ 831,287</b>	<b>145,074</b>	<b>20,953</b>	<b>997,314</b>	<b>686,468</b>	<b>158,674</b>	<b>22,657</b>	<b>867,799</b>

*See notes to financial statements*



# Combined Health Agencies Drive, Inc.

## Notes to Financial Statements June 30, 2021 and 2020

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

#### A. Organization

The purpose of Combined Health Agencies Drive, Inc. (CHAD) 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, 2021 and 2020, CHAD's member health charities are:

- The ALS Association Mid-America Chapter
- Alzheimer's Association Nebraska Chapter
- 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 – Nebraska and Iowa 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

CHAD 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. CHAD 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 – CHAD reports contributions of cash and other assets as support with donor restrictions if they are received with donor restrictions 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' restrictions 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.

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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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, CHAD does not consider cash held in investment accounts or for endowments 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. CHAD evaluates for the collectibility of receivables at the end of the fiscal year and establishes an allowance for uncollectible contributions for all accounts or portions thereof considered uncollectible. Conditional promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been 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 restrictions or by law.

G. *Beneficial Interest in Grand Island Community Foundation*

The beneficial interest in Grand Island Community Foundation represents CHAD's interest in a fund held and administered by the Grand Island Community Foundation. This fund was created by donors independently of CHAD and is neither in the possession nor the control of CHAD. A beneficial interest is recognized as revenue when CHAD 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, Net*

Furniture and equipment are recorded at cost or, if donated, at fair value on the date donated. CHAD'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:

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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Designated – Contributions that are designated by donors to one of more of CHAD's member or non-member charities. CHAD does not pay out contributions from donors participating in the Combined Federal Campaign that are not collected. Therefore, CHAD 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 CHAD's policies for distributions to member charities.

#### *J. Revenue Recognition*

CHAD 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 restrictions 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 CHAD's actual revenue.

CHAD 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 \$437 and \$4,445 for the years ended June 30, 2021 and 2020, 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 \$10,919 and \$11,560 for the years ended June 30, 2021 and 2020, 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 CHAD are netted against the undesignated contributions prior to distribution to member charities. It takes a member charity three years of participation in CHAD to be entitled to a full proportionate share of undesignated distributions.

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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*M. Associate Membership Charities*

In 1997, CHAD 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, 2021, CHAD's associate member charities are Muscular Dystrophy Association of Nebraska and Nebraska Community Blood Bank. As of June 30, 2020, CHAD's only associate member charity was 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*

CHAD 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, 2021 and 2020 was \$3,345 and \$2,882, respectively, and are included in public relations in the statements of functional expense.

*Q. Subsequent Events*

CHAD considered events occurring through November 1, 2021 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued. As of July 1, 2021, Epilepsy Foundation Nebraska and Nebraska Health Care Foundation became full member charities of CHAD.

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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#### (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>2021</u>	<u>2020</u>
Cash	\$ 207,503	260,809
Contributions receivable, net	931,948	879,012
Cash surrender value of life insurance	35,542	35,343
Investments	734,875	594,219
Beneficial interest in Grand Island Community Foundation	<u>27,786</u>	<u>23,761</u>
 Total financial assets	 <u>1,937,654</u>	 <u>1,793,144</u>
 Less those unavailable for general expenditure within one year, due to:		
Donor restrictions for specified purpose	(559,831)	(503,041)
Donor restrictions for endowments	<u>(770,417)</u>	<u>(629,562)</u>
 Amounts unavailable for general expenditure within one year	 <u>(1,330,248)</u>	 <u>(1,132,603)</u>
 Total financial assets available for general expenditure within one year	 \$ <u>607,406</u>	 <u>660,541</u>

To manage liquidity, CHAD makes distributions to charities quarterly based on income from the previous year, not the current year. Additionally, CHAD 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 CHAD 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.

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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 the use of observable inputs and minimize the use of unobservable inputs. For the years ended June 30, 2021 and 2020, 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. Exchange-traded funds and mutual funds are stated at fair value as determined by quoted market prices, which represents the net asset value of shares held by CHAD 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 tables present the balances of assets measured at fair value on a recurring basis at June 30, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Money market and cash equivalents	\$ 8,372	--	--	8,372
Exchange-traded funds:				
Midcap blend	43,883	--	--	43,883
Small blend	43,610	--	--	43,610
Mutual funds:				
Diversified emerging markets	41,374	--	--	41,374
Large blend	122,925	--	--	122,925
Foreign large growth	41,210	--	--	41,210
Intermediate term bond	167,439	--	--	167,439
Large growth	53,748	--	--	53,748
Large value	53,391	--	--	53,391
Short term bond	55,507	--	--	55,507
Multi sector bond	55,969	--	--	55,969
Real estate	47,447	--	--	47,447
Investments	\$ 734,875	--	--	734,875
Beneficial interest in Grand Island Community Foundation	\$ --	--	27,786	27,786

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

2020				
	Level 1	Level 2	Level 3	Total
Money market and cash equivalents	\$ 6,651	--	--	6,651
Exchange-traded funds:				
Midcap blend	32,903	--	--	32,903
Small blend	30,652	--	--	30,652
Mutual funds:				
Diversified emerging markets	34,836	--	--	34,836
Large blend	103,759	--	--	103,759
Foreign large growth	37,062	--	--	37,062
Intermediate term bond	100,426	--	--	100,426
Large growth	53,495	--	--	53,495
Large value	39,038	--	--	39,038
Short term bond	44,391	--	--	44,391
Multi sector bond	81,463	--	--	81,463
Real estate	29,543	--	--	29,543
Investments	<u>\$ 594,219</u>	<u>--</u>	<u>--</u>	<u>594,219</u>
Beneficial interest in Grand Island Community Foundation	<u>\$ --</u>	<u>--</u>	<u>23,761</u>	<u>23,761</u>

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, 2021 and 2020:

	2021	2020
Balance at beginning of year	\$ 23,761	24,462
Change in value of beneficial interest in perpetual trusts	5,255	539
Distributions	<u>(1,230)</u>	<u>(1,240)</u>
Balance at end of year	<u>\$ 27,786</u>	<u>23,761</u>

#### (4) Furniture and Equipment, Net

A summary of furniture and equipment at June 30, 2021 and 2020 is as follows:

	2021	2020
Equipment	\$ 23,112	19,889
Furniture	493	493
Construction in process	<u>--</u>	<u>7,500</u>
	23,605	27,882
Less accumulated depreciation	<u>(11,006)</u>	<u>(16,854)</u>
Furniture and equipment, net	<u>\$ 12,599</u>	<u>11,028</u>

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Promises to give that are designated by donors	\$ 532,045	479,280
Beneficial interest in Grand Island Community Foundation, the income from which is available to support member charities	<u>27,786</u>	<u>23,761</u>
Endowments:		
Unspent appreciation of endowment funds which must be appropriated for expenditure before use	332,513	202,662
Endowment, held in perpetuity, the income from which is available to support member charities	<u>437,904</u>	<u>426,900</u>
Total endowments	<u>770,417</u>	<u>629,562</u>
Total net assets with donor restrictions	\$ <u>1,330,248</u>	<u>1,132,603</u>

#### (6) Endowment

CHAD 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 CHAD 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 restrictions to the contrary. As a result of this interpretation, CHAD 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 CHAD in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, CHAD 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 CHAD 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 CHAD.
7. The investment policies of CHAD.



## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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The composition of endowment net assets at June 30, 2021 and 2020 is as follows:

		2021		
		Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$	--	770,417	770,417

		2020		
		Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$	--	629,562	629,562

The changes in endowment net assets for the years ended June 30, 2021 and 2020 is as follows:

		2021		
		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$	--	629,562	629,562
Investment income		--	154,924	154,924
Appropriations		--	(24,874)	(24,874)
Contributions		--	10,805	10,805
Endowment net assets, end of year	\$	--	770,417	770,417

		2020		
		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$	--	630,577	630,577
Investment income		--	10,230	10,230
Appropriations		--	(24,100)	(24,100)
Contributions		--	12,855	12,855
Endowment net assets, end of year	\$	--	629,562	629,562

# Combined Health Agencies Drive, Inc.

## Notes to Financial Statements June 30, 2021 and 2020

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### Return Objectives and Risk Parameters

CHAD 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 CHAD 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.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective of preserving endowment funds, CHAD 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 CHAD 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 \$24,874 and \$24,100 from the endowment during the years ended June 30, 2021 and 2020, respectively.

## **(7) Leases**

CHAD rents office space under operating leases with expirations through fiscal year 2024. Minimum rental commitments under these leases are as follows:

2022	\$	27,253
2023		12,603
2024		519

Rent expense for the years ended June 30, 2021 and 2020 was \$30,318 and \$28,202, respectively.

## **(8) Retirement Savings Plan**

CHAD 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, 2021 and 2020, CHAD contributed on behalf of each employee 5% of the employee's annual salary. The employee is 100% vested in all contributions immediately. Contributions by CHAD were \$15,764 and \$18,232 for the years ended June 30, 2021 and 2020, respectively.

CHAD 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.

## **(9) Combined Federal Campaign**

In 1997, CHAD 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, 2021 and 2020, CHAD 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.

## Combined Health Agencies Drive, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

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#### (10) 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.

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

#### (11) Related Party Transactions

Distributions in the amount of \$493,504 and \$325,539 for the years ended June 30, 2021 and 2020, respectively, were made to member charities. Included in payable to charities - designated as of June 30, 2021 and 2020 was \$546,557 and \$659,990, respectively, due to member charities. Included in payable to charities – undesignated as of June 30, 2021 and 2020 was \$471,624 and \$301,439, respectively, due to member charities.

For the years ended June 30, 2021 and 2020, CHAD received income of approximately \$4,500 and \$7,000, respectively, from related parties through grants and foundation contributions.

#### (12) Concentrations

As of June 30, 2021 and 2020, approximately 78% and 86%, respectively, of contributions receivable were due from two organizations. For the years ended June 30, 2021 and 2020, approximately 69% and 71% of CHAD's revenue was received from two organizations, respectively.

#### (13) Paycheck Protection Program Loan

During the year ended June 30, 2020, CHAD applied for and was granted an \$89,600 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. CHAD was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. In January 2021, CHAD received forgiveness of the loan; the forgiveness of these funds are included in revenue share and other income on the statement of activities for the year ended June 30, 2021.