



Financial Statements
June 30, 2023 and 2022

Combined Health Agencies Drive, Inc.

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Independent Auditor's Report

The Board of Directors of
Combined Health Agencies Drive, Inc.
Omaha, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Combined Health Agencies Drive, Inc. (CHAD), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CHAD as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 CHAD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, CHAD adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*, for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CHAD's ability to continue as a going concern for one year after the date that the 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 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 CHAD'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CHAD'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.

Eide Bailly LLP

Omaha, Nebraska
November 30, 2023

Combined Health Agencies Drive, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 106,836	\$ 56,963
Contributions receivable, net of allowance for uncollectible contributions of \$10,000 at June 30, 2023 and 2022	959,424	1,034,537
Prepaid expenses and other	2,277	2,155
Endowment		
Pledges receivable	-	250
Cash surrender value of life insurance	35,610	35,625
Investments	674,819	624,842
Beneficial interest in Grand Island Community Foundation (GICF)	23,474	22,763
Operating lease right of use asset	59,206	-
Furniture and equipment, net	8,091	10,616
	<u>\$ 1,869,737</u>	<u>\$ 1,787,751</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 32,792	\$ 37,304
Payable to charities - designated	538,459	564,618
Payable to charities - undesignated	404,924	402,349
Operating lease liability	59,659	-
	<u>1,035,834</u>	<u>1,004,271</u>
Net Assets (Deficit)		
Without donor restrictions	(487,511)	(507,601)
With donor restrictions	1,321,414	1,291,081
	<u>833,903</u>	<u>783,480</u>
	<u>\$ 1,869,737</u>	<u>\$ 1,787,751</u>

Combined Health Agencies Drive, Inc.
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support			
Campaign results	\$ 320,824	\$ 1,172,613	\$ 1,493,437
Less: Amounts designated by donors for specific organizations	-	(582,712)	(582,712)
Total public support	320,824	589,901	910,725
Sponsorships	20,656	-	20,656
In-kind contributions	10,965	-	10,965
Revenue share and other income	2,294	-	2,294
Change in uncollectible contributions	-	(7,832)	(7,832)
Net assets released from restrictions	602,159	(602,159)	-
Total public support and other revenue	956,898	(20,090)	936,808
Operating Expenses			
Program	347,760	-	347,760
General and administrative	159,391	-	159,391
Fundraising	21,483	-	21,483
Total operating expenses	528,634	-	528,634
Excess of Public Support and Other Revenue over Expenses	428,264	(20,090)	408,174
Distributions to member charities	(408,174)	-	(408,174)
Income from Operations, Net	20,090	(20,090)	-
Endowment Activities and Other			
Contributions to endowment fund	-	23,966	23,966
Change in cash surrender value of life insurance	-	(15)	(15)
Investment return, net	-	52,751	52,751
Change in beneficial interest in GICF, net	-	711	711
Grant distributions to member charities	(26,990)	-	(26,990)
Net assets released from restrictions	26,990	(26,990)	-
Total endowment activities and other, net	-	50,423	50,423
Change in Net Assets	20,090	30,333	50,423
Net Assets (Deficit), Beginning of Year	(507,601)	1,291,081	783,480
Net Assets (Deficit), End of Year	\$ (487,511)	\$ 1,321,414	\$ 833,903

See Notes to Financial Statements

Combined Health Agencies Drive, Inc.
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support			
Campaign results	\$ 285,300	\$ 1,240,657	\$ 1,525,957
Less: Amounts designated by donors for specific organizations	-	(630,666)	(630,666)
Total public support	285,300	609,991	895,291
Sponsorships	25,000	-	25,000
In-kind contributions	4,277	-	4,277
Revenue share and other income	2,859	-	2,859
Change in uncollectible contributions	-	(5,490)	(5,490)
Net assets released from restrictions	528,945	(528,945)	-
Total public support and other revenue	846,381	75,556	921,937
Operating Expenses			
Program	339,729	-	339,729
General and administrative	149,497	-	149,497
Fundraising	19,866	-	19,866
Total operating expenses	509,092	-	509,092
Excess of Public Support and Other Revenue over Expenses	337,289	75,556	412,845
Distributions to member charities	(412,845)	-	(412,845)
Income from Operations, Net	(75,556)	75,556	-
Endowment Activities and Other			
Contributions to endowment fund	-	14,985	14,985
Change in cash surrender value of life insurance	-	83	83
Investment return, net	-	(97,768)	(97,768)
Change in beneficial interest in GICF, net	-	(5,023)	(5,023)
Grant distributions to member charities	(27,000)	-	(27,000)
Net assets released from restrictions	27,000	(27,000)	-
Total endowment activities and other, net	-	(114,723)	(114,723)
Change in Net Assets	(75,556)	(39,167)	(114,723)
Net Assets (Deficit), Beginning of Year	(432,045)	1,330,248	898,203
Net Assets (Deficit), End of Year	\$ (507,601)	\$ 1,291,081	\$ 783,480

Combined Health Agencies Drive, Inc.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 50,423	\$ (114,723)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,525	2,518
Operating lease assets and liabilities, net	453	-
Change in value of beneficial interest in Grand Island Community Foundation	(1,961)	3,743
Realized and unrealized (gain) loss on investments, net	(35,942)	113,802
Contributions restricted for endowment	(23,966)	(14,985)
(Increase) decrease in assets and liabilities		
Contributions receivable, net	75,113	(102,589)
Prepaid expenses and other	(122)	4,085
Accounts payable and accrued expenses	(4,512)	2,315
Payable to charities - designated	(26,159)	12,941
Payable to charities - undesignated	2,575	(69,275)
Net Cash Provided by (Used In) Operating Activities	<u>38,427</u>	<u>(162,168)</u>
Investing Activities		
Purchases of furniture and equipment	-	(535)
Decrease (increase) in cash surrender value of life insurance	15	(83)
Distributions from beneficial interest in Grand Island Community Foundation	1,250	1,280
Purchases of investments	(23,691)	(23,004)
Proceeds from sales of investments	9,656	19,235
Net Cash Used in Investing Activities	<u>(12,770)</u>	<u>(3,107)</u>
Financing Activities		
Proceeds from contributions restricted for endowment	24,216	14,735
Net Change in Cash	49,873	(150,540)
Cash, Beginning of Year	56,963	207,503
Cash, End of Year	<u>\$ 106,836</u>	<u>\$ 56,963</u>
Supplemental Disclosure of Non-Cash Items		
Right of use asset acquired with operating lease	<u>\$ 72,104</u>	<u>\$ -</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for operating lease	<u>\$ 26,714</u>	<u>\$ 27,553</u>

Combined Health Agencies Drive, Inc.
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023				2022			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Audit and accounting fees	\$ 2,160	\$ 17,280	\$ 2,160	\$ 21,600	\$ 2,067	\$ 16,540	\$ 2,067	\$ 20,674
Building occupancy	24,806	3,101	3,101	31,008	23,773	2,972	2,972	29,717
Campaign expense	6,403	337	-	6,740	3,195	168	-	3,363
Contract labor	1,247	356	178	1,781	1,608	460	230	2,298
Depreciation	2,021	252	252	2,525	2,014	252	252	2,518
Insurance	1,848	2,311	462	4,621	1,761	2,201	440	4,402
Meetings	3,240	360	-	3,600	3,243	360	-	3,603
Membership dues	3,158	2,842	316	6,316	636	573	64	1,273
Miscellaneous	131	547	-	678	192	992	-	1,184
Payroll taxes	17,945	8,382	726	27,053	17,787	7,763	671	26,221
Printing and postage	5,526	691	691	6,908	6,100	763	763	7,626
Public sector fees	213	13	25	251	198	22	-	220
Salaries, wages and benefits	266,218	120,775	12,258	399,251	266,886	114,702	11,294	392,882
Supplies and equipment	3,597	1,028	514	5,139	2,929	837	418	4,184
Telephone	3,864	483	483	4,830	3,977	497	497	4,971
Travel	5,383	633	317	6,333	3,363	395	198	3,956
Total operating expenses	347,760	159,391	21,483	528,634	339,729	149,497	19,866	509,092
Distributions to member charities	408,174	-	-	408,174	412,845	-	-	412,845
Grants to member charities	26,990	-	-	26,990	27,000	-	-	27,000
Total functional expenses	\$ 782,924	\$ 159,391	\$ 21,483	\$ 963,798	\$ 779,574	\$ 149,497	\$ 19,866	\$ 948,937

Note 1 - Description of Organization and Summary of Significant Accounting Policies**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, 2023 and 2022, CHAD's member health charities are:

- The ALS Association Mid-America Chapter
- Alzheimer's Association Nebraska Chapter
- American Foundation for Suicide Prevention – effective 7/1/2022
- 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
- Epilepsy Foundation Nebraska
- JDRF International – Nebraska and Iowa Chapter
- Leukemia & Lymphoma Society – Nebraska Chapter
- March of Dimes, Nebraska & Western Iowa Market
- Muscular Dystrophy Association of Nebraska – associate membership ended 7/1/2022
- National MS Society – Mid America Chapter
- Nebraska AIDS Project
- Nebraska Chapter of the National Hemophilia Foundation
- Nebraska Community Blood Bank
- Nebraska Health Care Foundation
- Nebraska Hospice and Palliative Care Association
- Nebraska Kidney Association
- Susan G. Komen® Great Plains
- Team Jack Foundation
- United Cerebral Palsy of Nebraska

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.

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.

Cash

For purposes of the statements of cash flows, CHAD does not consider cash held in investment accounts or for endowments as cash.

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.

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.

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.

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.

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:

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.

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 \$-0- and \$1,178 for the years ended June 30, 2023 and 2022, respectively.

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. See Note 7 for details of in-kind contributions received during the years ended June 30, 2023 and 2022.

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 to be entitled to a full proportionate share of undesignated distributions.

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, 2023, CHAD's associate member charity is Nebraska Community Blood Bank. As of June 30, 2022, CHAD's associate member charities are Muscular Dystrophy Association of Nebraska and Nebraska Community Blood Bank.

Functional Expenses

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

Income Taxes

CHAD is a not-for-profit organization as described in 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. As an organization described in IRC Section 501(c)(3), CHAD qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. CHAD is annually required to file a Return of an Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, CHAD is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. CHAD has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Tax Return (Form 990-T) with the IRS.

Management believes that CHAD has appropriate support for any tax positions taken affecting annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CHAD would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$250 and \$0, respectively, and is included in public relations in the statements of functional expense.

Adoption of Accounting Standards Codification Topic 842

Effective July 1, 2022, CHAD adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. CHAD elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. CHAD has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, CHAD accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, CHAD recognized on July 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to net assets, as the lease period did not begin until after July 1, 2022. The adoption of the new standard did not materially impact CHAD's statements of activities or statements of cash flows. See Note 8 for further disclosure of CHAD's lease contracts.

Subsequent Events

CHAD considered events occurring through November 30, 2023 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, 2023, Heart Heroes, Inc. became a full member charity of CHAD.

Note 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>2023</u>	<u>2022</u>
Cash	\$ 106,836	\$ 56,963
Contributions receivable, net	959,424	1,034,537
Pledges receivable	-	250
Cash surrender value of life insurance	35,610	35,625
Investments	674,819	624,842
Beneficial interest in Grand Island Community Foundation	<u>23,474</u>	<u>22,763</u>
 Total financial assets	 <u>1,800,163</u>	 <u>1,774,980</u>
 Less those unavailable for general expenditure within one year, due to		
Donor restrictions for specified purpose	(610,985)	(630,614)
Donor restrictions for endowments	<u>(710,429)</u>	<u>(660,467)</u>
 Amounts unavailable for general expenditure within one year	 <u>(1,321,414)</u>	 <u>(1,291,081)</u>
 Total Financial Assets Available for General Expenditure within One Year	 <u>\$ 478,749</u>	 <u>\$ 483,899</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.

Note 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;

Combined Health Agencies Drive, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

- 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 the use of observable inputs and minimize the use of unobservable inputs. For the years ended June 30, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Money markets and cash equivalents are valued at cost, which approximates 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, 2023 and 2022:

	2023			Total
	Level 1	Level 2	Level 3	
Money market and cash equivalents, at cost	\$ -	\$ -	\$ -	\$ 6,739
Exchange-traded funds	75,734	-	-	75,734
Mutual funds	592,346	-	-	592,346
Investments	<u>\$ 668,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 674,819</u>
Beneficial interest in Grand Island Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,474</u>	<u>\$ 23,474</u>
	2022			
	Level 1	Level 2	Level 3	Total
Money market and cash equivalents, at cost	\$ -	\$ -	\$ -	\$ 9,005
Exchange-traded funds	72,709	-	-	72,709
Mutual funds	543,128	-	-	543,128
Investments	<u>\$ 615,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,842</u>
Beneficial interest in Grand Island Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,763</u>	<u>\$ 22,763</u>

Combined Health Agencies Drive, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 22,763	\$ 27,786
Change in value of beneficial interest in perpetual trusts	1,961	(3,743)
Distributions	<u>(1,250)</u>	<u>(1,280)</u>
Balance, End of Year	<u>\$ 23,474</u>	<u>\$ 22,763</u>

Note 4 - Furniture and Equipment, Net

A summary of furniture and equipment at June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 21,508	\$ 23,647
Furniture	493	493
	22,001	24,140
Less accumulated depreciation	<u>(13,910)</u>	<u>(13,524)</u>
Furniture and equipment, net	<u>\$ 8,091</u>	<u>\$ 10,616</u>

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Promises to give that are designated by donors	<u>\$ 587,511</u>	<u>\$ 607,851</u>
Beneficial interest in Grand Island Community Foundation, the income from which is available to support member charities	<u>23,474</u>	<u>22,763</u>
Endowments		
Unspent appreciation of endowment funds which must be appropriated for expenditure before use	233,506	207,745
Endowment, held in perpetuity, the income from which is available to support member charities	<u>476,923</u>	<u>452,722</u>
Total endowments	<u>710,429</u>	<u>660,467</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,321,414</u>	<u>\$ 1,291,081</u>

Note 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.

The composition of endowment net assets at June 30, 2023 and 2022 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 710,429	\$ 710,429
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 660,467	\$ 660,467

Combined Health Agencies Drive, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

The changes in endowment net assets for the years ended June 30, 2023 and 2022 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 660,467	\$ 660,467
Investment return, net	-	52,736	52,736
Appropriations	-	(26,990)	(26,990)
Contributions	-	24,216	24,216
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 710,429</u>	<u>\$ 710,429</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 770,417	\$ 770,417
Investment return, net	-	(97,685)	(97,685)
Appropriations	-	(27,000)	(27,000)
Contributions	-	14,735	14,735
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 660,467</u>	<u>\$ 660,467</u>

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 \$26,990 and \$27,000 from the endowment during the years ended June 30, 2023 and 2022, respectively.

Note 7 - In-Kind Contributions

During the years ended June 30, 2023 and 2022, CHAD received in-kind contributions with no donor restrictions for both program and administrative functions as follows:

	2023	2022
Occupancy	\$ 4,465	\$ 3,460
Social media services	5,000	-
Printing, supplies, and other	900	-
Storage space	600	600
Social media hours	-	217
	\$ 10,965	\$ 4,277

The value of occupancy and storage space was determined based on the estimated cost of the space rented and additional services provided (i.e. drinks or refreshments for meetings). The value of social media hours was determined using an estimated cost per hour if the time provided were performed by a paid media intern. The value of social media services and printing and supplies provided were calculated by the donors based on the market value of the services and supplies.

Note 8 - Leases

CHAD has a lease agreement for office space with an unrelated party under a noncancelable operating lease, expiring in November 2025. Normal maintenance, insurance, and other expenses are the responsibility of CHAD. The weighted-average discount rate of 7.00% is based on the historical prime rate on the date of lease inception. Total lease expense under this lease was \$25,667 and \$24,060 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease payments are as follows at June 30, 2023:

2024	\$	26,272
2025		27,054
2026		11,410
Less: interest		<u>(5,077)</u>
Present value of lease liability	\$	<u>59,659</u>

Note 9 - 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, 2023 and 2022, CHAD contributed on behalf of each employee 5% of the employee’s annual salary. Employees are 100% vested in all contributions immediately. Contributions by CHAD were \$14,393 and \$16,470 for the years ended June 30, 2023 and 2022, 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.

Note 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.

Credit risk associated with contributions receivable and pledges receivable are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from charitable organizations and employees of companies supportive of CHAD’s mission.

Note 11 - Related Party Transactions

Distributions in the amount of \$435,164 and \$439,845 for the years ended June 30, 2023 and 2022, respectively, were made to member charities. Included in payable to charities - designated as of June 30, 2023 and 2022 was \$533,784 and \$559,306, respectively, due to member charities. Included in payable to charities – undesignated as of June 30, 2023 and 2022 was \$404,924 and \$402,349, respectively, due to member charities.

For the years ended June 30, 2023 and 2022, CHAD received income of approximately \$16,200 and \$8,900, respectively, from related parties through grants and foundation contributions.

Note 12 - Concentrations

As of June 30, 2023 and 2022, approximately 78% and 80%, respectively, of contributions receivable were due from two organizations. For the years ended June 30, 2023 and 2022, approximately 72% and 73% of CHAD's revenue was received from two organizations, respectively.