



**CLARK SCHAEFER HACKETT**  
BUSINESS ADVISORS

**Charitable Healthcare Network, Inc.**

Financial Statements

December 31, 2023 and 2022

with Independent Auditors' Report

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors of  
Charitable Healthcare Network, Inc.  
Columbus, Ohio

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Charitable Healthcare Network, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charitable Healthcare Network, Inc. as of December 31, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charitable Healthcare Network, Inc. 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.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 Charitable Healthcare Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Charitable Healthcare Network, Inc.'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 Charitable Healthcare Network, Inc.'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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
November 15, 2024

Charitable Healthcare Network, Inc.  
Statements of Financial Position  
December 31, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash	\$ 212,322	344,808
Cash, restricted	481,305	643,190
Accounts receivable	446,647	202,111
Prepaid expenses	11,601	16,142
Total current assets	1,151,875	1,206,251
Long-term assets:		
Assets held by community foundation	6,800,627	5,785,634
Right-of-use asset	35,632	58,961
Furniture and equipment, net	4,436	6,575
Total long-term assets	6,840,695	5,851,170
Total assets	\$ 7,992,570	7,057,421
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 400,936	162,544
Payroll and payroll related liabilities	8,944	7,146
Unearned revenue	-	235,000
Lease liability, current portion	26,160	24,571
Total current liabilities	436,040	429,261
Long-term liabilities:		
Lease liability, long term portion	9,632	36,062
Total liabilities	445,672	465,323
Net assets:		
Without donor restrictions		
Unrestricted	264,966	163,274
Board designated	800,627	-
Net assets without donor restrictions	1,065,593	163,274
With donor restrictions		
	6,481,305	6,428,824
Total net assets	7,546,898	6,592,098
Total liabilities and net assets	\$ 7,992,570	7,057,421

See accompanying notes to the financial statements.

Charitable Healthcare Network, Inc.  
Statements of Activities  
Year Ended December 31, 2023 (with comparative totals for 2022)

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues:				
Ohio Department of Health - Uninsured Care Grant	\$ 1,675,000	-	1,675,000	1,188,500
Grant revenue	658,192	-	658,192	235,975
Contributions	41,482	38,115	79,597	6,647,372
Annual conference	30,783	-	30,783	26,354
Membership dues	31,100	-	31,100	25,417
Change in assets held by community foundation	800,627	214,366	1,014,993	(214,366)
Other income	958	-	958	740
Interest income	14,547	-	14,547	25
Release of net assets with donor restrictions	200,000	(200,000)	-	-
Total revenues	<u>3,452,689</u>	<u>52,481</u>	<u>3,505,170</u>	<u>7,910,017</u>
Expenses:				
Program services	2,215,704	-	2,215,704	1,362,496
Management and general	325,311	-	325,311	195,690
Fundraising	9,355	-	9,355	11,350
Total expenses	<u>2,550,370</u>	<u>-</u>	<u>2,550,370</u>	<u>1,569,536</u>
Change in net assets	902,319	52,481	954,800	6,340,481
Net assets, beginning of year	163,274	6,428,824	6,592,098	251,617
Net assets, end of year	<u>\$ 1,065,593</u>	<u>6,481,305</u>	<u>7,546,898</u>	<u>6,592,098</u>

Charitable Healthcare Network, Inc.  
 Statements of Functional Expenses  
 Years Ended December 31, 2023 and 2022

	2023			2022				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 349,615	165,362	7,604	522,581	262,005	32,607	3,623	298,235
Payroll taxes and benefits	61,762	29,212	1,343	92,317	27,510	3,493	388	31,391
Total salaries and related expenses	411,377	194,574	8,947	614,898	289,515	36,100	4,011	329,626
Uninsured care distributions	1,741,554	-	-	1,741,554	958,638	-	-	958,638
Bank charges	-	1,518	-	1,518	-	2,851	-	2,851
Contract services	1,713	810	37	2,560	2,232	1,116	2,232	5,580
Depreciation expense	642	1,497	-	2,139	1,259	1,260	-	2,519
Dues and subscriptions	-	7,565	-	7,565	-	18,023	-	18,023
Equipment	1,612	1,497	-	3,109	2,789	-	-	2,789
Insurance	1,868	884	41	2,793	4,049	503	56	4,608
Licenses and permits	105	-	-	105	100	-	-	100
Meeting expenses	38,365	-	-	38,365	31,911	-	-	31,911
Miscellaneous	-	12,185	250	12,435	-	1,619	-	1,619
Supplies	61	1,901	-	1,962	-	1,675	-	1,675
Printing and reproduction	722	-	80	802	3,747	-	416	4,163
Professional fees	-	63,675	-	63,675	46,400	106,167	4,635	157,202
Rent	5,779	17,335	-	23,114	6,930	20,788	-	27,718
Software	6,825	-	-	6,825	9,456	-	-	9,456
Travel and parking	-	21,870	-	21,870	-	5,588	-	5,588
Website and technology	5,081	-	-	5,081	5,470	-	-	5,470
Total other expenses	1,804,327	130,737	408	1,935,472	1,072,981	159,590	7,339	1,239,910
Total expenses	\$ 2,215,704	325,311	9,355	2,550,370	1,362,496	195,690	11,350	1,569,536

Charitable Healthcare Network, Inc.  
Statements of Cash Flows  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 954,800	6,340,481
Changes to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,139	2,519
Amortization of right-of-use assets	23,329	(58,961)
Change in assets held by a community foundation	(1,014,993)	214,366
Effects of change in operating assets and liabilities:		
Accounts receivable	(244,536)	(15,111)
Prepaid expenses	4,541	787
Accounts payable	238,392	3,352
Payroll and payroll related liabilities	1,798	(689)
Unearned revenue	(235,000)	233,969
Right-of-use liability	(24,841)	60,633
Net cash flows from operating activities	<u>(294,371)</u>	<u>6,781,346</u>
Cash flows from investing activities:		
Deposits to assets held by community foundation	<u>-</u>	<u>(6,000,000)</u>
Net cash flows from investing activities	<u>-</u>	<u>(6,000,000)</u>
Net change in cash and cash equivalents	(294,371)	781,346
Cash and cash equivalents, beginning of year	<u>987,998</u>	<u>206,652</u>
Cash and cash equivalents, end of year	\$ <u>693,627</u>	<u>987,998</u>
Reported on the statement of financial position as follows:		
Cash-operating	\$ 212,322	344,808
Cash-restricted	<u>481,305</u>	<u>643,190</u>
	\$ <u>693,627</u>	<u>987,998</u>
Disclosure of noncash transactions:		
Right-of-use assets obtained with operating lease liabilities	\$ <u><u>-</u></u>	<u><u>83,324</u></u>

See accompanying notes to the financial statements.



**1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:**

The following accounting principles and practices of the Charitable Healthcare Network, Inc. (the Association) are set forth to facilitate the understanding of data presented in the financial statements.

**Organization and operations**

Charitable Healthcare Network, Inc. (formally known as Ohio Association of Free Clinics) is a not-for-profit Ohio corporation established to be the voice and connector for members by providing resources, education and advocacy to strengthen and ensure high quality health care for people who are vulnerable. The Association's programs are to improve access to health care for the uninsured and underinsured people of Ohio, to strengthen the capacity of Ohio's free clinics, to increase public awareness of the contributions of free clinics, to build a network among free clinics, and to develop a governmental affairs program in order to advocate for free clinics and the people they serve. The Association is located in Columbus, Ohio and operates primarily within the boundaries of the State of Ohio. The Association is supported primarily through a grant from the Ohio Department of Health, public contributions, and membership dues. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

**Basis of accounting**

The financial statements for the Association have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

**Basis of presentation**

Under U.S. GAAP, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, defined as follows:

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

Net assets with donor restrictions consists of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. At December 31, 2023 and 2022, the Association had net assets with donor restrictions of \$6,481,305 and \$6,428,824, respectively.

**Cash and cash equivalents**

For the purposes of reporting cash flows, cash and cash equivalents includes all unrestricted demand deposits, money market funds, repurchase agreements, and highly liquid unrestricted investments with original maturities of three months or less.

**Accounts receivable**

Accounts receivable represents grant funds earned but not yet collected. No provision has been made for uncollectible accounts, as management considers all accounts to be currently collectible. Uncollectible accounts are expensed on an individual basis when they are deemed to no longer be collectible.

### **Furniture and equipment**

The Association capitalizes expenditures of furniture and equipment in excess of \$1,000. The assets are recorded at cost if purchased and fair value when donated. Depreciation is applied using the straight-line method over the estimated useful lives of the assets, which is five years. Depreciation expense for the years ended December 31, 2023 and 2022 was \$2,139 and \$2,519, respectively.

### **Assets held by community foundation**

The Association transferred funds to the Columbus Foundation (the Foundation) during 2022 and retained beneficial interests the assets. The Association is allocated their fund's proportionate share of the pooled funds' investment returns on an annual basis. Distributions from the fund balances may be withdrawn each year in accordance with the terms of the fund agreement, and undistributed earnings are retained in the fund.

Amounts invested in the Foundation's pooled investments funds are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments in the pooled funds, it is possible that changes could materially affect the amounts reported in the Association's financial statements.

### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Revenue recognition**

#### *Contributions*

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as increases in net assets without donor restrictions unless specifically restricted by a donor. Amounts received that are designated for specific purposes are reported as increases in net assets with donor restrictions. When a donor restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are met. Unconditional promises to give, due in subsequent years, are reported at present value net of estimated uncollectible pledges. At December 31, 2023 and 2022, conditional contributions were \$250,0000 and \$0, respectively.

#### *Contract Revenue*

Contract revenue is primarily derived from the sale of memberships to free clinics located in the state of Ohio and registration to its annual conference. Membership dues are recognized throughout the membership period as member benefits are received and consumed during the membership period. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Association expects to be entitled in exchange for providing membership benefits. The Association does not have any significant financing components as payment is received at or shortly after the membership contract is initiated.

**Revenue recognition (continued)**

The following table disaggregates the Association’s revenue based on the timing of satisfaction of performance obligations for the year ended December 31,:

Revenue from:	<u>2023</u>	<u>2022</u>
Performance obligations satisfied at a point in time	\$ 30,783	26,354
Performance obligations satisfied over time	<u>31,100</u>	<u>25,417</u>
	<u>\$ 61,883</u>	<u>51,771</u>

There were no contract receivables or obligations at December 31, 2023 and 2022 or January 01, 2022.

**Functional expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. When identifiable, costs are charged directly to the program for which they are incurred. Costs that benefit more than one program are allocated among those programs based on management’s estimates of time spent by personnel on programs, management and general and fundraising. Salaries and wages, payroll taxes and benefits, contract services, depreciation, and printing and reproduction are allocated based on time and effort. Rent is allocated based on square footage.

**Donated services**

Donated services are recognized as contributions only if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. During 2023 and 2022, volunteers provided significant services that were not recognized as contributions in the financial statements since the aforementioned criteria was not met.

**Income taxes and uncertain tax positions**

Charitable Healthcare Network, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association’s tax-exempt purpose is subject to taxation as unrelated business income. The Association’s reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the financial statements as the Association has determined it does not have unrelated business income subject to taxation.

**New accounting standards**

The Association adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this guidance on January 1, 2023, utilizing the modified retrospective method. The adoption of this standard did not have a material impact on the Association’s consolidated financial statements and did not change how the allowance for credit losses is determined.

### **Leases**

The Association leases office facilities and copiers. The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease ROU assets and operating lease liabilities in the statements of financial position. ROU assets represent the Association's right to use an underlying asset for the lease term, and lease liabilities represent the Association's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Association uses the implicit rate when it is readily determinable. Since most of the Association's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the U.S. Treasury's risk free rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option.

### **Reclassification**

Certain balances in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in net assets.

### **Subsequent events**

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 15, 2024, the date which the financial statements were available to be issued.

## **2. OHIO DEPARTMENT OF HEALTH GRANT AND CLINIC DISTRIBUTIONS:**

For the years ended December 31, 2023 and 2022, the Ohio Department of Health (ODH) granted \$1,675,000 and \$1,188,500, respectively, to the Association. At December 31, 2023 and 2022, ODH owed the Association \$372,500 and \$186,250, respectively. ODH specified that the Association is to distribute the funds to Ohio free clinics, that are members of the Association, using a methodology determined by the Association and approved by ODH. The Association retains an amount for the administrative services performed and is responsible to distribute, administer, and audit funds provided to the free clinics. The funds are to be used to provide direct health care services for pregnant women and children, as well as, people with hypertension, diabetes and tobacco related illness that lack health insurance and receive health care services at the free clinics. For the years ended December 31, 2023 and 2022, payments to member clinics were \$1,741,554 and \$958,638, respectively. At December 31, 2023 and 2022, distributions due to member clinics of \$378,750 and \$158,750, respectively, were included in accounts payable on the statements of financial position.

**3. FURNITURE AND EQUIPMENT:**

Furniture and equipment consisted of the following at December 31:

	2023	2022
Equipment	\$ 22,975	22,975
Furniture	390	390
	23,365	23,365
Accumulated depreciation	(18,929)	(16,790)
 Furniture and equipment, net	 \$ 4,436	 6,575

**4. LEASE COMMITMENTS:**

During 2020, the Association signed an operating lease for office facilities with an unrelated party through April 30, 2025. The Association also leases copiers. The Association has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. There were no short-term leases for the years ended December 31, 2023.

Rent expense under all operating leases for the years ended December 31, 2023 and 2022, was \$23,114 and \$27,718, respectively. As most of the Associations' leases do not provide an implicit rate, the Association uses the U.S. Treasury's risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The weighted average, remaining lease term and discount rate were as follows as of December 31:

	2023	2022
Weighted average remaining lease term (in years)	2.35	1.35
Weighted average discount rate	4.00%	4.00%

The future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending December 31:		
2024	\$	27,011
2025		9,604
Total lease payments		36,615
Less: present value discount		(823)
Present value of lease liabilities	\$	35,792

**5. NET ASSETS WITH DONOR RESTRICTIONS:**

During 2023 and 2022, the Association received a donation of \$38,115 and \$6,643,282, respectively, which was restricted by the donor to aid the materially disadvantaged, and assist programs aimed at women's reproductive health and family planning. The Association established an endowment of using \$6,000,000 of the restricted funds at the Columbus Foundation.

Net assets with donor restrictions are comprised of the following as of December 31:

	2023	2022
Subject to expenditure for specific purpose:		
Womens' reproductive health and family planning	\$ 481,305	643,190
Endowment fund	6,000,000	5,621,622
	\$ 6,481,305	6,264,812

**6. AVAILABILITY OF FINANCIAL ASSETS:**

The Association is primarily supported by grant revenue received from the Ohio Department of Health, of which, eighty-five percent is distributed to free clinics around the State of Ohio for providing care to the uninsured. The Association also receives various federal and state grants, membership dues, and public contributions to support operations. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31, 2023 and 2022:

	2023	2022
Financial assets:		
Cash	\$ 693,627	987,998
Accounts receivable	446,647	202,111
Assets held by community foundation	6,800,627	5,785,634
Less: limitations on available resources		
Net assets with donor restrictions	(6,481,305)	(6,264,812)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,459,596	710,931

**7. CONCENTRATION:**

Approximately 48% and 15% of the Association's gross revenue is derived from a grant with the Ohio Department of Health for the years ended December 31, 2023 and 2022, respectively. The current level of the Association's operations and program services may be impacted, or segments discontinued, if the funding is not renewed.

**8. INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION:**

The Association's Endowment Funds consist of donor restricted contributions and earnings on those contributions which are deemed as net assets designated by the Board of Directors. As required by U.S. GAAP, net assets 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. In 2022, the Association elected to reflect the change in assets held by community foundation as net assets with donor restrictions until such time the fair value of the endowment exceeded the original donor restricted contribution amount.

The endowment net assets composition by type of fund as of December 31, 2023 was as follows:

		Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
2023	\$	<u>800,627</u>	<u>6,000,000</u>	<u>6,800,627</u>
2022	\$	<u>-</u>	<u>5,785,634</u>	<u>5,785,634</u>

The changes in endowment net assets for the years ended December 31, 2023 and 2022 was as follows:

		Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, January 1, 2022		<u>-</u>	<u>-</u>	<u>-</u>
Change in assets held by community foundation:				
Interest income, net		-	164,012	164,012
Unrealized losses		<u>-</u>	<u>(378,378)</u>	<u>(378,378)</u>
Total investment income		<u>-</u>	<u>(214,366)</u>	<u>(214,366)</u>
Cash received from pledges or contributions		<u>-</u>	<u>6,000,000</u>	<u>6,000,000</u>
Endowment net assets, January 1, 2023	\$	<u>-</u>	<u>5,785,634</u>	<u>5,785,634</u>
Change in assets held by community foundation:				
Interest income, net		134,434	-	134,434
Unrealized and realized gains		<u>666,193</u>	<u>214,366</u>	<u>880,559</u>
Total investment income		<u>800,627</u>	<u>214,366</u>	<u>1,014,993</u>
Endowment net assets, December 31, 2023	\$	<u>800,627</u>	<u>6,000,000</u>	<u>6,800,627</u>

Investment fees included in investment income were \$2,507 and \$533 during 2023 and 2022, respectively.

## 8. INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (CONTINUED):

### **Return objectives and risk parameters**

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

### **Strategies employed for achieving objectives**

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

### **Funds with deficiencies**

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Association's Board of Directors. As of December 31, 2023 and 2022, the Association had no funds required to be maintained in perpetuity.

### **Spending policy and how the investment objections related to the spending policy**

The fund agreement with the Columbus Foundation states that distributions of income from the endowment fund will be made annually. These distributions are to be use for the purposes originally defined by the donor.

## 9. FAIR VALUE MEASUREMENTS:

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs for which there is little or no market value. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use unobservable inputs.



**9. FAIR VALUE MEASUREMENTS (CONTINUED):**

The following is a description of the valuation methodology used for instruments measured at fair value on a recurring basis and recognized in the accompany statements of financial position:

Interest in assets held by a community foundation: Valued at the interest in assets held at the fair value of the Association’s share of the investment pool as of the measurement date. The investment pool is based on quoted net asset values of underlying investments held by the investment pool adjusted by an asset charge.

Assets measured at fair value on a recurring basis are summarized below at December 31:

Description:	<u>Fair Value Measurements at Reporting Date Using</u>		
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets held by a community foundation			
12/31/23	\$ <u>6,800,627</u>	-	6,800,627
12/31/22	\$ <u>5,785,634</u>	-	5,785,634

There were no changes in the valuation techniques during the current year.

