

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

Financial Statements
As of and for the Years Ended
June 30, 2018 and 2017

Together with Independent Auditor's Report

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

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	
June 30, 2018 and 2017	2
Statement of Activities	
For the Year Ended June 30, 2018.....	3
Statement of Activities	
For the Year Ended June 30, 2017	4
Statements of Cash Flows	
For the Years Ended June 30, 2018 and 2017	5
Statements of Functional Expenses	
For the Years Ended June 30, 2018 and 2017	6
Notes to Financial Statements	
June 30, 2018 and 2017	7 – 16

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Combined Health Agencies Drive, Inc. d/b/a Community Health Charities of Nebraska (CHC) which comprise the statements of financial position as of June 30, 2018 and 2017, 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHC as of June 30, 2018 and 2017, 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,
January 21, 2019.

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

**Statements of Financial Position
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 56,930	42,300
Contributions receivable, net of allowance of \$33,000 and \$23,000 at June 30, 2018 and 2017, respectively	956,661	975,488
Prepaid expenses	2,144	3,480
Endowment:		
Cash surrender value of life insurance	34,683	34,368
Investments	577,862	543,269
Beneficial interest in Grand Island Community Foundation	24,582	--
Furniture and equipment, net	<u>14,121</u>	<u>8,719</u>
 Total assets	 <u>\$ 1,666,983</u>	 <u>1,607,624</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 32,852	39,159
Payable to charities - designated, net of allowance of \$15,000 and \$5,000 at June 30, 2018 and 2017, respectively	661,842	732,388
Payable to charities - undesignated	<u>235,223</u>	<u>258,321</u>
 Total liabilities	 <u>929,917</u>	 <u>1,029,868</u>
 Commitments		
Net assets (deficit):		
Unrestricted	(341,419)	(428,628)
Temporarily restricted	649,589	611,160
Permanently restricted	<u>428,896</u>	<u>395,224</u>
 Total net assets	 <u>737,066</u>	 <u>577,756</u>
 Total liabilities and net assets	 <u>\$ 1,666,983</u>	 <u>1,607,624</u>

See notes to financial statements

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

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING REVENUES:				
Public support:				
Campaign results	\$ 360,237	1,430,478	--	1,790,715
Less: Amounts designated by donors for specific organizations	--	(989,759)	--	(989,759)
Total public support	360,237	440,719	--	800,956
Sponsorships	5,474	700	--	6,174
In-kind contributions	19,635	--	--	19,635
Revenue share and other income	24,025	--	--	24,025
Change in uncollectible contributions	--	(15,518)	--	(15,518)
Net assets released from restrictions	413,110	(413,110)	--	--
Total public support and other revenue	822,481	12,791	--	835,272
OPERATING EXPENSES:				
Program	384,055	--	--	384,055
General and administrative	139,221	--	--	139,221
Fundraising	23,370	--	--	23,370
Total operating expenses	546,646	--	--	546,646
Excess of public support and other revenue over expenses	275,835	12,791	--	288,626
Distributions to member charities	(188,626)	--	--	(188,626)
Income from operations, net	87,209	12,791	--	100,000
ENDOWMENT ACTIVITIES AND OTHER:				
Contributions to endowment fund	--	--	8,775	8,775
Change in cash surrender value of life insurance	--	--	315	315
Investment income, net	--	39,638	--	39,638
Change in beneficial interest in Grand Island Community Foundation	--	--	24,582	24,582
Grant distributions to member charities	(14,000)	--	--	(14,000)
Net assets released from restrictions	14,000	(14,000)	--	--
Total endowment activities and other, net	--	25,638	33,672	59,310
CHANGE IN NET ASSETS	87,209	38,429	33,672	159,310
NET ASSETS (DEFICIT), Beginning of year	(428,628)	611,160	395,224	577,756
NET ASSETS (DEFICIT), End of year	<u>\$ (341,419)</u>	<u>649,589</u>	<u>428,896</u>	<u>737,066</u>

See notes to financial statements

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

**Statement of Activities
For the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING REVENUES:				
Public support:				
Campaign results	\$ 373,126	1,492,548	--	1,865,674
Less: Amounts designated by donors for specific organizations	--	(1,066,420)	--	(1,066,420)
Total public support	373,126	426,128	--	799,254
Sponsorships	8,300	2,500	--	10,800
In-kind contributions	13,210	--	--	13,210
Revenue share and other income	12,684	--	--	12,684
Uncollectible contributions	--	(37,812)	--	(37,812)
Net assets released from restrictions	441,779	(441,779)	--	--
Total public support and other revenue	849,099	(50,963)	--	798,136
OPERATING EXPENSES:				
Program	375,708	--	--	375,708
General and administrative	142,462	--	--	142,462
Fundraising	23,316	--	--	23,316
Total operating expenses	541,486	--	--	541,486
Excess of public support and other revenue over expenses	307,613	(50,963)	--	256,650
Distributions to member charities	(256,650)	--	--	(256,650)
Income from operations, net	50,963	(50,963)	--	--
ENDOWMENT ACTIVITIES AND OTHER:				
Contributions to endowment fund	--	--	17,623	17,623
Change in cash surrender value of life insurance	--	--	429	429
Investment income, net	--	47,670	--	47,670
Grant distributions to member charities	(9,000)	--	--	(9,000)
Net assets released from restrictions	9,000	(9,000)	--	--
Total endowment activities and other, net	--	38,670	18,052	56,722
CHANGE IN NET ASSETS	50,963	(12,293)	18,052	56,722
NET ASSETS (DEFICIT), Beginning of year	(479,591)	623,453	377,172	521,034
NET ASSETS (DEFICIT), End of year	\$ (428,628)	611,160	395,224	577,756

See notes to financial statements

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

**Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 159,310	56,722
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,098	1,660
Beneficial interest in Grand Island Community Foundation	(24,582)	--
Realized and unrealized gain on investments, net	(29,841)	(38,521)
Contributions restricted for endowment	(8,775)	(17,623)
(Increase) decrease in assets:		
Contributions receivable, net	18,827	(20,101)
Prepaid expenses	1,336	(1,122)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,307)	4,039
Payable to charities - designated	(70,546)	(103,385)
Payable to charities - undesignated	(23,098)	(181,656)
Net cash provided by (used in) operating activities	<u>18,422</u>	<u>(299,987)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(7,500)	(4,522)
Increase in cash surrender value of life insurance	(315)	(429)
Purchases of investments	(27,202)	(31,630)
Proceeds from sales of investments	<u>22,450</u>	<u>13,977</u>
Net cash used in investing activities	<u>(12,567)</u>	<u>(22,604)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment	<u>8,775</u>	<u>17,623</u>
NET INCREASE (DECREASE) IN CASH	14,630	(304,968)
CASH, Beginning of year	<u>42,300</u>	<u>347,268</u>
CASH, End of year	<u>\$ 56,930</u>	<u>42,300</u>

See notes to financial statements

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

Statements of Functional Expenses
For the Years Ended June 30, 2018 and 2017

	2018				2017			
	General and		Fundraising	Total	General and		Fundraising	Total
	Program	Administrative			Program	Administrative		
Affiliation fees	\$ --	--	--	--	6,077	760	760	7,597
Audit and accounting fees	20,709	2,589	2,589	25,887	16,415	2,052	2,052	20,519
Building occupancy	19,958	2,495	2,495	24,948	18,607	2,326	2,326	23,259
Campaign expense	4,020	--	212	4,232	2,850	--	150	3,000
CFC fees	1,265	--	--	1,265	630	--	--	630
Contract labor	1,117	160	319	1,596	1,918	548	274	2,740
Depreciation	1,678	210	210	2,098	1,328	166	166	1,660
Insurance	4,121	515	515	5,151	3,744	468	468	4,680
Meetings	3,671	408	--	4,079	3,797	422	--	4,219
Membership dues	672	605	67	1,344	607	546	60	1,213
Miscellaneous	76	516	--	592	118	535	--	653
Payroll taxes	19,426	8,717	846	28,989	18,715	8,754	832	28,301
Printing and postage	6,745	843	843	8,431	12,886	1,611	1,611	16,108
Public relations	14,746	867	1,735	17,348	9,230	543	1,086	10,859
Public sector fees	1,456	--	--	1,456	1,759	--	--	1,759
Salaries, wages and benefits	269,114	118,901	11,959	399,974	262,443	121,607	12,039	396,089
Supplies and equipment	3,287	939	470	4,696	2,140	611	306	3,057
Telephone	6,101	763	763	7,627	6,875	859	859	8,593
Travel	5,893	693	347	6,933	5,569	654	327	6,550
Total operating expenses	384,055	139,221	23,370	546,646	375,708	142,462	23,316	541,486
Distributions to member charities	188,626	--	--	188,626	256,650	--	--	256,650
Grant expenses	14,000	--	--	14,000	9,000	--	--	9,000
Investment expenses	--	5,450	--	5,450	--	4,977	--	4,977
Total functional expenses	\$ 586,681	144,671	23,370	754,722	641,358	147,439	23,316	812,113

See notes to financial statements

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

Notes to Financial Statements
June 30, 2018 and 2017

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

A. Organization

The purpose of Combined Health Agencies Drive, Inc. d/b/a Community Health Charities of Nebraska (CHC) is to combine the fundraising efforts of its member health charities, in an appeal to commerce and industry, and provide public health education and awareness of its member health charities' programs and services in Nebraska and western Iowa. As of June 30, 2018 and 2017, CHC's member health charities are:

- The ALS Association Mid-America Chapter
- Alzheimer's Association Nebraska Chapter
- American Diabetes Association of Nebraska
- American Lung Association in Nebraska
- Arthritis Foundation Nebraska
- Autism Action Partnership (effective July 1, 2017)
- Brain Injury Alliance of Nebraska
- Crohn's & Colitis Foundation, Nebraska/Iowa Chapter
- Cystic Fibrosis Foundation – Nebraska Chapter
- JDRF International – Heartland Chapter
- Leukemia & Lymphoma Society – Nebraska Chapter
- March of Dimes, Nebraska & Western Iowa Market
- Muscular Dystrophy Association of Nebraska
- National MS Society – Mid America Chapter
- Nebraska AIDS Project
- Nebraska Chapter of the National Hemophilia Foundation
- Nebraska Community Blood Bank (effective July 1, 2017)
- Nebraska Hospice and Palliative Care Association
- Nebraska Kidney Association
- Susan G. Komen® Great Plains
- Team Jack Foundation (effective July 1, 2017)
- United Cerebral Palsy of Nebraska

B. Basis of Accounting

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

Unrestricted – Represents net assets that are not subject to donor-imposed restrictions. Unrestricted net assets are to be used for general operations and payments to member charities.

Temporarily Restricted – CHC reports contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

Notes to Financial Statements
June 30, 2018 and 2017

Permanently Restricted – Permanently restricted net assets represent the principal amount of gifts accepted with the donors' stipulations that the principal be maintained in perpetuity, and that only the income from investments thereof be expended either for general purposes or purposes specified by the donors.

C. Use of Estimates

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

D. Cash

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

E. Contributions Receivable

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

F. Investments and Related Revenue

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

Investment income or loss (including realized and unrealized gains and losses and interest and dividends earned and accrued) is reflected as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

G. Beneficial Interest in Grand Island Community Foundation

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

H. Fair Value Measurements

Contributions are recorded at their estimated fair value when received, and discounted to their net present value. The discount is amortized into contribution and grant revenue using the effective interest method. CHC applies the provisions included in FASB ASC Topic 820, *Fair Value Measurement*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. Fair value is defined as 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. At June 30, 2018 and 2017, there were no nonfinancial items recognized or disclosed at fair

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

Notes to Financial Statements
June 30, 2018 and 2017

value and there were no financial assets or liabilities measured at fair value in the financial statements on a nonrecurring basis.

I. Furniture and Equipment

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

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

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

K. Revenue Recognition

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

Unconditional promises to contribute cash and other assets by donors are accrued at estimated fair value at the date each promise is received. The contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

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

CHC also receives contributions from certain donors, including donors participating in the Combined Federal Campaign, who have elected to use third-party pledge administrators to process the designated payments on their behalf. These contributions are included in total campaign results, but are not included in contributions receivable or payable to charities – designated, because those donations are paid directly by the donor to the third-party administrator, who then remits the donations to the designated charities. Contributions paid through third-party administrators totaled \$232,896 and \$307,930 for the years ended June 30, 2018 and 2017, respectively.

L. 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 \$19,635 and \$13,210 for the years ended June 30, 2018 and 2017, respectively, and were used for both program and administrative functions.

Notes to Financial Statements
June 30, 2018 and 2017

M. Distributions to Member Charities

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

N. Associate Membership Charities

In 1997, CHC created an associate member category. Associate members receive designated contributions, but do not participate in the allocation of undesignated contributions. Associate members are charged an administrative fee determined by a percentage of gross designations from the previous year's campaign. As of June 30, 2018, CHC's only associate member charity is Nebraska Community Blood Bank. There were no associate members as of June 30, 2017.

O. 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.

P. Income Taxes

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

Q. Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2018 and 2017 was \$17,348 and \$10,859, respectively, and are included in public relations in the statements of functional expense.

R. Reclassification

Certain amounts previously reported in the 2017 financial statements have been reclassified to conform with the 2018 reporting format.

S. Subsequent Events

CHC considered events occurring through January 21, 2019 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Fair Value Measurement

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

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CHC has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: |

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

**Notes to Financial Statements
June 30, 2018 and 2017**

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair market value. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. For the years ended June 30, 2018 and 2017, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Money markets and cash equivalents approximate fair value due to their short-term nature. Mutual funds and exchange-traded funds are stated at fair value as determined by quoted market prices, which represents the net asset value of shares held by CHC at year end.

The following table presents the balances of assets measured at fair value on a recurring basis at June 30, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Money market and cash equivalents	\$ 7,027	--	--	7,027
Exchange-traded funds:				
Midcap blend	34,325	--	--	34,325
Small blend	35,217	--	--	35,217
Mutual funds:				
Diversified emerging markets	32,997	--	--	32,997
Large blend	91,344	--	--	91,344
Foreign large growth	32,715	--	--	32,715
Intermediate term bond	103,050	--	--	103,050
Large growth	40,367	--	--	40,367
Large value	39,709	--	--	39,709
Short term bond	45,653	--	--	45,653
Multi sector bond	80,063	--	--	80,063
Real estate	35,395	--	--	35,395
Investments	\$ 577,862	--	--	577,862
Beneficial interest in Grand Island Community Foundation	\$ --	--	24,582	24,582

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

Notes to Financial Statements
June 30, 2018 and 2017

2017				
	Level 1	Level 2	Level 3	Total
Money market and cash equivalents	\$ 6,242	--	--	6,242
Exchange-traded funds:				
Midcap blend	32,142	--	--	32,142
Small blend	32,547	--	--	32,547
Mutual funds:				
Diversified emerging markets	32,149	--	--	32,149
Large blend	86,431	--	--	86,431
Foreign large growth	32,317	--	--	32,317
Intermediate term bond	106,652	--	--	106,652
Large growth	37,575	--	--	37,575
Large value	37,870	--	--	37,870
Short term bond	42,638	--	--	42,638
Multi sector bond	42,972	--	--	42,972
Real estate	32,422	--	--	32,422
World bond	21,312	--	--	21,312
Investments	\$ 543,269	--	--	543,269

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

Balance at beginning of year	\$ --
Change in value of beneficial interest in perpetual trusts	24,582
Balance at end of year	\$ 24,582

(3) Furniture and Equipment

A summary of furniture and equipment at June 30, 2018 and 2017 is as follows:

	2018	2017
Equipment	\$ 29,984	29,984
Furniture	1,306	1,306
Construction in process	7,500	--
	38,790	31,290
Less accumulated depreciation	(24,669)	(22,571)
Furniture and equipment, net	\$ 14,121	8,719

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

Notes to Financial Statements
June 30, 2018 and 2017

(4) **Restricted Net Assets**

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 440,719	426,128
Restricted by donors for the annual meeting	700	2,500
Unspent appreciation of endowment funds which must be appropriated for expenditure before use	<u>208,170</u>	<u>182,532</u>
Temporarily restricted net assets	<u>\$ 649,589</u>	<u>611,160</u>

Permanently restricted net assets at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Beneficial interest in Grand Island Community Foundation Endowment, the income from which is available to support member charities	\$ 24,582	--
	<u>404,314</u>	<u>395,224</u>
	<u>\$ 428,896</u>	<u>395,224</u>

(5) **Endowment**

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

The Board of Directors of CHC has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CHC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 temporarily restricted net assets until those amounts are appropriated for expenditure by CHC in a manner consistent with the standard of prudence prescribed by NUPMIFA.

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

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

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

**Notes to Financial Statements
June 30, 2018 and 2017**

The composition of endowment net assets at June 30, 2018 and 2017 is as follows:

		2018		
		Unrestricted	Temporarily Restricted	Permanently Restricted
				Total
Donor-restricted endowment funds	\$	--	208,170	404,314
				612,484

		2017		
		Unrestricted	Temporarily Restricted	Permanently Restricted
				Total
Donor-restricted endowment funds	\$	--	182,532	395,224
				577,756

The changes in endowment net assets for the years ended June 30, 2018 and 2017 is as follows:

		2018		
		Unrestricted	Temporarily Restricted	Permanently Restricted
				Total
Endowment net assets, beginning of year	\$	--	182,532	395,224
				577,756
Investment income:				
Interest and dividends, net		--	9,797	315
Realized and unrealized gains, net		--	29,841	--
				29,841
Total investment income, net		--	39,638	315
				39,953
Appropriations		--	(14,000)	--
				(14,000)
Contributions		--	--	8,775
				8,775
Endowment net assets, end of year	\$	--	208,170	404,314
				612,484

		2017		
		Unrestricted	Temporarily Restricted	Permanently Restricted
				Total
Endowment net assets, beginning of year	\$	--	143,862	377,172
				521,034
Investment income:				
Interest and dividends, net		--	9,149	429
Realized and unrealized gains, net		--	38,521	--
				38,521
Total investment income, net		--	47,670	429
				48,099
Appropriations		--	(9,000)	--
				(9,000)
Contributions		--	--	17,623
				17,623
Endowment net assets, end of year	\$	--	182,532	395,224
				577,756

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

Notes to Financial Statements
June 30, 2018 and 2017

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

Interest, dividends and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when spent. Per CHC policy, management may distribute interest and dividends earned when the endowment fund has a value in excess of \$500,000. Management determines distributions to member charities through an application process. Management made distributions of \$14,000 and \$9,000 from the endowment during the years ended June 30, 2018 and 2017, respectively.

(6) Investment Income

Investment income in the statements of activities for the years ended June 30, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 15,247	14,126
Realized and unrealized gains, net	29,841	38,521
Investment expenses	<u>(5,450)</u>	<u>(4,977)</u>
Investment income, net	<u>\$ 39,638</u>	<u>47,670</u>

(7) Leases

CHC rents office space under operating leases with expirations through fiscal year 2020. Minimum rental commitments under these leases are as follows:

2019	\$ 25,197
2020	9,749

Rent expense for the years ended June 30, 2018 and 2017 was \$24,948 and \$23,259, respectively.

(8) Retirement Savings Plan

CHC has a Simplified Employee Pension Plan (the Plan), established under Section 401(k) of the Internal Revenue Code for the benefit of its employees. After employment of two consecutive calendar years, employees are eligible for participation in the Plan on the next January 1. For the years ended June 30, 2018 and 2017, CHC contributed on behalf of each employee 5% of the employee's annual salary. The employee is 100% vested in all contributions immediately. Contributions by CHC were \$18,982 and \$18,016 for the years ended June 30, 2018 and 2017, respectively.

Notes to Financial Statements
June 30, 2018 and 2017

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

(9) Combined Federal Campaign

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

During the years ended June 30, 2018 and 2017, CHC complied with the requirements of the CFC to honor designations made to each member charity by distributing a proportionate share of receipts based on donor designation reports provided by the Primary Campaign Fiduciary Organization to each member charity.

(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.

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

(11) Related Party Transactions

Distributions in the amount of \$202,626 and \$265,650 for the years ended June 30, 2018 and 2017, respectively, were made to member charities. Included in payable to charities - designated as of June 30, 2018 and 2017 was \$660,210 and \$696,116, respectively, due to member charities. Included in payable to charities – undesignated as of June 30, 2018 and 2017 was \$235,223 and \$258,321, respectively, due to member charities.

For the years ended June 30, 2018 and 2017, CHC received income of approximately \$2,670 and \$2,635, respectively, from related parties through grants and foundation contributions.

(12) Concentrations

As of June 30, 2018 and 2017, approximately 81% of contributions receivable were due from two organizations. For the years ended June 30, 2018 and 2017, approximately 64% and 63% of CHC's revenue was received from two organizations, respectively.