

Combined Health Agencies Drive, Inc.

**Financial Statements
June 30, 2020 and 2019**

Together with Independent Auditor's Report

Combined Health Agencies Drive, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Combined Health Agencies Drive, Inc. (CHAD) which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHAD as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

SEIM JOHNSON, LLP

Omaha, Nebraska,
November 11, 2020.

Combined Health Agencies Drive, Inc.

Statements of Financial Position June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 260,809	95,585
Contributions receivable, net of allowance of \$20,200 and \$25,500 at June 30, 2020 and 2019, respectively	879,012	926,491
Prepaid expenses	2,080	2,252
Endowment:		
Cash surrender value of life insurance	35,343	35,064
Investments	594,219	595,513
Beneficial interest in Grand Island Community Foundation	23,761	24,462
Furniture and equipment, net	<u>11,028</u>	<u>12,857</u>
 Total assets	 <u>\$ 1,806,252</u>	 <u>1,692,224</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 28,496	30,396
Payable to charities - designated, net of allowance of \$2,200 and \$7,500 at June 30, 2020 and 2019, respectively	633,394	604,110
Payable to charities - undesignated	301,439	301,529
Conditional contribution	<u>89,600</u>	<u>--</u>
 Total liabilities	 <u>1,052,929</u>	 <u>936,035</u>
Commitments		
Net assets (deficit):		
Without donor restrictions	(379,280)	(349,399)
With donor restrictions	<u>1,132,603</u>	<u>1,105,588</u>
 Total net assets	 <u>753,323</u>	 <u>756,189</u>
 Total liabilities and net assets	 <u>\$ 1,806,252</u>	 <u>1,692,224</u>

See notes to financial statements

Combined Health Agencies Drive, Inc.

Statement of Activities For the Year Ended June 30, 2020

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

See notes to financial statements

Combined Health Agencies Drive, Inc.

Statement of Activities For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUES:			
Public support:			
Campaign results	\$ 380,021	1,378,880	1,758,901
Less: Amounts designated by donors for specific organizations	--	(930,531)	(930,531)
Total public support	380,021	448,349	828,370
Sponsorships	13,390	2,200	15,590
In-kind contributions	11,150	--	11,150
Revenue share and other income	4,034	--	4,034
Change in uncollectible contributions	--	(6,309)	(6,309)
Net assets released from restrictions	436,260	(436,260)	--
Total public support and other revenue	844,855	7,980	852,835
OPERATING EXPENSES:			
Program	366,702	--	366,702
General and administrative	159,761	--	159,761
Fundraising	22,339	--	22,339
Total operating expenses	548,802	--	548,802
Excess of public support and other revenue over expenses	296,053	7,980	304,033
Distributions to member charities	(304,033)	--	(304,033)
Income from operations, net	(7,980)	7,980	--
ENDOWMENT ACTIVITIES AND OTHER:			
Contributions to endowment fund	--	9,070	9,070
Change in cash surrender value of life insurance	--	381	381
Investment income, net	--	31,242	31,242
Change in beneficial interest in Grand Island Community Foundation, net	--	1,030	1,030
Grant distributions to member charities	(22,600)	--	(22,600)
Net assets released from restrictions	22,600	(22,600)	--
Total endowment activities and other, net	--	19,123	19,123
CHANGE IN NET ASSETS	(7,980)	27,103	19,123
NET ASSETS (DEFICIT), Beginning of year	(341,419)	1,078,485	737,066
NET ASSETS (DEFICIT), End of year	\$ (349,399)	1,105,588	756,189

See notes to financial statements

Combined Health Agencies Drive, Inc.

Statements of Cash Flows For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,866)	19,123
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	1,829	1,836
Loss on disposal of assets	--	116
Change in beneficial interest in Grand Island		
Community Foundation	(539)	(1,030)
Realized and unrealized loss (gain) on investments, net	4,208	(17,776)
Contributions restricted for endowment	(12,855)	(9,070)
(Increase) decrease in assets:		
Contributions receivable, net	47,479	30,170
Prepaid expenses	172	(108)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,900)	(2,456)
Payable to charities - designated	29,284	(57,732)
Payable to charities - undesignated	(90)	66,306
Conditional contribution	89,600	--
	<u>154,322</u>	<u>29,379</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	--	(688)
Increase in cash surrender value of life insurance	(279)	(381)
Distributions from beneficial interest in Grand Island		
Community Foundation	1,240	1,150
Purchases of investments	(43,907)	(41,627)
Proceeds from sales of investments	40,993	41,752
	<u>(1,953)</u>	<u>206</u>
Net cash (used in) provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment	12,855	9,070
	<u>165,224</u>	<u>38,655</u>
NET INCREASE IN CASH		
CASH, Beginning of year	95,585	56,930
CASH, End of year	<u>\$ 260,809</u>	<u>95,585</u>

See notes to financial statements

Combined Health Agencies Drive, Inc.

**Statements of Functional Expenses
For the Years Ended June 30, 2020 and 2019**

	2020				2019			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Audit and accounting fees	\$ 2,035	16,280	2,035	20,350	1,938	15,505	1,938	19,381
Building occupancy	22,562	2,820	2,820	28,202	20,730	2,591	2,591	25,912
Campaign expense	3,635	--	191	3,826	7,933	--	418	8,351
CFC fees	738	--	--	738	1,025	--	--	1,025
Contract labor	1,921	549	275	2,745	1,600	457	229	2,286
Depreciation	1,463	183	183	1,829	1,468	184	184	1,836
Insurance	4,054	507	507	5,068	4,010	501	501	5,012
Meetings	1,824	203	--	2,027	3,404	378	--	3,782
Membership dues	616	553	61	1,230	556	500	56	1,112
Miscellaneous	112	500	--	612	109	521	--	630
Payroll taxes	19,258	8,848	835	28,941	19,119	8,873	850	28,842
Printing and postage	5,760	720	720	7,200	5,317	665	665	6,647
Public relations	2,450	144	288	2,882	2,899	171	341	3,411
Public sector fees	697	78	--	775	1,027	114	--	1,141
Salaries, wages and benefits	281,397	125,125	13,388	419,910	280,826	126,998	13,029	420,853
Supplies and equipment	4,008	1,145	573	5,726	3,117	890	445	4,452
Telephone	4,325	541	541	5,407	6,178	772	772	7,722
Travel	4,074	478	240	4,792	5,446	641	320	6,407
Total operating expenses	360,929	158,674	22,657	542,260	366,702	159,761	22,339	548,802
Distributions to member charities	301,439	--	--	301,439	304,033	--	--	304,033
Grants to member charities	24,100	--	--	24,100	22,600	--	--	22,600
Total functional expenses	\$ 686,468	158,674	22,657	867,799	693,335	159,761	22,339	875,435

See notes to financial statements

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

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

A. Organization

The purpose of Combined Health Agencies Drive, Inc. (CHAD) is to combine the fundraising efforts of its member health charities, in an appeal to commerce and industry, and provide public health education and awareness of its member health charities' programs and services in Nebraska and western Iowa. As of June 30, 2020 and 2019, CHAD's member health charities are:

- The ALS Association Mid-America Chapter
- Alzheimer's Association Nebraska Chapter
- American Diabetes Association of Nebraska (ended June 30, 2019)
- American Lung Association in Nebraska
- Arthritis Foundation Nebraska
- Autism Action Partnership
- Brain Injury Alliance of Nebraska
- Crohn's & Colitis Foundation, Nebraska/Iowa Chapter
- Cystic Fibrosis Foundation – Nebraska Chapter
- JDRF International – Nebraska and Iowa Chapter
- Leukemia & Lymphoma Society – Nebraska Chapter
- March of Dimes, Nebraska & Western Iowa Market
- Muscular Dystrophy Association of Nebraska
- National MS Society – Mid America Chapter
- Nebraska AIDS Project
- Nebraska Chapter of the National Hemophilia Foundation
- Nebraska Community Blood Bank
- Nebraska Hospice and Palliative Care Association
- Nebraska Kidney Association
- Susan G. Komen® Great Plains
- Team Jack Foundation
- United Cerebral Palsy of Nebraska

B. Basis of Accounting

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

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

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

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

C. Use of Estimates

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

D. Cash

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

E. Contributions Receivable

Contributions are recorded at their estimated fair value when received, and discounted to their net present value. The discount is amortized into contribution revenue using the effective interest method. CHAD evaluates for the collectibility of receivables at the end of the fiscal year and establishes an allowance for bad debts for all accounts or portions thereof considered uncollectible. Conditional promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met. All contributions receivable recorded in the statements of financial position are due in one year or less.

F. Investments and Related Revenue

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

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

G. Beneficial Interest in Grand Island Community Foundation

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

H. Furniture and Equipment, Net

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

I. Payable to Charities

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

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

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

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

J. Revenue Recognition

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

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

Assets received for specific organizations are held in an agency capacity and are therefore excluded from net assets and included as an asset and corresponding liability in the accompanying statements of financial position. These designations are presented as part of total campaign results on the statements of activities, but are then deducted to arrive at 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 \$4,445 and \$251,420 for the years ended June 30, 2020 and 2019, respectively.

K. In-kind Contributions

Contributions consisting of property and equipment are recorded at fair value at the date of the contribution. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions totaled \$11,560 and \$11,150 for the years ended June 30, 2020 and 2019, respectively, and were used for both program and administrative functions.

L. Distributions to Member Charities

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

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

M. Associate Membership Charities

In 1997, CHAD created an associate member category. Associate members receive designated contributions, but do not participate in the allocation of undesignated contributions. Associate members are charged an administrative fee determined by a percentage of gross designations from the previous year's campaign. As of June 30, 2020 and 2019, CHAD's only associate member charity is Nebraska Community Blood Bank.

N. Functional Expenses

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

O. Income Taxes

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

P. Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$2,882 and \$3,411, respectively, and are included in public relations in the statements of functional expense.

Q. Reclassification

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 reporting format.

R. Subsequent Events

CHAD considered events occurring through _____ for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

(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>2020</u>	<u>2019</u>
Cash	\$ 260,809	95,585
Contributions receivable, net of allowance	879,012	926,491
Cash surrender value of life insurance	35,343	35,064
Investments	594,219	595,513
Beneficial interest in Grand Island Community Foundation	<u>23,761</u>	<u>24,462</u>
 Total financial assets	 <u>1,793,144</u>	 <u>1,677,115</u>
 Less those unavailable for general expenditure within one year, due to:		
Donor restrictions for specified purpose	(503,041)	(475,011)
Donor restrictions for endowments	<u>(629,562)</u>	<u>(630,577)</u>
 Amounts unavailable for general expenditure within one year	 <u>(1,132,603)</u>	 <u>(1,105,588)</u>
 Total financial assets available for general expenditure within one year	 \$ <u><u>660,541</u></u>	 <u><u>571,527</u></u>

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

(3) Fair Value Measurement

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

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

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

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, 2020 and 2019, 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 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, 2020 and 2019:

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

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

	2019			
	Level 1	Level 2	Level 3	Total
Money market and cash equivalents	\$ 6,630	--	--	6,630
Exchange-traded funds:				
Midcap blend	35,305	--	--	35,305
Small blend	34,565	--	--	34,565
Mutual funds:				
Diversified emerging markets	35,499	--	--	35,499
Large blend	96,548	--	--	96,548
Foreign large growth	35,971	--	--	35,971
Intermediate term bond	105,203	--	--	105,203
Large growth	42,874	--	--	42,874
Large value	41,287	--	--	41,287
Short term bond	45,710	--	--	45,710
Multi sector bond	81,160	--	--	81,160
Real estate	34,761	--	--	34,761
Investments	\$ <u>595,513</u>	<u>--</u>	<u>--</u>	<u>595,513</u>
Beneficial interest in Grand Island				
Community Foundation	\$ --	--	24,462	24,462

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, 2020 and 2019:

	2020	2019
Balance at beginning of year	\$ 24,462	24,582
Change in value of beneficial interest in perpetual trusts	539	1,030
Distributions	(1,240)	(1,150)
Balance at end of year	\$ <u>23,761</u>	<u>24,462</u>

(4) Furniture and Equipment

A summary of furniture and equipment at June 30, 2020 and 2019 is as follows:

	2020	2019
Equipment	\$ 19,889	21,580
Furniture	493	1,306
Construction in process	7,500	7,500
	27,882	30,386
Less accumulated depreciation	(16,854)	(17,529)
Furniture and equipment, net	\$ <u>11,028</u>	<u>12,857</u>

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Promises to give that are designated by donors	\$ 479,280	448,349
Restricted by donors for the annual meeting	<u>--</u>	<u>2,200</u>
Total purpose restrictions	<u>479,280</u>	<u>450,549</u>
 Beneficial interest in Grand Island Community Foundation, the income from which is available to support member charities	 <u>23,761</u>	 <u>24,462</u>
 Endowments:		
Unspent appreciation of endowment funds which must be appropriated for expenditure before use	202,662	216,811
Endowment, held in perpetuity, the income from which is available to support member charities	<u>426,900</u>	<u>413,766</u>
Total endowments	<u>629,562</u>	<u>630,577</u>
 Total net assets with donor restrictions	 \$ <u><u>1,132,603</u></u>	 <u><u>1,105,588</u></u>

(6) Endowment

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

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

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

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

Combined Health Agencies Drive, Inc.

**Notes to Financial Statements
June 30, 2020 and 2019**

The composition of endowment net assets at June 30, 2020 and 2019 is as follows:

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

		2019		
		Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$	--	630,577	630,577

The changes in endowment net assets for the years ended June 30, 2020 and 2019 is as follows:

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

		2019		
		Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$	--	612,484	612,484
Investment income		--	31,623	31,623
Appropriations		--	(22,600)	(22,600)
Contributions		--	9,070	9,070
Endowment net assets, end of year	\$	--	630,577	630,577

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

Interest, dividends, and net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when spent. Per CHAD policy, management may distribute interest, dividends, and net appreciation earned up to 4% of the average balance of the previous three years ended June 30. Management determines distributions to member charities through an application process. Management made distributions of \$24,100 and \$22,600 from the endowment during the years ended June 30, 2020 and 2019, respectively.

(7) Leases

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

2021	\$	25,477
2022		26,128
2023		12,228
2024		519

Rent expense for the years ended June 30, 2020 and 2019 was \$28,202 and \$25,912, respectively.

(8) Retirement Savings Plan

CHAD has a Simplified Employee Pension Plan (the Plan), established under Section 401(k) of the Internal Revenue Code for the benefit of its employees. After employment of two consecutive calendar years, employees are eligible for participation in the Plan on the next January 1. For the years ended June 30, 2020 and 2019, CHAD contributed on behalf of each employee 5% of the employee's annual salary. The employee is 100% vested in all contributions immediately. Contributions by CHAD were \$18,232 and \$19,744 for the years ended June 30, 2020 and 2019, 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.

Combined Health Agencies Drive, Inc.

Notes to Financial Statements June 30, 2020 and 2019

(9) Combined Federal Campaign

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

During the years ended June 30, 2020 and 2019, CHAD complied with the requirements of the CFC to honor designations made to each member charity by distributing a proportionate share of receipts based on donor designation reports provided by the Primary Campaign Fiduciary Organization to each member charity.

(10) Risks and Uncertainties

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

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

(11) Related Party Transactions

Distributions in the amount of \$325,539 and \$326,633 for the years ended June 30, 2020 and 2019, respectively, were made to member charities. Included in payable to charities - designated as of June 30, 2020 and 2019 was \$659,990 and \$610,015, respectively, due to member charities. Included in payable to charities – undesignated as of June 30, 2020 and 2019 was \$301,439 and \$301,529, respectively, due to member charities.

For the years ended June 30, 2020 and 2019, CHAD received income of approximately \$7,000 and \$4,000, respectively, from related parties through grants and foundation contributions.

(12) Concentrations

As of June 30, 2020 and 2019, approximately 86% and 83%, respectively, of contributions receivable were due from two organizations. For the years ended June 30, 2020 and 2019, approximately 71% and 65% of CHAD's revenue was received from two organizations, respectively.

(13) Paycheck Protection Program Loan

CHAD applied for and was granted an \$89,600 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. CHAD is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. CHAD has taken measures to maximize the loan forgiveness and has therefore recorded this as a conditional contribution as of June 30, 2020.

(14) Coronavirus Pandemic

During the year ended June 30, 2020, the Coronavirus disease (COVID-19) has spread globally and in the United States of America, and has been declared a pandemic by the World Health Organization. Various governments and businesses have taken strong measures to limit or contain the spread of COVID-19. Currently, there is no vaccine to prevent COVID-19. This disease, along with measures taken by governments and businesses, has resulted in volatility in financial markets and has negatively impacted various business processes. CHAD is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the future impact to CHAD's financial position, including its investment portfolios, is not known.