



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

## **Interact for Health and Subsidiary**

Consolidated Financial Statements and  
Supplementary Information

December 31, 2021 and 2020

(with Independent Auditors' Report)

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Interact for Health and Subsidiary:

### **Opinion**

We have audited the accompanying consolidated financial statements of Interact for Health and Subsidiary (a not-for-profit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Interact for Health and Subsidiary as of December 31, 2021 and 2020, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of Interact for Health and Subsidiary 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 Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interact for Health and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Interact for Health and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interact for Health and Subsidiary'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 audits.

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 18 - 21 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Clark, Shaefer, Hackett & Co.*

Cincinnati, Ohio  
March 15, 2022

Interact for Health and Subsidiary  
Consolidated Statements of Financial Position  
December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 546,697	1,401,706
Investments	269,758,478	227,437,354
Redemption receivable	2,600,000	-
Interest and dividends receivable	43,051	13,260
Prepaid expenses	<u>135,448</u>	<u>161,376</u>
Total current assets	<u>273,083,674</u>	<u>229,013,696</u>
Fixed assets:		
Furniture	220,895	587,015
Computer hardware and software	246,392	289,586
Equipment	304,399	259,826
Leasehold improvements	<u>461,600</u>	<u>471,171</u>
	1,233,286	1,607,598
Less accumulated depreciation and depletion	<u>(484,671)</u>	<u>(1,488,263)</u>
Total fixed assets	<u>748,615</u>	<u>119,335</u>
Other assets:		
Security deposit	17,285	-
Operating lease right-of-use asset	1,551,312	-
Deferred compensation assets	<u>143,688</u>	<u>133,444</u>
Total other assets	<u>1,712,285</u>	<u>133,444</u>
	<u>\$ 275,544,574</u>	<u>229,266,475</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Financial Position (continued)  
December 31, 2021 and 2020

Liabilities and Net Assets

	<u>2021</u>	<u>2020</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 187,051	62,656
Accrued liabilities	97,050	182,468
Grants payable, current portion	973,023	614,308
Operating lease liability, current portion	<u>166,089</u>	<u>-</u>
Total current liabilities	<u>1,423,213</u>	<u>859,432</u>
<b>Long-term liabilities:</b>		
Grants payable, net of current portion	119,955	45,000
Operating lease liability, net of current portion	1,473,831	-
Deferred compensation payable	<u>143,688</u>	<u>133,444</u>
Total long-term liabilities	<u>1,737,474</u>	<u>178,444</u>
Total liabilities	<u>3,160,687</u>	<u>1,037,876</u>
<b>Net assets:</b>		
Without donor restrictions	271,894,887	227,281,313
With donor restrictions	<u>489,000</u>	<u>947,286</u>
Total net assets	<u>272,383,887</u>	<u>228,228,599</u>
	<u>\$ 275,544,574</u>	<u>229,266,475</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Activities  
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Net investment gains	\$ 56,744,587	50,893	56,795,480	15,392,354	42,581	15,434,935
Other income:						
Grants and contributions received	-	341,140	341,140	-	511,004	511,004
Loss on sale of fixed assets	(10,109)	-	(10,109)	-	-	-
Miscellaneous income	98,777	-	98,777	194,657	-	194,657
Net assets released from restrictions	<u>850,319</u>	<u>(850,319)</u>	<u>-</u>	<u>552,594</u>	<u>(552,594)</u>	<u>-</u>
Total revenues	<u>57,683,574</u>	<u>(458,286)</u>	<u>57,225,288</u>	<u>16,139,605</u>	<u>991</u>	<u>16,140,596</u>
Expenses:						
Grants and direct charitable expenses	8,850,627	-	8,850,627	5,744,487	-	5,744,487
Program operating	<u>2,894,688</u>	<u>-</u>	<u>2,894,688</u>	<u>2,736,078</u>	<u>-</u>	<u>2,736,078</u>
Total program expenses	<u>11,745,315</u>	<u>-</u>	<u>11,745,315</u>	<u>8,480,565</u>	<u>-</u>	<u>8,480,565</u>
Management and general	1,298,276	-	1,298,276	956,233	-	956,233
Fundraising	<u>26,409</u>	<u>-</u>	<u>26,409</u>	<u>46,348</u>	<u>-</u>	<u>46,348</u>
Total supporting services	<u>1,324,685</u>	<u>-</u>	<u>1,324,685</u>	<u>1,002,581</u>	<u>-</u>	<u>1,002,581</u>
Total expenses	<u>13,070,000</u>	<u>-</u>	<u>13,070,000</u>	<u>9,483,146</u>	<u>-</u>	<u>9,483,146</u>
Change in net assets	44,613,574	(458,286)	44,155,288	6,656,459	991	6,657,450
Net assets at beginning of year	<u>227,281,313</u>	<u>947,286</u>	<u>228,228,599</u>	<u>220,624,854</u>	<u>946,295</u>	<u>221,571,149</u>
Net assets at end of year	<u>\$ 271,894,887</u>	<u>489,000</u>	<u>272,383,887</u>	<u>227,281,313</u>	<u>947,286</u>	<u>228,228,599</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2021

	Grants and Direct Charitable	Program Operating	Total Program Expenses	Management and General	Fundraising	Total
Grants awarded	\$ 5,398,262	-	5,398,262	-	-	5,398,262
Payroll and benefits	799,066	2,077,433	2,876,499	920,297	26,409	3,823,205
Community support, research and evaluation	2,440,201	53,995	2,494,196	-	-	2,494,196
Occupancy	132,727	280,768	413,495	96,993	-	510,488
Professional services	10,670	227,784	238,454	218,357	-	456,811
Conferences, conventions and meetings	4,407	94,975	99,382	3,904	-	103,286
Depreciation	27,811	58,832	86,643	20,324	-	106,967
Information technology	18,043	38,168	56,211	13,185	-	69,396
Office expenses	15,645	33,073	48,718	13,696	-	62,414
Travel	153	1,380	1,533	202	-	1,735
Other expenses	<u>3,642</u>	<u>28,280</u>	<u>31,922</u>	<u>11,318</u>	<u>-</u>	<u>43,240</u>
	<u>\$ 8,850,627</u>	<u>2,894,688</u>	<u>11,745,315</u>	<u>1,298,276</u>	<u>26,409</u>	<u>13,070,000</u>

See accompanying notes to the consolidated financial statements.



Interact for Health and Subsidiary  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2020

	<u>Grants and Direct Charitable</u>	<u>Program Operating</u>	<u>Total Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants awarded	\$ 2,908,811	-	2,908,811	-	-	2,908,811
Payroll and benefits	975,613	1,719,602	2,695,215	708,328	46,348	3,449,891
Community support, research and evaluation	1,568,476	332,850	1,901,326	-	-	1,901,326
Occupancy	212,839	376,724	589,563	119,899	-	709,462
Professional services	3,948	43,297	47,245	69,530	-	116,775
Conferences, conventions and meetings	1,595	102,547	104,142	4,415	-	108,557
Depreciation	31,336	55,465	86,801	17,653	-	104,454
Information technology	20,405	36,117	56,522	11,495	-	68,017
Office expenses	17,433	30,369	47,802	12,379	-	60,181
Travel	1,487	6,628	8,115	639	-	8,754
Other expenses	<u>2,544</u>	<u>32,479</u>	<u>35,023</u>	<u>11,895</u>	<u>-</u>	<u>46,918</u>
	<u>\$ 5,744,487</u>	<u>2,736,078</u>	<u>8,480,565</u>	<u>956,233</u>	<u>46,348</u>	<u>9,483,146</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 44,155,288	6,657,450
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	106,967	104,454
Amortization of operating lease right-of-use asset	163,719	-
Net realized and unrealized gain on investments	(53,816,395)	(12,760,202)
Loss on sale of fixed assets	10,109	-
Changes in assets and liabilities:		
Interest and dividends receivable	(29,791)	47,834
Prepaid expenses	25,928	(1,838)
Security deposit	(17,285)	-
Accounts payable	124,395	(12,906)
Accrued liabilities	(85,418)	(51,213)
Grants payable	433,670	(1,570,388)
Operating lease liability	(75,111)	-
Deferred compensation payable	<u>10,244</u>	<u>19,335</u>
Net cash used in operating activities	<u>(8,993,680)</u>	<u>(7,567,474)</u>
Cash flows from investing activities:		
Redemption receivable	(2,600,000)	1,732,456
Repayment of loan receivable	-	500,000
Purchase of fixed assets	(749,441)	(26,680)
Proceeds from sale of fixed assets	3,085	-
Change in deferred compensation assets	(10,244)	(19,335)
Purchase of investments	(44,550,579)	(64,826,238)
Proceeds from sale of investments	<u>56,045,850</u>	<u>70,411,421</u>
Net cash provided by investing activities	<u>8,138,671</u>	<u>7,771,624</u>
Net change in cash and cash equivalents	(855,009)	204,150
Cash and cash equivalents at beginning of year	<u>1,401,706</u>	<u>1,197,556</u>
Cash and cash equivalents at end of year	\$ <u>546,697</u>	<u>1,401,706</u>
Supplemental Disclosure:		
Commencement of operating lease right-of-use asset and lease liability	\$ <u>1,715,031</u>	<u>-</u>

See accompanying notes to the consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### Nature of operations

Interact for Health (formerly known as The Health Foundation of Greater Cincinnati) is an independent foundation that is improving the health of all people in our region. Interact for Health serves as a catalyst by promoting health equity through grants, education, research, policy, and engagement. Interact for Health and Subsidiary includes Interact for Health and InterAct for Change (collectively, the "Organization"). InterAct for Change is a wholly controlled subsidiary of Interact for Health with a mission to inspire, lead and support active philanthropy. InterAct for Change previously held the license for Social Venture Partners Cincinnati, which provided grants and in-kind volunteer services to other charitable organizations through a network of philanthropic partners. As of August 1, 2021, InterAct for Change is no longer the fiscal sponsor for Social Venture Partners Cincinnati.

### Principles of consolidation

These financial statements are the result of the consolidation of the operations of Interact for Health and InterAct for Change ("InterAct"). All intercompany transactions have been eliminated.

### Adoption of new accounting standards

During 2021, the Organization early adopted Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) No. 2016-02, *Leases* in conjunction with relocating to its new leased office. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition. Classification for lessees is based on an assessment of whether risks and rewards as well as substantive control have been transferred through a lease contract.

### Use of estimates in the consolidated financial statements

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### Basis of presentation

The consolidated financial statements are presented on the accrual basis of accounting in accordance with GAAP. Net assets, revenues, gains and losses are classified based on the absence or existence of donor-imposed restrictions as follows:

- *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.
- *Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by the actions of the Organization or by the passage of time. Other donor restrictions are

perpetual in nature, whereby the donor stipulated the funds be maintained in perpetuity. The Organization did not have any net assets with perpetual restrictions at December 31, 2021 and 2020.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets are reclassified from with donor restrictions to without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Organization records contributions and investment income with donor restrictions that are met in the same period as net assets with donor restrictions and then reclassifies the revenue to net assets without donor restrictions through net assets released from restrictions in the accompanying consolidated statements of activities.

Unconditional contributions are recorded when the promise to give is received. Death bequests are recorded when the will has been settled through probate court. Grant revenue is recorded when the grant is awarded, unless conditional by nature. Conditional grants are generally received to reimburse eligible expenses. Reimbursement-type grant revenue is recorded in grant revenues with donor restrictions when the related eligible costs are incurred and reclassified to net assets without donor restrictions through net assets released from restrictions. Revenues from sources other than contributions are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

#### **Cash and cash equivalents**

The Organization considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains cash in deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### **Investments**

The Organization records investments in common stock, mutual funds and exchange-traded funds at their fair values. Direct investments in limited partnerships, limited liability companies, and other corporations without readily available market values are stated at their net asset value (NAV) as provided by third-party investment managers. Dividends, interest, net of direct investment expenses, realized and unrealized gains and losses resulting from changes in market values are recognized in the consolidated statements of activities within net investment gains. Net investment gains are composed of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 3,132,581	2,834,773
Net realized and unrealized gains	53,816,395	12,760,202
Direct investment expenses	<u>(153,496)</u>	<u>(160,040)</u>
	<u>\$ 56,795,480</u>	<u>15,434,935</u>

### **Redemption receivable**

A redemption receivable is recorded on the consolidated statements of financial position when an investment has been redeemed but the cash has not yet been received from the custodian or fund manager.

### **Fixed assets**

Fixed assets are recorded at cost less accumulated depreciation, unless the asset is donated, in which case it is recorded at fair value on the date of the gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. The estimated useful lives are:

Furniture	10 years
Leasehold improvements	Life of lease
Computer hardware and software	3 years
Equipment	5 years

### **Grants awarded and payable**

Unconditional grants awarded, and the related payable, are recognized upon approval by the Organization and grantee acceptance, if applicable, which is accomplished through signing of the award agreement. Generally, the Organization does not award conditional grants. Grants awarded that are due in more than one year are not discounted as the amount of the discount is not material.

### **Functional expense allocations**

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Direct charitable expenses pertain to charitable activities for the benefit of others initiated and conducted in whole or in part by the Organization. Program operating expenses primarily pertain to the general grant making activities of the Organization such as reviewing proposals and awarding, monitoring, and evaluating grants. Expenses are directly applied when applicable and other expenses are allocated to programs or supporting services. Expenses have been allocated based on employee estimates of time and effort for all natural classes, with the exception of information technology and other expenses attributable to all employees, including occupancy. These expenses have been allocated based upon estimated head counts for each function.

### **Tax status**

Interact for Health is exempt from federal income tax under Internal Revenue Code (the "Code") section 501(c)(4), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. InterAct for Change is a tax-exempt organization under Code Section 501(c)(3), which has been classified as a public charity qualified for charitable contributions under Code Section 170. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to consolidated financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to

be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

**Reclassifications**

Certain items from 2020 have been reclassified to conform to the current year presentation.

**Subsequent events**

The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through March 15, 2022, the date on which the consolidated financial statements were available to be issued.

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

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

	<u>2021</u>	<u>2020</u>
Funders' Response to the Heroin Epidemic	\$ -	323,920
Scholarship Funds	86,388	92,866
Social Venture Partners restricted funds	-	104,729
Other purpose restricted funds	<u>402,612</u>	<u>425,771</u>
	<u>\$ 489,000</u>	<u>947,286</u>

Net assets released from restrictions are composed of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Funders' Response to the Heroin Epidemic	\$ 323,920	-
Scholarship Funds	9,000	11,111
Social Venture Partners restricted funds	152,908	206,332
Other purpose restricted funds	<u>364,491</u>	<u>335,151</u>
	<u>\$ 850,319</u>	<u>552,594</u>

**3. FAIR VALUE MEASUREMENTS:**

Fair value is defined as the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements and disclosures are based on a three-level hierarchy as follows:

Level 1 fair values are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 fair values are quoted prices in active markets for similar assets or liabilities in active markets, quoted prices in inactive markets for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 fair values are unobservable, supported by little or no market activity.

Financial instruments measured at fair value on a recurring basis using quoted prices for identical instruments in an active market (level 1) include mutual funds and exchange-traded funds.

The Organization also invests in hedge, private capital, and other limited partnership funds. These funds are measured at NAV as reported in audited financial statements, if available, or as provided by the investment manager at the measurement date. Private equity funds are recorded at NAV as of September 30 or December 31 as reported by the fund manager. For those funds recorded at NAV as of September 30, management adjusts the year end value for purchases and sales made during the fourth quarter, or other significant activity as provided by the fund manager. Investments in these funds can be subject to a variety of redemption and lock-up provisions, which may affect the liquidity or transferability of the investment at the measurement date.

The Organization has committed to providing additional capital related to the limited partnership funds in the amount of \$30,580,559 and \$40,606,605 at December 31, 2021 and 2020, respectively.

The Organization holds a variety of investments, the underlying securities of which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investment securities would occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Annually, the Organization reevaluates its classification of investments within the fair value hierarchy. There have been no changes to the methodology used to determine fair value.

The following table summarizes the assets measured at fair value and NAV on a recurring basis at December 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Investments measured at <u>NAV</u>
Investments:					
Mutual funds:					
Domestic	\$ 63,626,083	63,626,083	-	-	-
International	48,118,730	48,118,730	-	-	-
Fixed income	49,863,804	49,863,804	-	-	-
Exchange-traded funds:					
Emerging markets	48,129	48,129	-	-	-
Limited partnership funds:					
Private capital	79,334,009	-	-	-	79,334,009
Diversifying strategies	26,677,875	-	-	-	26,677,875
Public real assets	<u>2,089,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,089,848</u>
<b>Total investments</b>	<b>\$ <u>269,758,478</u></b>	<b><u>161,656,746</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>108,101,732</u></b>

The following table summarizes the assets measured at fair value and NAV on a recurring basis at December 31, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Investments measured at <u>NAV</u>
Investments:					
Mutual funds:					
Domestic	\$ 56,506,214	56,506,214	-	-	-
International	50,035,963	50,035,963	-	-	-
Fixed income	44,247,268	44,247,268	-	-	-
Exchange-traded funds:					
Emerging markets	49,257	49,257	-	-	-
Limited partnership funds:					
Private capital	47,829,140	-	-	-	47,829,140
Diversifying strategies	22,001,299	-	-	-	22,001,299
Public real assets	<u>6,768,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,768,213</u>
<b>Total investments</b>	<b>\$ <u>227,437,354</u></b>	<b><u>150,838,702</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>76,598,652</u></b>



Redemption provisions, notice periods and additional disclosures for the investments held at NAV are as follows:

	<u>Net Asset Value</u>		<u>Redemption Frequency</u>	<u>Notice Period</u>
	<u>2021</u>	<u>2020</u>		
Limited partnership funds:				
Diversifying strategies (a)	\$ 26,677,875	22,001,299	Quarterly	65 days
Public real assets (b)	2,089,848	6,768,213	Monthly	30 days
Private capital (c)	<u>79,334,009</u>	<u>47,829,140</u>	Not applicable	Not applicable
	<u>\$ 108,101,732</u>	<u>76,598,652</u>		

- (a) Diversifying strategies include market neutral and opportunistic hedge funds. Market neutral hedge funds are focused on arbitrage, long-short credit and equity, distressed debt, and structured credit investments. Opportunistic hedge funds include multi-strategy and global macro hedge funds, as well as distressed investments. Funds totaling \$26,677,875 are redeemable quarterly with 65 days' notice.
- (b) These funds represent primarily investments in master limited partnerships and publicly traded C-Corporations that focus on the energy infrastructure space. The balance is redeemable monthly with 30 days' notice.
- (c) Private capital includes private equity funds and private real assets. These funds seek long term capital appreciation by investing in a variety of investment strategies. These funds are generally not redeemable until such time as there is a liquidity event, or the fund is terminated by the general partner(s) subject to the terms of each fund's partnership agreement.

#### 4. GRANTS PAYABLE:

Grants payable approved for payment are scheduled to be disbursed as follows at December 31:

2022	\$ 973,023
2023	<u>119,955</u>
	<u>\$ 1,092,978</u>

#### 5. DEFERRED COMPENSATION:

The Organization maintains a non-qualified funded deferred compensation plan under Internal Revenue Code Section 457 for the benefit of one former and three current associates that are eligible. One former associate has funds in the plan and one associate contributed to the plan in 2021. The plan is voluntary, and participants may contribute to the plan, subject to certain limitations. No contributions were made by the Organization in connection with the plan. Deferred compensation assets and payable related to the plan were \$143,688 and \$133,444 as of December 31, 2021 and 2020, respectively.

**6. LEASE OBLIGATION:**

During 2021, the Organization entered into a lease for a new office which commenced on July 1, 2021 and will terminate in December 2031. The lease includes rent escalation provisions based on an annual inflation adjustment of 2.50% from a monthly base rent of \$13,841. Based on an estimated discount rate of 1.48%, the Organization recognized an operating lease right-of-use asset and related lease liability of \$1,715,031 at the lease inception. The lease provides the option to renew for two five-year periods at then market rates. Due to the changing needs of the community the Organization serves, it is unknown at this time if the renewal options will be exercised. The Organization has elected to implement the practical expedient of not separating lease components from nonlease components.

During 2021, the Organization recognized \$88,608 of straight-line rent expense under this lease.

The following is a schedule of future minimum lease payments for the years ended December 31:

2022	\$ 166,089
2023	170,241
2024	174,497
2025	178,860
2026	183,331
Thereafter	<u>987,741</u>
	1,860,759
Less imputed interest	<u>(220,839)</u>
	<u>\$ 1,639,920</u>

The Organization leased other office space through June 30, 2021 and equipment under operating leases through December 31, 2021. Rent expense was \$229,279 and \$440,662 for the years ended December 31, 2021 and 2020, respectively.

The Organization subleased space to one organization through June 30, 2021. Sublease income was \$91,165 and \$184,718 for the years ended December 31, 2021 and 2020, respectively, and is included in miscellaneous income on the accompanying consolidated statements of activities.

**7. RETIREMENT PLAN:**

The Organization maintains a retirement savings plan which allows participants to make contributions by salary reduction, pursuant to Section 401(k) of the Internal Revenue Code. The plan provides for a matching contribution and a discretionary contribution by the Organization. Participants vest immediately in their own, matching and discretionary contributions. The Organization's contributions to the plan were \$269,001 and \$302,694 for the years ended December 31, 2021 and 2020, respectively.

**8. LIQUIDITY DISCLOSURES:**

The Organization is substantially supported by investment income and contributions from donors which, at times, contain donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within

one year. As part of the Organization'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. In addition, the Organization invests cash in excess of daily requirements in investments as deemed appropriate.

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

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 546,697	1,401,706
Redemption, interest and dividends receivable	2,643,051	13,260
Investments at fair value	<u>269,758,478</u>	<u>227,437,354</u>
Financial assets available at year-end	<u>272,948,226</u>	<u>228,852,320</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restriction	489,000	947,286
Private capital investments	<u>79,334,009</u>	<u>47,829,140</u>
Total limitations on available resources	<u>79,823,009</u>	<u>48,776,426</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>193,125,217</u>	<u>180,075,894</u>

Unfunded commitments related to limited partnership funds of \$30,580,559 and \$40,606,605 at December 31, 2021 and 2020, respectively, are excluded from the above table as the deployment timeframe is generally unknown and at the discretion of the fund managers.

## 9. RISKS AND UNCERTAINTIES:

On March 11, 2020, the World Health Organization declared the outbreak of novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States and around the world. The outbreak has caused business disruption through restricting the movement of people and reducing building capacities. The extent to which the COVID-19 pandemic continues to impact the Organization's business activity or results of operations will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Interact for Health and Subsidiary  
Consolidating Statement of Financial Position  
December 31, 2021

	<u>Interact for Health</u>	<u>InterAct for Change</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 299,453	247,244	-	546,697
Investments	269,379,569	378,909	-	269,758,478
Redemption receivable	2,600,000	-	-	2,600,000
Interest and dividends receivable	43,051	-	-	43,051
Prepaid expenses	135,448	-	-	135,448
	<u>272,457,521</u>	<u>626,153</u>	<u>-</u>	<u>273,083,674</u>
<b>Fixed assets:</b>				
Furniture	220,895	-	-	220,895
Computer hardware and software	246,392	-	-	246,392
Equipment	304,399	-	-	304,399
Leasehold improvements	461,600	-	-	461,600
	<u>1,233,286</u>	<u>-</u>	<u>-</u>	<u>1,233,286</u>
Less accumulated depreciation	<u>(484,671)</u>	<u>-</u>	<u>-</u>	<u>(484,671)</u>
	<u>748,615</u>	<u>-</u>	<u>-</u>	<u>748,615</u>
<b>Other assets:</b>				
Security deposit	17,285	-	-	17,285
Operating lease right-of-use asset	1,551,312	-	-	1,551,312
Deferred compensation assets	143,688	-	-	143,688
	<u>1,712,285</u>	<u>-</u>	<u>-</u>	<u>1,712,285</u>
<b>Total assets</b>	<b>\$ <u>274,918,421</u></b>	<b><u>626,153</u></b>	<b><u>-</u></b>	<b><u>275,544,574</u></b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 187,051	-	-	187,051
Accrued liabilities	97,050	-	-	97,050
Grants payable, current portion	946,793	26,230	-	973,023
Operating lease liability, current portion	166,089	-	-	166,089
	<u>1,396,983</u>	<u>26,230</u>	<u>-</u>	<u>1,423,213</u>
<b>Long-term liabilities:</b>				
Grants payable, net of current portion	119,955	-	-	119,955
Operating lease liability, net of current portion	1,473,831	-	-	1,473,831
Deferred compensation payable	143,688	-	-	143,688
	<u>1,737,474</u>	<u>-</u>	<u>-</u>	<u>1,737,474</u>
<b>Total liabilities</b>	<b><u>3,134,457</u></b>	<b><u>26,230</u></b>	<b><u>-</u></b>	<b><u>3,160,687</u></b>
<b>Net assets</b>				
Without donor restrictions	271,783,964	110,923	-	271,894,887
With donor restrictions	-	489,000	-	489,000
	<u>271,783,964</u>	<u>599,923</u>	<u>-</u>	<u>272,383,887</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>274,918,421</u></b>	<b><u>626,153</u></b>	<b><u>-</u></b>	<b><u>275,544,574</u></b>

See accompanying independent auditors' report.

Interact for Health and Subsidiary  
Consolidating Statement of Financial Position  
December 31, 2020

	<u>Interact for Health</u>	<u>InterAct for Change</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 672,087	729,619	-	1,401,706
Investments	227,065,351	372,003	-	227,437,354
Interest and dividends receivable	13,260	-	-	13,260
Prepaid expenses	<u>161,353</u>	<u>23</u>	-	<u>161,376</u>
	<u>227,912,051</u>	<u>1,101,645</u>	-	<u>229,013,696</u>
<b>Fixed assets:</b>				
Furniture	587,015	-	-	587,015
Computer hardware and software	289,586	-	-	289,586
Equipment	259,826	-	-	259,826
Leasehold improvements	<u>471,171</u>	-	-	<u>471,171</u>
	1,607,598	-	-	1,607,598
Less accumulated depreciation	<u>(1,488,263)</u>	-	-	<u>(1,488,263)</u>
	<u>119,335</u>	-	-	<u>119,335</u>
<b>Other assets:</b>				
Deferred compensation assets	<u>133,444</u>	-	-	<u>133,444</u>
<b>Total assets</b>	<b>\$ <u>228,164,830</u></b>	<b><u>1,101,645</u></b>	<b>-</b>	<b><u>229,266,475</u></b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 62,656	-	-	62,656
Accrued liabilities	164,390	18,078	-	182,468
Grants payable, current portion	<u>588,674</u>	<u>25,634</u>	-	<u>614,308</u>
	<u>815,720</u>	<u>43,712</u>	-	<u>859,432</u>
<b>Long-term liabilities:</b>				
Grants payable, net of current portion	45,000	-	-	45,000
Deferred compensation payable	<u>133,444</u>	-	-	<u>133,444</u>
	<u>178,444</u>	-	-	<u>178,444</u>
<b>Total liabilities</b>	<u>994,164</u>	<u>43,712</u>	-	<u>1,037,876</u>
<b>Net assets</b>				
Without donor restrictions	227,170,666	110,647	-	227,281,313
With donor restrictions	<u>-</u>	<u>947,286</u>	-	<u>947,286</u>
	<u>227,170,666</u>	<u>1,057,933</u>	-	<u>228,228,599</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>228,164,830</u></b>	<b><u>1,101,645</u></b>	<b>-</b>	<b><u>229,266,475</u></b>

See accompanying independent auditors' report.

Interact for Health and Subsidiary  
Consolidating Statement of Activities  
Year Ended December 31, 2021

	Interact for Health	InterAct for Change		Eliminating Entries	Eliminating Entries	Total
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenues:						
Net investment gains	\$ 56,744,587	-	50,893	-	-	56,795,480
Other income:						
Grants and contributions received	-	25,596	341,140	(25,596)	-	341,140
Loss on sale of fixed assets	(10,109)	-	-	-	-	(10,109)
Miscellaneous income	91,165	7,612	-	-	-	98,777
Net assets released from restrictions	-	850,319	(850,319)	-	-	-
<b>Total revenues net of losses</b>	<b>56,825,643</b>	<b>883,527</b>	<b>(458,286)</b>	<b>(25,596)</b>	<b>-</b>	<b>57,225,288</b>
Expenses:						
Grants and direct charitable expenses	8,160,137	716,086	-	(25,596)	-	8,850,627
Program operating	2,783,885	110,803	-	-	-	2,894,688
<b>Total program expenses</b>	<b>10,944,022</b>	<b>826,889</b>	<b>-</b>	<b>(25,596)</b>	<b>-</b>	<b>11,745,315</b>
Management and general	1,268,323	29,953	-	-	-	1,298,276
Fundraising	-	26,409	-	-	-	26,409
<b>Total supporting services</b>	<b>1,268,323</b>	<b>56,362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,324,685</b>
<b>Total expenses</b>	<b>12,212,345</b>	<b>883,251</b>	<b>-</b>	<b>(25,596)</b>	<b>-</b>	<b>13,070,000</b>
Change in net assets	44,613,298	276	(458,286)	-	-	44,155,288
Net assets at beginning of year	227,170,666	110,647	947,286	-	-	228,228,599
Net assets at end of year	\$ 271,783,964	110,923	489,000	-	-	272,383,887

See accompanying independent auditors' report.

Interact for Health and Subsidiary  
Consolidating Statement of Activities  
Year Ended December 31, 2020

	Interact for Health	InterAct for Change		Eliminating Entries	Eliminating Entries	Total
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenues:						
Net investment gains	\$ 15,392,354	-	42,581	-	-	15,434,935
Other income:						
Grants and contributions received	-	40,610	738,004	(40,610)	(227,000)	511,004
Miscellaneous income	184,718	9,939	-	-	-	194,657
Net assets released from restrictions	-	779,594	(779,594)	(227,000)	227,000	-
<b>Total revenues net of losses</b>	<b>15,577,072</b>	<b>830,143</b>	<b>991</b>	<b>(267,610)</b>	<b>-</b>	<b>16,140,596</b>
Expenses:						
Grants and direct charitable expenses	5,708,597	286,500	-	(250,610)	-	5,744,487
Program operating	2,292,475	460,203	-	(16,600)	-	2,736,078
Total program expenses	8,001,072	746,703	-	(267,210)	-	8,480,565
Management and general	922,660	33,973	-	(400)	-	956,233
Fundraising	-	46,348	-	-	-	46,348
Total supporting services	922,660	80,321	-	(400)	-	1,002,581
<b>Total expenses</b>	<b>8,923,732</b>	<b>827,024</b>	<b>-</b>	<b>(267,610)</b>	<b>-</b>	<b>9,483,146</b>
Change in net assets	6,653,340	3,119	991	-	-	6,657,450
Net assets at beginning of year	220,517,326	107,528	946,295	-	-	221,571,149
Net assets at end of year	\$ 227,170,666	110,647	947,286	-	-	228,228,599

See accompanying independent auditors' report.

