
FOUNDATION FOR COMMUNITY HEALTH, INC.

Annual Financial Statements

For the Year Ended December 31, 2020

FOUNDATION FOR COMMUNITY HEALTH, INC.

Table of Contents

For the Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT	1
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BASIC FINANCIAL STATEMENTS:

Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Foundation for Community Health, Inc.

We have audited the accompanying financial statements of the Foundation for Community Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 accounting 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 the Foundation for Community Health, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation for Community Health, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

King, King & Associates

King, King & Associates, CPAs
August 23, 2021

Foundation for Community Health, Inc.

Statements of Financial Position

December 31, 2020

With Comparative totals for December 31, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 162,420	\$ 15,017
Prepaid Expenses	12,900	7,284
Total Current Assets	<u>175,320</u>	<u>22,301</u>
Fixed Assets, Net	<u>11,934</u>	<u>16,039</u>
Other Assets:		
Investments	27,691,999	25,821,650
Contribution Receivable - CRT	18,580	17,218
Security Deposit	5,000	5,000
Total Other Assets	<u>27,715,579</u>	<u>25,843,868</u>
Total Assets	<u>\$ 27,902,833</u>	<u>\$ 25,882,208</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Grants Payable	\$ 885,033	\$ 872,011
Accounts Payable & Accrued Expenses	91,374	70,059
Total Current Liabilities	<u>976,407</u>	<u>942,070</u>
Total Liabilities	<u>976,407</u>	<u>942,070</u>
Net Assets:		
Without Donor Restrictions	22,248,255	20,673,738
With Donor Restrictions	4,678,171	4,266,400
Total Net Assets	<u>26,926,426</u>	<u>24,940,138</u>
Total Liabilities and Net Assets	<u>\$ 27,902,833</u>	<u>\$ 25,882,208</u>

The accompanying notes are an integral part of this financial statement.

Foundation for Community Health, Inc.

Statement of Activities

For the Year Ended December 31, 2020

With Comparative Totals for December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Support and Revenue:				
Contributions	\$ 429,560	\$ -	\$ 429,560	\$ 399,829
Investment Return	2,522,611	565,417	3,088,028	4,140,714
Change in Value of CRT	-	1,362	1,362	-
Other Revenues	-	-	-	514
Net Assets Released From Restrictions:				
Satisfaction of Donor Restrictions	155,008	(155,008)	-	-
Total Support and Revenue	<u>3,107,179</u>	<u>411,771</u>	<u>3,518,950</u>	<u>4,541,057</u>
Expenses:				
Grants and Disbursements	874,492	-	874,492	2,081,016
Program Expenses	449,281	-	449,281	429,486
Management and General	208,889	-	208,889	191,026
Total Expenses	<u>1,532,662</u>	<u>-</u>	<u>1,532,662</u>	<u>2,701,528</u>
Change in Net Assets	<u>1,574,517</u>	<u>411,771</u>	<u>1,986,288</u>	<u>1,839,529</u>
Net Assets, Beginning	<u>20,673,738</u>	<u>4,266,400</u>	<u>24,940,138</u>	<u>23,100,609</u>
Net Assets, Ending	<u>\$ 22,248,255</u>	<u>\$ 4,678,171</u>	<u>\$ 26,926,426</u>	<u>\$ 24,940,138</u>

The accompanying notes are an integral part of this financial statement.

Foundation for Community Health, Inc.

Statements of Cash Flows
December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,986,288	\$ 1,839,529
Adjustments:		
Depreciation	4,105	4,614
Realized and Unrealized (Gain) Loss on Investments	(2,935,962)	(3,952,714)
Decreases/(Increases) in Assets:		
Prepaid Expenses	(5,616)	(99)
Contribution Receivable - CRTs	(1,362)	-
Increases/(Decreases) in Liabilities		
Grants Payable	13,022	483,864
Accounts Payable and Accrued Expenses	21,315	(31,145)
Total Adjustments	(2,904,498)	(3,495,480)
Net Cash Used by Operating Activities	(918,210)	(1,655,951)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Property & Equipment	-	(10,209)
Proceeds from Sales of Investments	1,850,713	2,411,440
Purchase of Investments	(785,100)	(791,443)
Net Cash Provided by Investing Activities	1,065,613	1,609,788
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	147,403	(46,163)
Cash and Cash Equivalents at Beginning of Year	15,017	61,180
Cash and Cash Equivalents at End of Year	\$ 162,420	\$ 15,017
Supplemental Information:		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

The accompanying notes are an integral part of this financial statement.

Foundation for Community Health, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Management and General	Programs	Totals	
			2020	2019
Grants and Disbursements	\$ -	\$ 854,216	\$ 854,216	\$ 2,081,016
Additional COVID Grants	-	20,276	20,276	-
Salaries	116,343	247,228	363,571	347,069
Employee Benefits	30,484	64,777	95,261	86,444
Payroll Taxes	8,681	18,446	27,127	25,954
Unemployment	420	893	1,313	1,140
Legal Services	247	524	771	15,864
Administrative Services	9,247	19,650	28,897	28,771
Program Consultants	-	25,200	25,200	2,380
Insurance	2,368	5,033	7,401	6,920
Rent	9,980	21,208	31,188	30,577
Utilities and Fuel	1,349	2,867	4,216	5,268
Telephone	868	1,843	2,711	2,362
Postage and Shipping	198	420	618	1,000
Office and Computer Supplies	2,947	6,261	9,208	8,675
Printing	-	-	-	656
Dues & Subscriptions	423	899	1,322	937
Meetings, Luncheons, Dinners	396	990	1,386	7,133
Staff Development	1,003	2,132	3,135	7,146
Travel	260	552	812	4,770
Depreciation	1,314	2,791	4,105	4,614
Accounting	10,690	-	10,690	10,280
Computer Maintenance Contract	1,917	4,074	5,991	2,150
Software Support	3,938	8,369	12,307	2,628
Payroll Service Fees	825	1,754	2,579	2,413
Equipment Rental and Maintenance	858	1,823	2,681	3,015
Communications/Website	4,133	11,547	15,680	12,346
Totals	<u>\$ 208,889</u>	<u>\$ 1,323,773</u>	<u>\$ 1,532,662</u>	<u>\$ 2,701,528</u>

The accompanying notes are an integral part of this financial statement.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Foundation

The Foundation for Community Health, Inc. (FCH) was formed to maintain and improve the physical and mental health of all residents of the area historically served by Sharon Hospital, Inc. FCH was created under mandate of the Attorney General and the Superior Court of the State of Connecticut. During 2014, FCH changed its status as a Type III Supporting Organization of BTCF to a Type I Supporting Organization to three local community foundations: Berkshire Taconic Community Foundation, Inc., Northwest Connecticut Community Foundation, Inc. and The Community Foundations of the Hudson Valley, Inc. As required by its by-laws, this change was pre-approved by the State of Connecticut's Attorney General. While FCH has decided to keep the balance of its funds in the BTCF Managed Pool, as a good-will measure it funded two \$1,000,000 grants to donor-advised funds at each of the other two community foundations. While FCH has surrendered ownership of the money deposited into the funds, it has maintained an advisory control over how grants are distributed to charities. FCH is a separate, independent corporation governed by its own board of directors.

FCH was created as a result of the sale of Sharon Hospital, Inc. (a not-for-profit corporation) to Essent Healthcare, Inc. (a for-profit corporation) based on a lengthy approval process governed by the Attorney General and the Litchfield County Superior Court. Investment income is utilized to fulfill its mission.

Basis of Accounting

The financial statements of FCH have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

FCH is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. In addition, FCH is required to present a statement of cash flows. A description of the two net asset categories follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Net Asset with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the entity or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Charitable Remainder Trusts are included in Net Assets with Donor Restrictions.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FCH's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates by management. The actual results of operations may differ from management's estimates.

Income Taxes

FCH is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, there is no provision for income taxes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, FCH considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents maintained in investment accounts for re-investment are excluded from cash and are reported as investments.

Endowment

The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: *Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds* (FAS 117-1). FAS 117-1 provides accounting standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FAS 117-1 also provides for other disclosures concerning an organization's endowment funds and whether or not the organization is subject to UPMIFA. The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007 (CTPMIFA). The State of New York has also adopted its version (NYPMIFA) in September, 2010. Prior to the issuance of FAS 117-1, accumulated gains and income on donor restricted endowment assets were classified as unrestricted net assets in accordance with the Uniform Management of Institutional Funds Act (UMIFA). Under SP No. 117-1, accumulated gains and income on donor-restricted endowment assets of perpetual duration are classified as net assets with donor restrictions until appropriated for expenditure.

Investments

Investments consist of FCH's share of the Berkshire Taconic Community Foundation's "Managed Pool," which consists of various types of investments. The Managed Pool and the SRI Pool have significant investments in equity and debt securities and is therefore subject to concentrations of credit and market risk. Investments are managed by investment advisors who are selected and engaged by the Investment Committee of the Board of Directors of the Berkshire Taconic Community Foundation (BTCF). The policies regarding investment composition, valuation, and spending are those of BTCF, reviewed and adopted by FCH.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

Marketable investments in equities and debt securities are carried at fair value based upon quoted market prices. For limited marketability investments, including alternative investments which are principally absolute return strategies, private equity and real estate, the carrying value is the estimated fair value. Because alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material. FCH's alternative investments accessed through limited partnerships are determined by the general partner to be at fair value pursuant to FASB ASC 820-10, as further discussed below, after it considers certain pertinent factors, including, but not limited to, the partner's share of the underlying limited partnership's net assets, liquidity features of the partnership, the underlying portfolio of holdings, the current market conditions for observable, corroborated or correlated transactions, comparable or similar products' fair valuations, external assessments of the limited partnerships' holdings, and the audit opinion from the independent auditor of the limited partnership.

Fair Value of Financial Instruments

In accordance with FASB ASC 820-10, FCH is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Values are based on quoted prices in active markets for identical assets.

Level 2: Values are based on significant observable market inputs, such as:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for similar assets or liabilities in market that are not active;
- c. Observable inputs other than quoted prices for the asset or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Values are based on significant unobservable inputs for the asset or liability should be used to the extent that observable inputs are not available. Fair value inputs used for absolute return investment, private equity investments, and nonearning assets have been estimated using the estimated net asset value per share of the investments.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment.

In accordance with FASB ASC 820-10, FCH's carrying amount of cash and cash equivalents and grants payable approximate fair value under Level 1. Investments are carried at fair value and are presented in Note 9. Split-interest agreements are reported at fair value based on the life expectancy of the beneficiary and the net present value of the expected cash flows using a discount rate, which are Level 3 unobservable inputs. Agency funds are carried at fair value based on the underlying investments. Derivatives instruments held in the managed pool are measured at fair value based on Level 2 input. FCH does not directly pursue derivatives or speculative investments; however, in the ordinary course of investing activities, BTCF, pursuant to their investment policies, may hold these investments in various investment pools, of which FCH is a participant.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

Spending Policy

The Board adopted spending cap is presently at 4.25% on the average asset base over the past 20 quarters of all funds. A schedule calculating the spending policy is reviewed and approved by the Board of Directors annually.

Investment Policy

Through BTCF, FCH has adopted investment and spending policies for endowment assets in an effort to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce on average, over long-term horizons, returns that will offset spending plus inflation plus administrative fees.

To satisfy its long-term rate-of-return objectives, BTCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BTCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Property and Equipment

All acquisitions of property and equipment and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets.

Website	3 years
Furniture and Fixtures	7 years
Computer Equipment and Software	5 years
Leasehold Improvements	15 years

Contributions and Classification of Net Assets

Gifts of cash and other assets received are reported as without donor restrictions, unless subject to time restrictions. The Foundation receives annual contributions from two trusts. When a donor-stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as restrictions satisfied by payment. Restricted contributions are reported as increases to net assets without donor restrictions when restrictions expire (that is, when a stipulated restriction of time ends or purpose is accomplished) in the reporting period that the contributions are reported as revenues. Donor restricted support whose restrictions are met in the same reporting period are reported as without donor restricted support.

Investment Income

Investment income includes interest and dividends earned on savings accounts, as well as any other form of investment income, such as realized and unrealized gains. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as unrestricted support.

Grant Awards

Grant awards are recorded as expenses when approved by FCH and when grant terms do not include material conditions.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

Communications Expense

All communications and website costs are expensed in the period incurred as any future economic benefit cannot be quantified.

Review for Subsequent Events

In connection with the preparation of the financial statements of FCH, as of and for the year ended December 31, 2020, events and transactions subsequent to December 31, 2020 through August 23, 2021, the date the financial statements were available to be issued, have been evaluated by FCH management for possible adjustment and/or disclosure.

NOTE 2 – AVAILABILITY AND LIQUIDITY INFORMATION

FCH's financial assets due within one year of the statement of financial position date for general expenditures are as follows:

Cash & Cash Equivalents	\$ 162,420
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FCH's total endowment is \$27,691,999 of which \$4,678,172 is subject to restrictions by the donor. The endowment is subject to a spending rate of 4.25% as discussed in Note 1.

As part of its liquidity management, the entity has a policy to structure its financial assets to be available as general expenditures and other obligations become due. Although FCH does not intend to spend from its investments other than amount appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its endowment could be made available if necessary.

In addition, since FCH pools its investments with BTCF, and its funds represent a significant portion of the BTCF Managed Pool and the BTCF Socially Responsible Investment (SRI) Pool, BTCF requires that FCH provide 120 days written notice should it want to withdraw more than 10% of its funds at time during the calendar year. This is stipulated in FCH's Financial Services Agreement with BTCF.

NOTE 3 – DETAIL NOTES ON ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

At December 31, 2020, the carrying amounts of FCH's deposits were \$162,420, and the bank balance was \$217,574, all of which is FDIC insured.

Investments

Investment return on the investment pool and its classification in the statement of activities consisted of the following:

	<u>2020</u>	<u>2019</u>
Dividends and Interest	\$ 355,540	\$ 391,614
Unrealized Gains (Losses)	1,658,866	3,044,055
Realized Gains (Losses)	1,277,096	908,659
Investment Fees	(203,474)	(203,614)
	<u>\$ 3,088,028</u>	<u>\$ 4,140,714</u>

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

Fixed Assets

Fixed Assets consist of the following

	<u>2020</u>	<u>2019</u>
Equipment	\$ 28,716	\$ 85,648
Website	-	5,228
	<u>28,716</u>	<u>90,876</u>
Accumulated Depreciation	<u>(16,782)</u>	<u>(74,837)</u>
	<u>\$ 11,934</u>	<u>\$ 16,039</u>

Depreciation Expense was \$4,105 and \$4,614 for the years ended December 31, 2020 and 2019.

Grants Payable

As of December 31, grants payable are committed as follows:

	<u>2020</u>	<u>2019</u>
Due in one year or less	\$ 885,033	\$ 819,571
Due in one to five years	-	52,440
	<u>\$ 885,033</u>	<u>\$ 872,011</u>

Net Assets With Donor Restrictions

Net Assets with Donor Restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Contribution Receivable - CRT	\$ 18,580	\$ 17,218
Field of Interest Medical Education Funds	99,763	91,539
Field of Interest Prescription Funds	(13)	141
Income on Permanently Restricted Funds Per Adoption of UPMIFA:		
Restricted Funds	1,691,348	1,378,552
Prescription Funds	582,595	493,051
Field of Interest Prescription Funds	423,062	423,062
"Unrestricted Funds"	<u>1,862,837</u>	<u>1,862,837</u>
	<u>\$ 4,678,172</u>	<u>\$ 4,266,400</u>

NOTE 3 – BENEFICIARY INTEREST IN PERPETUAL TRUSTS

FCH is an income beneficiary of two irrevocable perpetual trusts, the assets of which are managed by and are in the possession of Bank of America. The assets held in these trusts were valued at \$8,828,119 and \$7,953,004 respectively as of December 31, 2020 and 2019. FCH has interests in the income only, and no provision to receive any principal. FCH received \$363,071 and \$290,364 in income distributions based on the fund's income after certain trust expenses for the years ending December 31, 2020 and 2019.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

NOTE 4 – CHARITABLE REMAINDER TRUSTS

FCH has a split-interest in a charitable remainder trust, administered by a trustee outside FCH. The charitable remainder trust provides for the payment of distributions to the designated beneficiaries over the trust's term (the beneficiaries' lifetime). At the end of the trust's term, FCH will receive 10% of remaining assets. An asset is reported in the Statement of Financial Position representing the present value of the expected future benefits. On an annual basis, FCH revalues the asset. It is reported as Contribution Receivable – CRT.

There are charitable remainder trusts which name Sharon Hospital as the beneficiary. FCH is the logical successor; however, it has not yet been named as beneficiary. No contributions from these trusts have been recorded.

NOTE 5 – LEASE COMMITMENTS

FCH entered into a copier lease that requires monthly payments of \$167 for 60 months beginning March 2017. Total lease expense for 2020 and 2019 amounted to \$2,003 and \$2,003. Future minimum lease payments under these leases are as follows as of December 31, 2020:

2021	\$2,003
2022	501

On January 15, 2019, FCH entered into a space lease for 5 years through January 14, 2024. The monthly rent for 2020 was \$2,601 per month with annual increases of 2% for succeeding months. Rent expense for 2020 and 2019 totaled \$31,188 and \$30,577. Future minimum lease payments are as follows:

2021	\$31,836
2022	32,472
2023	33,120

NOTE 6 – TAX DEFERRED ANNUITY

FCH has adopted a 403(b)(7) Tax Deferred Annuity Plan for its employees and has voluntarily contributed 7% of annual salaries for eligible employees. Investment companies maintain the invested assets. The employer contributions to the plan for the years ending December 31, 2020 and 2019 were \$25,127 and \$23,973.

NOTE 7 – RELATED PARTY TRANSACTIONS

FCH received investment management and administrative services from BTCF. FCH is a type-one supporting organization of BTCF. The total fees paid for 2020 and 2019 were \$133,242 and \$133,185. The Investment fees of \$104,345 and \$104,414 were based on average assets managed by BTCF of \$23,614,947 and \$23,637,925 for the years 2020 and 2019 respectively. Administrative fees were \$28,897 and \$26,772 for 2020 and 2019. In addition, a \$2,000 supporting organization fee was charged in both years. Administrative fees are based on the CPI index. Amounts owed to BTCF were \$34,143 and \$33,414 at December 31, 2020 and 2019.

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

NOTE 8 – ENDOWMENT FUNDS

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-Restricted Endowment Funds	\$ -	\$ 4,659,592	\$ 4,659,592
Board-Designated Endowment Funds	<u>22,056,000</u>	<u>-</u>	<u>22,056,000</u>
 Total Funds	 <u>\$ 22,056,000</u>	 <u>\$ 4,659,592</u>	 <u>\$ 26,715,592</u>

Changes in Endowment Assets as of December 31, 2020 are as follows:

	Without Donor Unrestrictions	With Donor Restrictions	Total Endowment Assets
Endowment Assets at 12/31/19	\$ 20,630,398	\$ 4,249,182	\$ 24,879,580
Contributions	429,560	-	429,560
Investment Return, Net	2,556,006	565,418	3,121,424
Amounts Appropriated for Expenditure	<u>(1,559,964)</u>	<u>(155,008)</u>	<u>(1,714,972)</u>
 Endowment Assets at 12/31/20	 <u>\$ 22,056,000</u>	 <u>\$ 4,659,592</u>	 <u>\$ 26,715,592</u>

BTCF regularly reports the liquidity of invested assets in multiple pools. FCH holds investments in three investment pools. Funds are withdrawn from the managed pool quarterly for operating expenses. Amounts to cover budgeted grants are disbursed at three different intervals per year in 2021 to the money market pool. BTCF will rebalance the pools weekly to maintain 85% in the Managed Pool and 15 in the SRI Pool annually. Applying FCH's percentage ownership in the BTCF Managed Pool results in the following projected table of liquidity.

<u>Redemption Terms</u>	<u>Amount of Invested Pool</u>	<u>% of Invested Pool</u>
Daily	\$ 10,329,116	37.3%
Monthly	2,353,820	8.5%
Quarterly	8,556,827	30.9%
Annually	2,658,432	9.6%
Illiquid	3,793,804	13.7%
Total	<u>\$ 27,691,999</u>	<u>100.0%</u>

Requests of funds by FCH during each calendar year of up to 10% of the value of the FCH Fund will be disbursed within 10 days. FCH must provide BTCF with 120 days written notice for any request of funds in excess.

FOUNDATION FOR COMMUNITY HEALTH, INC.
Notes to the Financial Statements

NOTE 9 – FAIR VALUE INFORMATION

<u>Description</u>	December 31, <u>2020</u>	<u>Net Asset</u> <u>Value</u>	<u>Fair Value Measurements Using</u>		
			<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Interest in Berkshire Taconic Community Foundation	\$ 27,691,999	\$ -	\$ -	\$ 27,691,999	\$ -
Beneficial Interest in Remainder Trusts	18,580	-	-	-	18,580
Reported as:					
Investments	\$ 27,691,999				
Contribution Receivable	18,580				

The interest in Berkshire Taconic Community Foundation is reported as valued using Level 2 measurements because FCH owns an interest in an investment pool which is periodically measured by BTCF. The intermediation of BTCF results in some assets being classified as Level 2 assets in the table above when they would otherwise be deemed at Net Asset Value or Level 1 if held as direct investments by FCH.

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs:

	<u>Beneficial Interest</u> <u>in Remainder Trust</u>
Balance, beginning of year	\$ 17,218
Total gains or losses (realized and unrealized) included in the change in net assets	1,362
Purchases and Sales	-
Transfers in and/or out of Level 3	-
Balance, end of year	<u>\$ 18,580</u>

The amount of total gains (losses) for the period included in change in net assets attributable to the change in unrealized gains related to assets still held at end of year \$ -

The amount reported as Change in Value of Split-Interest Agreements Related to Assets Held at Year-end 1,362

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

NOTE 10 – SUPPORTED ORGANIZATIONS

In 2014, FCH established two \$1,000,000 donor-advised funds, one at Northwest Connecticut Community Foundation, Inc. and the other at Community Foundations of the Hudson Valley. Grant disbursements were recommended during the year. Donor-advised fund balances remain above the original gift amount. All remaining funds are held at its third supporting organization, the Berkshire Taconic Community Foundation.

NOTE 11 – FUNCTIONAL EXPENSE ALLOCATION METHOD

The costs of providing program and management services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the Statement of Functional Expenses. Certain expenses, such as Grants, Miscellaneous COVID funding, Program Consultants and Printing are allocated 100% to Program. Expenses such as Accounting are considered 100% Management & General Costs. Other expenses such as Meetings, Luncheons & Dinners are specifically identified. The remainder of the expenses are allocated 32% to Management and General and 68% to Programs based on management's estimate and historical experience.

NOTE 12 – NEW ACCOUNTING PRONCEMENTS NOT YET EFFECTIVE

The Financial Accounting Standards Board has issued Accounting Standards Update 2016-02, Leases. This update requires entities to recognize all leased assets as assets on the financial statements sheet with corresponding liabilities quantifying future required payments under lease arrangements. The update is effective for nonpublic entities for the period ending after December 15, 2021. FCH has not yet evaluated the impact of this statement; however, it will impact the reporting of the lease for office space.

NOTE 13 – RISKS AND UNCERTAINTIES

The World Health Organization declared the coronavirus outbreak ("COVID-19") a pandemic. The impact of COVID-19 could negatively affect FCH's investments and demand for services. The extent to which COVID-19 impacts FCH's financial position will depend upon future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or its impact, among others.