
FOUNDATION FOR COMMUNITY HEALTH, INC.

Annual Financial Statements

For the Year Ended December 31, 2021

FOUNDATION FOR COMMUNITY HEALTH, INC.

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For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Community Health, Inc., as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation for Community Health, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, misstatements, or in the override of internal control. Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the

judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation for Community Health, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation for Community Health, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Foundation for Community Health, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



King, King & Associates, CPAs

August 19, 2022

Foundation for Community Health, Inc.

Statements of Financial Position

December 31, 2021

With Comparative totals for December 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 95,759	\$ 162,420
Prepaid Expenses	3,581	12,900
Total Current Assets	<u>99,340</u>	<u>175,320</u>
Fixed Assets, Net	<u>7,958</u>	<u>11,934</u>
Other Assets:		
Investments	30,491,856	27,691,999
Contribution Receivable - CRT	19,536	18,580
Security Deposit	5,000	5,000
Total Other Assets	<u>30,516,392</u>	<u>27,715,579</u>
Total Assets	<u>\$ 30,623,690</u>	<u>\$ 27,902,833</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Grants Payable	\$ 30,000	\$ 885,033
Accounts Payable & Accrued Expenses	94,789	91,374
Total Current Liabilities	<u>124,789</u>	<u>976,407</u>
Total Liabilities	<u>124,789</u>	<u>976,407</u>
Net Assets:		
Without Donor Restrictions	25,126,773	22,248,255
With Donor Restrictions	5,372,128	4,678,171
Total Net Assets	<u>30,498,901</u>	<u>26,926,426</u>
Total Liabilities and Net Assets	<u>\$ 30,623,690</u>	<u>\$ 27,902,833</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, 2021

With Comparative Totals for December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Support and Revenue:				
Contributions	\$ 364,396	\$ -	\$ 364,396	\$ 429,560
Investment Return	3,914,249	881,494	4,795,743	3,088,028
Change in Value of CRT	-	956	956	1,362
Net Assets Released From Restrictions:				
Satisfaction of Donor Restrictions	188,493	(188,493)	-	-
Total Support and Revenue	<u>4,467,138</u>	<u>693,957</u>	<u>5,161,095</u>	<u>3,518,950</u>
Expenses:				
Grants and Disbursements	890,556	-	890,556	874,492
Program Expenses	468,873	-	468,873	449,281
Management and General	229,191	-	229,191	208,889
Total Expenses	<u>1,588,620</u>	<u>-</u>	<u>1,588,620</u>	<u>1,532,662</u>
Change in Net Assets	<u>2,878,518</u>	<u>693,957</u>	<u>3,572,475</u>	<u>1,986,288</u>
Net Assets, Beginning	<u>22,248,255</u>	<u>4,678,171</u>	<u>26,926,426</u>	<u>24,940,138</u>
Net Assets, Ending	<u>\$ 25,126,773</u>	<u>\$ 5,372,128</u>	<u>\$ 30,498,901</u>	<u>\$ 26,926,426</u>

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

Foundation for Community Health, Inc.

Statements of Cash Flows
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,572,475	\$ 1,986,288
Adjustments:		
Depreciation	3,976	4,105
Realized and Unrealized (Gain) Loss on Investments	(4,686,707)	(2,935,962)
Decreases/(Increases) in Assets:		
Prepaid Expenses	9,319	(5,616)
Contribution Receivable - CRTs	(956)	(1,362)
Increases/(Decreases) in Liabilities		
Grants Payable	(855,033)	13,022
Accounts Payable and Accrued Expenses	3,415	21,315
Total Adjustments	<u>(5,525,986)</u>	<u>(2,904,498)</u>
Net Cash Used by Operating Activities	<u>(1,953,511)</u>	<u>(918,210)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales of Investments	2,640,211	1,850,713
Purchase of Investments	<u>(753,361)</u>	<u>(785,100)</u>
Net Cash Provided by Investing Activities	<u>1,886,850</u>	<u>1,065,613</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(66,661)	147,403
Cash and Cash Equivalents at Beginning of Year	<u>162,420</u>	<u>15,017</u>
Cash and Cash Equivalents at End of Year	<u>\$ 95,759</u>	<u>\$ 162,420</u>
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, 2021
With Comparative Totals for December 31, 2020

	Management and General	Programs	Totals	
			2021	2020
Grants and Disbursements	\$ -	\$ 890,556	\$ 890,556	\$ 854,216
Additional COVID Grants	-	-	-	20,276
Salaries	112,473	262,438	374,911	363,571
Employee Benefits	29,563	68,980	98,543	95,261
Payroll Taxes	8,355	19,496	27,851	27,127
Unemployment	310	724	1,034	1,313
Legal Services	17,245	-	17,245	771
Administrative Services	8,678	20,249	28,927	28,897
Program Consultants	2,880	6,720	9,600	25,200
Insurance	2,323	5,419	7,742	7,401
Rent	9,544	22,269	31,813	31,188
Utilities and Fuel	1,495	3,487	4,982	4,216
Telephone	780	1,819	2,599	2,711
Postage and Shipping	184	430	614	618
Office and Computer Supplies	1,477	3,447	4,924	9,208
Dues & Subscriptions	484	1,130	1,614	1,322
Meetings, Luncheons, Dinners	643	1,499	2,142	1,386
Staff Development	716	1,672	2,388	3,135
Travel	727	1,696	2,423	812
Depreciation	1,193	2,783	3,976	4,105
Accounting	11,000	-	11,000	10,690
Computer Maintenance Contract	2,091	4,878	6,969	5,991
Software Support	7,899	18,431	26,330	12,307
Payroll Service Fees	999	2,332	3,331	2,579
Equipment Rental and Maintenance	2,387	5,570	7,957	2,681
Communications/Website	5,745	13,404	19,149	15,680
Totals	<u>\$ 229,191</u>	<u>\$ 1,359,429</u>	<u>\$ 1,588,620</u>	<u>\$ 1,532,662</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, 2020, 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 or grant making 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, 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 5.00% 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 Development & Build	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 annual maintenance 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, 2021, events and transactions subsequent to December 31, 2021 through August 19, 2022, 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	\$ 95,759
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FCH's total endowment is \$30,491,856 of which \$5,372,128 is subject to restrictions by the donor. The endowment is subject to a spending rate of 5.0% 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 a 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, 2021, the carrying amounts of FCH's deposits were \$95,759, and the bank balance was \$206,884, 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>2021</u>	<u>2020</u>
Dividends and Interest	\$ 388,965	\$ 355,540
Unrealized Gains (Losses)	3,914,244	1,658,866
Realized Gains (Losses)	772,463	1,277,096
Investment Fees	<u>(279,929)</u>	<u>(203,474)</u>
	<u>\$ 4,795,743</u>	<u>\$ 3,088,028</u>

FOUNDATION FOR COMMUNITY HEALTH, INC.

Notes to the Financial Statements

Fixed Assets

Fixed Assets consist of the following

	<u>2021</u>	<u>2020</u>
Equipment	\$ 28,716	\$ 28,716
	28,716	28,716
Accumulated Depreciation	<u>(20,758)</u>	<u>(16,782)</u>
	<u>\$ 7,958</u>	<u>\$ 11,934</u>

Depreciation Expense was \$3,976 and \$4,105 for the years ended December 31, 2021 and 2020.

Grants Payable

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

	<u>2021</u>	<u>2020</u>
Due in one year or less	\$ 30,000	\$ 885,033
Due in one to five years	-	-
	<u>\$ 30,000</u>	<u>\$ 885,033</u>

Net Assets With Donor Restrictions

Net Assets with Donor Restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Contribution Receivable - CRT	\$ 19,536	\$ 18,580
Field of Interest Medical Education Funds	114,504	99,763
Field of Interest Prescription Funds	(15)	(13)
Income on Permanently Restricted Funds Per Adoption of UPMIFA:		
Restricted Funds	2,219,528	1,691,348
Prescription Funds	732,676	582,595
Field of Interest Prescription Funds	423,062	423,062
"Unrestricted Funds"	<u>1,862,837</u>	<u>1,862,837</u>
	<u>\$ 5,372,128</u>	<u>\$ 4,678,172</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 \$9,607,073 and \$8,828,119 respectively as of December 31, 2021 and 2020. FCH has interests in the income only, and no provision to receive any principal. FCH received \$363,594 and \$363,071 in income distributions based on the fund's income after certain trust expenses for the years ending December 31, 2021 and 2020.

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 2021 and 2020 amounted to \$2,003 and \$2,003. Future minimum lease payments under these leases are as follows as of December 31, 2021:

2022	\$501
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On January 15, 2019, FCH entered into a space lease for 5 years through January 14, 2024. The monthly rent for 2021 was \$2,601 per month with annual increases of 2% for succeeding months. Rent expense for 2021 and 2020 totaled \$31,813 and \$31,188. Future minimum lease payments are as follows:

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, 2021 and 2020 were \$25,992 and \$25,127.

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 2021 and 2020 were \$148,081 and \$133,242. The Investment fees of \$119,183 and \$104,345 were based on average assets managed by BTCF of \$28,561,166 and \$23,614,947 for the years 2021 and 2020 respectively. Administrative fees were \$28,927 and \$28,897 for 2021 and 2020. Administrative fees are based on the CPI index. Amounts owed to BTCF were \$37,647 and \$34,143 at December 31, 2021 and 2020.

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	\$ -	\$ 5,352,592	\$ 5,352,592
Board-Designated Endowment Funds	<u>25,014,475</u>	<u>-</u>	<u>25,014,475</u>
 Total Funds	 <u>\$ 25,014,475</u>	 <u>\$ 5,352,592</u>	 <u>\$ 30,367,067</u>

Changes in Endowment Assets as of December 31, 2021 are as follows:

	Without Donor Unrestrictions	With Donor Restrictions	Total Endowment Assets
Endowment Assets at 12/31/20	\$ 22,056,000	\$ 4,659,592	\$ 26,715,592
Contributions	364,396	-	364,396
Investment Return, Net	3,994,205	881,494	4,875,699
Amounts Appropriated for Expenditure	<u>(1,400,126)</u>	<u>(188,494)</u>	<u>(1,588,620)</u>
 Endowment Assets at 12/31/21	 <u>\$ 25,014,475</u>	 <u>\$ 5,352,592</u>	 <u>\$ 30,367,067</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 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	\$ 9,757,394	32.0%
Monthly	1,494,101	4.9%
Quarterly	9,757,394	32.0%
Annually	2,622,300	8.6%
Semi-Liquid	731,804	2.4%
Illiquid	6,128,863	20.1%
Total	<u>\$ 30,491,856</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>2021</u>	Net Asset <u>Value</u>	<u>Fair Value Measurements Using</u>		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest in Berkshire Taconic Community Foundation	\$ 30,491,856	\$ -	\$ -	\$ 30,491,856	\$ -
Beneficial Interest in Remainder Trusts	19,536	-	-	-	19,536
Reported as:					
Investments	\$ 30,491,856				
Contribution Receivable	19,536				

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 in Remainder Trust</u>
Balance, beginning of year	\$ 18,580
Total gains or losses (realized and unrealized) included in the change in net assets	956
Purchases and Sales	-
Transfers in and/or out of Level 3	-
Balance, end of year	<u>\$ 19,536</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

	\$	-
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The amount reported as Change in Value of Split-Interest Agreements Related to Assets Held at Year-end

	956
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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 Legal and Accounting are considered 100% Management & General Costs. The remainder of the expenses are allocated 30% to Management and General and 70% 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.