

## **Interact for Health and Subsidiary**

Consolidated Financial Statements and  
Supplementary Information  
December 31, 2020 and 2019  
(with Independent Auditors' Report)

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Interact for Health and Subsidiary:

### **Report on the Consolidated Financial Statements**

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, 2020 and 2019, 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.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 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, 2020 and 2019, 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.

**Report on Supplementary Information**

Our audit was 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 16, 2021

Interact for Health and Subsidiary  
Consolidated Statements of Financial Position  
December 31, 2020 and 2019

Assets

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 1,401,706	1,197,556
Investments	227,437,354	220,262,335
Redemption receivable	-	1,732,456
Interest and dividends receivable	13,260	61,094
Loan receivable	-	500,000
Prepaid expenses	161,376	159,538
Total current assets	229,013,696	223,912,979
Fixed assets:		
Furniture	587,015	587,015
Computer hardware and software	289,586	360,553
Equipment	259,826	259,826
Leasehold improvements	471,171	458,488
	1,607,598	1,665,882
Less accumulated depreciation and depletion	(1,488,263)	(1,468,773)
Total fixed assets	119,335	197,109
Other assets:		
Deferred compensation assets	133,444	114,109
	\$ 229,266,475	224,224,197

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Financial Position (continued)  
December 31, 2020 and 2019

Liabilities and Net Assets

	<u>2020</u>	<u>2019</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 62,656	75,562
Accrued liabilities	130,892	106,178
Grants payable	<u>614,308</u>	<u>2,046,137</u>
Total current liabilities	<u>807,856</u>	<u>2,227,877</u>
<b>Long-term liabilities:</b>		
Grants payable, net of current portion	45,000	183,559
Deferred rent credit	24,991	74,973
Deferred compensation payable	133,444	114,109
Other accrued liabilities	<u>26,585</u>	<u>52,530</u>
Total long-term liabilities	<u>230,020</u>	<u>425,171</u>
Total liabilities	<u>1,037,876</u>	<u>2,653,048</u>
<b>Net assets:</b>		
Without donor restrictions	227,281,313	220,624,854
With donor restrictions	<u>947,286</u>	<u>946,295</u>
Total net assets	<u>228,228,599</u>	<u>221,571,149</u>
	<u>\$ 229,266,475</u>	<u>224,224,197</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Activities  
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Net investment gains	\$ 15,392,354	42,581	15,434,935	28,863,514	75,010	28,938,524
Other income:						
Grants and contributions received	-	511,004	511,004	73,040	752,368	825,408
Miscellaneous income	194,657	-	194,657	230,856	-	230,856
Net assets released from restrictions	<u>552,594</u>	<u>(552,594)</u>	<u>-</u>	<u>896,845</u>	<u>(896,845)</u>	<u>-</u>
Total revenues	<u>16,139,605</u>	<u>991</u>	<u>16,140,596</u>	<u>30,064,255</u>	<u>(69,467)</u>	<u>29,994,788</u>
Expenses:						
Grants and direct charitable expenses	5,744,487	-	5,744,487	9,756,502	-	9,756,502
Program operating	<u>2,736,078</u>	<u>-</u>	<u>2,736,078</u>	<u>3,088,342</u>	<u>-</u>	<u>3,088,342</u>
Total program expenses	8,480,565	-	8,480,565	12,844,844	-	12,844,844
Management and general	956,233	-	956,233	1,000,668	-	1,000,668
Fundraising	<u>46,348</u>	<u>-</u>	<u>46,348</u>	<u>34,444</u>	<u>-</u>	<u>34,444</u>
Total supporting services	<u>1,002,581</u>	<u>-</u>	<u>1,002,581</u>	<u>1,035,112</u>	<u>-</u>	<u>1,035,112</u>
Total expenses	<u>9,483,146</u>	<u>-</u>	<u>9,483,146</u>	<u>13,879,956</u>	<u>-</u>	<u>13,879,956</u>
Change in net assets	6,656,459	991	6,657,450	16,184,299	(69,467)	16,114,832
Net assets at beginning of year	<u>220,624,854</u>	<u>946,295</u>	<u>221,571,149</u>	<u>204,440,555</u>	<u>1,015,762</u>	<u>205,456,317</u>
Net assets at end 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>

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
Research, evaluation and conference center	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 Statement of Functional Expenses  
Year Ended December 31, 2019

	<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	\$ 6,885,590	-	6,885,590	-	-	6,885,590
Payroll and benefits	1,164,034	1,698,319	2,862,353	701,091	22,044	3,585,488
Research, evaluation and conference center	1,438,488	501,503	1,939,991	-	-	1,939,991
Occupancy	222,135	366,363	588,498	123,563	-	712,061
Professional services	4,996	80,280	85,276	58,969	12,400	156,645
Conferences, conventions and meetings	-	210,206	210,206	52,110	-	262,316
Depreciation	-	89,159	89,159	19,307	-	108,466
Information technology	25,447	40,399	65,846	14,275	-	80,121
Office expenses	15,514	32,158	47,672	12,930	-	60,602
Travel	-	24,074	24,074	2,295	-	26,369
Other expenses	<u>298</u>	<u>45,881</u>	<u>46,179</u>	<u>16,128</u>	<u>-</u>	<u>62,307</u>
	<u>\$ 9,756,502</u>	<u>3,088,342</u>	<u>12,844,844</u>	<u>1,000,668</u>	<u>34,444</u>	<u>13,879,956</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 6,657,450	16,114,832
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	104,454	108,466
Net realized and unrealized gain on investments	(12,760,202)	(25,008,685)
Changes in assets and liabilities:		
Interest and dividends receivable	47,834	(14,115)
Prepaid expenses	(1,838)	(86,528)
Accounts payable	(12,906)	(51,725)
Accrued liabilities	(1,231)	(13,649)
Grants payable	(1,570,388)	(393,912)
Deferred rent credit	(49,982)	(49,982)
Deferred compensation payable	19,335	10,228
	<u>(7,567,474)</u>	<u>(9,385,070)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Redemption receivable	1,732,456	4,186,116
Repayment of loan receivable	500,000	-
Purchase of fixed assets	(26,680)	(17,499)
Change in deferred compensation assets	(19,335)	(10,228)
Purchase of investments	(64,826,238)	(34,349,936)
Proceeds from sale of investments	70,411,421	37,675,288
	<u>7,771,624</u>	<u>7,483,741</u>
Net cash provided by investing activities		
Net change in cash and cash equivalents	204,150	(1,901,329)
Cash and cash equivalents at beginning of year	<u>1,197,556</u>	<u>3,098,885</u>
Cash and cash equivalents at end of year	<u>\$ 1,401,706</u>	<u>1,197,556</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, a wholly owned subsidiary of Interact for Health, holds the license for Social Venture Partners Cincinnati, which provides grants and in-kind volunteer services to other charitable organizations through a network of philanthropic partners.

### **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.

### **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 had no net assets with perpetual restrictions at December 31, 2020 and 2019.

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.

Through June 2019, the Organization administered certain donor-advised funds which were used to further InterAct's charitable or educational purposes. Gifts to donor-advised funds were recorded as net assets without donor restrictions due to the Organization's ability to exercise variance power over these funds. During 2019, the Organization's Board elected to cease the donor-advised fund program and granted all monies to eligible organizations in line with donor guidance.

**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. At December 31, 2020 and 2019, \$430,728 and \$1,653,339, respectively, of cash and cash equivalents were in excess of federally insured limits.

**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>2020</u>	<u>2019</u>
Interest and dividends	\$ 2,834,773	4,109,165
Net realized and unrealized gains	12,760,202	25,008,685
Direct investment expenses	<u>(160,040)</u>	<u>(179,326)</u>
	<u>\$ 15,434,935</u>	<u>28,938,524</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

### **Loan receivable**

The loan receivable consisted of a mission-related loan made to another not-for-profit organization. An amount of \$500,000, with interest at a rate of 3%, was received in 2020.

### **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.

### **Deferred rent credit**

In 2010, the Organization renewed an operating lease for its current office space. The lease includes a tenant improvement allowance. The long-term deferred rent credit liability includes the tenant improvement allowance which will be amortized against rent expense on a straight-line basis over the term of the lease, which is 11 years.

### **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.

**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 16, 2021, 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>2020</u>	<u>2019</u>
Funders' Response to the Heroin Epidemic	\$ 323,920	251,339
Scholarship Funds	92,866	98,496
Social Venture Partners restricted funds	104,729	147,996
Other purpose restricted funds	<u>425,771</u>	<u>448,464</u>
	<u>\$ 947,286</u>	<u>946,295</u>

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

	<u>2020</u>	<u>2019</u>
Funders' Response to the Heroin Epidemic	\$ -	204,966
Scholarship Funds	11,111	10,087
Social Venture Partners restricted funds	206,332	237,011
Other purpose restricted funds	<u>335,151</u>	<u>444,781</u>
	<u>\$ 552,594</u>	<u>896,845</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 \$40,606,605 and \$40,738,831 at December 31, 2020 and 2019, 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, 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>

The following table summarizes the assets measured at fair value and NAV on a recurring basis at December 31, 2019:

	<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	\$ 56,495,190	56,495,190	-	-	-
International	49,815,392	49,815,392	-	-	-
Fixed income	42,075,727	42,075,727	-	-	-
Exchange-traded funds:					
Emerging markets	45,733	45,733	-	-	-
Limited partnership funds:					
Private capital	40,940,655	-	-	-	40,940,655
Diversifying strategies	22,127,916	-	-	-	22,127,916
Public real assets	<u>8,761,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,761,722</u>
<b>Total investments</b>	<b>\$ <u>220,262,335</u></b>	<b><u>148,432,042</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>71,830,293</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>2020</u>	<u>2019</u>		
Limited partnership funds:				
Diversifying strategies (a)	\$ 22,001,299	22,127,916	Quarterly	65 days
Public real assets (b)	6,768,213	8,761,722	Monthly	30 days
Private capital (c)	<u>47,829,140</u>	<u>40,940,655</u>	Not applicable	Not applicable
	<u>\$ 76,598,652</u>	<u>71,830,293</u>		

- (a) Diversifying strategies includes 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 \$21,999,872 are redeemable quarterly with 65 days' notice. Funds totaling \$1,427 are in a compulsory wind-down redemption mode.
- (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:

2021	\$ 614,308
2022	<u>45,000</u>
	<u>\$ 659,308</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 two associates contributed to the plan in 2020. 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 \$133,444 and \$114,109 as of December 31, 2020 and 2019, respectively.

**6. LEASES:**

The Organization leases office space and equipment under operating leases. Certain leases are subject to terms of renewal and escalation clauses. Rent expense was \$440,662 and \$454,407 for the years ended December 31, 2020 and 2019, respectively. The following is a schedule of future minimum lease payments for the years ended December 31:

2021		\$ 250,834
2022		183,429
2023		187,581
2024		174,497
2025		178,860
Thereafter		<u>1,171,071</u>
		 \$ <u>2,146,272</u>

The Organization currently subleases space to one organization. Sublease income was \$184,718 and \$210,457 for the years ended December 31, 2020 and 2019, respectively, and is included in miscellaneous income on the accompanying consolidated statements of activities. Expected future minimum sublease income for the year ended December 31, 2021 is \$59,357.

**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 \$302,694 and \$288,834 for the years ended December 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,401,706	1,197,556
Loan receivable	-	500,000
Redemption, interest and dividends receivable	13,260	1,793,550
Investments at fair value	<u>227,437,354</u>	<u>220,262,335</u>
Financial assets available at year-end	<u>228,852,320</u>	<u>223,753,441</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restriction	947,286	946,295
Private capital investments	<u>47,829,140</u>	<u>40,940,655</u>
Total limitations on available resources	<u>48,776,426</u>	<u>41,886,950</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>180,075,894</u>	<u>181,866,491</u>

#### 9. RECENT ACCOUNTING PRONOUNCEMENT:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statements of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statements of activities. This standard will be effective for the Organization's year ending December 31, 2022; however, management anticipates early implementing this ASU during 2021. Upon adoption, the Organization estimates an increase to assets and liabilities by approximately \$1,750,000 on the consolidated financial statements.

#### 10. 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, 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	112,814	18,078	-	130,892
Grants payable	<u>588,674</u>	<u>25,634</u>	-	<u>614,308</u>
	<u>764,144</u>	<u>43,712</u>	-	<u>807,856</u>
<b>Long-term liabilities:</b>				
Grants payable, net of current portion	45,000	-	-	45,000
Deferred rent credit	24,991	-	-	24,991
Deferred compensation payable	133,444	-	-	133,444
Other accrued liabilities	<u>26,585</u>	-	-	<u>26,585</u>
	<u>230,020</u>	-	-	<u>230,020</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>

Interact for Health and Subsidiary  
Consolidating Statement of Financial Position  
December 31, 2019

	<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	\$ 353,939	843,617	-	1,197,556
Investments	219,891,288	371,047	-	220,262,335
Redemption receivable	1,732,456	-	-	1,732,456
Interest and dividends receivable	61,094	-	-	61,094
Loan receivable	500,000	-	-	500,000
Prepaid expenses	126,065	33,473	-	159,538
	<u>222,664,842</u>	<u>1,248,137</u>	<u>-</u>	<u>223,912,979</u>
<b>Fixed assets:</b>				
Furniture	587,015	-	-	587,015
Computer hardware and software	360,553	-	-	360,553
Equipment	259,826	-	-	259,826
Leasehold improvements	458,488	-	-	458,488
	1,665,882	-	-	1,665,882
Less accumulated depreciation	<u>(1,468,773)</u>	<u>-</u>	<u>-</u>	<u>(1,468,773)</u>
	<u>197,109</u>	<u>-</u>	<u>-</u>	<u>197,109</u>
<b>Other assets:</b>				
Deferred compensation assets	114,109	-	-	114,109
<b>Total assets</b>	<b>\$ <u>222,976,060</u></b>	<b><u>1,248,137</u></b>	<b><u>-</u></b>	<b><u>224,224,197</u></b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 66,615	8,947	-	75,562
Accrued liabilities	89,853	16,325	-	106,178
Grants payable	1,902,729	143,408	-	2,046,137
	<u>2,059,197</u>	<u>168,680</u>	<u>-</u>	<u>2,227,877</u>
<b>Long-term liabilities:</b>				
Grants payable, net of current portion	157,925	25,634	-	183,559
Deferred rent credit	74,973	-	-	74,973
Deferred compensation payable	114,109	-	-	114,109
Other accrued liabilities	52,530	-	-	52,530
	<u>399,537</u>	<u>25,634</u>	<u>-</u>	<u>425,171</u>
<b>Total liabilities</b>	<b><u>2,458,734</u></b>	<b><u>194,314</u></b>	<b><u>-</u></b>	<b><u>2,653,048</u></b>
<b>Net assets</b>				
Without donor restrictions	220,517,326	107,528	-	220,624,854
With donor restrictions	-	946,295	-	946,295
	<u>220,517,326</u>	<u>1,053,823</u>	<u>-</u>	<u>221,571,149</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>222,976,060</u></b>	<b><u>1,248,137</u></b>	<b><u>-</u></b>	<b><u>224,224,197</u></b>

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

Interact for Health and Subsidiary  
Consolidating Statement of Activities  
Year Ended December 31, 2019

	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	\$ 28,770,790	92,724	75,010	-	-	28,938,524
Other income:						
Grants and contributions received	-	124,254	968,368	(51,214)	(216,000)	825,408
Miscellaneous income	210,457	20,399	-	-	-	230,856
Net assets released from restrictions	-	1,112,845	(1,112,845)	(216,000)	216,000	-
<b>Total revenues net of losses</b>	<b>28,981,247</b>	<b>1,350,222</b>	<b>(69,467)</b>	<b>(267,214)</b>	<b>-</b>	<b>29,994,788</b>
Expenses:						
Grants and direct charitable expenses	7,265,706	2,743,510	-	(252,714)	-	9,756,502
Program operating	2,394,785	704,457	-	(10,900)	-	3,088,342
Total program expenses	9,660,491	3,447,967	-	(263,614)	-	12,844,844
Management and general	965,311	38,957	-	(3,600)	-	1,000,668
Fundraising	-	34,444	-	-	-	34,444
Total supporting services	965,311	73,401	-	(3,600)	-	1,035,112
<b>Total expenses</b>	<b>10,625,802</b>	<b>3,521,368</b>	<b>-</b>	<b>(267,214)</b>	<b>-</b>	<b>13,879,956</b>
Change in net assets	18,355,445	(2,171,146)	(69,467)	-	-	16,114,832
Net assets at beginning of year	202,161,881	2,278,674	1,015,762	-	-	205,456,317
Net assets at end of year	\$ 220,517,326	107,528	946,295	-	-	221,571,149

