

## **Interact for Health and Subsidiary**

Consolidated Financial Statements and  
Supplementary Information  
December 31, 2022 and 2021  
(with Independent Auditors' Report)

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Interact for Health and Subsidiary (a not-for-profit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Interact for Health and Subsidiary as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Interact for Health and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the 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 Interact for Health and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interact for Health and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

#### **Supplementary Information**

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
March 16, 2023

Interact for Health and Subsidiary  
Consolidated Statements of Financial Position  
December 31, 2022 and 2021

Assets

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 581,197	546,697
Investments	244,466,489	269,758,478
Redemption receivable	57,413	2,600,000
Interest and dividends receivable	74,469	43,051
Prepaid expenses	80,416	135,448
Total current assets	245,259,984	273,083,674
Fixed assets:		
Furniture	230,804	220,895
Computer hardware and software	248,308	246,392
Equipment	314,170	304,399
Leasehold improvements	461,600	461,600
	1,254,882	1,233,286
Less accumulated depreciation	(563,435)	(484,671)
Total fixed assets	691,447	748,615
Other assets:		
Security deposit	17,285	17,285
Operating lease right-of-use asset	1,387,996	1,551,312
Deferred compensation assets	170,030	143,688
Total other assets	1,575,311	1,712,285
	\$ 247,526,742	275,544,574

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Financial Position (continued)  
December 31, 2022 and 2021

Liabilities and Net Assets

	2022	2021
<b>Current liabilities:</b>		
Accounts payable	\$ 93,733	187,051
Accrued liabilities	113,724	97,050
Grants payable, current portion	1,052,583	973,023
Operating lease liability, current portion	170,241	166,089
Total current liabilities	1,430,281	1,423,213
<b>Long-term liabilities:</b>		
Grants payable, net of current portion	187,760	119,955
Operating lease liability, net of current portion	1,317,489	1,473,831
Deferred compensation payable	170,030	143,688
Total long-term liabilities	1,675,279	1,737,474
Total liabilities	3,105,560	3,160,687
<b>Net assets:</b>		
Without donor restrictions	244,004,044	271,894,887
With donor restrictions	417,138	489,000
Total net assets	244,421,182	272,383,887
	\$ 247,526,742	275,544,574

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Activities  
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Net investment gains (losses)	\$ (15,450,465)	(67,750)	(15,518,215)	56,744,587	50,893	56,795,480
Other income:						
Grants and contributions received	-	150,000	150,000	-	341,140	341,140
Loss on sale of fixed assets	-	-	-	(10,109)	-	(10,109)
Miscellaneous income	4,557	-	4,557	98,777	-	98,777
Net assets released from restrictions	<u>154,112</u>	<u>(154,112)</u>	<u>-</u>	<u>850,319</u>	<u>(850,319)</u>	<u>-</u>
 Total revenues	 <u>(15,291,796)</u>	 <u>(71,862)</u>	 <u>(15,363,658)</u>	 <u>57,683,574</u>	 <u>(458,286)</u>	 <u>57,225,288</u>
 Expenses:						
Grants and direct charitable expenses	9,147,612	-	9,147,612	8,850,627	-	8,850,627
Program operating	<u>2,545,978</u>	<u>-</u>	<u>2,545,978</u>	<u>2,894,688</u>	<u>-</u>	<u>2,894,688</u>
Total program expenses	<u>11,693,590</u>	<u>-</u>	<u>11,693,590</u>	<u>11,745,315</u>	<u>-</u>	<u>11,745,315</u>
Management and general	905,457	-	905,457	1,298,276	-	1,298,276
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,409</u>	<u>-</u>	<u>26,409</u>
Total supporting services	<u>905,457</u>	<u>-</u>	<u>905,457</u>	<u>1,324,685</u>	<u>-</u>	<u>1,324,685</u>
 Total expenses	 <u>12,599,047</u>	 <u>-</u>	 <u>12,599,047</u>	 <u>13,070,000</u>	 <u>-</u>	 <u>13,070,000</u>
 Change in net assets	 (27,890,843)	 (71,862)	 (27,962,705)	 44,613,574	 (458,286)	 44,155,288
Net assets at beginning of year	<u>271,894,887</u>	<u>489,000</u>	<u>272,383,887</u>	<u>227,281,313</u>	<u>947,286</u>	<u>228,228,599</u>
Net assets at end of year	\$ <u>244,004,044</u>	<u>417,138</u>	<u>244,421,182</u>	<u>271,894,887</u>	<u>489,000</u>	<u>272,383,887</u>

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2022

	<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	\$ 5,915,368	-	5,915,368	-	-	5,915,368
Payroll and benefits	693,397	1,905,768	2,599,165	680,911	-	3,280,076
Community support, research and evaluation	2,405,270	-	2,405,270	-	-	2,405,270
Occupancy	62,355	199,537	261,892	49,884	-	311,776
Professional services	3,106	92,903	96,009	108,925	-	204,934
Conferences, conventions and meetings	2,391	118,619	121,010	6,822	-	127,832
Depreciation	25,366	81,170	106,536	20,292	-	126,828
Information technology	16,858	53,944	70,802	13,486	-	84,288
Office expenses	15,568	45,108	60,676	13,449	-	74,125
Travel	3,154	16,821	19,975	592	-	20,567
Other expenses	<u>4,779</u>	<u>32,108</u>	<u>36,887</u>	<u>11,096</u>	-	<u>47,983</u>
	<u>\$ 9,147,612</u>	<u>2,545,978</u>	<u>11,693,590</u>	<u>905,457</u>	<u>-</u>	<u>12,599,047</u>

See accompanying notes to the consolidated financial statements.



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

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

See accompanying notes to the consolidated financial statements.

Interact for Health and Subsidiary  
Consolidated Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (27,962,705)	44,155,288
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	126,828	106,967
Amortization of operating lease right-of-use asset	163,316	163,719
Net realized and unrealized (gain) loss on investments	18,629,360	(53,816,395)
Loss on sale of fixed assets	-	10,109
Changes in assets and liabilities:		
Interest and dividends receivable	(31,418)	(29,791)
Prepaid expenses	55,032	25,928
Security deposit	-	(17,285)
Accounts payable	(93,318)	124,395
Accrued liabilities	16,674	(85,418)
Grants payable	147,365	433,670
Operating lease liability	(152,190)	(75,111)
Deferred compensation payable	26,342	10,244
Net cash used in operating activities	(9,074,714)	(8,993,680)
Cash flows from investing activities:		
Redemption receivable	2,542,587	(2,600,000)
Purchase of fixed assets	(69,660)	(749,441)
Proceeds from sale of fixed assets	-	3,085
Change in deferred compensation assets	(26,342)	(10,244)
Purchase of investments	(70,100,744)	(44,550,579)
Proceeds from sale of investments	76,763,373	56,045,850
Net cash provided by investing activities	9,109,214	8,138,671
Net change in cash and cash equivalents	34,500	(855,009)
Cash and cash equivalents at beginning of year	546,697	1,401,706
Cash and cash equivalents at end of year	\$ 581,197	546,697
Supplemental Disclosure:		
Commencement of operating lease right-of-use asset and lease liability	\$ -	1,715,031

See accompanying notes to the consolidated financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### **Nature of operations**

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

### **Principles of consolidation**

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

### **Use of estimates in the consolidated financial statements**

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

### **Basis of presentation**

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

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated the funds be maintained in perpetuity. The Organization did not have any net assets with perpetual restrictions at December 31, 2022 and 2021.

**Contributions**

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

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

**Cash and cash equivalents**

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

**Investments**

The Organization records investments in common stocks, 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 (losses). Net investment gains (losses) are composed of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 3,264,605	3,132,581
Net realized and unrealized gains (losses)	(18,629,360)	53,816,395
Direct investment expenses	<u>(153,460)</u>	<u>(153,496)</u>
	<u>\$ (15,518,215)</u>	<u>56,795,480</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 as follows:

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

### Grants awarded and payable

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

### Functional expense allocations

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

### Tax status

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

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to consolidated financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

**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, 2023, 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>2022</u>	<u>2021</u>
Scholarship Funds	\$ 86,419	86,388
Data for Equity Collaborative restricted funds	25,000	-
Other purpose restricted funds	<u>305,719</u>	<u>402,612</u>
	<u>\$ 417,138</u>	<u>489,000</u>

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

	<u>2022</u>	<u>2021</u>
Funders' Response to the Heroin Epidemic	\$ -	323,920
Scholarship Funds	956	9,000
Social Venture Partners restricted funds	-	152,908
Data for Equity Collaborative restricted funds	125,000	-
Other purpose restricted funds	<u>28,156</u>	<u>364,491</u>
	<u>\$ 154,112</u>	<u>850,319</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 \$19,297,402 and \$30,580,559 at December 31, 2022 and 2021, 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, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at NAV</u>
Investments:					
Mutual funds:					
Domestic	\$ 50,064,015	50,064,015	-	-	-
International	36,707,833	36,707,833	-	-	-
Fixed income	43,513,583	43,513,583	-	-	-
Exchange-traded funds:					
Emerging markets	35,176	35,176	-	-	-
Limited partnership funds:					
Private capital	85,429,257	-	-	-	85,429,257
Diversifying strategies	<u>28,716,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,716,625</u>
Total investments	<u>\$ 244,466,489</u>	<u>130,320,607</u>	<u>-</u>	<u>-</u>	<u>114,145,882</u>

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

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

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

	<u>Net Asset Value</u>		<u>Redemption</u>	<u>Notice</u>
	<u>2022</u>	<u>2021</u>	<u>Frequency</u>	<u>Period</u>
Limited partnership funds:				
Diversifying strategies (a)	\$ 28,716,625	26,677,875	Quarterly	65 days
Public real assets (b)	-	2,089,848	Monthly	30 days
Private capital (c)	<u>85,429,257</u>	<u>79,334,009</u>	Not applicable	Not applicable
	<u>\$ 114,145,882</u>	<u>108,101,732</u>		

- (a) Diversifying strategies include market neutral and opportunistic hedge funds. Market neutral hedge funds are focused on arbitrage, long-short credit and equity, distressed debt, and structured credit investments. Opportunistic hedge funds include multi-strategy and global macro hedge funds, as well as distressed investments. Funds totaling \$28,716,625 are redeemable quarterly with 65 days' notice.
- (b) These funds represent primarily investments in master limited partnerships and publicly traded C-Corporations that focus on the energy infrastructure space. The balance is redeemable monthly with 30 days' notice.
- (c) Private capital includes private equity funds and private real assets. These funds seek long term capital appreciation by investing in a variety of investment strategies. These funds are generally not redeemable until such time as there is a liquidity event, or the fund is terminated by the general partner(s) subject to the terms of each fund's partnership agreement.



**4. GRANTS PAYABLE:**

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

2023		\$ 1,052,583
2024		<u>187,760</u>
		<u>\$ 1,240,343</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 four current associates that are eligible. 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 \$170,030 and \$143,688 as of December 31, 2022 and 2021, respectively.

**6. LEASE OBLIGATION:**

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

The Organization recognized \$177,215 and \$88,608 of straight-line rent expense under this lease during 2022 and 2021, respectively.

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

2023		\$ 170,241
2024		174,497
2025		178,860
2026		183,331
2027		187,915
Thereafter		<u>799,826</u>
		1,694,670
Less imputed interest		<u>(206,940)</u>
		<u>\$ 1,487,730</u>

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

**7. RETIREMENT PLAN:**

The Organization maintains a retirement savings plan which allows participants to make contributions by salary reduction, pursuant to Section 401(k) of the Internal Revenue Code. The plan provides for a matching contribution and a discretionary contribution by the Organization. Participants vest immediately in their own, matching and discretionary contributions. The Organization's contributions to the plan were \$280,948 and \$269,001 for the years ended December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 581,197	546,697
Redemption, interest and dividends receivable	131,882	2,643,051
Investments at fair value	<u>244,466,489</u>	<u>269,758,478</u>
Financial assets available at year-end	<u>245,179,568</u>	<u>272,948,226</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restriction	417,138	489,000
Private capital investments	<u>85,429,257</u>	<u>79,334,009</u>
Total limitations on available resources	<u>85,846,395</u>	<u>79,823,009</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>159,333,173</u>	<u>193,125,217</u>

**9. SUBSEQUENT EVENT:**

On January 15, 2023, the Organization entered into a revolving line of credit agreement for borrowing up to \$5,000,000. The line of credit bears interest of 1% plus the daily simple secured overnight financing rate (SOFR). The line of credit matures on January 15, 2024.

Interact for Health and Subsidiary  
Consolidating Statement of Financial Position  
December 31, 2022

	<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	\$ 350,463	230,734	-	581,197
Investments	244,172,291	294,198	-	244,466,489
Redemption receivable	57,413	-	-	57,413
Interest and dividends receivable	74,469	-	-	74,469
Prepaid expenses	80,416	-	-	80,416
	<u>244,735,052</u>	<u>524,932</u>	<u>-</u>	<u>245,259,984</u>
<b>Fixed assets:</b>				
Furniture	230,804	-	-	230,804
Computer hardware and software	248,308	-	-	248,308
Equipment	314,170	-	-	314,170
Leasehold improvements	461,600	-	-	461,600
	<u>1,254,882</u>	<u>-</u>	<u>-</u>	<u>1,254,882</u>
Less accumulated depreciation	<u>(563,435)</u>	<u>-</u>	<u>-</u>	<u>(563,435)</u>
	<u>691,447</u>	<u>-</u>	<u>-</u>	<u>691,447</u>
<b>Other assets:</b>				
Security deposit	17,285	-	-	17,285
Operating lease right-of-use asset	1,387,996	-	-	1,387,996
Deferred compensation assets	170,030	-	-	170,030
	<u>1,575,311</u>	<u>-</u>	<u>-</u>	<u>1,575,311</u>
<b>Total assets</b>	<b>\$ <u>247,001,810</u></b>	<b><u>524,932</u></b>	<b><u>-</u></b>	<b><u>247,526,742</u></b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 93,733	-	-	93,733
Accrued liabilities	113,724	-	-	113,724
Grants payable, current portion	1,052,583	-	-	1,052,583
Operating lease liability, current portion	170,241	-	-	170,241
	<u>1,430,281</u>	<u>-</u>	<u>-</u>	<u>1,430,281</u>
<b>Long-term liabilities:</b>				
Grants payable, net of current portion	187,760	-	-	187,760
Operating lease liability, net of current portion	1,317,489	-	-	1,317,489
Deferred compensation payable	170,030	-	-	170,030
	<u>1,675,279</u>	<u>-</u>	<u>-</u>	<u>1,675,279</u>
<b>Total liabilities</b>	<b><u>3,105,560</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,105,560</u></b>
<b>Net assets</b>				
Without donor restrictions	243,896,250	107,794	-	244,004,044
With donor restrictions	<u>-</u>	<u>417,138</u>	<u>-</u>	<u>417,138</u>
	<u>243,896,250</u>	<u>524,932</u>	<u>-</u>	<u>244,421,182</u>
<b>Total liabilities and net assets</b>	<b>\$ <u>247,001,810</u></b>	<b><u>524,932</u></b>	<b><u>-</u></b>	<b><u>247,526,742</u></b>

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

Interact for Health and Subsidiary  
Consolidating Statement of Activities  
Year Ended December 31, 2022

	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	
<b>Revenues:</b>						
Net investment losses	\$ (15,450,465)	-	(67,750)	-	-	(15,518,215)
<b>Other income:</b>						
Grants and contributions received	-	17,325	275,000	(17,325)	(125,000)	150,000
Miscellaneous income	-	4,557	-	-	-	4,557
Net assets released from restrictions	-	279,112	(279,112)	(125,000)	125,000	-
<b>Total revenues net of losses</b>	<b>(15,450,465)</b>	<b>300,994</b>	<b>(71,862)</b>	<b>(142,325)</b>	<b>-</b>	<b>(15,363,658)</b>
<b>Expenses:</b>						
Grants and direct charitable expenses	9,019,697	270,240	-	(142,325)	-	9,147,612
Program operating	2,536,454	9,524	-	-	-	2,545,978
<b>Total program expenses</b>	<b>11,556,151</b>	<b>279,764</b>	<b>-</b>	<b>(142,325)</b>	<b>-</b>	<b>11,693,590</b>
Management and general	881,098	24,359	-	-	-	905,457
Fundraising	-	-	-	-	-	-
<b>Total supporting services</b>	<b>881,098</b>	<b>24,359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>905,457</b>
<b>Total expenses</b>	<b>12,437,249</b>	<b>304,123</b>	<b>-</b>	<b>(142,325)</b>	<b>-</b>	<b>12,599,047</b>
<b>Change in net assets</b>	<b>(27,887,714)</b>	<b>(3,129)</b>	<b>(71,862)</b>	<b>-</b>	<b>-</b>	<b>(27,962,705)</b>
Net assets at beginning of year	271,783,964	110,923	489,000	-	-	272,383,887
<b>Net assets at end of year</b>	<b>\$ 243,896,250</b>	<b>107,794</b>	<b>417,138</b>	<b>-</b>	<b>-</b>	<b>244,421,182</b>

See accompanying independent auditors' report.

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

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

See accompanying independent auditors' report.

