

The HealthPath Foundation of Ohio

Financial Statements

Years Ended December 31, 2020 and 2019

with Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Financial Statements:

Statements of Financial Position 3

Statements of Activities 4-5

Statements of Functional Expenses 6-7

Statements of Cash Flows 8

Notes to the Financial Statements 9-14

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The HealthPath Foundation of Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of The HealthPath Foundation of Ohio (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The HealthPath Foundation of Ohio as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
May 26, 2021

The HealthPath Foundation of Ohio
 Statements of Financial Position
 December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 953,406	1,348,423
Grants receivable	14,719	26,237
Investments at fair value	30,885,223	29,016,461
Property and equipment, net	<u>118,587</u>	<u>-</u>
Total assets	<u>\$ 31,971,935</u>	<u>30,391,121</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 16,597	32,798
Grants payable	93,000	261,000
Refundable advance	<u>194,639</u>	<u>194,639</u>
Total liabilities	<u>304,236</u>	<u>488,437</u>
Net assets:		
Without donor restriction	-	-
With donor restriction	<u>31,667,699</u>	<u>29,902,684</u>
Total net assets	<u>31,667,699</u>	<u>29,902,684</u>
Total liabilities and net assets	<u>\$ 31,971,935</u>	<u>30,391,121</u>

See accompanying notes to the financial statements.

The HealthPath Foundation of Ohio
Statement of Activities
Year Ended December 31, 2020

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Revenues, gains and support:			
Contributions	\$ -	372,282	372,282
Grant revenue	-	85,719	85,719
Net investment return	-	2,881,269	2,881,269
Net assets released from restrictions	<u>1,574,255</u>	<u>(1,574,255)</u>	<u>-</u>
Total revenues, gains and support	<u>1,574,255</u>	<u>1,765,015</u>	<u>3,339,270</u>
Expenses:			
Charitable and philanthropic programs	1,426,148	-	1,426,148
Management and general	87,037	-	87,037
Fundraising	<u>61,070</u>	<u>-</u>	<u>61,070</u>
Total expenses	<u>1,574,255</u>	<u>-</u>	<u>1,574,255</u>
Change in net assets	-	1,765,015	1,765,015
Net assets at beginning of the year	<u>-</u>	<u>29,902,684</u>	<u>29,902,684</u>
Net assets at end of the year	\$ <u>-</u>	<u>31,667,699</u>	<u>31,667,699</u>

See accompanying notes to the financial statements.

The HealthPath Foundation of Ohio
Statement of Activities
Year Ended December 31, 2019

	Without donor restriction	With donor restriction	Total
Revenues, gains and support:			
Contributions	\$ -	167,846	167,846
Grant revenue	-	43,434	43,434
Net investment return	-	6,037,789	6,037,789
Net assets released from restrictions	1,749,474	(1,749,474)	-
Total revenues, gains and support	1,749,474	4,499,595	6,249,069
Expenses:			
Charitable and philanthropic programs	1,593,939	-	1,593,939
Management and general	95,891	-	95,891
Fundraising	59,644	-	59,644
Total expenses	1,749,474	-	1,749,474
Change in net assets	-	4,499,595	4,499,595
Net assets at beginning of the year	-	25,403,089	25,403,089
Net assets at end of the year	\$ -	29,902,684	29,902,684

See accompanying notes to the financial statements.

The Healthpath Foundation of Ohio
Statement of Functional Expenses
Year Ended December 31, 2020

	Charitable and Philanthropic Programs	Management and General	Fundraising	Total
Personnel	\$ 647,722	64,449	57,288	769,459
Grants to others	654,308	-	-	654,308
Audit and insurance	5,481	10,294	528	16,303
Travel	13,347	-	-	13,347
Depreciation	39,529	-	-	39,529
Programs evaluation	31,996	-	-	31,996
Communications	25,594	2,775	2,467	30,836
Other	<u>8,171</u>	<u>9,519</u>	<u>787</u>	<u>18,477</u>
Total expenses	\$ <u><u>1,426,148</u></u>	<u><u>87,037</u></u>	<u><u>61,070</u></u>	<u><u>1,574,255</u></u>

See accompanying notes to the financial statements.

The Healthpath Foundation of Ohio
Statement of Functional Expenses
Year Ended December 31, 2019

	Charitable and Philanthropic Programs	Management and General	Fundraising	Total
Personnel	\$ 532,603	57,752	51,335	641,690
Grants to others	680,361	-	-	680,361
Audit and insurance	5,522	10,799	532	16,853
Travel	54,531	-	-	54,531
Depreciation	197,645	-	-	197,645
Programs evaluation	42,597	-	-	42,597
Communications	45,400	4,923	4,376	54,699
Other	<u>35,280</u>	<u>22,417</u>	<u>3,401</u>	<u>61,098</u>
Total expenses	<u>\$ 1,593,939</u>	<u>95,891</u>	<u>59,644</u>	<u>1,749,474</u>

See accompanying notes to the financial statements.

The HealthPath Foundation of Ohio
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,765,015	4,499,595
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gain on investments	(2,380,357)	(5,450,586)
Depreciation	39,529	197,645
Effects of change in operating assets and liabilities:		
Grants receivable	11,518	(26,237)
Accounts payable and accrued liabilities	(16,201)	23,859
Grants payable	<u>(168,000)</u>	<u>49,416</u>
Net cash used by operating activities	<u>(748,496)</u>	<u>(706,308)</u>
Cash flows from investing activities:		
Purchase of equipment	(158,116)	(90,164)
Proceeds from sale of investments	7,721,180	3,605,257
Purchase of investments	<u>(7,209,585)</u>	<u>(2,067,554)</u>
Net cash provided by investing activities	<u>353,479</u>	<u>1,447,539</u>
Net change in cash and cash equivalents	(395,017)	741,231
Cash and cash equivalents at beginning of year	<u>1,348,423</u>	<u>607,192</u>
Cash and cash equivalents at end of year	\$ <u>953,406</u>	<u>1,348,423</u>

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of The HealthPath Foundation of Ohio (the "HealthPath Foundation") are set forth to facilitate the understanding of data presented in the financial statements.

Organization

The HealthPath Foundation is recognized as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a charitable organization qualifying under Section 501(c)(3) and recognized as a supporting organization of The Greater Cincinnati Foundation ("GCF"). The HealthPath Foundation was formed effective February 12, 1999, as a result of a voluntary agreement between the State of Ohio, Anthem Insurance Companies, Inc., and Community Insurance Company, with an initial contribution of \$28,000,000. The HealthPath Foundation's mission is to support the health care needs of indigent Ohio citizens in a 36-county region with a current focus on oral health, safe elders and healthy Ohioans. The majority of the HealthPath Foundation's Board of Trustees is appointed by GCF's Governing Board.

Financial statement presentation

The financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles ("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 HealthPath Foundation. These net assets may be used at the discretion of the HealthPath Foundation's management and Board of Trustees.
- *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 HealthPath Foundation or by the passage of time. Net assets of the HealthPath Foundation are restricted for healthcare needs of indigent Ohio citizens in a 36-county region. The Healthpath Foundation has 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 statements of activities as net assets released from restrictions. The HealthPath Foundation records contributions and investment income with donor restrictions that are met in the same period as net assets with donor restrictions that are then released in the accompanying statements of activities.

Unconditional contributions are recorded when the promise to give is received. 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 and then released when the related eligible costs are incurred. The HealthPath Foundation had conditional promises to give of \$529,331 at December 31, 2020. Cash received under

reimbursable grants in advance of the eligible expenses being incurred is recorded as refundable advance. 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The HealthPath Foundation considers money market funds and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk

The HealthPath Foundation maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. The HealthPath Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Net investment return on the accompanying statements of activities includes interest, dividends, net realized and unrealized gains (losses) on investments, net of the related investment expenses.

Property and equipment

Property and equipment are stated at historic cost, or at fair value if donated or impaired, less accumulated depreciation. The HealthPath Foundation maintains a capitalization threshold of \$10,000 as a group addition with individual items exceeding \$500 and individual additions over \$3,000. Depreciation is determined using the straight-line method based upon the estimated useful lives of the related assets.

Functional classification of expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the HealthPath Foundation. Program operating expenses primarily pertain to the charitable and philanthropic grants the HealthPath Foundation provides. Expenses are directly applied when applicable and other expenses are allocated to programs or supporting services. Personnel expenses, audit and insurance expense, communications, and other have been allocated based upon estimated head counts for each function. All fundraising costs are charged to fundraising expenses and thus, there are no joint costs.

Subsequent events

The HealthPath Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 26, 2021, the date on which the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 158,116	197,645
Less accumulated depreciation	<u>(39,529)</u>	<u>(197,645)</u>
	<u>\$ 118,587</u>	<u> -</u>

3. RELATED PARTY TRANSACTIONS:

Expenses of \$620,346 and \$498,507 for the years ended December 31, 2020 and 2019, respectively, are related to various management, administrative and accounting services provided to the HealthPath Foundation by GCF.

4. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value as follows:

Level 1 – Valuations based on quoted price in active markets for identical assets or liabilities that the HealthPath Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these items does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

GAAP allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the HealthPath Foundation to value alternative investments is the net asset value (“NAV”) per share, or its equivalent. Because some of these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed. The net asset values

provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The HealthPath Foundation, relying on the work of its investment consultants, reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

Valuation policy, techniques, inputs, and process

The Treasurer, under the supervision of the Board of Trustees, determines the fair value measurement policies and procedures in consultation with Bartlett Wealth Management and Bahl & Gaynor Investment Counsel. These policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information. In determining the reasonableness of the methodology, the Treasurer, Bartlett Wealth Management and Bahl & Gaynor Investment Counsel all evaluate a variety of factors including a review of existing agreements, economic conditions, and industry and market developments.

The HealthPath Foundation values substantially all of its investments at amounts reported by the investment manager and as validated through consideration of the audited financial statements of such investments. Accordingly, the HealthPath Foundation does not use separate quantitative information to value such investments.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Common stocks and mutual funds including exchange traded funds: Valued at the closing price reported on the active market on which the individual stocks or funds are traded.

Private equity funds: Valued at net asset value as a practical expedient provided by the asset custodians and adjusted for any known capital additions or withdrawals.

The following tables present the assets as of December 31, 2020 and 2019 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, <u>2020</u>	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments:				
Mutual funds	\$ 220,559	220,559	-	-
Common stocks	<u>30,615,367</u>	<u>30,615,367</u>	-	-
Total assets in the fair value hierarchy	30,835,926	<u>30,835,926</u>	-	-
Investments measured at net asset value	<u>49,297</u>			
Total investments	\$ <u>30,885,223</u>			
	December 31, <u>2019</u>	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments:				
Mutual funds	\$ 237,902	237,902	-	-
Common stocks	<u>28,663,861</u>	<u>28,663,861</u>	-	-
Total assets in the fair value hierarchy	28,901,763	<u>28,901,763</u>	-	-
Investments measured at net asset value	<u>114,698</u>			
Total investments	\$ <u>29,016,461</u>			

As of December 31, 2020 and 2019, the Foundation is committed to provide capital related to the private equity investments in the amount of \$143,000. The investment does not allow for redemption.

5. GRANTS PAYABLE:

Grants payable in the accompanying statements of financial position are approved for payment and are mostly payable within one year of the date of the financial statements of the HealthPath Foundation. Grants payable as of December 31, 2020 and 2019 are \$93,000 and \$261,000, respectively. Amounts due greater than one year are immaterial and are not discounted.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are for the healthcare needs of indigent Ohio citizens and amount to \$31,667,699 and \$29,902,684 at December 31, 2020 and 2019, respectively.

7. LIQUIDITY DISCLOSURES:

The HealthPath Foundation's goal is generally to maintain financial assets to meet one year of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including a money market account. The HealthPath Foundation calculates a 5% spendable amount based upon a 20-quarter rolling average each January. The calculation performed in January 2021 resulted in \$1,334,367 available for 2021 expenditures.

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	\$ 953,406	1,348,423
Contributions receivable due within one year	14,719	26,237
Investments	<u>30,885,223</u>	<u>29,016,461</u>
Financial assets available at year-end	31,853,348	30,391,121
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	<u>31,667,699</u>	<u>29,902,684</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>185,649</u></u>	<u><u>488,437</u></u>

8. 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. The extent to which the COVID-19 pandemic continues to impact the HealthPath Foundation's business activity or results of operations will depend on future developments, which are highly uncertain and cannot be predicted at this time.

