

# The Children's Health Fund

Financial Statements  
Year Ended December 31, 2020

# The Children's Health Fund

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Financial Statements  
Year Ended December 31, 2020

# The Children's Health Fund

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## Independent Auditor's Report

The Board of Directors  
The Children's Health Fund  
New York, New York

### *Opinion*

We have audited the financial statements of The Children's Health Fund (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the change in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements*

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

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



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

October 15, 2021

# The Children's Health Fund

## Statement of Financial Position

*December 31, 2020*

### Assets

#### Current

Cash	\$	683,263
Investments, at fair value, current portion		27,335
Government grants receivable		225,000
Contributions receivable, current portion, net of allowance of \$67,500		1,776,799
Prepaid expenses and other assets		276,333

**Total Current Assets** 2,988,730

**Investments, at Fair Value, net of current portion** 2,616,117

**Contributions Receivable, less current portion, net** 332,040

**Property and Equipment, Net** 645,429

**Total Assets** \$ 6,582,316

### Liabilities and Net Assets

#### Current Liabilities

Accounts payable and accrued expenses	\$	383,961
Grants payable		2,281,081

**Total Liabilities** 2,665,042

#### Commitments and Contingencies (Note 7, 8, 12, 13 and 17)

#### Net Assets

Without donor restrictions 2,985,748

#### With donor restrictions:

Purpose restrictions	481,526
Time-restricted for future periods	450,000

**Total Net Assets with Donor Restrictions** 931,526

**Total Net Assets** 3,917,274

**Total Liabilities and Net Assets** \$ 6,582,316

*See accompanying notes to financial statements.*

# The Children's Health Fund

## Statement of Activities

*Year ended December 31, 2020*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Public Support</b>			
Contributions and grants	\$ 3,895,076	\$ 5,347,003	\$ 9,242,079
Government grants	1,455,600	-	1,455,600
Special events revenue, net of direct cost of \$80,567	111,086	-	111,086
Consulting fees	25,000	-	25,000
Miscellaneous revenue	29,688	-	29,688
Net assets released from restrictions	9,252,088	(9,252,088)	-
<b>Total Revenues and Public Support</b>	<b>14,768,538</b>	<b>(3,905,085)</b>	<b>10,863,453</b>
<b>Expenses</b>			
Program services:			
New York program	1,824,551	-	1,824,551
Public health and crisis response	345,709	-	345,709
National programs	6,485,050	-	6,485,050
Education	1,221,638	-	1,221,638
<b>Total Program Services</b>	<b>9,876,948</b>	<b>-</b>	<b>9,876,948</b>
Supporting services:			
Management and general	1,961,237	-	1,961,237
Fundraising	1,229,478	-	1,229,478
<b>Total Supporting Services</b>	<b>3,190,715</b>	<b>-</b>	<b>3,190,715</b>
<b>Total Expenses</b>	<b>13,067,663</b>	<b>-</b>	<b>13,067,663</b>
<b>Change in Net Assets, before nonoperating revenue</b>	<b>1,700,875</b>	<b>(3,905,085)</b>	<b>(2,204,210)</b>
<b>Nonoperating Revenue</b>			
Investment income, net of fees of \$2,808	436,374	-	436,374
<b>Change in Net Assets</b>	<b>2,137,249</b>	<b>(3,905,085)</b>	<b>(1,767,836)</b>
<b>Net Assets, beginning of year</b>	<b>848,499</b>	<b>4,836,611</b>	<b>5,685,110</b>
<b>Net Assets, end of year</b>	<b>\$ 2,985,748</b>	<b>\$ 931,526</b>	<b>\$ 3,917,274</b>

*See accompanying notes to financial statements.*

## The Children's Health Fund

### Statement of Functional Expenses

Year ended December 31, 2020

	Program Services - Children's Health Care					Supporting Services				
	New York Program	Public Health and Crisis Response	National Programs	Education	Total Program Services - Children's Health Care	Management and General	Fundraising	Special Events	Total Supporting Services	Total
Salaries	\$ 116,489	\$ 67,642	\$ 1,598,578	\$ 710,387	\$ 2,493,096	\$ 632,126	\$ 688,707	\$ -	\$ 1,320,833	\$ 3,813,929
Payroll taxes and employee benefits	62,050	13,816	382,936	144,718	603,520	232,929	284,104	-	517,033	1,120,553
<b>Total Salaries and Related Expenses</b>	<b>178,539</b>	<b>81,458</b>	<b>1,981,514</b>	<b>855,105</b>	<b>3,096,616</b>	<b>865,055</b>	<b>972,811</b>	<b>-</b>	<b>1,837,866</b>	<b>4,934,482</b>
Contributions and grants	1,430,750	91,712	3,293,479	-	4,815,941	-	-	-	-	4,815,941
Professional fees	48,247	72,415	527,932	152,873	801,467	334,467	10,355	-	344,822	1,146,289
Rent	17,820	83,177	269,638	94,985	465,620	115,499	108,016	-	223,515	689,135
Travel and conferences	2,630	2,422	4,486	38,041	47,579	8,305	2,602	-	10,907	58,486
Office supplies and expenses	50,438	11,403	144,666	17,348	223,855	68,061	65,312	-	133,373	357,228
Dues and subscriptions	457	398	1,887	11,246	13,988	2,795	12,045	-	14,840	28,828
Postage and shipping	531	59	8,659	556	9,805	3,525	5,594	-	9,119	18,924
Printing, advertising, and website	2,653	33	9,672	25,199	37,557	3,777	31,585	-	35,362	72,919
Maintenance and lease of equipment	86,684	2,012	22,333	6,190	117,219	38,755	6,927	-	45,682	162,901
Insurance	3,568	620	33,833	20,095	58,116	19,095	14,231	-	33,326	91,442
Venue, catering, and entertainment	-	-	-	-	-	-	-	80,567	80,567	80,567
Bad debt expense	-	-	-	-	-	479,097	-	-	479,097	479,097
Interest	-	-	-	-	-	9,756	-	-	9,756	9,756
<b>Total Expenses, before depreciation and amortization</b>	<b>1,822,317</b>	<b>345,709</b>	<b>6,298,099</b>	<b>1,221,638</b>	<b>9,687,763</b>	<b>1,948,187</b>	<b>1,229,478</b>	<b>80,567</b>	<b>3,258,232</b>	<b>12,945,995</b>
Depreciation and Amortization	2,234	-	186,951	-	189,185	13,050	-	-	13,050	202,235
Less: costs of direct benefits to donors	-	-	-	-	-	-	-	(80,567)	(80,567)	(80,567)
<b>Total Expenses</b>	<b>\$ 1,824,551</b>	<b>\$ 345,709</b>	<b>\$ 6,485,050</b>	<b>\$ 1,221,638</b>	<b>\$ 9,876,948</b>	<b>\$ 1,961,237</b>	<b>\$ 1,229,478</b>	<b>\$ -</b>	<b>\$ 3,190,715</b>	<b>\$ 13,067,663</b>

*See accompanying notes to financial statements.*



# The Children's Health Fund

## Statement of Cash Flows

*Year ended December 31, 2020*

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ (1,767,836)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized gain on investments	(29,141)
Net unrealized gain on investments	(407,233)
Bad debt expense	479,097
Depreciation and amortization	202,235
Non-cash donations	(46,121)
Decrease (increase) in:	
Government grants receivable	304,688
Contributions receivable	2,233,358
Prepaid expenses and deposits	(34,023)
Increase (decrease) in:	
Accounts payable and accrued expenses	69,907
Grants payable	(1,231,554)
<b>Net Cash Used in Operating Activities</b>	<b>(226,623)</b>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sale of investments	489,481
Purchase of property and equipment	(17,641)
<b>Net Cash Provided by Investing Activities</b>	<b>471,840</b>
<b>Net Increase in Cash</b>	<b>245,217</b>
Cash, beginning of year	438,046
<b>Cash, end of year</b>	<b>\$ 683,263</b>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash paid during the year for interest	\$ 9,756

*See accompanying notes to financial statements.*

# The Children's Health Fund

## Notes to Financial Statements

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### 1. Description of Organization

The Children's Health Fund (the Organization) is a not-for-profit organization incorporated in New York State. The Organization is committed to providing health care to the nation's most medically underserved children and their families through the development and support of innovative primary care medical programs, response to public health crises, and the promotion of guaranteed access to appropriate health care for all children. The Organization's primary sources of revenue are contributions and grants.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

#### *Cash and Cash Equivalents*

The Organization considers all highly liquid instruments purchased with a maturity of three months or less and money market accounts to be cash equivalents.

#### *Financial Instruments and Fair Value*

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, established a hierarchy for inputs used in measuring fair value that maximized the use of observable inputs and minimized the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

*Level 1* - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

*Level 2* - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

*Level 3* - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

# The Children's Health Fund

## Notes to Financial Statements

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### *Contributions Receivable*

The Organization recognizes as revenue the estimated realizable value of all unconditional promises to contribute to its operations in the year such promise is made. If contributions receivable are to be paid to the Organization over a period greater than one year following December 31, 2020, they are recorded at the present value of their estimated future cash flows using the effective discount rate (see Note 5).

### *Government Grants Receivable*

The Organization recognizes government grants when the conditions to satisfy the underlying grant have been "substantially met" or no items of substance are left to satisfy to qualify for the grant. As of December 31, 2020, government grants receivable was \$225,000.

### *Allowance for Uncollectible Receivables*

An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history and communications with donors.

The allowance is increased by provisions charged to expense. Actual losses, net of any recoveries, are charged to the allowance. Allowance for uncollectible receivables was \$67,500 as of December 31, 2020.

### *Property and Equipment, Net*

Property and equipment, net, are recorded at cost when purchased. Expenditures for additions, renewals, and betterments with a cost in excess of \$500 per unit are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Mobile medical units	10
Computers and equipment	3-5
Furniture	5

### *Impairment of Long-Lived Assets*

The Organization follows the provision of ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the Organization to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended December 31, 2020, there have been no such losses.

# The Children's Health Fund

## Notes to Financial Statements

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### *Net Asset Classification*

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

*With Donor Restrictions* - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

See Note 9 for more information on the composition of net assets with donor restrictions and the releases from restrictions.

*Without Donor Restrictions* - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

### *Contributions*

Contributions received are recorded as with or without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-profit Entities*. Conditional promises to give are not included as support until such time as the conditions are substantially met.

### *Special Events*

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Revenue is recognized when events take place. At December 31, 2020, there were no liabilities pertaining to special events revenue. All proceeds received, net of direct cost of the benefits received by the participant, are recorded as special events revenue in the accompanying statement of activities.

# The Children's Health Fund

## Notes to Financial Statements

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Revenue from special events is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the direct cost of the benefits received by the attendees at the events.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over a period of time is generally recognized when goods are provided to attendees over a period of time and the Organization does not believe it is required to provide additional goods or services related to that sale.

The Organization determines the transaction price based on standard charges for goods and services provided. For the year ended December 31, 2020, the Organization recognized revenue of \$111,086 from goods and services that transfer to the attendees over a period of time.

### *Government Grants*

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### *Consulting Fees*

The Organization receives consulting fees for program-related guidance provided to non-profit organizations. Revenue is recognized when performance obligations are satisfied based on signed agreements.

### *Contributions and Grant Expenses*

Contributions and grant expenses are recorded at the time they are approved by the Board. The grants are recorded as current or long term based on the required payment schedule. Grants due in more than one year are discounted using risk-adjusted rates.

### *Functional Allocation of Expenses*

The majority of expenses can generally be directly identified with program or supporting services to which they relate and are allocated accordingly. Other expenses have been allocated among program and supporting service classifications. These expenses include depreciation and amortization, utilities, information technology, and facilities operations and maintenance. These expenses are allocated based on usage or other equitable bases established by management.

### *Income Taxes*

The Organization is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements.

Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax

# The Children's Health Fund

## Notes to Financial Statements

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benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2020, there were no income tax-related interest or penalties recorded or included in the statement of activities. Management believes that the Organization is no longer subject to income tax examinations for years prior to 2017.

### *Concentrations of Credit Risk*

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Organization has cash deposits at financial institutions, which exceed the Federal Deposit Insurance Corporation insurance limits. The financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### *Accounting Pronouncements Issued but Not Yet Adopted*

#### *Accounting for Leases (Topic 842)*

On February 25, 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

#### *Accounting for Contributed Nonfinancial Assets*

On September 17, 2020, the FASB issued ASU, 2020-07, *Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. The Organization is in the process of evaluating the effect the amendment will have on the financial statements.

#### *Accounting for Financial Instruments - Credit Losses*

The FASB amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments, including trade receivables and finance receivables. The new standard is effective for fiscal years beginning

# The Children's Health Fund

## Notes to Financial Statements

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after December 15, 2022, including interim periods within those years. The Organization is in the process of evaluating the effect the amendment will have on the financial statements.

### 3. Liquidity and Availability of Resources

Financial assets available for general expenditure—that is, without donor or other restrictions limiting their use—within one year of December 31, 2020, comprise the following:

*December 31, 2020*

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Financial assets at year-end:		
Cash	\$	683,263
Investments, at fair value, current portion		27,335
Government grants receivable		225,000
Contributions receivable, current portion		1,709,299
<b>Total Financial Assets, at year-end</b>		<b>2,644,897</b>
Donor-imposed restrictions:		
Restricted funds		(531,986)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures     Within One Year</b>	<b>\$</b>	<b>2,112,911</b>

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To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$1,000,000, which it could draw upon.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the Board to meet 90 to 180 days of expected expenditures. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves quarterly. During the year ended December 31, 2020, the level of liquidity and reserves was managed within the policy requirements.

### 4. Investments, at Fair Value

#### *Recurring Measurements*

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 2 for a discussion of the Organization's policies regarding this hierarchy.

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 as of December 31, 2020.

*Mutual Funds* - These are valued at the closing price reported on the active market on which the individual securities are traded and are classified as Level 1.

# The Children's Health Fund

## Notes to Financial Statements

*Money Market Fund* - These are valued at cost plus interest, which approximates fair value.

*U.S. Treasury Securities* - These are valued at the last reported market value by the holding institution and are classified as Level 1.

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

*December 31, 2020*

	Total Fair Value	Fair Value Measurements Using			Investments Measured at NAV <sup>(a)</sup>
		Level 1	Level 2	Level 3	
Investments:					
Mutual funds:					
Money market fund	\$ 3,751	\$ 3,751	\$ -	\$ -	\$ -
U.S. Treasury securities	23,584	23,584	-	-	-
Alternative investments:					
TIFF Multi-Asset Fund <sup>(b)</sup>	2,616,117	-	-	-	2,616,117
<b>Total Investments</b>	<b>\$2,643,452</b>	<b>\$ 27,335</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$2,616,117</b>

(a) Certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(b) *TIFF Multi-Asset Fund* - The TIFF Multi-Asset Fund is an investment vehicle under the TIFF Investment Program, Inc. (TIP). TIP is a no-load, open-end management investment company that seeks to improve the net investment returns of its members. The Multi-Asset Fund is available primarily to foundations, endowments, other 501(c)(3) organizations, and certain other non-profit organizations that meet TIP's eligibility requirements. The fund's investment objective is to attain a growing stream of current income and appreciation of principal that at least offset inflation.

### *Alternative Investments*

Investments in certain entities measured at fair value using NAV per share as a practical expedient consist of the following:

*December 31, 2020*

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period Notice
TIFF Multi-Asset Fund	\$ 2,616,117	-	Daily	None



# The Children's Health Fund

## Notes to Financial Statements

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### 5. Contributions Receivable, Net

Contributions receivable have been recorded at present value at a discount calculated using U.S. Treasury risk-free rates, which are 0.10%, 0.13%, and 0.17% for one-year, two-year, and three-year, respectively. The receivables consisted of the following:

*December 31, 2020*

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Amount due in:		
One year	\$	1,776,799
Two to five years		400,000
		<hr/>
		2,176,799
Less: allowance for uncollectible receivables		(67,500)
Less: unamortized discount		(460)
		<hr/>
	\$	2,108,839

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### 6. Property and Equipment, Net

Property and equipment, net, consists of the following:

*December 31, 2020*

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Mobile medical units	\$	3,745,210
Computers and equipment		234,034
Furniture		41,631
		<hr/>
		4,020,875
Less: accumulated depreciation and amortization		(3,375,446)
		<hr/>
	\$	645,429

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Depreciation and amortization expense was \$202,235 for the year ended December 31, 2020.

### 7. Line of Credit

The Organization has a \$1,000,000 working capital line of credit available from Citibank, N.A. that is collateralized by the assets of the Organization. Interest is computed at the prime rate, which was 3.25% at December 31, 2020. The line of credit does not have a set expiration date. There was no balance outstanding as of December 31, 2020. Interest expense for the year ended December 31, 2020 was \$9,756.

### 8. Grants Payable

The Organization's grants payable, which amounted to \$2,281,081 as of December 31, 2020, are due within one year of the statement of financial position date.

# The Children's Health Fund

## Notes to Financial Statements

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### 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

*December 31, 2020*

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Subject to expenditure for specified purpose:		
National network programs	\$	456,526
New York programs		25,000
Subject to the passage of time:		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due		450,000
	\$	931,526

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#### *Net Assets Released from Restrictions*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

*December 31, 2020*

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Satisfaction of purpose restrictions:		
New York programs	\$	1,015,297
National network programs		4,434,477
		5,449,774
Expiration of time restrictions		1,400,000
Release of endowment (Note 10)		2,402,314
	\$	9,252,088

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### 10. Endowment

The Organization's governing body is subject to the State of New York Prudent Management of Institutional Funds Act (NYPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

Additionally, in accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the Organization

# The Children's Health Fund

## Notes to Financial Statements

- Investment policies of the Organization

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's endowment consisted of one fund in the amount of \$2,000,000, which was restricted to investment in perpetuity, the income from which was expendable to support any activity of the Organization. During 2020, the Organization received donor's consent for release of restriction on the endowment, and the Organization may use the fund as it deems necessary.

The composition of net assets by type of endowment fund was as follows:

*December 31, 2020*

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds:			
Original amount	\$ 2,000,000	\$ -	\$ 2,000,000
Accumulated investment gains	616,117	-	616,117
	\$ 2,616,117	\$ -	\$ 2,616,117

Change in endowment net assets were as follows:

*Year ended December 31, 2020*

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	\$ -	\$ 2,402,314	\$ 2,402,314
Investment return	213,803	-	213,803
Release from restriction	2,402,314	(2,402,314)	-
Endowment Net Assets, end of year	\$ 2,616,117	\$ -	\$ 2,616,117

### *Investment and Spending Policies*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods. Under the Organization's policies, endowment assets are invested in low-risk securities. The Organization expects its endowment funds to provide an average rate of return of approximately 3-5% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization invests in low-risk securities in order to achieve its long-term return objectives within prudent risk constraints.

# The Children's Health Fund

## Notes to Financial Statements

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The Organization has a spending policy of appropriating for expenditure each year 3% of its endowment fund's average fair value over the prior five years. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### *Underwater Endowments*

The Organization does not have any underwater endowments.

## 11. Grant Revenue

The Organization has applied for, and on May 5, 2020 received, loan proceeds in the amount of \$855,600, pursuant to the Paycheck Protection Program (the PPP), under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Funds from the loan may only be used for payroll costs, costs used to continue group health benefits, mortgage interest payments, rent, and utilities. The proceeds were used in accordance with the loan agreement and management has determined, under ASC 958-605, that the conditions to recognize this contribution are substantially met as of December 31, 2020. The entire amount of the loan proceeds was recognized as revenue and is included in government grants on the statement of activities. The approval for loan forgiveness was received from the bank subsequent to year-end.

## 12. Lease Commitments

The Organization leases office space at 125<sup>th</sup> Street in New York, NY. The original lease that expired on May 31, 2020, was extended until May 31, 2021. In addition, other entities sublease space from the Organization under agreements, which expired on May 31, 2020. Rent expense for the year ended December 31, 2020 was \$689,135.

Future minimum lease payments required subsequent to December 31, 2020 are as follows:

Year ending December 31,		
2021	\$	272,470
Thereafter		-
	\$	272,470

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See Note 17 for disclosure on new lease agreement.

## 13. Employee Benefit Plans

The Organization maintains an employee benefit plan under Section 403(b) of the Code covering all qualified employees. All employees at least 21 years of age working over 1,000 hours per year are qualified to participate in this plan after one year of service. The employer contributes 5% of employees' gross salaries to the plan. Contribution expense for the year ended December 31, 2020 was \$152,299.

# The Children's Health Fund

## Notes to Financial Statements

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### 14. Significant Estimates and Concentrations

U.S. GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Approximately 49% of contributions were received from five donors in 2020. Approximately 65% of contributions receivable were from five donors in 2020.

### 15. Related-Party Transactions

Two of the voting members of the Board received compensation for services to the Organization as Senior Advisor to the Chief Executive Officer and Chief Administrative Officer, which ended June 30, 2020 and July 9, 2020, respectively. The total amount paid for salaries and related benefits was \$200,234 in 2020. The Organization contracted one of the Board members as a consultant and paid a fee of \$12,000 in 2020.

Since 2005, the Organization has worked in partnership with National Center for Disaster Preparedness of Columbia University (NCDP) in developing and implementing a series of multi-faceted research and disaster response initiatives. One of the Organization's board members served as the Founding Director of NCDP. In 2020, the Organization made a grant payment to the Trustees of Columbia University in the amount of \$379,257.

### 16. Risk and Uncertainties

The Organization utilizes Blackbaud Raiser's Edge as its cloud-based fundraising and donor management software solution. In May 2020, Blackbaud discovered and stopped a ransomware attack. However, prior to locking the cybercriminal out, the cybercriminal removed a copy of a subset of data from Blackbaud's self-hosted environment. Blackbaud paid the cybercriminal's demand with confirmation that the copy removed had been destroyed. Based on the nature of the incident and further investigations, Blackbaud had no reason to believe that any data was or will be misused and sent out notification to all organizations whose data was part of this incident. Management believes this incident had no impact on the Organization, since the Organization's data are hosted locally. The Organization had not received any notification from Blackbaud as of report date.

The Organization's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Organization's investments will occur in the near term and that such changes could materially affect the amount reported the accompanying financial statements.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result of the spread of the COVID-19, economic uncertainties have arisen that may negatively affect the financial position, changes in net assets and cash flows of the Organization, including, but not limited to, reduction in contributions, and possible changes in the values of investment securities reported in the accompanying statement of financial position. The full impact of COVID-19 outbreak continues to evolve as of the date of this report and the duration of these uncertainties, and the ultimate financial effects, cannot be reasonably estimated at this time.

# The Children's Health Fund

## Notes to Financial Statements

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Management is actively assessing the situation and will continue to assess and address the potential impact on its financial condition, liquidity, operations and workforce as more information becomes available.

### 17. Subsequent Events

On December 27, 2020, the Economic Aid to Hard-Hit Small Business, Non-Profits, and Venues Act (Economic Aid Act) was signed into law. The Economic Aid Act created a new PPP loan (PPP2 loan) available to certain eligible entities that received PPP loans pursuant to the CARES Act. On March 23, 2021, the Organization has received a PPP2 loan in the amount of \$828,300. Funds from the loan may only be used for payroll costs, rent/mortgage interest, utilities, and covered operations expenditures. Under the terms of the PPP2 loan, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described above. The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%.

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, made a number of changes to the employee retention tax credits previously available under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), including modifying and extending the Employees Retention Credit (ERC), for six months through June 30, 2021. The Organization is qualified for the first two quarters of ERC of 2021 in the amount of \$231,262 and \$236,329 respectively. No amount has been received as of report date.

On January 21, 2021, the Organization entered into a lease agreement with The Interchurch Center (the Landlord) on the premise of No. 475 Riverside Drive, New York, New York. The lease is for a term of five years and three months to commence on March 1, 2021 and to end on May 31, 2026. The Organization has deposited with the Landlord the sum of \$29,370 as security. The annual rental for each year ended December 31 will be an amount equal to the Organization's proportionate share of the building.

On March 10, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. This bill provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. The Organization has not applied for and does not expect to apply for any of the ARPA funding or benefits.

The Organization's management has evaluated its December 31, 2020 financial statements for subsequent events through October 15, 2021, the date the financial statements were available to be issued. Other than the matters noted in Note 16 and above, management is not aware of any other subsequent events that would require recognition or disclosure in the financial statements.