

**CHILD HEALTH INVESTMENT  
PARTNERSHIP, INC.**

**Roanoke, Virginia**

**FINANCIAL STATEMENTS**

**For the Years Ended  
June 30, 2024 and 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Child Health Investment Partnership, Inc.  
Roanoke, Virginia

### **Opinion**

We have audited the accompanying financial statements of Child Health Investment Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Health Investment Partnership, Inc. as of June 30, 2024 and 2023, 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Health Investment Partnership, Inc. 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 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 Child Health Investment Partnership, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 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 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 Child Health Investment Partnership, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Health Investment Partnership, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Adm + Reed, LLP*

Roanoke, Virginia  
November 21, 2024

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Statements of Financial Position June 30, 2024 and 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 43,625	\$ 77,889
Accounts receivable	226,678	44,809
Pledges receivable	2,500	10,688
Grants receivable	285,088	174,380
Other assets	<u>5,273</u>	<u>12,730</u>
<b>Total current assets</b>	563,164	320,496
Investments	2,012,503	2,072,200
Pledges Receivable – Noncurrent	-	2,500
Land, Building and Equipment – Net	<u>1,422,236</u>	<u>1,474,217</u>
<b>Total assets</b>	<u>\$ 3,997,903</u>	<u>\$ 3,869,413</u>
 <b><u>LIABILITIES and NET ASSETS</u></b> 		
Current Liabilities:		
Accounts payable	\$ 69,491	\$ 59,523
Accrued payroll	44,597	42,795
Accrued compensated absences	58,623	49,140
Line of credit	40,000	-
Refundable advance from grantors	<u>47,000</u>	<u>-</u>
<b>Total liabilities</b>	<u>259,711</u>	<u>151,458</u>
Net Assets:		
Without donor restrictions:		
Undesignated	1,698,424	1,610,218
Board-designated endowment	<u>2,012,503</u>	<u>2,072,200</u>
Total net assets without donor restrictions	3,710,927	3,682,418
With donor restrictions	<u>27,265</u>	<u>35,537</u>
<b>Total net assets</b>	<u>3,738,192</u>	<u>3,717,955</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,997,903</u>	<u>\$ 3,869,413</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Statements of Activities For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Net Assets Without Donor Restriction</b>		
Support and revenue:		
Contributions	\$ 283,396	\$ 222,879
CHIP of Virginia	550,275	458,151
Foundation grants	181,721	288,454
Government grants	100,455	223,270
United Way of Roanoke Valley	42,000	42,000
Third-party billings	215,629	182,674
Other income	136,500	-
Special events (net of costs of \$30,814 in 2024 and \$19,422 in 2023)	28,097	24,981
Rental income	-	2,500
Investment income	191,253	119,144
Net assets released from restriction	<u>13,212</u>	<u>3,334</u>
<b>Total support and revenue</b>	<u>1,742,538</u>	<u>1,567,387</u>
Expenses:		
Program services	1,410,982	1,420,434
Management and general	201,165	214,844
Fund raising	<u>101,882</u>	<u>112,954</u>
<b>Total expenses</b>	<u>1,714,029</u>	<u>1,748,232</u>
<b>Change in Net Assets Without Donor Restriction</b>	<u>28,509</u>	<u>(180,845)</u>
<b>Net Assets With Donor Restriction</b>		
Contributions	4,940	4,900
Net assets released from restriction	<u>(13,212)</u>	<u>(3,334)</u>
<b>Change in Net Assets With Donor Restriction</b>	<u>(8,272)</u>	<u>1,566</u>
<b>Change in Net Assets</b>	20,237	(179,279)
<b>Net Assets</b>		
Beginning of year	<u>3,717,955</u>	<u>3,897,234</u>
End of year	<u>\$ 3,738,192</u>	<u>\$ 3,717,955</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Statements of Cash Flows For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 20,237	\$ (179,279)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	85,566	86,613
(Gain) loss on investments	(146,474)	(74,934)
Changes in assets and liabilities:		
(Increase) decrease:		
Receivables	(281,889)	(29,325)
Other assets	7,457	2,353
Increase (decrease):		
Accounts payable	9,968	(11,295)
Accrued expenses	11,285	6,152
Refundable advance from grantors	47,000	-
<b>Net cash used in operating activities</b>	<u>(246,850)</u>	<u>(199,715)</u>
<b>INVESTING ACTIVITIES</b>		
Investment activity	206,171	230,094
Purchase of property and equipment	<u>(33,585)</u>	<u>(67,230)</u>
<b>Net cash provided by investing activities</b>	<u>172,586</u>	<u>162,864</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from line of credit	<u>40,000</u>	<u>-</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(34,264)	(36,851)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>77,889</u>	<u>114,740</u>
Ending	<u>\$ 43,625</u>	<u>\$ 77,889</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Statement of Functional Expenses For the Year Ended June 30, 2024

	<u>Medical Coordination</u>	<u>Family Strengthening</u>	<u>Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 494,181	\$ 259,435	\$ 158,019	\$ 911,635	\$ 123,655	\$ 54,909	\$ 1,090,199
Fringe Benefits	46,227	38,711	29,158	114,096	7,721	4,127	125,944
Payroll Taxes	35,888	20,461	12,019	68,368	9,661	4,401	82,430
Contract Services	53,699	25,784	17,835	97,318	20,492	5,366	123,176
Building and Grounds Maintenance	5,689	2,939	1,843	10,471	2,486	431	13,388
Utilities	11,043	5,750	3,674	20,467	6,190	973	27,630
Janitorial and Supplies Costs	4,227	2,936	1,876	9,039	523	497	10,059
Insurance	9,228	6,411	4,096	19,735	1,142	1,085	21,962
Software Support	10,879	10,604	399	21,882	111	8,130	30,123
Telephone	2,054	11,845	3,323	17,222	388	110	17,720
Copier and Printing Expense	2,247	1,532	899	4,678	305	8,119	13,102
Office and Computer Supplies	6,814	2,614	1,670	11,098	416	442	11,956
Postage	399	270	173	842	63	1,642	2,547
Program Expenses	1,644	1,371	1,896	4,911	43	21	4,975
Advertising, Marketing and Fundraising	163	9	-	172	32	6,995	7,199
Staff Development	3,299	2,781	1,717	7,797	1,968	237	10,002
Travel and Mileage	8,321	6,915	6,054	21,290	107	2	21,399
Transportation for Families	2,958	515	39	3,512	-	-	3,512
Professional Fees	-	-	-	-	8,500	-	8,500
Miscellaneous Expenses	200	184	143	527	1,342	771	2,640
Depreciation Expense	30,826	21,414	13,682	65,922	16,020	3,624	85,566
	<u>\$ 729,986</u>	<u>\$ 422,481</u>	<u>\$ 258,515</u>	<u>\$ 1,410,982</u>	<u>\$ 201,165</u>	<u>\$ 101,882</u>	<u>\$ 1,714,029</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

**CHILD HEALTH INVESTMENT PARTNERSHIP, INC.**

**Statement of Functional Expenses  
For the Year Ended June 30, 2023**

	<u>Medical Coordination</u>	<u>Family Strengthening</u>	<u>Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 473,278	\$ 301,189	\$ 188,648	\$ 963,115	\$ 120,851	\$ 58,569	\$ 1,142,535
Fringe Benefits	56,098	47,542	31,045	134,685	7,339	6,555	148,579
Payroll Taxes	35,234	23,846	14,722	73,802	9,657	4,510	87,969
Contract Services	21,523	9,328	7,017	37,868	36,478	14,073	88,419
Building and Grounds Maintenance	5,386	2,995	1,831	10,212	1,828	485	12,525
Utilities	10,683	5,528	3,531	19,742	6,732	936	27,410
Janitorial and Supplies Costs	3,070	2,090	1,335	6,495	386	354	7,235
Insurance	8,477	5,889	3,763	18,129	1,049	997	20,175
Software Support	10,405	10,156	362	20,923	101	7,810	28,834
Telephone	3,112	13,615	3,580	20,307	89	411	20,807
Copier and Printing Expense	2,558	1,880	1,100	5,538	335	7,814	13,687
Office and Computer Supplies	4,722	3,500	2,007	10,229	656	561	11,446
Postage	310	215	138	663	38	1,313	2,014
Program Expenses	1,949	3,109	42	5,100	-	-	5,100
Advertising, Marketing and Fundraising	293	130	11	434	-	4,019	4,453
Staff Development	2,939	1,938	1,455	6,332	3,783	378	10,493
Travel and Mileage	6,488	5,439	3,842	15,769	292	-	16,061
Transportation for Families	2,872	500	-	3,372	-	-	3,372
Professional Fees	-	-	-	-	8,500	-	8,500
Miscellaneous Expenses	455	291	110	856	656	493	2,005
Depreciation Expense	31,266	21,720	13,877	66,863	16,074	3,676	86,613
	<u>\$ 681,118</u>	<u>\$ 460,900</u>	<u>\$ 278,416</u>	<u>\$ 1,420,434</u>	<u>\$ 214,844</u>	<u>\$ 112,954</u>	<u>\$ 1,748,232</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.



# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 1. Nature of Activities

Child Health Investment Partnership, Inc. (CHIP) is a human services organization designed to coordinate collaborative efforts between public and private sectors to provide health care coordination and family support services for area children living in poverty. The process of providing this service is multifaceted and includes case management, health care coordination, and parental involvement. CHIP is located in Roanoke, Virginia and primarily serves families residing in the Roanoke Valley region of western Virginia. The Organization's primary sources of revenue are public contributions, government and private grants, and fees for services.

### Note 2. Summary of Significant Accounting Policies

#### Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

#### Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 2. Summary of Significant Accounting Policies (Continued)

#### Support and Revenue Recognition:

Contributions are recognized when cash, other assets or an unconditional promise to give is received. Grants (conditional promises to give) are recognized when the conditions, on which they depend, are substantially met.

Third-party billings revenue is recognized when the service is provided.

#### Functional Allocation of Expenses:

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Salaries and the related expenses are allocated on estimates of time spent under each function. Costs of other expenses are allocated based on estimates of the amount spent per each functional category.

#### Cash and Cash Equivalents:

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

#### Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The balance of the bad debt valuation allowance at June 30, 2024 and 2023 is \$-0-.

#### Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statements of activities.

#### Property and Equipment:

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 2. Summary of Significant Accounting Policies (Continued)

#### Property and Equipment: (Continued)

Depreciation of building and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful life of the building is 25 to 40 years and the equipment is 5 to 10 years.

#### Income Tax Status:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

#### Donated Services:

The Organization has a substantial number of volunteers that have donated significant amounts of their time in the Organization's program services and fund-raising campaigns. In accordance with generally accepted accounting principles, no amounts have been reflected in the financial statements for these services.

#### Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could vary from the estimates that were used.

### Note 3. Investments

The fair value of investment securities at June 30, 2024 and 2023 are as follows:

	<b>2024</b>	
	<b><u>Cost</u></b>	<b><u>Fair Value</u></b>
Money Market	\$ 60,819	\$ 60,819
U. S. Government Securities	147,323	125,228
Corporate and Other Bonds	72,485	65,839
Marketable Equity Securities	1,055,164	1,390,776
Mutual Funds	<u>399,851</u>	<u>369,841</u>
	<u>\$ 1,735,642</u>	<u>\$ 2,012,503</u>

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 3. Investments (Continued)

	<b>2023</b>	
	<b>Cost</b>	<b>Fair Value</b>
Money Market	\$ 43,146	\$ 43,146
U. S. Government Securities	154,496	132,421
Corporate and Other Bonds	64,878	57,337
Marketable Equity Securities	1,186,841	1,476,607
Mutual Funds	392,897	362,689
	<u>\$ 1,842,258</u>	<u>\$ 2,072,200</u>

The components of investment income for the years ended June 30, 2024 and 2023 are as follows:

	<b>2024</b>	<b>2023</b>
Interest and Dividends	\$ 62,652	\$ 63,392
Gain on Investments	146,474	74,934
Investment Fees	<u>(17,873)</u>	<u>(19,182)</u>
Investment Income	<u>\$ 191,253</u>	<u>\$ 119,144</u>

### Note 4. Land, Building and Equipment

Land, building and equipment (at cost) are summarized as follows:

	<b>2024</b>	<b>2023</b>
Land	\$ 232,000	\$ 232,000
Building	1,335,300	1,335,300
Leasehold improvements	587,979	582,469
Furniture and equipment	421,742	420,432
Computer equipment	42,678	42,678
Total land, building and equipment	2,619,699	2,612,879
Less Accumulated Depreciation	<u>1,197,463</u>	<u>1,138,662</u>
Net land, building and equipment	<u>\$ 1,422,236</u>	<u>\$ 1,474,217</u>

### Note 5. Line of Credit

The Organization has a \$75,000 unsecured line of credit with Atlantic Union Bank. The line of credit has an interest rate of prime plus .50% and the balance at June 30, 2024 and 2023 is \$40,000 and \$-0-, respectively.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 6. Refundable Advance from Grantors

Refundable advance from grantors has a balance of \$47,000 at June 30, 2024 and consists of:

1. **Grant for Future Year Activities:** In June 2024, the Company received an advance of \$30,000 from Richard and Caroline T. Gwathmey Memorial Trust to fund general operating activities during fiscal year 2024 – 2025. The advance will be recognized as revenue in the fiscal year ended June 30, 2025.
2. **Renovation Grant:** The Company received an advance of \$17,000 from the CFSWV Community Catalyst Funds for a renovation project completed in November 2024. This grant will be recognized as revenue in the fiscal year ended June 30, 2025.

### Note 7. Other Income – Settlement from VA Medicaid Managed Care Organization

During the 2024 fiscal year, CHIP reached a settlement agreement with a Virginia Medicaid Managed Care Organization (MCO), resulting in a payment of \$136,500, which was received in July 2024. The settlement is not a reimbursement for specific services rendered but rather represents a good faith effort by the MCO to compensate the Organization for lost revenue opportunities due to the inability to submit claims for covered services. The Organization has recognized the settlement amount as other income in the year ended June 30, 2024.

### Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$ 2,500	\$ 13,188
Glontz fund	21,784	18,833
Bazak book fund	<u>2,981</u>	<u>3,516</u>
	<u>\$ 27,265</u>	<u>\$ 35,537</u>

### Note 9. Board-Designated Endowment

The Board of Directors had designated \$2,012,503 and \$2,072,200 at June 30, 2024 and 2023, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 9. Board-Designated Endowment (Continued)

#### Return Objectives and Risk Parameters:

The Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of five percent, while growing the fund if possible. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return above that of the average of several public market indexes. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels or risk.

#### Strategies Employed for Achieving Objectives:

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 capital appreciation (realized and unrealized) and current year (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Changes in endowment net assets for the years ending June 30, 2024 and 2023 are as follows:

Endowment net assets, June 30, 2022	\$ 2,227,360
Investment return, net	120,840
Amounts appropriated for expenditure	<u>(276,000)</u>
Endowment net assets, June 30, 2023	2,072,200
Investment return, net	190,303
Amounts appropriated for expenditure	<u>(250,000)</u>
Endowment net assets, June 30, 2024	<u>\$ 2,012,503</u>

### Note 10. Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 10. Fair Value Measurements (Continued)

The fair value measurements authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

#### Level 1 Fair Value Measurements:

The fair values of marketable equity securities are based on the closing price reported on the active market where the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U. S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded.

#### Level 2 Fair Value Measurements:

The fair values of corporate and other bonds and U. S. government securities are measured using a market approach on yields currently available on comparable securities of issuers with similar credit ratings.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2024 and 2023:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<b><u>June 30, 2024:</u></b>			
Money Market	\$ 60,819	\$ 60,819	\$ -
U. S. Government Securities	125,228	-	125,228
Corporate and Other Bonds	65,839	-	65,839
Marketable Equity Securities	1,390,776	1,390,776	-
Mutual Funds	<u>369,841</u>	<u>369,841</u>	<u>-</u>
	<u>\$ 2,012,503</u>	<u>\$ 1,821,436</u>	<u>\$ 191,067</u>

# CHILD HEALTH INVESTMENT PARTNERSHIP, INC.

## Notes to Financial Statements June 30, 2024 and 2023

### Note 10. Fair Value Measurements (Continued)

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<b><u>June 30, 2023:</u></b>			
Money Market	\$ 43,146	\$ 43,146	\$ -
U. S. Government Securities	132,421	-	132,421
Corporate and Other Bonds	57,337	-	57,337
Marketable Equity Securities	1,476,607	1,476,607	-
Mutual Funds	<u>362,689</u>	<u>362,689</u>	<u>-</u>
	<u>\$ 2,072,200</u>	<u>\$ 1,882,442</u>	<u>\$ 189,758</u>

### Note 11. Retirement Plan

The Organization provides retirement benefits to its employees through a 403(b) defined contribution plan covering employees working a minimum of 20 hours per week, with one year of eligible service. The Organization matches one half of employee contributions up to a maximum contribution of two and one-half percent (2-1/2%) of gross wages. Contributions to the plan during the years ended June 30, 2024 and 2023 were \$10,929 and \$7,072, respectively.

### Note 12. Liquidity

The Organization manages its financial assets to ensure resources are available to meet obligations over the next twelve months. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 43,625	\$ 77,889
Receivables	<u>514,266</u>	<u>229,877</u>
Financial assets	557,891	307,766
Donor-imposed restrictions	(27,265)	(35,537)
United Way funding for partner agencies	<u>(6,910)</u>	<u>(6,318)</u>
Financial assets available for general expenditures	<u>\$ 523,716</u>	<u>\$ 265,911</u>



**CHILD HEALTH INVESTMENT PARTNERSHIP, INC.**

**Notes to Financial Statements  
June 30, 2024 and 2023**

**Note 13. New Pronouncements**

Lease Accounting:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires that lessees recognize all leases (other than leases with a term of 12 months or fewer) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU No. 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The amendments in ASU No. 2016-02 were effective for the Organization on July 1, 2022. This new standard did not have an effect on the Organization's financial statements.

**Note 14. Subsequent Events**

Management has evaluated subsequent events through November 21, 2024, the date which the financial statements were available to be issued.