



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 15, 2023

Board of Directors  
Indiana AIDS Fund, Inc.  
429 E. Vermont Street, Suite 400  
Indianapolis, IN 46202

We have reviewed the audit report of Indiana AIDS Fund, Inc., which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Report of Independent Auditors*, the financial statements included in the report present fairly the financial condition of Indiana AIDS Fund, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner



**AND AFFILIATES**

**INDIANA AIDS FUND, INC.**

**AND**

**THE HEALTH FOUNDATION, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022 AND 2021**

*CPAs / ADVISORS*



**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

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DECEMBER 31, 2022 AND 2021

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
The Health Foundation of Greater Indianapolis, Inc.  
Indianapolis, Indiana

### Report on the Audit of Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of The Health Foundation of Greater Indianapolis, Inc. (the Foundation), a not-for-profit private foundation, and its affiliates, Indiana AIDS Fund, Inc. and The Health Foundation, LLC, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources* issued by the Indiana State Board of Accounts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation 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.

#### *Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Board of Directors  
The Health Foundation of Greater Indianapolis, Inc.  
Indianapolis, Indiana

*Responsibilities of Management for the Consolidated Financial Statements*

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government 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 are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Board of Directors  
The Health Foundation of Greater Indianapolis, Inc.  
Indianapolis, Indiana

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.

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents on pages 22 through 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2023 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

**Blue & Co., LLC**

Indianapolis, Indiana  
July 24, 2023

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

<b>ASSETS</b>		
	2022	2021
<b>Cash</b>	\$ 608,539	\$ 182,136
<b>Cash - donor restricted</b>	570,760	519,182
Total cash	1,179,299	701,318
<b>Investments</b>	8,914,168	11,794,591
<b>Property and equipment</b>		
Furniture and equipment	58,922	61,533
Accumulated depreciation	(44,466)	(44,241)
Property and equipment, net	14,456	17,292
<b>Other assets</b>		
Accrued investment income	4,083	3,698
Grant and other receivables	900,973	636,637
Right-of-use assets under operating leases, net	431,515	-0-
Other assets	5,836	6,265
Total other assets	1,342,407	646,600
Total assets	\$ 11,450,330	\$ 13,159,801

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 9,276	\$ 7,659
Accrued expenses	18,124	17,523
Accrued grants awarded	805,801	848,600
Deferred support	25,000	-0-
Deferred excise taxes	-0-	15,814
Lines of credit	850,000	-0-
Accrued interest	23,147	-0-
Operating lease liabilities	441,238	-0-
Total liabilities	2,172,586	889,596
<b>Net assets</b>		
Without donor restrictions	8,731,984	11,751,023
With donor restrictions	545,760	519,182
Total net assets	9,277,744	12,270,205
Total liabilities and net assets	\$ 11,450,330	\$ 13,159,801

See accompanying notes to consolidated financial statements.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>Revenues, gains and support</b>		
Federal grants	\$ 3,327,354	\$ 3,607,396
State and local grants	25,000	35,000
Other revenues	49,500	222,162
Investment return (loss), net	(2,101,006)	1,284,743
Net assets released from donor restrictions	558,373	401,972
Total revenues, gains and support	1,859,221	5,551,273
<b>Expenses</b>		
Grants awarded	3,162,691	3,582,237
Salaries and employee benefits	721,706	679,083
Professional fees	207,491	227,826
Development and special events	248,816	170,074
Contract labor	-0-	66,776
Repairs and maintenance	-0-	39,474
Depreciation	6,944	5,368
Excise taxes	9,532	7,110
Other expenses	521,080	419,716
Total expenses	4,878,260	5,197,664
Change in net assets without donor restrictions	(3,019,039)	353,609
<b>Net assets with donor restrictions</b>		
Contributions	584,370	537,814
Interest income	581	152
Net assets released from donor restrictions	(558,373)	(401,972)
Change in net assets with donor restrictions	26,578	135,994
Change in net assets	(2,992,461)	489,603
<b>Net assets</b>		
Beginning of year	12,270,205	11,780,602
End of year	\$ 9,277,744	\$ 12,270,205

See accompanying notes to consolidated financial statements.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022

	Program Services						Total Program Services	Administrative & General	Fundraising	Total Expenses
	Indiana State Department of Health	Prevention	Direct Emergency Financial Assistance	The Health Foundation Grants	Syringe Exchange	AmeriCorps				
<b>Expenses</b>										
Grants awarded	\$ 2,593,818	\$ 182,150	\$ 230,000	\$ 59,167	\$ 97,556	\$ -0-	\$ 3,162,691	\$ -0-	\$ -0-	\$ 3,162,691
Salaries and employee benefits	332,100	36,120	45,609	11,733	19,345	128,497	573,404	148,302	-0-	721,706
Professional fees	54,591	2,588	3,268	841	1,386	26,944	89,618	51,873	66,000	207,491
Development and special events	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	248,816	248,816
Depreciation	3,575	523	660	170	280	-0-	5,208	1,736	-0-	6,944
Excise taxes	4,308	910	1,149	295	487	-0-	7,149	2,383	-0-	9,532
Other expenses	122,912	16,832	21,254	5,468	9,015	215,329	390,810	130,270	-0-	521,080
Total expenses	<u>\$ 3,111,304</u>	<u>\$ 239,123</u>	<u>\$ 301,940</u>	<u>\$ 77,674</u>	<u>\$ 128,069</u>	<u>\$ 370,770</u>	<u>\$ 4,228,880</u>	<u>\$ 334,564</u>	<u>\$ 314,816</u>	<u>\$ 4,878,260</u>

See accompanying notes to consolidated financial statements.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program Services						Total Program Services	Administrative & General	Fundraising	Total Expenses
	Indiana State Department of Health	Prevention	Direct Emergency Financial Assistance	The Health Foundation Grants	Syringe Exchange	AmeriCorps				
<b>Expenses</b>										
Grants awarded	\$ 2,994,167	\$ 201,600	\$ 231,470	\$ 55,000	\$ 100,000	\$ -0-	\$ 3,582,237	\$ -0-	\$ -0-	\$ 3,582,237
Salaries and employee benefits	342,737	32,208	36,980	8,787	15,976	96,832	533,520	145,563	-0-	679,083
Professional fees	66,653	5,907	6,782	1,611	2,930	20,986	104,869	56,957	66,000	227,826
Development and special events	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	170,074	170,074
Contract labor	31,652	6,318	7,254	1,724	3,134	-0-	50,082	16,694	-0-	66,776
Repairs and maintenance	18,710	3,735	4,288	1,019	1,853	-0-	29,605	9,869	-0-	39,474
Depreciation	2,825	412	472	112	204	-0-	4,025	1,343	-0-	5,368
Excise taxes	3,369	673	772	184	334	-0-	5,332	1,778	-0-	7,110
Other expenses	136,318	19,108	21,939	5,213	9,478	146,277	338,333	81,383	-0-	419,716
Total expenses	<u>\$ 3,596,431</u>	<u>\$ 269,961</u>	<u>\$ 309,957</u>	<u>\$ 73,650</u>	<u>\$ 133,909</u>	<u>\$ 264,095</u>	<u>\$ 4,648,003</u>	<u>\$ 313,587</u>	<u>\$ 236,074</u>	<u>\$ 5,197,664</u>

See accompanying notes to consolidated financial statements.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>Operating activities</b>		
Change in net assets	\$ (2,992,461)	\$ 489,603
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	6,944	5,368
Net realized (gain) loss on investments	1,166	(623,312)
Net unrealized (gain) loss on investments	2,308,988	(472,582)
Change in deferred excise taxes	(15,814)	6,569
Change in operating assets and liabilities		
Accrued investment income	(385)	2,360
Grant and other receivables	(264,336)	(324,040)
Right-of-use assets under operating leases, net	(431,515)	-0-
Other assets	429	23,486
Accounts payable	1,617	(68,716)
Accrued expenses	601	(28,057)
Accrued grants awarded	(42,799)	(2,580)
Deferred support	25,000	-0-
Accrued interest	23,147	-0-
Operating lease liabilities	441,238	-0-
Other liabilities	-0-	(38,038)
Net cash flows from operating activities	(938,180)	(1,029,939)
<b>Investing activities</b>		
Proceeds from the sale of investments	3,042,038	3,004,831
Purchase of investments	(2,471,769)	(4,216,199)
Proceeds from sale of property and equipment	-0-	2,289,908
Additions to property and equipment	(4,108)	(6,331)
Proceeds from lines of credit	950,000	-0-
Principal payments on lines of credit	(100,000)	-0-
Net cash flows from investing activities	1,416,161	1,072,209
Net change in cash and restricted cash	477,981	42,270
<b>Cash and restricted cash</b>		
Beginning of year	701,318	659,048
End of year	\$ 1,179,299	\$ 701,318
<b>Supplemental disclosure of cash flows</b>		
Cash paid for excise taxes	\$ 6,861	\$ 23,000
Cash paid for interest	\$ 596	\$ 4,723

See accompanying notes to consolidated financial statements.

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

The Health Foundation of Greater Indianapolis, Inc. (the Foundation) is a not-for-profit private foundation that assists, supports, and funds programs to enhance the physical, mental, and social health of the Indianapolis area and surrounding communities.

#### Principles of Consolidation

The consolidated financial statements of the Foundation include the accounts of Indiana Aids Fund, Inc. (IAFI) and The Health Foundation, LLC, (THF, LLC). Both entities are wholly owned subsidiaries of the Foundation. IAFI was created in 2018 to administer Indiana State Department of Health (ISDH) grants that were previously administered by the Foundation. THF, LLC was created in 2004 to own real property on behalf of the Foundation. THF, LLC did not have net assets or activity as of and for the year ended December 31, 2022. All intercompany transactions have been eliminated.

#### Use of Estimates

The preparation of consolidated 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

Cash includes amounts with and without donor restrictions. While the Foundation's cash at times may exceed federally insured limits, the Foundation has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

#### Investments

Investments are stated at fair market value and include common stocks, mutual funds and private equity investments. Donated securities are recorded at fair market value at the date of the donation. The fair value of the private equity investments is estimated by professional investment managers. Although the managers use their best judgement in estimating the fair value of the investments in the investment funds, there are inherent limitations in any estimation technique. Therefore, the values reported are not necessarily indicative of the amount that the investment funds could realize in a current transaction. Private equity investments approximated \$427,000 and \$65,000 as of December 31, 2022 and 2021, respectively.

Investment transactions are accounted for on the settlement date (date the order to buy or sell is settled), and dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Premium or discount on the purchase of investments is amortized on a straight-line basis to maturity of the investment. Realized and unrealized gains or losses are included in investment return in the consolidated statements of activities and changes in net assets.

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# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### Property, Equipment and Depreciation

Property and equipment are carried at cost. Expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment greater than an established threshold are capitalized. Maintenance repairs and minor renewals are expensed as incurred. Depreciation is determined on the straight-line basis over the estimated useful lives of the assets, which range from approximately three to seven years. Depreciation expense for 2022 and 2021 was approximately \$7,000 and \$5,000, respectively.

### Grant Receivables

Grant receivables are amounts due from federal, state or local government agencies or other organizations for amounts billed for services and not yet paid. The government agencies or other organizations are billed in the period in which services are rendered. Grant receivables are reported at the net realizable amount due from the government agencies or other organizations. Grant receivables are recognized at the net amount the Foundation expects to collect based on established collection history. The Foundation did not record an allowance for doubtful accounts as of December 31, 2022 and 2021.

### Net Assets

Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Foundation are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use. There were no board designated net assets as of December 31, 2022 and 2021.
- Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

### Grant Revenue and Grants Awarded

A portion of the Foundation's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by the Foundation as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Foundation did not have refundable advances as of December 31, 2022 and 2021. Receivables from these programs are included in grant and other receivables on the consolidated statements of financial position and approximated \$901,000 and \$637,000 of December 31, 2022 and 2021, respectively.

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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The Foundation derives a significant portion of its revenue from federal and state funded programs. The receipt of future revenues by the Foundation is subject to among other factors, federal and state policies affecting funding, economic conditions that may include an inability to control expenses in periods of inflation, increased competition for services and other conditions which are impossible to predict.

Grants awarded by the Foundation are charged to expense when approved by the Foundation's board. Accrued grants awarded represent the unpaid portion of grants awarded on or before year-end. Payments for certain grants awarded extend into the subsequent year. Under the terms of the grants, recipients must return any unspent grant funds to the Foundation. Funds returned are recorded as a reduction to program grant expense in the year of receipt.

### Contributions

Contributions received, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, applicable net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current year or is received with restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. The Foundation also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions. Materials, property and equipment and other assets received as donations are recorded and reflected in the accompanying consolidated financial statements at their estimated fair market values on the date received. There were no significant contributed nonfinancial assets during 2022 and 2021.

### Income Taxes

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). However, the Foundation is required to file Federal Form 990-PF Return of Private Foundation. Excise taxes are assessed on the Foundation's net investment income, as defined by the IRC, due to the Foundation's tax status as a private foundation. THF, LLC is consolidated in the Foundation's 990-PF return as a disregarded entity.

IAFI was granted its tax exempt status from the IRS in April 2019. As such, IAFI is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the IRC. IAFI is generally exempt from federal and state income taxes. However, IAFI is required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only.

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Foundation and IAFI filed their federal and state income tax returns for periods through December 31, 2021. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

### Functional Expenses

Certain expenses have been allocated among the program services, administrative and general, and fundraising categories based on the actual direct expenditures and cost allocations based upon time spent by the Foundation's personnel. Other expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include repairs and maintenance, depreciation and other expenses which are allocated based on the ratio of direct costs charged to the category to total direct costs. Although the methods used were appropriate, alternative methods may provide different results.

### Going Concern Evaluation

Management evaluated whether there were conditions or events that raised substantial doubt about the Foundation's ability to continue as a going concern for a period of one year from the date the consolidated financial statements were available to be issued.

### Subsequent Events

The Foundation evaluated events or transactions occurring subsequent to the consolidated statement of financial position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements were available to be issued which was July 24, 2023.

## **2. CHANGE IN ACCOUNTING PRINCIPLE**

On January 1, 2022, the Foundation adopted the new lease accounting standard issued by the Financial Accounting Standards Board (the FASB) and codified in the Accounting Standards Codification (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 intended to improve financial reporting about leasing transactions by requiring entities to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in ASC 842) of twelve months or less are not required to be reflected on an entity's statement of financial position.

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

When adopting ASC 842, the Foundation applied the modified retrospective approach to all lease agreements. ASC 842 was applied retrospectively to the beginning of the period of adoption through a cumulative-effect adjustment recognized as of January 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance in ASC 840. The adoption of ASC 842 did not have a material impact on the consolidated statements of financial position, the consolidated statements of activities and changes in net assets, and the consolidated statements of cash flows. As of January 1, 2022, the Foundation's total assets and total liabilities increased by approximately \$474,000 and \$478,000, respectively, as a result of ASC 842. The most significant impact was the recognition of right-of-use (ROU) assets under operating leases and operating lease liabilities for operating leases.

The Foundation elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. In addition, the Foundation elected the hindsight practical expedient to determine the lease term for existing leases.

### 3. INVESTMENTS

Investments consist of the following as of December 31, 2022 and 2021:

	2022	2021
Common stocks	\$ 3,203,679	\$ 4,231,135
Mutual funds	5,283,255	7,498,198
Private equity funds	427,234	65,258
	<u>\$ 8,914,168</u>	<u>\$ 11,794,591</u>

Investment return (loss) consists of the following for 2022 and 2021:

	2022	2021
Interest and dividends	\$ 243,701	\$ 251,441
Investment fees	(50,367)	(56,023)
Realized gain (loss) on investments	(1,166)	623,312
	192,168	818,730
Unrealized gain (loss) on investments	(2,308,988)	472,582
Deferred excise tax (expense) benefit	15,814	(6,569)
Unrealized gain (loss), net	(2,293,174)	466,013
	<u>\$ (2,101,006)</u>	<u>\$ 1,284,743</u>

During 2022 and 2021, the Foundation's investments were managed by Bernstein Global Wealth Management. Investment advisory fees are determined based on the fair market value of assets managed.

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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, 2022 and 2021.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.
- *Private equity funds*: Valued at the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the NAV of the fund and, consequently, the fair value of the Foundation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

The following tables set forth by level, within the hierarchy, the Foundation's assets and liabilities measured at fair value on both a recurring basis as of December 31, 2022 and 2021:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Investments				
Common stocks				
Services	\$ 412,139	\$ 412,139	\$ -0-	\$ -0-
Consumer goods	141,276	141,276	-0-	-0-
Financial	470,993	470,993	-0-	-0-
Technology	720,707	720,707	-0-	-0-
Healthcare	514,907	514,907	-0-	-0-
Other	943,657	943,657	-0-	-0-
Total common stocks	3,203,679	3,203,679	-0-	-0-
Mutual funds				
Bond fund	2,357,803	2,357,803	-0-	-0-
Emerging markets	157,283	157,283	-0-	-0-
Large blend	1,535,051	1,535,051	-0-	-0-
Large growth	241,717	241,717	-0-	-0-
Large value	444,762	444,762	-0-	-0-
Mid blend	131,220	131,220	-0-	-0-
Mid growth	251,962	251,962	-0-	-0-
Small value	163,457	163,457	-0-	-0-
Total mutual funds	5,283,255	5,283,255	-0-	-0-
Private equity funds (a)	427,234			
	<u>\$ 8,914,168</u>	<u>\$ 8,486,934</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Investments				
Common stocks				
Services	\$ 1,046,670	\$ 1,046,670	\$ -0-	\$ -0-
Basic materials	67,558	67,558	-0-	-0-
Consumer goods	441,575	441,575	-0-	-0-
Financial	595,415	595,415	-0-	-0-
Technology	1,410,907	1,410,907	-0-	-0-
Healthcare	501,697	501,697	-0-	-0-
Other	167,313	167,313	-0-	-0-
Total common stocks	4,231,135	4,231,135	-0-	-0-
Mutual funds				
Bond fund	3,068,551	3,068,551	-0-	-0-
Emerging markets	207,862	207,862	-0-	-0-
Large blend	2,307,793	2,307,793	-0-	-0-
Large growth	327,331	327,331	-0-	-0-
Large value	657,838	657,838	-0-	-0-
Mid blend	516,551	516,551	-0-	-0-
Mid growth	205,825	205,825	-0-	-0-
Small value	206,447	206,447	-0-	-0-
Total mutual funds	7,498,198	7,498,198	-0-	-0-
	11,729,333	\$ 11,729,333	\$ -0-	\$ -0-
Private equity funds (a)	65,258			
	<u>\$ 11,794,591</u>			

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the consolidated statements of financial position.

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2022 and 2021.

	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2022	2021			
Private equity funds	\$ 427,234	\$ 65,258	\$ 45,639	Daily	None

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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Realized gains and losses are reported in the consolidated statements of activities and changes in net assets as a component of investment return (loss). Differences between market value and cost of investments are classified as unrealized gains or losses. Unrealized gains or losses are included in earnings for the period attributable to the change in unrealized gains relating to assets held as of December 31, 2022 and 2021 and are reported in the consolidated statements of activities and changes in net assets in investment return (loss).

The Foundation holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

### **5. LINES OF CREDIT**

As several of the Foundation's grants are cost reimbursed, the Foundation can incur notable delays in receiving payments from the grantors. To improve cash flows for the reimbursement lag, the Foundation entered into line of credit agreements with Bernstein Global Wealth Management. The lines of credit are due on demand and bear a variable rate of either 50 basis points above the prime rate or 70 basis points above the brokers call rate based on the amount borrowed up to \$1,000,000 (6.72% as of December 31, 2022). The lines of credit are collateralized by investments. As of December 31, 2022 and 2021, the outstanding balances on the lines of credit were approximately \$873,000 and \$-0-, respectively. Interest incurred of \$24,000 and \$5,000 during 2022 and 2021, respectively, is reimbursable under grant agreements and included in other expenses on the consolidated statements of activities and changes in net assets.

### **6. LEASES**

The Foundation recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Foundation has an operating lease for office space. Leasing arrangements require fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Foundation's lease agreement does not contain any material restrictive covenants. The lease has a remaining term of approximately 9 years.

The Foundation's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. As a not-for-profit business entity, the Foundation made a policy election to use a risk-free discount rate based on the rate of a zero-coupon U.S. treasury instrument commensurate to the lease term as the discount rate for its leases unless the Foundation can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. The Foundation has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are rather expensed on a straight-line basis over the lease term. Short-term leases were not significant to the consolidated financial statements.

In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Foundation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Foundation assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgement.

The components of the Foundation's lease cost, right-of-use assets and lease liabilities as of and for the year ended December 31, 2022 are as follows:

Lease cost		
Operating lease cost	\$	44,555
Short-term lease cost		10,793
Total lease cost	\$	<u>55,348</u>
Right-of-use assets		
Operating lease assets, net	\$	<u>431,515</u>
Lease liabilities		
Operating lease liabilities, current	\$	38,802
Operating lease liabilities, noncurrent		402,436
Total lease liabilities	\$	<u>441,238</u>

Additional information regarding cash payments under the Foundation's operating and finance leases during 2022, as well as the inputs used in determining the ROU assets and liabilities at December 31, 2022, is as follows:

Cash paid for amount included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$	44,555
Weighted-average remaining lease term - operating leases		9.3 years
Weighted-average discount rate - operating leases		1.6%

Future payments of lease liabilities as of December 31, 2022 are as follows:

	<u>Year Ending December 31,</u>	
	2023	\$ 45,665
	2024	46,794
	2025	47,953
	2026	49,316
	2027	50,777
	Thereafter	<u>236,747</u>
Total lease payments		477,252
Less interest		<u>(36,014)</u>
Present value of lease liabilities		<u>\$ 441,238</u>

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# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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The lease includes escalating lease payments that, under accounting principles generally accepted in the United States of America, are to be recognized on a straight-line basis. The Foundation recorded a deferred rent liability for the difference between the amounts paid and the amounts expensed under the lease as of December 31, 2021 prior to the adoption of ASC 842. The deferred rent liability was not significant to the December 31, 2021 consolidated financial statements.

Total lease expense for 2021 was approximately \$33,000. Total future minimum lease payments under operating leases having initial terms in excess of one year at December 31, 2021, prior to the adoption of ASC 842, were as follows:

Year Ending December 31,	
2022	\$ 44,555
2023	45,665
2024	46,794
2025	47,953
2026	49,316
Thereafter	<u>287,524</u>
Total lease payments	<u>\$ 521,807</u>

### 7. NET ASSETS WITH DONOR RESTRICTIONS

The Foundation supports donor restricted programs with expenses from net assets without donor restrictions. The expenses totaled approximately \$634,000 and \$402,000 for 2022 and 2021, respectively. Net assets with donor restrictions are available for the following purposes as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
AIDS Fund	\$ 153,288	\$ 55,753
AIDS Walk	259,863	235,964
Spotlight Program	89,761	207,806
Other	42,848	19,659
	<u>\$ 545,760</u>	<u>\$ 519,182</u>

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

	<u>2022</u>	<u>2021</u>
AIDS Fund and Walk and other programs	<u>\$ 558,373</u>	<u>\$ 401,972</u>

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# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 8. EXCISE TAXES

Excise taxes are assessed at 1.39% of net investment income, as defined by the IRC, due to the Foundation's tax status as a private foundation. The current receivable/payable for excise taxes is included in accrued expenses in the consolidated statements of financial position for both 2022 and 2021. The current excise tax expense is reported separately in the consolidated statements of activities and changes in net assets for both 2022 and 2021. Current excise taxes are composed of the following as of December 31, 2022 and 2021 and for the years then ended:

	<u>2022</u>	<u>2021</u>
Current receivable	<u>\$ 6,585</u>	<u>\$ 9,256</u>
Current excise tax expense	<u>\$ 9,532</u>	<u>\$ 7,110</u>

As of December 31, 2022, the Foundation did not recognize a deferred excise tax liability as a result of a cumulative unrealized loss position. As of December 31, 2021, the Foundation recognized a deferred excise tax liability of approximately \$16,000. In 2022 and 2021, the Foundation recorded deferred excise taxes on unrealized marketable security gains using a 1.39% tax rate for 2022 and 2021. Deferred excise tax (benefit) is included within investment return, net in the consolidated statements of activities and changes in net assets. During 2022, deferred excise tax benefit was approximately \$16,000. During 2021, deferred excise tax expense was approximately \$7,000.

### 9. STATE AND LOCAL AWARDS

*Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources*, issued by the Indiana State Board of Accounts, requires Indiana not-for-profit entities to disclose federal, state and local awards expended during the entities' annual reporting period. During 2022 and 2021, the Foundation expended state awards of approximately \$10,000 and \$15,000, respectively, passed through the Marion County Public Health Department and Health and Hospital Corporation. During 2022 and 2021, the Foundation expended local awards of \$15,000 and \$20,000, respectively, from Eskenazi Health. Federal awards for 2022 and 2021 are reported separately in the consolidated schedule of expenditures of federal awards.

### 10. EMPLOYEE RETENTION CREDIT

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) included a provision for the Employee Retention Credit (ERC). The ERC is a fully refundable tax credit for employers equal to 70 percent of qualified wages (including allocable qualified health plan expenses) that eligible employers pay their employees. The ERC applies to qualified wages paid after March 13, 2020, until September 30, 2021. The credit is 70% of the first \$10,000 in wages per employee in each calendar quarter, meaning the ERC is worth up to \$7,000 per quarter and up to \$21,000 per calendar year, for each employee. During 2021, the Foundation received and recognized approximately \$58,000 of ERC included in other revenues within the consolidated statements of activities and changes in net assets.

# THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available for general expenditure within one year of the December 31, 2022 and 2021 statement of financial position dates are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash without donor restrictions	\$ 608,539	\$ 182,136
Accrued investment income	4,083	3,698
Grant and other receivables	<u>900,973</u>	<u>636,637</u>
Total financial assets	<u>\$ 1,513,595</u>	<u>\$ 822,471</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date. Grant and other receivables are subject to implied time restrictions, but are expected to be collected within one year. The Foundation has a goal to maintain financial assets, which consist of cash, on hand to meet 120 days of normal operating expenses, which are, on average, approximately \$1,654,000. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various investments, including common stocks and mutual funds. As of December 31, 2022 and 2021, the Foundation had \$8,914,000 and \$11,795,000, respectively, in long-term investments that were not restricted by donors or designated for any other purpose. While there is no intent to liquidate them, these investments are available to the Foundation, if needed.

**SUPPLEMENTARY INFORMATION**

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022

	The Health Foundation	IAFI	Eliminations	Total
<b>ASSETS</b>				
<b>Cash</b>	\$ 547,700	\$ 60,839	\$ -0-	\$ 608,539
<b>Cash - donor restricted</b>	473,808	96,952	-0-	570,760
Total cash	1,021,508	157,791	-0-	1,179,299
<b>Investments</b>	8,914,168	-0-	-0-	8,914,168
<b>Property and equipment</b>				
Furniture and equipment	52,803	6,119	-0-	58,922
Accumulated depreciation	(41,767)	(2,699)	-0-	(44,466)
Property and equipment, net	11,036	3,420	-0-	14,456
<b>Other assets</b>				
Accrued investment income	4,083	-0-	-0-	4,083
Grant and other receivables	250,402	650,571	-0-	900,973
Right-of-use assets under operating leases, net	431,515	-0-	-0-	431,515
Other assets	792,618	-0-	(786,782)	5,836
Total other assets	1,478,618	650,571	(786,782)	1,342,407
Total assets	\$ 11,425,330	\$ 811,782	\$ (786,782)	\$ 11,450,330
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable	\$ 9,276	\$ -0-	\$ -0-	\$ 9,276
Accrued expenses	18,124	-0-	-0-	18,124
Accrued grants awarded	805,801	-0-	-0-	805,801
Deferred support	-0-	25,000	-0-	25,000
Lines of credit	850,000	-0-	-0-	850,000
Accrued interest	23,147	-0-	-0-	23,147
Operating lease liabilities	441,238	-0-	-0-	441,238
Total liabilities	2,147,586	25,000	-0-	2,172,586
<b>Net assets</b>				
Without donor restrictions	8,803,936	714,830	(786,782)	8,731,984
With donor restrictions	473,808	71,952	-0-	545,760
Total net assets	9,277,744	786,782	(786,782)	9,277,744
Total liabilities and net assets	\$ 11,425,330	\$ 811,782	\$ (786,782)	\$ 11,450,330

See report of independent auditors on pages 1 through 3.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2022

	The Health Foundation	IAFI	Eliminations	Total
<b>Revenues, gains and support</b>				
Investment return (loss), net	\$ (2,101,329)	\$ 323	\$ -0-	\$ (2,101,006)
Federal grants	1,234,623	2,092,731	-0-	3,327,354
State and local grants	25,000	-0-	-0-	25,000
Other revenues	303,140	-0-	(253,640)	49,500
Net assets released from donor restrictions	(65,776)	624,149	-0-	558,373
Total revenues, gains and support	(604,342)	2,717,203	(253,640)	1,859,221
<b>Expenses</b>				
Grants awarded	1,431,566	1,731,125	-0-	3,162,691
Salaries and employee benefits	507,002	214,704	-0-	721,706
Professional fees	119,294	88,197	-0-	207,491
Development and special events	-0-	248,816	-0-	248,816
Depreciation	5,477	1,467	-0-	6,944
Excise taxes	9,532	-0-	-0-	9,532
Other expenses	463,493	57,587	-0-	521,080
Total expenses	2,536,364	2,341,896	-0-	4,878,260
Revenues, gains and support over (under) expenses	(3,140,706)	375,307	(253,640)	(3,019,039)
<b>Other</b>				
Capital contributions	-0-	893,273	(893,273)	-0-
Capital distributions	-0-	(1,035,005)	1,035,005	-0-
Total other	-0-	(141,732)	141,732	-0-
Change in net assets without donor restrictions	(3,140,706)	233,575	(111,908)	(3,019,039)
<b>Net assets with donor restrictions</b>				
Contributions	82,397	501,973	-0-	584,370
Interest income	72	509	-0-	581
Net assets released from donor restrictions	65,776	(624,149)	-0-	(558,373)
Change in net assets with donor restrictions	148,245	(121,667)	-0-	26,578
Change in net assets	(2,992,461)	111,908	(111,908)	(2,992,461)
<b>Net assets</b>				
Beginning of year	12,270,205	674,874	(674,874)	12,270,205
End of year	\$ 9,277,744	\$ 786,782	\$ (786,782)	\$ 9,277,744

See report of independent auditors on pages 1 through 3.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

	The Health Foundation	IAFI	THF, LLC	Eliminations	Total
<b>ASSETS</b>					
<b>Cash</b>	\$ 178,179	\$ 3,957	\$ -0-	\$ -0-	\$ 182,136
<b>Cash - donor restricted</b>	325,563	193,619	-0-	-0-	519,182
Total cash	503,742	197,576	-0-	-0-	701,318
<b>Investments</b>	11,794,591	-0-	-0-	-0-	11,794,591
<b>Property and equipment</b>					
Furniture and equipment	56,530	5,003	-0-	-0-	61,533
Accumulated depreciation	(43,009)	(1,232)	-0-	-0-	(44,241)
Property and equipment, net	13,521	3,771	-0-	-0-	17,292
<b>Other assets</b>					
Accrued investment income	3,698	-0-	-0-	-0-	3,698
Grant and other receivables	162,710	473,927	-0-	-0-	636,637
Other assets	681,139	-0-	-0-	(674,874)	6,265
Total other assets	847,547	473,927	-0-	(674,874)	646,600
Total assets	13,159,401	675,274	-0-	(674,874)	13,159,801
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities</b>					
Accounts payable	\$ 7,659	\$ -0-	\$ -0-	\$ -0-	\$ 7,659
Accrued expenses	17,123	400	-0-	-0-	17,523
Accrued grants awarded	848,600	-0-	-0-	-0-	848,600
Deferred excise taxes	15,814	-0-	-0-	-0-	15,814
Total liabilities	889,196	400	-0-	-0-	889,596
<b>Net assets</b>					
Without donor restrictions	11,944,642	481,255	-0-	(674,874)	11,751,023
With donor restrictions	325,563	193,619	-0-	-0-	519,182
Total net assets	12,270,205	674,874	-0-	(674,874)	12,270,205
Total liabilities and net assets	13,159,401	675,274	-0-	(674,874)	13,159,801

See report of independent auditors on pages 1 through 3.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2021**

	The Health Foundation	IAFI	THF, LLC	Eliminations	Total
<b>Revenues, gains and support</b>					
Investment return, net	\$ 1,284,692	\$ 46	\$ 5	\$ -0-	\$ 1,284,743
Federal grants	1,498,614	2,108,782	-0-	-0-	3,607,396
State and local grants	35,000	-0-	-0-	-0-	35,000
Other revenues	28,235	-0-	159,238	34,689	222,162
Net assets released from donor restrictions	186,048	215,924	-0-	-0-	401,972
Total revenues, gains and support	3,032,589	2,324,752	159,243	34,689	5,551,273
<b>Expenses</b>					
Grants awarded	1,598,020	1,984,217	-0-	-0-	3,582,237
Salaries and employee benefits	437,234	241,849	-0-	-0-	679,083
Professional fees	110,223	87,560	30,043	-0-	227,826
Development and special events	3,015	167,059	-0-	-0-	170,074
Contract labor	-0-	-0-	66,776	-0-	66,776
Repairs and maintenance	-0-	-0-	39,474	-0-	39,474
Depreciation	4,350	1,018	-0-	-0-	5,368
Excise taxes	7,110	-0-	-0-	-0-	7,110
Other expenses	338,158	54,125	58,828	(31,395)	419,716
Total expenses	2,498,110	2,535,828	195,121	(31,395)	5,197,664
Revenues, gains and support over (under) expenses	534,479	(211,076)	(35,878)	66,084	353,609
<b>Other</b>					
Capital contributions	-0-	1,360,506	-0-	(1,360,506)	-0-
Capital distributions	-0-	(907,438)	(2,311,818)	3,219,256	-0-
Total other	-0-	453,068	(2,311,818)	1,858,750	-0-
Change in net assets without donor restrictions	534,479	241,992	(2,347,696)	1,924,834	353,609
<b>Net assets with donor restrictions</b>					
Contributions	141,070	396,744	-0-	-0-	537,814
Interest income	102	50	-0-	-0-	152
Net assets released from donor restrictions	(186,048)	(215,924)	-0-	-0-	(401,972)
Change in net assets with donor restrictions	(44,876)	180,870	-0-	-0-	135,994
Change in net assets	489,603	422,862	(2,347,696)	1,924,834	489,603
<b>Net assets</b>					
Beginning of year	11,780,602	252,012	2,347,696	(2,599,708)	11,780,602
End of year	\$ 12,270,205	\$ 674,874	\$ -0-	\$ (674,874)	\$ 12,270,205

See report of independent auditors on pages 1 through 3.



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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
 PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
 The Health Foundation of Greater Indianapolis, Inc.  
 Indianapolis, Indiana

Report on the Consolidated Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Health Foundation of Greater Indianapolis, Inc. (the Foundation), a not-for-profit private foundation, and its affiliates, Indiana AIDS Fund, Inc. and The Health Foundation, LLC, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors  
The Health Foundation of Greater Indianapolis, Inc.  
Indianapolis, Indiana

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Blue & Co., LLC**

Indianapolis, Indiana  
July 24, 2023



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND THE CONSOLIDATED SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE *UNIFORM GUIDANCE***

Board of Directors  
The Health Foundation of Greater Indianapolis, Inc.  
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited The Health Foundation of Greater Indianapolis, Inc.'s (the Foundation), a not-for-profit private foundation, and its affiliates, Indiana AIDS Fund, Inc. and The Health Foundation, LLC, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above is that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

*Basis for Opinion on Each Major Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, Government Auditing Standards, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency,

Board of Directors  
The Health Foundation of Greater Indianapolis, Inc.  
Indianapolis, Indiana

or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Report on Consolidated Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

We have audited the consolidated financial statements of the Foundation as of and for the year ended December 31, 2022 and have issued our report thereon dated July 24, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards, as required by the *Uniform Guidance*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Blue & Co., LLC**

Indianapolis, Indiana  
July 24, 2023

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor Number	Pass-through to Subrecipients	Federal Expenditures
<b>Major programs</b>				
US Department of Health and Human Services (DHHS) - Passed through the Indiana State Department of Health (ISDH) HIV Formula Care Grants - Ryan White Part B Program	93.917	30563	\$ 1,922,141	\$ 2,283,747
US Department of the Treasury - Passed through the ISDH and the Indiana Family and Social Services Administration (FSSA) Coronavirus State and Local Fiscal Recovery Funds	21.027	65854 & 62642	<u>348,588</u>	<u>357,386</u>
Total major programs			<u>2,270,729</u>	<u>2,641,133</u>
<b>Non-major programs</b>				
DHHS - Passed through the ISDH Viral Hepatitis Prevention Control	93.270	64918	55,627	62,162
DHHS - Passed through the ISDH and the Marion County Public Health Department HIV Prevention Activities Health Department Based - Prevention, Marketing and Other Special Projects	93.940	47928	307,064	334,459
DHHS - Passed through the FSSA Block Grants for Prevention and Treatment of Substance Abuse	93.959	62642	25,000	25,000
Corporation for National and Community Service - Passed through the Indiana Department of Workforce Development AmeriCorps	94.006	68024	<u>-0-</u>	<u>264,600</u>
Total non-major programs			<u>387,691</u>	<u>686,221</u>
Total federal awards			<u>\$ 2,658,420</u>	<u>\$ 3,327,354</u>

**1. BASIS OF PRESENTATION**

The accompanying consolidated schedule of expenditures of federal awards (SEFA) includes the federal award activity of The Health Foundation of Greater Indianapolis, Inc. (the Foundation) and its affiliates, Indiana AIDS Fund, Inc. and The Health Foundation, LLC, under federal programs for 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the *Uniform Guidance*). Because the SEFA presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Foundation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected not to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*.

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See report on consolidated schedule of expenditures of federal awards required by the *Uniform Guidance* on page 30.

**THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2022

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**Section I - Summary of audit results:**

**Consolidated Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  none reported

Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal controls over major programs:

Material weakness(es) identified?  yes  none reported

Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.917	HIV Formula Care Grants - Ryan White Part B Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Findings related to financial statements reported in accordance with Government Auditing Standards:**

No matters reported

**Section III - Findings and questioned costs relating to Federal awards:**

No matters reported

**Section IV - Summary schedule of prior audit findings:**

Not applicable

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