



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 24, 2023

Board of Directors
The Health Foundation of Greater Indianapolis, Inc.
429 East Vermont St., Suite 400
Indianapolis, IN 46202

We have reviewed the audit report of The Health Foundation of Greater Indianapolis, Inc., which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of The Health Foundation of Greater Indianapolis, Inc. as of December 31, 2021 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 cursive script 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, 2021 AND 2020

CPAs / ADVISORS



THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

TABLE OF CONTENTS DECEMBER 31, 2021 AND 2020

	Page
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets.....	5
Consolidated Statements of Functional Expenses.....	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Statement of Financial Position - December 31, 2021	21
Consolidating Statement of Activities and Changes in Net Assets – Year Ended December 31, 2021.....	22
Consolidating Statement of Financial Position - December 31, 2020.....	23
Consolidating Statement of Activities and Changes in Net Assets – Year Ended December 31, 2020.....	24
Reporting under <i>Government Auditing Standards</i> and the <i>Uniform Guidance</i>	
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 <i>Government Auditing Standards</i>	25
Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Consolidated Schedule of Expenditures of Federal Awards Required by the <i>Uniform Guidance</i>	27
Consolidated Schedule of Expenditures of Federal Awards.....	30
Schedule of Findings and Questioned Costs.....	31



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REPORT OF INDEPENDENT AUDITORS

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

Report on the Audits 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, 2021 and 2020, 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, 2021 and 2020, 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 Audits 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.

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.

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

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 Audits 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 our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- 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.

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

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

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 21 through 24 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 May 18, 2022 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
May 18, 2022

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Cash	\$ 182,136	\$ 275,860
Cash - donor restricted	519,182	383,188
Total cash	701,318	659,048
Investments	11,794,591	9,487,329
Property and equipment		
Furniture and equipment	61,533	69,184
Accumulated depreciation	(44,241)	(52,855)
Property and equipment, net	17,292	16,329
Property and equipment held for sale	-0-	2,289,908
Other assets		
Accrued investment income	3,698	6,058
Grant and other receivables	636,637	312,597
Other assets	6,265	29,751
Total other assets	646,600	348,406
Total assets	<u>\$ 13,159,801</u>	<u>\$ 12,801,020</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 7,659	\$ 76,375
Accrued expenses	17,523	45,580
Accrued grants awarded	848,600	851,180
Deferred excise taxes	15,814	9,245
Other liabilities	-0-	38,038
Total liabilities	889,596	1,020,418
Net assets		
Without donor restrictions	11,751,023	11,397,414
With donor restrictions	519,182	383,188
Total net assets	12,270,205	11,780,602
Total liabilities and net assets	<u>\$ 13,159,801</u>	<u>\$ 12,801,020</u>

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, 2021 AND 2020

	2021	2020
Revenues, gains and support		
Investment return, net	\$ 1,284,743	\$ 750,025
Federal grants	3,607,396	4,493,416
State and local grants	35,000	35,954
Rental and other revenues	222,162	426,474
Net assets released from donor restrictions	401,972	556,090
Total revenues, gains and support	5,551,273	6,261,959
Expenses		
Grants awarded	3,582,237	5,153,946
Salaries and employee benefits	679,083	735,929
Professional fees	227,826	217,351
Development and special events	170,074	72,328
Contract labor	66,776	96,670
Repairs and maintenance	39,474	76,713
Depreciation	5,368	135,436
Excise taxes	7,110	16,099
Rental and other expenses	419,716	356,304
Total expenses	5,197,664	6,860,776
Revenues, gains and support over (under) expenses	353,609	(598,817)
Other		
Impairment loss	-0-	(1,123,095)
Change in net assets without donor restrictions	353,609	(1,721,912)
Net assets with donor restrictions		
Contributions	537,814	511,722
Interest income	152	212
Net assets released from donor restrictions	(401,972)	(556,090)
Change in net assets with donor restrictions	135,994	(44,156)
Change in net assets	489,603	(1,766,068)
Net assets		
Beginning of year	11,780,602	13,546,670
End of year	\$ 12,270,205	\$ 11,780,602

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				
Expenses										
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
Rental and 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 STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	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				
Expenses										
Grants awarded	\$ 3,905,976	\$ 291,125	\$ 318,702	\$ 540,000	\$ 98,143	\$ -0-	\$ 5,153,946	\$ -0-	\$ -0-	\$ 5,153,946
Salaries and employee benefits	319,974	46,847	51,285	86,895	15,793	41,537	562,331	173,598	-0-	735,929
Professional fees	54,316	6,845	7,493	12,696	2,307	7,356	91,013	54,338	72,000	217,351
Development and special events	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	72,328	72,328
Contract labor	21,167	11,975	13,110	22,213	4,037	-0-	72,502	24,168	-0-	96,670
Repairs and maintenance	16,798	9,503	10,403	17,627	3,204	-0-	57,535	19,178	-0-	76,713
Depreciation	29,769	16,751	18,338	31,071	5,647	-0-	101,576	33,860	-0-	135,436
Excise taxes	3,526	1,994	2,183	3,699	672	-0-	12,074	4,025	-0-	16,099
Rental and other expenses	118,840	35,455	38,814	65,765	11,952	22,777	293,603	62,701	-0-	356,304
Total expenses	<u>\$ 4,470,366</u>	<u>\$ 420,495</u>	<u>\$ 460,328</u>	<u>\$ 779,966</u>	<u>\$ 141,755</u>	<u>\$ 71,670</u>	<u>\$ 6,344,580</u>	<u>\$ 371,868</u>	<u>\$ 144,328</u>	<u>\$ 6,860,776</u>

See accompanying notes to consolidated financial statements.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating activities		
Change in net assets	\$ 489,603	\$ (1,766,068)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	5,368	135,436
Net realized gain on investments	(623,312)	(1,025,273)
Net unrealized (gain) loss on investments	(472,582)	409,400
Change in deferred excise taxes	6,569	(1,500)
Impairment loss	-0-	1,123,095
Change in operating assets and liabilities		
Accrued investment income	2,360	(3,960)
Grant and other receivables	(324,040)	686,251
Other assets	23,486	(7,056)
Accounts payable	(68,716)	(195)
Accrued expenses	(28,057)	(15,219)
Accrued grants awarded	(2,580)	406,990
Deferred support	-0-	(25,000)
Other liabilities	(38,038)	15,238
Net cash flows from operating activities	<u>(1,029,939)</u>	<u>(67,861)</u>
Investing activities		
Proceeds from the sale of investments	3,004,831	7,365,235
Purchase of investments	(4,216,199)	(7,472,793)
Proceeds from sale of property and equipment	2,289,908	-0-
Additions to property and equipment	<u>(6,331)</u>	<u>(31,075)</u>
Net cash flows from investing activities	<u>1,072,209</u>	<u>(138,633)</u>
Net change in cash and restricted cash	42,270	(206,494)
Cash and restricted cash		
Beginning of year	<u>659,048</u>	<u>865,542</u>
End of year	<u>\$ 701,318</u>	<u>\$ 659,048</u>
Supplemental disclosure of cash flows		
Cash paid for excise taxes	\$ 23,000	\$ 11,000

See accompanying notes to consolidated financial statements.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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. 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 judgment 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 \$65,000 as of December 31, 2021. There were no private equity investments as of December 31, 2020.

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.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 2021 and 2020 was approximately \$5,000 and \$135,000, respectively.

The Foundation is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the Financial Accounting Standards Board (the FASB) Accounting Standards Codification 360-10 *Impairment or Disposal of Long-Lived Assets*. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. There was no impairment loss in 2021. During 2020, the Foundation recognized an impairment loss of approximately \$1,123,000.

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, 2021 and 2020.

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, 2021 and 2020.
- 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.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 and 2020. Receivables from these programs are included in grant and other receivables on the consolidated statements of financial position and approximated \$637,000 and \$309,000 of December 31, 2021 and 2020, respectively.

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.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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.

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, 2021 and 2020, 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, 2020. 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 rental 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.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 May 18, 2022.

Upcoming Accounting Standards Updates

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This standard, which the Foundation is not required to adopt until its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their 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 the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

In September 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued. The ASU requires that a NFP present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. In addition, there are expanded disclosure requirements. The Foundation will be required to adopt this new standard in its year ending December 31, 2022.

The Foundation is presently evaluating the effects that these ASUs will have on its future consolidated financial statements, including related disclosures.

2. INVESTMENTS

Investments consist of the following as of December 31, 2021 and 2020:

	2021	2020
Common stocks	\$ 4,231,135	\$ 3,315,999
Mutual funds	7,498,198	6,171,330
Private equity funds	65,258	-0-
	<u>\$ 11,794,591</u>	<u>\$ 9,487,329</u>

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Investment return consists of the following for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 251,441	\$ 173,350
Investment fees	(56,023)	(40,698)
Realized gain on investments	<u>623,312</u>	<u>1,025,273</u>
	818,730	1,157,925
Unrealized gain (loss) on investments	472,582	(409,400)
Deferred excise tax (expense) benefit	<u>(6,569)</u>	<u>1,500</u>
Unrealized gain (loss), net	<u>466,013</u>	<u>(407,900)</u>
	<u>\$ 1,284,743</u>	<u>\$ 750,025</u>

During 2021 and 2020, 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.

3. 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, 2021 and 2020.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

- *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 following tables set forth by level, within the hierarchy, the Foundation's assets and liabilities measured at fair value on both a recurring and nonrecurring basis as of December 31, 2021 and 2020:

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Assets				
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			
	\$ 11,794,591			

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Assets				
Investments				
Common stocks				
Services	\$ 1,188,493	\$ 1,188,493	\$ -0-	\$ -0-
Basic materials	119,531	119,531	-0-	-0-
Consumer goods	154,815	154,815	-0-	-0-
Financial	413,158	413,158	-0-	-0-
Technology	966,246	966,246	-0-	-0-
Healthcare	361,270	361,270	-0-	-0-
Other	112,486	112,486	-0-	-0-
Total common stocks	3,315,999	3,315,999	-0-	-0-
Mutual funds				
Bond fund	3,170,870	3,170,870	-0-	-0-
Emerging markets	210,097	210,097	-0-	-0-
Large blend	1,931,135	1,931,135	-0-	-0-
Large growth	316,524	316,524	-0-	-0-
Large value	207,517	207,517	-0-	-0-
Mid blend	335,187	335,187	-0-	-0-
Total mutual funds	6,171,330	6,171,330	-0-	-0-
	<u>\$ 9,487,329</u>	<u>\$ 9,487,329</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Nonrecurring fair value measurements				
Property and equipment held for sale	<u>\$ 2,289,908</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,289,908</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.

Property and equipment held for sale of approximately \$2,290,000 was measured at fair value on a nonrecurring basis as of December 31, 2020 and reported in level 3 valued at the expected cash flow generated and estimated proceeds net of selling expenses from eventual disposition. The carrying value of the property and equipment was \$3,413,000 and was sold for \$2,500,000 before selling expenses of \$210,000 resulting in an impairment loss of \$1,123,000 for 2020. There were no assets measured on a nonrecurring basis as of December 31, 2021.

Fair Value of Investments in Entities that Use Net Asset Value

The following table summarizes investments measured at fair value based on net asset value per share as of December 31, 2021 and 2020.

	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2021	2020			
Private equity funds	\$ 65,258	\$ -0-	\$ 335,722	Daily	None

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Realized gains and losses are reported in the consolidated statements of activities and changes in net assets as a component of investment return. Realized gains of approximately \$623,000 and \$1,025,000 were recorded in 2021 and 2020, respectively. 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, 2021 and 2020 and are reported in the consolidated statements of activities and changes in net assets in investment return.

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.

4. LINE OF CREDIT

As many of the Foundation's grants are cost reimbursed, the Foundation may incur notable delays in receiving payments from the grantors. To improve cash flows for the reimbursement lag, the Foundation entered into a line of credit agreement in March 2020 with Bernstein Global Wealth Management. The line of credit is due on demand and bears 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. The line of credit is collateralized by investments. As of December 31, 2021 and 2020, there was not an outstanding balance on the line of credit.

5. NET ASSETS WITH DONOR RESTRICTIONS

The Foundation supports donor restricted programs with expenses from net assets without donor restrictions. The expenses totaled approximately \$402,000 and \$234,000 for 2021 and 2020, respectively. Net assets with donor restrictions are available for the following purposes as of December 31, 2021 and 2020:

	2021	2020
AIDS Fund	\$ 55,753	\$ 109,111
AIDS Walk	235,964	204,377
Spotlight Program	207,806	53,362
Other	19,659	16,338
	<u>\$ 519,182</u>	<u>\$ 383,188</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:

	2021	2020
AIDS Fund and Walk and other programs	<u>\$ 401,972</u>	<u>\$ 556,090</u>

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

6. RENTAL INCOME

The Foundation leased space to tenants through agreements set to expire at various times through 2025. The monthly rental amounts ranged from approximately \$350 to \$5,000. Total rental income recognized during 2021 and 2020 was \$112,000 and \$325,000, respectively. During May 2021, the Foundation sold the building and transferred all lease agreements to the purchaser. As such, there was no property used for rental purposes as of December 31, 2021. The net book value of the property used for rental purposes was approximately \$2,290,000 as of December 31, 2020.

7. EXCISE TAXES

Excise taxes are assessed on 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 2021 and 2020. The current excise tax expense is reported separately in the consolidated statements of activities and changes in net assets for both 2021 and 2020. Current excise taxes are composed of the following as of December 31, 2021 and 2020 and for the years then ended:

	2021	2020
Current receivable (payable)	\$ 9,256	\$ (2,366)
Current excise tax expense	\$ 7,110	\$ 16,099

The Taxpayer Certainty and Disaster Relief Act (the Act) changed the two-tiered tax rate to a flat tax of 1.39% on a private foundation's net investment income. The Act was effective January 1, 2020. Prior to the change, private foundations paid either a 1% or 2% tax based on the private foundation's annual distributions compared to the private foundation's average distributions over the past five years.

As of December 31, 2021 and 2020, the Foundation recognized a deferred excise tax liability of approximately \$16,000 and \$9,000, respectively. In 2021 and 2020, the Foundation recorded deferred excise taxes on unrealized marketable security gains using a 1.39% tax rate for 2021 and 2020. Deferred excise tax (benefit) is included within investment return, net in the consolidated statements of activities and changes in net assets. During 2021, deferred excise tax expense was approximately \$7,000. During 2020, deferred excise tax benefit was approximately \$2,000.

8. 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 2021 and 2020, the Foundation expended state awards of approximately \$15,000 and \$10,000, respectively, passed through the Marion County Public Health Department and Health and Hospital Corporation. During 2021 and 2020, the Foundation expended local awards of \$20,000 and \$26,000, respectively, from Eskenazi Health and Eskenazi Health Foundation. Federal awards for 2021 and 2020 are reported separately in the consolidated schedule of expenditures of federal awards.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

9. COVID-19

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Foundation's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19 as well as delays, loss of, or reduction to public support, and investment portfolio declines. Management believes the Foundation is taking appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.

In April 2020, the Foundation received a low interest loan in the amount of approximately \$61,000 under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The PPP loan was unsecured, bore interest at 1% and funds advanced under the program were subject to forgiveness if certain criteria were met, with the remaining balance repayable within two years of disbursement. The PPP loan was forgivable to the extent that employers incurred and spent the funds on qualified expenditures, which included payroll, employee health insurance, rent, utilities, and interest costs during the covered period as defined by the PPP guidance. In addition, employers must have maintained specified employment and wage levels during the pandemic and submitted adequate documentation of such expenditures to qualify for loan forgiveness.

The Foundation elected to treat the PPP loan as a grant and recognize as revenue once the conditions for loan forgiveness were substantially met as outlined in the PPP guidance. During 2020, the Foundation recognized the entire loan amount of approximately \$61,000 as revenue in rental and other revenues within revenues, gains and support in the consolidated statements of activities and changes in net assets as conditions under the PPP guidance were satisfied. In October 2020, the Foundation received a formal notice of forgiveness from the SBA.

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 rental and 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, 2021 AND 2020

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available for general expenditure within one year of the December 31, 2021 and 2020 statement of financial position dates are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash without donor restrictions	\$ 182,136	\$ 275,860
Accrued investment income	3,698	6,058
Grant and other receivables	<u>636,637</u>	<u>312,597</u>
Total financial assets	<u>\$ 822,471</u>	<u>\$ 594,515</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 \$1,959,000. 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, 2021 and 2020, the Foundation had \$11,795,000 and \$9,487,000, 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, 2021

	The Health Foundation	IAFI	THF, LLC	Eliminations	Total
ASSETS					
Cash	\$ 178,179	\$ 3,957	\$ -0-	\$ -0-	\$ 182,136
Cash - donor restricted	325,563	193,619	-0-	-0-	519,182
Total cash	503,742	197,576	-0-	-0-	701,318
Investments	11,794,591	-0-	-0-	-0-	11,794,591
Property and equipment					
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
Other assets					
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	<u>\$ 13,159,401</u>	<u>\$ 675,274</u>	<u>\$ -0-</u>	<u>\$ (674,874)</u>	<u>\$ 13,159,801</u>
LIABILITIES AND NET ASSETS					
Liabilities					
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
Net assets					
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	<u>\$ 13,159,401</u>	<u>\$ 675,274</u>	<u>\$ -0-</u>	<u>\$ (674,874)</u>	<u>\$ 13,159,801</u>

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
Revenues, gains and support					
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
Rental and 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
Expenses					
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
Rental and 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
Other					
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
Net assets with donor restrictions					
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
Net assets					
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.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	The Health Foundation	IAFI	THF, LLC	Eliminations	Total
ASSETS					
Cash	\$ 135,908	\$ 15,409	\$ 124,543	\$ -0-	\$ 275,860
Cash - donor restricted	370,439	12,749	-0-	-0-	383,188
Total cash	506,347	28,158	124,543	-0-	659,048
Investments	9,487,329	-0-	-0-	-0-	9,487,329
Property and equipment					
Furniture and equipment	66,293	2,891	-0-	-0-	69,184
Accumulated depreciation	(52,641)	(214)	-0-	-0-	(52,855)
Property and equipment, net	13,652	2,677	-0-	-0-	16,329
Property and equipment held for sale	-0-	-0-	2,289,908	-0-	2,289,908
Other assets					
Accrued investment income	6,058	-0-	-0-	-0-	6,058
Grant and other receivables	87,970	221,177	3,450	-0-	312,597
Other assets	2,601,247	-0-	28,212	(2,599,708)	29,751
Total other assets	2,695,275	221,177	31,662	(2,599,708)	348,406
Total assets	\$ 12,702,603	\$ 252,012	\$ 2,446,113	\$ (2,599,708)	\$ 12,801,020
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 15,996	\$ -0-	\$ 60,379	\$ -0-	\$ 76,375
Accrued expenses	45,580	-0-	-0-	-0-	45,580
Accrued grants awarded	851,180	-0-	-0-	-0-	851,180
Deferred excise taxes	9,245	-0-	-0-	-0-	9,245
Other liabilities	-0-	-0-	38,038	-0-	38,038
Total liabilities	922,001	-0-	98,417	-0-	1,020,418
Net assets					
Without donor restrictions	11,410,163	239,263	2,347,696	(2,599,708)	11,397,414
With donor restrictions	370,439	12,749	-0-	-0-	383,188
Total net assets	11,780,602	252,012	2,347,696	(2,599,708)	11,780,602
Total liabilities and net assets	\$ 12,702,603	\$ 252,012	\$ 2,446,113	\$ (2,599,708)	\$ 12,801,020

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, 2020

	The Health Foundation	IAFI	THF, LLC	Eliminations	Total
Revenues, gains and support					
Investment return, net	\$ 749,362	\$ 127	\$ 536	\$ -0-	\$ 750,025
Federal grants	613,018	3,880,398	-0-	-0-	4,493,416
State and local grants	35,954	-0-	-0-	-0-	35,954
Rental and other revenues	(871,380)	-0-	374,797	923,057	426,474
Net assets released from donor restrictions	317,710	238,380	-0-	-0-	556,090
Total revenues, gains and support	844,664	4,118,905	375,333	923,057	6,261,959
Expenses					
Grants awarded	1,762,546	3,391,400	-0-	-0-	5,153,946
Salaries and employee benefits	419,702	316,227	-0-	-0-	735,929
Professional fees	105,032	95,219	17,100	-0-	217,351
Development and special events	65,560	6,768	-0-	-0-	72,328
Contract labor	-0-	-0-	96,670	-0-	96,670
Repairs and maintenance	-0-	-0-	76,713	-0-	76,713
Depreciation	3,518	214	131,704	-0-	135,436
Excise taxes	16,099	-0-	-0-	-0-	16,099
Rental and other expenses	181,571	74,895	135,005	(35,167)	356,304
Total expenses	2,554,028	3,884,723	457,192	(35,167)	6,860,776
Revenues, gains and support over (under) expenses	(1,709,364)	234,182	(81,859)	958,224	(598,817)
Other					
Impairment loss	-0-	-0-	(1,123,095)	-0-	(1,123,095)
Capital contributions	-0-	2,103,190	-0-	(2,103,190)	-0-
Capital distributions	-0-	(2,646,089)	-0-	2,646,089	-0-
Total other	-0-	(542,899)	(1,123,095)	542,899	(1,123,095)
Change in net assets without donor restrictions	(1,709,364)	(308,717)	(1,204,954)	1,501,123	(1,721,912)
Net assets with donor restrictions					
Contributions	260,838	250,884	-0-	-0-	511,722
Interest income	168	44	-0-	-0-	212
Net assets released from donor restrictions	(317,710)	(238,380)	-0-	-0-	(556,090)
Change in net assets with donor restrictions	(56,704)	12,548	-0-	-0-	(44,156)
Change in net assets	(1,766,068)	(296,169)	(1,204,954)	1,501,123	(1,766,068)
Net assets					
Beginning of year	13,546,670	548,181	3,552,650	(4,100,831)	13,546,670
End of year	<u>\$ 11,780,602</u>	<u>\$ 252,012</u>	<u>\$ 2,347,696</u>	<u>\$ (2,599,708)</u>	<u>\$ 11,780,602</u>

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, 2021, 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 May 18, 2022.

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 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
May 18, 2022



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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, 2021. 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, 2021.

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, 2021 and have issued our report thereon dated May 18, 2022, 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 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 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
May 18, 2022

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Number	Pass-through to Subrecipients	Federal Expenditures
Major programs				
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	\$ 2,440,664	\$ 2,826,309
DHHS - Passed through the ISDH HIV Prevention Activities Health Department Based - Prevention, Marketing and Other Special Projects	93.940	41661	411,810	556,751
Total major programs			<u>2,852,474</u>	<u>3,383,060</u>
Non-major programs				
DHHS - Passed through the ISDH Viral Hepatitis Prevention Control	93.270	45828	22,500	29,565
Corporation for National and Community Service - Passed through the Indiana Department of Workforce Development AmeriCorps	94.006	46233	-0-	194,771
Total non-major programs			<u>22,500</u>	<u>224,336</u>
Total federal awards			<u>\$ 2,874,974</u>	<u>\$ 3,607,396</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) under federal programs for 2021. 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 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*.

See report on consolidated schedule of expenditures of federal awards required by the *Uniform Guidance* on page 29.

THE HEALTH FOUNDATION OF GREATER INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

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>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.917	HIV Formula Care Grants - Ryan White Part B Program
93.940	HIV Prevention Activities Health Department Based - Prevention, Marketing and Other Special Projects

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:

No matters reported
