

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Empire Health Foundation  
Spokane, Washington

### Report on the Audit of the Consolidated Financial Statements

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Empire Health Foundation (a nonprofit corporation), 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 Empire Health 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Empire Health 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.

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 Empire Health Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Empire Health 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Empire Health 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 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 on pages 41 to 46 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 audits 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 GAAS.

Board of Directors  
Empire Health Foundation

In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Spokane, Washington  
August 31, 2023

**EMPIRE HEALTH FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,460,169	\$ 5,131,513
Accounts Receivable, Net of Allowance for Loss of \$-0- and \$41,441, Respectively	908,886	3,431,495
Pledges Receivable, Net	200,000	3,920,000
Investments	88,466,989	113,886,991
Notes and Loans Receivable	680,000	530,000
Beneficial Interest in Trusts	235,687	308,391
Land, Building, and Equipment at Cost, Less Accumulated Depreciation	2,877,810	2,941,545
Prepaid Expense	426,059	577,124
Other Assets	179,662	144,125
	<b>\$ 99,435,262</b>	<b>\$ 130,871,184</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 520,594	\$ 2,601,222
Annuities Payable	55,000	50,105
Accrued Salaries, Wages, and Employee Benefits	94,159	168,774
Grants and Pledges Payable	213,000	381,503
Line of Credit Payable	-	21,872
Funds Held for Others	-	2,331,822
Liabilities Assumed from Empire Health Services:		
Workers' Compensation Self-Insurance Liability	59,000	96,000
Total Liabilities	941,753	5,651,298
<b>NET ASSETS</b>		
Without Donor Restrictions	95,770,073	120,148,882
With Donor Restrictions	2,723,436	5,071,004
Total Net Assets	98,493,509	125,219,886
Total Liabilities and Net Assets	<b>\$ 99,435,262</b>	<b>\$ 130,871,184</b>

See accompanying Notes to Consolidated Financial Statements.

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 10,000	\$ 212,195	\$ 222,195
Program Revenue	24,646,780	-	24,646,780
Investment Income, Net of Expenses	999,854	16,267	1,016,121
Net Realized Gain from Investments	210,670	9,481	220,151
Net Unrealized Loss from Investments	(19,960,697)	(64,997)	(20,025,694)
Other Income	34,564	-	34,564
Distributions	-	(18,213)	(18,213)
Net Assets Released from Restrictions	2,502,301	(2,502,301)	-
Total Revenue and Support	8,443,472	(2,347,568)	6,095,904
<b>EXPENSES</b>			
Grants Expenses	2,906,234	-	2,906,234
Provider Services	22,087,814	-	22,087,814
Salaries, Payroll Taxes, and Benefits	4,651,187	-	4,651,187
Professional Services	1,236,240	-	1,236,240
Rent and Office Expenses	328,325	-	328,325
Other General and Administrative Expenses	543,392	-	543,392
Depreciation of Fixed Assets	166,640	-	166,640
Excise and Property Taxes	44,215	-	44,215
Interest Expense	16,458	-	16,458
Trailing: Other EHS Trailing Administration Expenses	21,421	-	21,421
Total Expenses	32,001,926	-	32,001,926
<b>CHANGES IN NET ASSETS BEFORE OTHER INCOME (EXPENSES)</b>	(23,558,454)	(2,347,568)	(25,906,022)
<b>OTHER INCOME (EXPENSES)</b>			
Loss on Deconsolidation	(820,355)	-	(820,355)
<b>CHANGES IN NET ASSETS</b>	(24,378,809)	(2,347,568)	(26,726,377)
Net Assets – Beginning of Year	120,148,882	5,071,004	125,219,886
<b>NET ASSETS – END OF YEAR</b>	\$ 95,770,073	\$ 2,723,436	\$ 98,493,509

See accompanying Notes to Consolidated Financial Statements.

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 1,544,797	\$ 1,738,668	\$ 3,283,465
Program Revenue	20,793,164	-	20,793,164
Investment Income, Net of Expenses	581,620	17,198	598,818
Net Realized Gain from Investments	6,638,106	22,045	6,660,151
Net Unrealized Gain from Investments	4,834,295	11,802	4,846,097
Other Income	757,747	-	757,747
Distributions	-	(17,912)	(17,912)
Net Assets Released from Restrictions	3,033,699	(3,033,699)	-
Total Revenue and Support	38,183,428	(1,261,898)	36,921,530
<b>EXPENSES</b>			
Grants Expenses	3,197,706	-	3,197,706
Provider Services	17,981,254	-	17,981,254
Salaries, Payroll Taxes, and Benefits	5,186,454	-	5,186,454
Professional Services	1,453,801	-	1,453,801
Rent and Office Expenses	660,491	-	660,491
Other General and Administrative Expenses	451,208	-	451,208
Depreciation of Fixed Assets	228,457	-	228,457
Excise and Property Taxes	116,768	-	116,768
Interest Expense	945	-	945
Trailing: Other Business Litigation	40,000	-	40,000
Trailing: Other EHS Trailing Administration Expenses	50,987	-	50,987
Total Expenses	29,368,071	-	29,368,071
<b>CHANGES IN NET ASSETS</b>	8,815,357	(1,261,898)	7,553,459
Net Assets – Beginning of Year	111,333,525	6,332,902	117,666,427
<b>NET ASSETS – END OF YEAR</b>	\$ 120,148,882	\$ 5,071,004	\$ 125,219,886

See accompanying Notes to Consolidated Financial Statements.



**EMPIRE HEALTH FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	Program Services				Total Program Services	Management and General	Total
	Empire Health Foundation	Family Impact Network	Philanthropy In Action	Empire Health Community Advocacy Fund			
Grants Expenses	\$ 2,657,137	\$ 11,497	\$ 127,600	\$ 110,000	\$ 2,906,234	\$ -	\$ 2,906,234
Provider Services	1,090,189	17,633,805	-	-	18,723,994	3,363,820	22,087,814
Salaries, Payroll Taxes, and Benefits	1,001,878	1,620,242	-	265	2,622,385	2,028,802	4,651,187
Professional Services	849,960	60,033	-	400	910,393	325,847	1,236,240
Rent and Office Expenses	17,593	116,047	-	2,356	135,996	192,329	328,325
Other General and Administrative Expenses	85,106	16,693	-	98	101,897	441,495	543,392
Depreciation of Fixed Assets	-	-	-	-	-	166,640	166,640
Excise and Property Taxes	1,314	-	-	-	1,314	42,901	44,215
Interest Expense	-	-	-	-	-	16,458	16,458
Trailing: Other EHS Trailing Administration Expenses	-	-	-	-	-	21,421	21,421
<b>Total Functional Expenses</b>	<b>\$ 5,703,177</b>	<b>\$ 19,458,317</b>	<b>\$ 127,600</b>	<b>\$ 113,119</b>	<b>\$ 25,402,213</b>	<b>\$ 6,599,713</b>	<b>\$ 32,001,926</b>

See accompanying Notes to Consolidated Financial Statements.

**EMPIRE HEALTH FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services				Total Program Services	Management and General	Total
	Empire Health Foundation	Family Impact Network	Philanthropy In Action	Empire Health Community Advocacy Fund			
Grants Expenses	\$ 2,140,227	\$ 67,022	\$ 195,457	\$ 795,000	\$ 3,197,706	\$ -	\$ 3,197,706
Provider Services	-	17,981,254	-	-	17,981,254	-	17,981,254
Salaries, Payroll Taxes, and Benefits	1,389,393	1,717,395	-	582	3,107,370	2,079,084	5,186,454
Professional Services	744,408	104,158	162,589	-	1,011,155	442,646	1,453,801
Rent and Office Expenses	93,450	95,318	46	-	188,814	471,677	660,491
Other General and Administrative Expenses	25,235	27,689	3,536	-	56,460	394,748	451,208
Depreciation of Fixed Assets	-	-	-	-	-	228,457	228,457
Excise and Property Taxes	11,304	-	-	-	11,304	105,464	116,768
Interest Expense	-	-	-	-	-	945	945
Bad Debt Expense	-	40,000	-	-	40,000	-	40,000
Trailing: Other EHS Trailing Administration Expenses	-	-	-	-	-	-	-
	-	-	-	-	-	50,987	50,987
<b>Total Functional Expenses</b>	<b>\$ 4,404,017</b>	<b>\$ 20,032,836</b>	<b>\$ 361,628</b>	<b>\$ 795,582</b>	<b>\$ 25,594,063</b>	<b>\$ 3,774,008</b>	<b>\$ 29,368,071</b>

See accompanying Notes to Consolidated Financial Statements.

**EMPIRE HEALTH FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions and Other Revenue and Support	\$ 32,187,857	\$ 23,980,423
Net Cash Received from Agency Transactions	(2,331,822)	(14,688,968)
Cash Paid to Employees and Vendors	(31,847,616)	(25,299,342)
Cash Paid for Grants	(3,074,737)	(3,202,949)
Net Cash Used by Operating Activities	(5,066,318)	(19,210,836)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Notes and Loans Made	(150,000)	-
Purchases of Investments	(21,598,623)	(42,606,239)
Proceeds from Sale of Investments	28,232,183	42,747,586
Reinvest Investment Earnings	(963,809)	(576,505)
Purchase of Land, Building, and Equipment	(102,905)	(3,630)
Net Cash Provided (Used) by Investing Activities	5,416,846	(438,788)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Line of Credit	-	999,833
Repayments of Line of Credit	(21,872)	(977,961)
Net Cash Provided (Used) by Financing Activities	(21,872)	21,872
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	328,656	(19,627,752)
Cash and Cash Equivalents – Beginning of Year	5,131,513	24,759,265
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	\$ 5,460,169	\$ 5,131,513
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (26,726,377)	\$ 7,553,459
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Realized and Unrealized Gain from Investments	19,750,251	(11,471,818)
Gain From Beneficial Interest in Trusts	72,704	(16,042)
Depreciation Expense	166,640	228,457
Gain on PPP Loan Forgiveness	-	(402,566)
(Increase) Decrease in Assets:		
Accounts Receivable	2,522,609	(33,202)
Pledges Receivable	3,720,000	(785,521)
Grants Receivable	-	133,060
Prepaid Expense	151,065	117,628
Other Assets	(35,537)	(530)
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,080,628)	537,386
Accrued Salaries, Wages, and Employee Benefits	(74,615)	1,972
Grants and Pledges Payable	(168,503)	(5,243)
Deferred Revenue	-	(393,521)
Funds Held for Others	(2,331,822)	(14,688,968)
Workers' Compensation Self-Insurance Liability	(37,000)	13,000
Annuities Payable	4,895	1,613
Total Adjustments	21,660,059	(26,764,295)
Net Cash Used by Operating Activities	\$ (5,066,318)	\$ (19,210,836)

See accompanying Notes to Consolidated Financial Statements.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Empire Health Foundation (the Foundation or EHF) was incorporated in the state of Washington on August 22, 2008, for the purpose of continually bringing good health to life in the Inland Northwest through the promotion, facilitation, and/or funding of health initiatives, education, and research. The Foundation believes health is a fundamental human right and its mission to advance health equity and transform systems to improve health and quality of life is predicated on the values of community, integrity, trust, compassion, and unconditional love.

The Foundation is a private foundation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and was formed originally to receive the net proceeds of the sale of Empire Health Services (EHS) to Community Health Systems, Inc. (CHS) on September 30, 2008. The proceeds from the sale of EHS were treated as the initial contribution to the Foundation on October 1, 2008, when the Foundation commenced operations.

As part of the transfer of proceeds of the sale of EHS to the Foundation, certain assets and liabilities of EHS were assumed by the Foundation. Liabilities assumed included amounts due under cost reimbursement programs, professional malpractice liabilities, 403(b) transition liabilities, workers' compensation self-insurance liabilities, and the defined benefit pension plan actuarial liabilities which existed as of the last day of EHS operations on September 30, 2008 (see Note 4).

Philanthropy Center LLC (PC LLC) was formed as a Washington State Limited Liability Company on July 9, 2013, for the purpose of acquiring, restoring, managing, and leasing certain real property to the Foundation, its affiliates and others. For federal tax purposes, PC LLC's operations are incorporated as a disregarded entity into the Foundation's annual Return of a Private Foundation. The Foundation is the sole member of PC LLC and exercises full financial and operational control over PC LLC through an operating agreement. As such, the Foundation has a controlling financial interest in PC LLC requiring consolidation within these consolidated financial statements.

Family Impact Network (FIN) was formed as a Washington State nonprofit corporation on June 23, 2014, for the purpose of promoting the health of families in Washington State through the promotion, conduct and/or arranging of child welfare services principally pursuant to a contract with the Washington State Department of Children, Youth, and Families (DCYF). During the three years ending 2021, FIN also provided behavioral health services for families that live on tribal reservations in Northeast Washington State. FIN is a public charity exempt from federal income tax under Section 501(c)(3) of the IRC. The Foundation was the sole member of FIN through December 14, 2022 and had a controlling financial interest in FIN requiring consolidation within these consolidated financial statements. See Note 12.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Nature of Operations (Continued)**

Philanthropy in Action (PIA) was formed as a Washington State nonprofit corporation on February 10, 2016, for the purpose of improving the health of people in Washington State through the provision of resources, services, and funding of programs aimed at vulnerable families and individuals that address health, safety, prevention, permanency, stability, and overall well-being. From 2018 to June 30, 2021, PIA served as the agent for receiving, holding, and disbursing funds appropriated for or otherwise awarded to the Andy Hill Cancer Research Endowment (AHCRE), a state of Washington commitment to sustained investment in cancer research, prevention, and care. From 2019 through July 15, 2022, PIA became the agent for receiving, holding and disbursing funds provided by Premera Blue Cross for granting to rural healthcare providers in Washington State for capital improvements. PIA was a private foundation exempt from federal income tax under Section 501(c)(3) of the IRC. The Foundation was the sole member of PIA and through November 23, 2022 had a controlling financial interest in PIA requiring consolidation within these consolidated financial statements. See Note 12.

Sunset Health LLC (SSH) was formed as a Washington State Limited Liability Company on July 25, 2019, for the purpose of acquiring, developing, managing, and leasing certain real property to others. For federal tax purposes, SSH's operations are incorporated as a disregarded entity into the Foundation's annual Return of a Private Foundation. The Foundation is the sole member of SSH and exercises full financial and operational control over SSH through an operating agreement. As such, the Foundation has a controlling financial interest in SSH requiring consolidation within these consolidated financial statements.

Empire Health Community Advocacy Fund (EHCAF) was formed as a Washington State nonprofit corporation on September 18, 2019 and operates exclusively for charitable and social welfare purposes within the meaning of IRC Section 501(c)(4). Such charitable and social welfare operations are intended to include improving public policy discourse for solutions to local health challenges. The Foundation is the sole member of EHCAF and has a controlling financial interest in EHCAF requiring consolidation within these consolidated financial statements.

**Basis of Accounting**

The consolidated entities prepare their financial statements in accordance with accounting principles generally accepted in the United States of America.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

Financial statement presentation follows the requirements of Statement of Financial Accounting Standards Financial Statements of *Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, the consolidated entities are required to report information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include resources that are not restricted by the donor and are available for the operations of the consolidated entities without limitation. Net assets with donor restrictions are those whose use by the consolidated entities has been limited by donors to specific time period or purpose or that have been restricted by donors to be maintained in perpetuity (see Note 5).

**Principles of Consolidation**

The accompanying 2022 and 2021 consolidated financial statements include the accounts of the Foundation in consolidation with its affiliates FIN (Through December 14, 2022), PIA (through November 23, 2022), SSH, EHCAF and PC LLC, as of and for the years ended December 31, 2022 and 2021. All material inter-entity balances are 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these consolidated financial statements include liabilities assumed from EHS and functional expense allocations. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

Costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs are allocated between program services, management and general, and fundraising based on evaluations of the related activities. Management and general expenses include expenses that are not directly identifiable with any other specific function, but instead provide for the overall support and direction of the organizations.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized when received. All contributions are available for use without restriction unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at fair value, estimated using the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received. Unconditional promises to give are reported net of any allowance for uncollectible amounts. The consolidated entities consider all unconditional promises to give at December 31, 2022 and 2021 to be fully collectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met. No material conditional promises to give exist at December 31, 2022 and 2021.

To determine revenue recognition for the arrangements that the Organization determine are within the scope of Topic 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfied a performance obligation.

A portion of the Foundation's 2022 revenue is derived from a cost-reimbursable state contract which is conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Foundation's cost reimbursable contract is for approximately \$6 million, extends through June 30, 2023 and had no advance payments made through December 31, 2022. The Foundation recognized approximately \$1.2 million of program revenue under this contract for the year ending December 31, 2022. Approximately \$1.1 million of this same amount was also simultaneously recognized by the Foundation as accounts payable and provider services expense because the amounts are ultimately owed to the Foundation's subcontractors.

Program revenue also includes FIN's revenue related to child welfare programs contracted through DYCF and is recognized at the time the service is provided. As services are performed by providers that FIN contracts with, amounts are billed to DCYF and recognized as accounts receivable and revenue.

These same amounts are also simultaneously recognized by FIN as accounts payable and provider services expense because the amounts are ultimately owed to the service providers. DCYF also provides a significant portion of the funding for the Network Administrator contract on a reimbursement basis. For those expenses, revenue is recognized as the expenses are incurred.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The Foundation also earns contract revenue by providing administrative and accounting support, principally at cost, to related entities such as FIN, Better Health Together (BHT), PIA and EHCAF. This revenue is recognized monthly as the services are provided. EHF and PIA also earn revenue from contracts with funders to manage grant funding programs. This revenue is recognized as services are provided (see Note 15 for more information on deferred revenue). EHF and PIA hold the managed funds until funding decisions are made and have treated the funds as agency transactions. EHF also earned revenue as the developer for J AULD APTS LLC, a tax credit subsidized rental housing project. This revenue is recognized in accordance with the terms of a Development Fee Agreement for services rendered for overseeing the development and construction of the property. The developer fee of \$700,000 was substantially earned in 2020 when the project construction was completed, with the timing for payment of the fee from operational cash flows of the property spread over the years 2020 through 2026 in accordance with priority conditions as reflected in the Amended and Restated Operating Agreement.

Contract assets and liabilities consist of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts Receivable (Noneliminated), Including Developer Fee:			
FIN	<u>\$ -</u>	<u>\$ 2,974,706</u>	<u>\$ 2,012,373</u>
EHF	<u>\$ 778,529</u>	<u>\$ 394,843</u>	<u>\$ 1,246,013</u>
EHF:			
Deferred Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,521</u>
FIN:			
Funds Held for Others	<u>\$ -</u>	<u>\$ 2,896</u>	<u>\$ 135,457</u>
PIA:			
Funds Held for Others	<u>\$ -</u>	<u>\$ 2,328,926</u>	<u>\$ 16,855,333</u>

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, the consolidated entities consider all highly liquid investments with original maturity dates of three months or less, short-term cash investments, and other highly liquid debt instruments not otherwise included in investments, if any, to be cash equivalents.



**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables**

Accounts receivables are recorded at the original invoice amount, less allowance for loss. At December 31, 2021, FIN considered \$1,441 of its accounts receivable to be doubtful as to collection, recognizing a corresponding allowance for loss. Pledges receivable due within one year are recorded at net realizable value. Pledges receivable due beyond one year are recorded at present value of their estimated future cash flows. The consolidated entities consider pledges receivables at December 31, 2022 and 2021, to be fully collectible; accordingly, no allowance for loss has been recorded (see Note 13 for further detail regarding pledges receivable).

**Investments**

Investments are stated at fair value based on quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and unrealized appreciation (depreciation) of those investments, is shown in the consolidated statements of activities and changes in net assets (see Notes 3 and 6).

**Notes and Loans Receivable**

Mortgage loans and other notes receivable are carried at cost, less allowance for loss. The consolidated entities consider the mortgage loans and other notes receivable at December 31, 2022 and 2021 to be fully collectible; accordingly, no allowance for loss is considered necessary (see Note 9).

**Land, Building, and Equipment**

Amounts expended in excess of \$5,000 to acquire or improve land, building and equipment are capitalized. Land, building, and equipment are carried at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years (see Note 8).

**Concentration of Risk**

The consolidated entities maintain their cash in bank deposit accounts that, at times, may exceed federally insured limits. The consolidated entities have experienced no losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

The consolidated entities' investments consist primarily of financial instruments, including cash equivalents, mutual funds, and money market funds. These financial instruments may subject the consolidated entities to concentrations of credit risk as balances exceed amounts insured by federal agencies. Management believes that risk with respect to these balances is minimal due to the high credit quality of the institutions issuing and holding the assets.

FIN receives the majority of its revenues through its contract with the DCYF and is, therefore, reliant on this contract to fulfill its charitable purposes and maintain perpetual existence.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Employee Benefit Plans**

As part of the assumed EHS liabilities, the Foundation was responsible for a defined benefit pension plan that benefitted former employees of EHS who met the eligibility requirements as of September 30, 2008. The plan was fully terminated pursuant to Internal Revenue Service (IRS) and Department of Labor guidelines through a combination of lump sum distributions and an annuity purchase in 2015, with final administrative wind-down activities and related costs concluded in 2016. Even so, the Foundation remains potentially obligated for any plan administrative errors occurring prior to the plan termination. No such obligation is recorded at December 31, 2022 and 2021, respectively.

The Foundation established a defined contribution 401(k) retirement plan effective January 1, 2010. FIN established a defined contribution 401(k) retirement plan effective January 1, 2015 (see Note 10).

**Self-Insurance**

The Foundation self-insures for workers' compensation and professional liability exposure related to former EHS employees and operational liabilities that existed as of September 30, 2008 (see Note 4).

**Medicare/Medicaid Cost Report Settlements**

The Foundation is potentially obligated for amounts due under Medicare and Medicaid cost reimbursement programs related to former EHS operations but will also receive the benefit of cost report settlement receivables, each as existed as of September 30, 2008 (see Note 4).

**Income Tax Status**

The IRS has determined that the Foundation, FIN, and PIA are exempt from federal income tax under Section 501(c)(3) of the IRC. For federal tax purposes, PC LLC's and SSH's operations are incorporated as disregarded entities into the Foundation's annual Return of a Private Foundation.

EHF has further been designated by the IRS as a private foundation. The IRC imposes an excise tax of 1.39% on net investment income of private foundations, such as the Foundation. Certain revenues generated from alternative investment funds are subject to the federal tax on unrelated business income (UBIT). Consequently, in addition to annually filing Form 990-PF, EHF annually files Form 990-T to report its UBIT activity. EHF recorded a payable of \$4,000 for federal excise and UBIT taxes at December 31, 2022. EHF recorded a receivable of \$2,426 for overpaid federal excise and UBIT taxes at December 31, 2021. In addition to the excise tax imposed, private foundations are also subject to the following restrictions and requirements:

1. restrictions on self-dealing between private foundations and their substantial contributors and other disqualified persons;
2. requirements that private foundations annually distribute income for charitable purposes;
3. limits on private foundations holdings in private businesses;

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status (Continued)**

4. provisions that private foundations investments must not jeopardize the carrying out of exempt purposes; and
5. provisions to assure that expenditures of private foundations further exempt purposes.

EHF has complied with the above restrictions and requirements for all years of its existence.

At the time of its formation, PIA was initially designated by the IRS as a 501(c)(3) tax-exempt public charity pursuant to IRC Section 170(b)(1)(A)(vi). Qualification as a public charity under this section is predicated upon an organization's revenues meeting a minimum public support test over a rolling five-year period. As of December 31, 2020, PIA had not met the public support test for its first five tax years of existence. Consequently, while its status as a public charity was unaffected for years 2016 through 2020, pursuant to IRS regulations, PIA automatically converted to private foundation status beginning with the 2021 tax year.

While remaining a tax-exempt corporation, this conversion of status made PIA subject to the federal excise tax on its net investment income in 2021 and 2022. However, PIA generated no net investment income for those years and therefore incurred no such tax. PIA complied with all other requirements and restrictions imposed by IRC on private foundations for these same two years.

The IRS has determined that EHCAF is exempt from federal income tax pursuant to Section 501(c)(4).

**Income Tax Positions**

Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

**New Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the new standard in 2022, and there was no material impact on the consolidated statements of financial position, consolidated statements of activities and changes in net assets or consolidated financial statement disclosures.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Subsequent events have been evaluated through August 31, 2023, which is the date the consolidated financial statements were available to be issued.

In 2023, the Foundation received a 2-year unconditional purpose-restricted grant of \$1.5 million to enter into new work in conjunction with its Equity Healing Framework program initiative. \$1 million of this grant was collected in April of 2023. The Foundation also received and collected two additional 1-year purpose-restricted grants totaling \$800,000 to continue its Healing Families program initiative.

In 2023, the Foundation's Right of Way Initiative contract with the Washington State Department of Commerce was amended to increase the cost-reimbursement maximum from \$3.5 million to \$6.0 million through the State's fiscal year ending June 30, 2023. Later in 2023, this contract was further amended to extend through the State's fiscal year ending June 30, 2024 in the amount of \$1,725,000.

**NOTE 2 LIQUIDITY**

Each entity within the consolidated group is responsible for its own cash management and liquidity practices, which differ between entities. Below is a table for the Foundation at the consolidated level:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 5,460,169	\$ 5,131,513
Accounts Receivable, Net	908,886	3,431,495
Pledges Receivable, Net	200,000	3,920,000
Investments	88,466,989	113,886,991
Notes and Loans Receivable	680,000	530,000
Beneficial Interest in Trusts	235,687	308,391
Total Financial Assets	95,951,731	127,208,390
Less: Amounts Not Available to Be Used		
Within One Year:		
Investments in Nonliquid Alternative Investments	(6,415,781)	(6,585,815)
Investments Held in Custodial Accounts	(1,011,297)	(755,037)
Investments Securing Charitable Remainder Trusts	(78,314)	(109,346)
Cash and Investments Held for Others	-	(2,331,822)
Pledges Receivable With Donor Restrictions	(200,000)	(2,920,000)
Other Net Assets With Donor Restrictions	(2,523,436)	(2,151,004)
Mortgages Notes Due Beyond One Year	(530,000)	(530,000)
Less: Accounts Payable (PC)	(12,524)	(10,650)
Less: Targeted for Maintenance Reserve (PC)	(68,456)	(62,000)
Amounts Restricted for Provider Payments	-	(2,351,449)
Financial Assets Unavailable for Use		
Within One Year	(10,839,808)	(17,807,123)
Financial Assets Available to Meet		
General Expenditures Within One Year	\$ 85,111,923	\$ 109,401,267

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 LIQUIDITY (CONTINUED)**

Following is a summary of the practices of each:

**Empire Health Foundation**

Approximately 89% of the Foundation's investments are held in marketable instruments that could be liquidated at fair value within a short period of time. The income from its investments, including capital appreciation, is used to fund program services and general expenditures. It also receives revenues and contributions without donor restrictions that fund certain program services, as well as costs incurred in the provision of providing its affiliates with leased employees and administrative services. Lastly, the Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions, which include both regranteeing and administrative costs.

The Foundation considers investment income without donor restrictions and support without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include general and administrative expenses and grant commitments expected to be paid in the subsequent year.

The Foundation manages its liquid resources to meet general expenditures following these principles:

- Investing and operating within a prudent range of financial soundness;
- Maintaining adequate liquid assets;
- Maintaining sufficient reserves.

The Foundation's board annually approves a budget for general expenditures, which budget is expressed as a percentage of the Foundation's assets and meets the minimum spending requirements of the IRS for a private foundation. The Foundation communicates this budget to its investment manager and proposes a quarterly draw schedule from its investments that will satisfy the budget requirements. The investment manager manages the investments and associated income to provide cash in accordance with the amounts and timing of the draw schedule, including from time to time liquidating a portion of the invested assets as may be necessary. As part of the annual budget process, the board also approves separate budgets for programs and services that have their own funding sources or commitments. The Foundation maintains in its cash accounts any major ongoing donor-restricted contributions that it has received, along with a general reserve of \$250,000 to meet any unanticipated fluctuations in the budgeted outflows.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 LIQUIDITY (CONTINUED)**

**Empire Health Foundation (Continued)**

In May 2020, the Foundation entered into a line of credit agreement with its investment manager, Bessemer Trust that enhances short-term liquidity options. The agreement is for up to \$3 million of borrowing capacity, collateralized by a pledge of securities held in Bessemer accounts. The pledged securities must have a minimum fair market value of 100% to 200% of the amount borrowed, depending on the type of security so pledged. The rate of interest applicable to the borrowed funds ranges from Prime Rate (for any amounts borrowed aggregating \$1 million or more) to Prime Rate plus 2.0% (for amounts borrowed aggregating less than \$100,000), but in no case shall the rate be less than 1.0%. This line of credit allows the Foundation an alternative to liquidating investments to meet operational draw requirements during periods when such liquidations might otherwise be subject to inopportune market pricing. As of the date of this report, the Foundation has not drawn on this line of credit.

The table below presents the Foundation's financial assets available for general expenditures within one year of December 31:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 3,358,171	\$ 4,030,319
Accounts Receivable, Net	928,005	411,715
Pledges Receivable, Net	-	2,000,000
Investments	71,761,186	91,547,925
Notes and Loans Receivable	680,000	680,000
Beneficial Interest in Trusts	235,687	308,391
Total Financial Assets	<u>76,963,049</u>	<u>98,978,350</u>
Less: Amounts Not Available to Be Used		
Within One Year:		
Investments in Nonliquid Alternative Investments	(6,415,781)	(6,585,815)
Investments Held in Custodial Accounts	(1,011,297)	(755,037)
Investments Securing Charitable Remainder Trusts	(78,314)	(109,346)
Pledges Receivable With Donor Restrictions	-	(2,000,000)
Other Net Assets With Donor Restrictions	(1,593,597)	(2,090,908)
Mortgages Notes Due Beyond One Year	<u>(530,000)</u>	<u>(680,000)</u>
Financial Assets Unavailable for Use		
Within One Year	<u>(9,628,989)</u>	<u>(12,221,106)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 67,334,060</u>	<u>\$ 86,757,244</u>

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 LIQUIDITY (CONTINUED)**

**Philanthropy Center LLC**

PC LLC's primary source of liquidity is the rents it receives from related or formerly related entities. Revenues from other sources are minimal. The established annual base lease rates are determined from an annual budget for cash expenses for PC LLC and are set at levels designed to cause the operation of PC LLC's building to break even on a cash flow basis, with no excessive accumulation of cash within the organization. PC LLC annually targets adding to a maintenance reserve for future major repairs or improvements of the building. The goal is to have cash on hand, after reduction for the maintenance reserve and current payables, sufficient to meet 30 days of average budgeted cash expenditures going forward.

The table below presents PC LLC's assessment of its liquidity as described above at December 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 129,686	\$ 114,646
Less: Accounts Payable	(12,524)	(10,650)
Less: Targeted for Maintenance Reserve	<u>(68,456)</u>	<u>(62,000)</u>
Net Cash Available	<u>\$ 48,706</u>	<u>\$ 41,996</u>
30 Days Average Budgeted Cash Expenses	<u>\$ 16,497</u>	<u>\$ 14,760</u>
Percentage of Cash Target on Hand	295%	285%

Should PC LLC's cash fall below 100% of the targeted level there is a provision in the Foundation's lease with PC LLC to pay an additional variable rent amount equal to the amount of PC LLC's building operating expenses in excess of the aggregate monthly fixed base lease payments of the Foundation, FIN and other tenants, if any. No such variable rent component was required in either of the years ending December 31, 2022 and 2021.

**Philanthropy in Action**

PIA's primary source of funding was grants from the Foundation and agency relationship funds administered on behalf of Premera Blue Cross. The funding from the Foundation has been generally purpose-restricted in support of the Foundation's strategic program initiatives. Consequently, these funds were committed only to the extent received and once the funds were used there were no further commitments on the part of PIA. PIA also administered a \$5 million capital facilities grant fund to benefit rural hospitals in the state of Washington, but all such funding was purpose restricted pursuant to the terms of the governing agreement and related disbursements were subject to approval of the funder, Premera Blue Cross. This funding source allowed for an indirect cost allowance of 5%, or approximately \$60,000, per year over the four-year term of the grant fund. Aside from these restricted activities, the general expenditures of PIA totaled approximately \$15,000 annually for its year ended December 31, 2021.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 LIQUIDITY (CONTINUED)**

**Philanthropy in Action (Continued)**

The table below presents PIA's financial assets available for general expenditures within one year of December 31:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ -	\$ 331,094
Investments	-	2,126,794
Total Financial Assets	-	2,457,888
Less: Amounts Not Available to be Used		
Within One Year:		
Cash and Investments Held for Others	-	(2,328,926)
Net Assets Restricted for Foundation Programs	-	-
Financial Assets Unavailable for Use		
Within One Year:	-	(2,328,926)
Financial Assets Available to Meet		
General Expenditures Within One Year	\$ -	\$ 128,962

**Sunset Health LLC**

SSH's primary sources of funding are the net operating income from the leasing of real property and member contributions by the Foundation. With respect to the leasing operation, a portion of the property owned by SSH is leased to an unrelated nonprofit which sub-leases converted units of an aging motel to residents of a sober living program. The nonprofit pays rents to SSH of \$24,000 annually. The terms of the lease require the nonprofit to pay for all of the operating and maintenance costs of the leased property except for annual real estate taxes of approximately \$10,000..

The table below presents SSH's assessment of its liquidity as described above at December 31:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 10,115	\$ 18,213
Accounts Receivable, Net	2,000	-
Financial Assets Available to Meet		
General Expenditures Within One Year	\$ 12,115	\$ 18,213



**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 LIQUIDITY (CONTINUED)**

**Empire Health Community Advocacy Fund**

EHCAF was formed late in 2019 and initially funded from settlement proceeds from the Foundation's lawsuit against CHS. Beginning in 2021, EHCAF has received additional funding from an unrelated nonprofit to complement certain work being done by the Foundation. Nearly 100% of EHCAF's investments are held in marketable instruments that could be liquidated at fair value within a short period of time. Unlike the Foundation, EHCAF is not subject to any minimum annual spending requirement. The income from its investments, including capital appreciation, is unrestricted. EHCAF considers its investment income and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include general and administrative expenses and grant commitments expected to be paid in the subsequent year.

EHCAF manages its liquid resources to meet general expenditures following these principles:

- Investing and operating within a prudent range of financial soundness;
- Maintaining adequate liquid assets;
- Maintaining sufficient reserves;
- Operating in accordance with an annual board-adopted budget.

The table below presents EHCAF's assessment of its liquidity as described above at December 31:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,962,197	\$ 249,207
Pledges Receivable, Net	200,000	1,920,000
Investments	<u>16,705,803</u>	<u>20,212,272</u>
Total Financial Assets	18,868,000	22,381,479
Pledges Receivable With Donor Restrictions	(200,000)	(920,000)
Other Net Assets With Donor Restrictions	<u>(929,839)</u>	<u>(50,000)</u>
Financial Assets Unavailable for Use		
Within One Year	<u>(1,129,839)</u>	<u>(970,000)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 17,738,161</u>	<u>\$ 21,411,479</u>

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 LIQUIDITY (CONTINUED)**

**Family Impact Network**

FIN strives to maintain available cash to meet 60 days of normal operating expenses, which were in 2021, on average, \$504,000 for 60 days. FIN's primary source of cash is its contracts with DCYF as well as some large grants from foundations. Regularly, FIN's cash balance includes funds that are obligated to FIN's contractual providers, and those funds are not available in support of FIN's normal operating expenses. To manage liquidity risks, FIN works to ensure that it invoices DCYF in a timely manner so that it will receive reimbursement as soon as possible. Management prepares cash projections for multiple future scenarios and reviews them with the finance committee. Budget-to-actual financial statements are presented at finance committee meetings so that the committee is aware of any unfavorable, or potentially unfavorable, variances.

FIN also has a \$750,000 line of credit with Banner Bank that it sometimes utilizes on a short-term basis if they have not received the pass-through payments from DCYF for providers, and those payments are due to providers.

The table below presents FIN's financial assets available to meet cash needs were calculated as:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ -	\$ 388,034
Accounts Receivable, Net	-	3,078,504
Pledges and Grants Receivable	-	60,000
Total Financial Assets	<u>-</u>	<u>3,526,538</u>
Less: Amounts Not Available to Be Used		
Within One Year:		
Amounts Restricted for Provider Payments	-	(2,351,449)
Amounts Held for Other, Excluding Inventory	-	(2,896)
Net Assets with Donor Restrictions	<u>-</u>	<u>(20,097)</u>
Financial Assets Unavailable for Use		
Within One Year	<u>-</u>	<u>(2,374,442)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ -</u>	<u>\$ 1,152,096</u>

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 INVESTMENTS**

Investments consisted of the following at December 31:

	2022	2021
Short-Term Money Market Investments	\$ 1,858,174	\$ 4,790,641
Equity Securities	16,102,585	20,933,038
Mutual Funds	43,043,422	55,862,844
U.S. Government Fixed Income Instruments	12,055,436	12,307,349
Fixed Income	7,901,981	10,416,127
Alternative Investments	6,415,781	6,585,815
Total	87,377,378	110,895,814
For Specific Purposes:		
For Benefit of Premera Rural Capital Facilities Fund:		
Short-Term Money Market Investments	-	2,126,794
For Net Assets with Donor Restrictions:		
Charitable Gift Annuity and Split-Interest Trusts:		
Short-Term Money Market Investments	2,893	3,225
Equity Securities	15,709	22,921
Mutual Funds	40,702	59,694
U.S. Government Obligations	11,820	12,281
Other Fixed Income Instruments	7,190	11,225
Workers' Compensation Self-Insurance Funds:		
Short-Term Money Market Investments	1,011,297	755,037
Total	1,089,611	2,991,177
Total Investments	\$ 88,466,989	\$ 113,886,991

**NOTE 4 COMMITMENTS AND CONTINGENCIES**

Related to the sale of EHS, the Foundation assumed certain liabilities as of October 1, 2008. The following are summaries of those commitments and contingencies as of December 31, 2022 and 2021:

**Litigation**

Pursuant to the sale documents that created the Foundation, those professional malpractice and general liability claims arising during the course of EHS's operations through September 30, 2008 are the Foundation's responsibility. The Foundation has obtained insurance that will provide a measure of protection in the event of future professional malpractice claims. As of the date of these consolidated financial statements, no claims of this nature have been asserted or are pending against EHF.

The Organizations are a party to certain assertions and legal actions arising in the normal course of operations. Based on consultation with counsel and an evaluation of such matters, management is of the opinion that such matters are adequately covered by insurance and settlements of such matters will not have a material adverse effect upon the financial position of the Organizations.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Workers' Compensation**

Self-insured workers' compensation liabilities, including claims incurred but not reported, that existed at EHS as of the last day of operations on September 30, 2008, are the Foundation's responsibility. The Foundation is likewise self-insured for these liabilities. The Washington State Department of Labor and Industries (the Department) annually determines the amount to be maintained in escrow in order to meet self-insurance minimum requirements. At December 31, 2022 and 2021, the balances of \$1,011,297 and \$755,037, respectively, were considered by the Department to be adequate. In 2022, the Department advised the Foundation that \$1,000,000 is the minimum allowable surety requirement until such time as the Foundation experiences 10 consecutive years without claims costs. The surety requirement is reviewed annually by the Department. Net claims costs incurred were \$7,778 and \$34,091 for the years ended December 31, 2022 and 2021, respectively.

Management estimates the workers' compensation liability based on losses expected to be incurred on known and incurred but not yet reported claims. The estimated workers' compensation self-insurance liability included in the consolidated statements of financial position is \$59,000 and \$96,000 at December 31, 2022 and 2021, respectively. Claims are paid when they occur and charged against the estimated liability. The Foundation pays for actual injury claims, maintenance of reserves, administrative expenses, and excess insurance premiums. No new claims were reported in 2022 or through August 31, 2023.

**Medicare/Medicaid Cost Reports**

The Foundation is potentially and indefinitely obligated for amounts due under Medicare and Medicaid cost reimbursement programs related to former EHS operations through September 30, 2008. The filed cost reports are subject to retroactive settlement. Provision for the effects of these retroactive settlements are estimated and recorded in the consolidated statements of financial position, and later adjusted in the years in which these settlements occur. The laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that estimates will change by a material amount. Medicare cost reports through September 30, 2008, have been audited, tentatively settled, or settled through the date of this report.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Medicare/Medicaid Cost Reports (Continued)**

The Foundation, through a recovery specialist, from time to time pursues legal appeals and administrative re-openings for cost report years prior to October 1, 2008 that are intended to result in additional recoveries of amounts at issue in previously settled cost reports. Because the success of such efforts is difficult to predict, the Foundation recognizes the revenue from recoveries only when it receives verification that the cost reports have been adjusted in its favor. The recovery specialist is compensated at various percentages of the amounts recovered, depending on the complexity of the issue. Ongoing cost report recovery efforts in the years ended December 31, 2021 resulted in \$70,248 recognized recovery income, with associated recovery costs incurred of \$7,625. No such activity was recorded for the year ended December 31, 2022.

**Funding Commitments**

In November 2013, the Foundation assisted in the formation of Spokane Teaching Health Center (STHC), a Washington State nonprofit corporation. STHC was formed to facilitate a collaboration between the Foundation, Providence Health & Services (PH&S), and Washington State University (WSU) to expand Graduate Medical Education (GME) in Spokane. In connection with the expansion, STHC has been awarded federal grant funds through the Health Resource and Services Administration (HRSA) to support additional family and internal medicine residents. The Foundation and PH&S are each members of STHC and WSU has similar member-like rights, but no single organization has a controlling interest in STHC pursuant to its governing documents. The Foundation has recorded no financial interest in connection with its membership in STHC within these consolidated financial statements.

All parties have executed an Affiliation Agreement for Graduate Medical Education Consortium (Affiliation Agreement). This Affiliation Agreement succeeded earlier agreements and became effective August 26, 2022, and extends for 10 years through August 26, 2032. The Affiliation Agreement may then be extended for one additional five-year period upon the mutual written consent of the parties. If for any reason over the term of the Affiliation Agreement support from federal, state, or other third-party funding sources is withdrawn or reduced, the parties will meet to negotiate, in good faith, the financial obligations of the parties.

This collaborative effort shall include STHC seeking grants from the Foundation, and the STHC board taking proactive steps to secure other sources of financial support as necessary to sustain the residency programs. With regard to any such grants, the Foundation committed to using its best efforts to make available up to \$2,000,000 to STHC over the term of the Affiliation Agreement, if necessary, subject to the approval of the Foundation's executive leadership and governing board. As of the date of these consolidated financial statements, the Foundation has not been requested to fund any of this contingent obligation.

**EMPIRE HEALTH FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 4 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Contingent Guarantees**

In July 2019, the Foundation became a majority member of EHF JAM MM LLC, a limited liability company, which in turn is the managing member of J AULD APTS LLC, a limited liability company. J AULD APTS LLC was formed for the purpose of constructing and operating a tax credit subsidized rental housing project. The project consists of 48 units placed in service in October 2020 and located in Spokane, Washington. The completed cost of the project is approximately \$10.6 million. As a condition of its sponsorship of the project, the Foundation made a subordinated mortgage loan of \$530,000 to J AULD APTS LLC (see Note 9). In addition, the Foundation, as sponsor/developer for the project, financially guaranteed the completion of the construction, and now provides an ongoing continuing financial guaranty of any operating deficits. Through the date of these financial statements, construction is complete, and operations are proceeding within the resources generated by and available to the property. Consequently, the Foundation has not had to provide any funding pursuant to its guarantees. EHF accounts for the investment in EHF JAM MM LLC, under the equity method. The balance of the investment was \$1,859 and (\$47) at December 31, 2022 and 2021.

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2022	2021
Net Assets With Restrictions to be Released Over Time:		
Scholarships and Education	\$ 169,382	\$ 157,949
Population Health Initiatives	2,254,066	4,540,363
Research	64,301	64,301
	2,487,749	4,762,613
Net Assets With Donor Restrictions:		
Education	235,687	308,391
Total	\$ 2,723,436	\$ 5,071,004

\$235,687 and \$308,391 of the amount restricted for education at December 31, 2022 and 2021, respectively, consist of beneficial interests in perpetual trusts valued at the fair market value of the underlying trust assets. While the corpus of the trusts' assets is not available for the Foundation's use, trust distributions are available but restricted as to purpose.

**NOTE 6 FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**EMPIRE HEALTH FOUNDATION  
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**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

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 Plan 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 market 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2022 and 2021.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Short-Term Money Market Investments, Currencies, U.S. Government Obligations, Equity Securities, Fixed Income Instruments, and Mutual Funds:* Valued at the quoted market prices available on the active market on which the individual securities are traded.

*Equities and Other Fixed Income Instruments:* Valued at quoted market prices and other information available at the valuation date.

*Beneficial Interest in Perpetual Trusts:* Valued at fair value based on unadjusted quoted market prices of the underlying investments.

*Alternative Investments:* Valued based on information received from underlying investment funds/managers adjusted for subsequent capital contributions (valued at cost), distributions, and fund accruals.

**EMPIRE HEALTH FOUNDATION  
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**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables disclose by level, within the fair value hierarchy, the Foundation's assets measured at fair value at December 31:

	2022			Total
	Level 1	Level 2	Level 3	
Short-Term Money Market	\$ 2,872,364	\$ -	\$ -	\$ 2,872,364
Government and Agency Obligations:				
U.S. Treasury Obligations	-	12,067,256	-	12,067,256
Corporation Obligations	-	7,426,174	-	7,426,174
International Obligations	-	482,997	-	482,997
Mutual Funds:				
Blend	39,150,663	-	-	39,150,663
Value	166,565	-	-	166,565
Allocation	3,766,896	-	-	3,766,896
Common Stock:				
U.S. Large Cap	12,203,994	-	-	12,203,994
International Large Cap	761,762	-	-	761,762
U.S. Medium and Small Cap	2,437,415	-	-	2,437,415
International Medium and Small Cap	715,122	-	-	715,122
Beneficial Interest in Trusts	-	-	235,687	235,687
Total Investments at Fair Value	<u>\$ 62,074,781</u>	<u>\$ 19,976,427</u>	<u>\$ 235,687</u>	82,286,895
Investments Measured at NAV:				
Private Equity				6,151,093
Real Assets				264,688
Total Investments Measured at NAV				<u>6,415,781</u>
Total Investments				<u>\$ 88,702,676</u>



**EMPIRE HEALTH FOUNDATION**  
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**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

	2021			
	Level 1	Level 2	Level 3	Total
Short-Term Money Market	\$ 7,675,697	\$ -	\$ -	\$ 7,675,697
Government and Agency Obligations:				
U.S. Treasury Obligations	-	12,319,630	-	12,319,630
Corporation Obligations	-	9,993,538	-	9,993,538
International Obligations	-	433,814	-	433,814
Mutual Funds:				
Blend	50,996,908	-	-	50,996,908
Value	198,434	-	-	198,434
Allocation	4,727,196	-	-	4,727,196
Common Stock:				
U.S. Large Cap	15,720,776	-	-	15,720,776
International Large Cap	1,174,683	-	-	1,174,683
U.S. Medium and Small Cap	3,550,778	-	-	3,550,778
International Medium and Small Cap	509,722	-	-	509,722
Beneficial Interest in Trusts	-	-	308,391	308,391
Total Investments at Fair Value	<u>\$ 84,554,194</u>	<u>\$ 22,746,982</u>	<u>\$ 308,391</u>	107,609,567
Investments Measured at NAV:				
Private Equity				6,303,856
Real Assets				281,959
Total Investments Measured at NAV				<u>6,585,815</u>
Total Investments				<u>\$ 114,195,382</u>

No financial assets were transferred between Levels 1 and 2 during the years ended December 31, 2022 and 2021. No impairment losses were recorded on Level 3 assets in 2022 or 2021.

**Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements**

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Beneficial Interest In Trust	\$ 235,687	\$ 308,391	FMV of Trust Investments	Time Period of Trust

**EMPIRE HEALTH FOUNDATION  
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**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

The Foundation had the following investments in and commitments to alternative investment funds at December 31, 2022:

	NAV		Unfunded Commitments	Redemption Schedule	Redemption Notice Period
	2022	2021			
Private Equity	\$ 6,151,093	\$ 6,303,856	\$ 1,410,081	Quarterly	95 days
Real Assets	264,688	281,959	104,855	Quarterly	95 days
Total	<u>\$ 6,415,781</u>	<u>\$ 6,585,815</u>	<u>\$ 1,514,936</u>		

No impairment losses were recorded on alternative investments in 2022 or 2021. The Foundation recorded a valuation allowance of \$100,000 in 2021 for investments measured at cost.

**NOTE 7 CHARITABLE REMAINDER TRUSTS**

The Foundation administers a single charitable remainder trust. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime).

The remaining assets become shared between the Foundation and another designated beneficiary. The Foundation's charitable remainder trust was assumed through an asset transfer agreement with Deaconess & Valley Healthcare Foundation (DVHF) in 2009. The Foundation is not otherwise approved to solicit new charitable remainder trusts or charitable gift annuities.

Assets securing the charitable remainder trust obligation totaled \$78,314 and \$109,346 at December 31, 2022 and 2021, respectively, and are reported at fair market value as part of investments in the Foundation's consolidated statements of financial position (see Note 3). On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The amount of the charitable remainder trust liability was \$55,000 and \$50,105 at each of December 31, 2022 and 2021, respectively.

**NOTE 8 LAND, BUILDING, AND EQUIPMENT**

Land, building, and equipment consisted of the following as of December 31:

	2022	2021
Land	\$ 455,677	\$ 455,677
Buildings and Improvements	3,603,705	3,526,789
Furniture and Fixtures	647,966	650,805
Total	4,707,348	4,633,271
Less: Accumulated Depreciation	(1,829,538)	(1,691,726)
Balance - End of Year	<u>\$ 2,877,810</u>	<u>\$ 2,941,545</u>

**EMPIRE HEALTH FOUNDATION  
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**NOTE 9 NOTES AND LOANS RECEIVABLE**

The Foundation had the following mortgage loans and other notes receivable as of December 31:

	<u>2022</u>	<u>2021</u>
Family Impact Network, 0%, Maturing 2023, Unsecured	\$ 150,000	\$ -
J AULD APTS LLC, 2.0%, Maturing 2049, Subordinated	530,000	530,000
Total	<u>\$ 680,000</u>	<u>\$ 530,000</u>

Pursuant to its sponsorship and development of an affordable housing project, the Foundation made a subordinated mortgage loan of \$530,000 to J AULD APTS LLC in 2019. The loan matures in 30 years, although it could be repaid earlier in the event of refinancing or other restructuring of the project. Accrued interest on this loan of \$35,430 and \$24,830 is included in other assets at December 31, 2022 and 2021, respectively. In 2023, the unsecured note due from FIN was forgiven by the Foundation in the form of a general operating support grant.

**NOTE 10 RETIREMENT PLAN**

Effective January 1, 2010, the Foundation established a 401(k) retirement plan, which covers substantially all employees. Participating employees receive an annual matching contribution of 100% of employee deferrals up to 6% of the employee's compensation. Expenses relating to the Foundation's plan, including employer contributions, for the years ended December 31, 2022 and 2021 were \$121,218 and \$142,126, respectively. Effective January 1, 2015, FIN established its own 401(k) retirement plan with terms substantially the same as that of the Foundation. Expenses relating to FIN's plan, including employer contributions, for the years ended December 31, 2022 and 2021 were \$68,536 and \$69,008, respectively. Neither plan is currently subject to independent audit requirements at the present time.

**NOTE 11 LEASES**

Beginning January 1, 2016, the Foundation and FIN each entered into separate, annually renewable one-year operating leases for office space with PC LLC, each now extending through December 31, 2023. It is anticipated that each entity will renew or extend its lease annually, although it is possible that either may find it necessary to relocate in the future depending on business requirements. Thus, the terms under which leases may renew beyond 2023 have not been established. Rent expense paid to PC LLC in 2022 was \$154,055 and \$23,057 by the Foundation and FIN, respectively. Rent expense paid to PC LLC in 2021 was \$187,042 and \$31,920 by the Foundation and FIN, respectively.

**EMPIRE HEALTH FOUNDATION  
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**NOTE 11 LEASES (CONTINUED)**

The Foundation's 2023 lease with PC LLC requires monthly fixed base lease payments of \$14,305. The Foundation is also contingently obligated for a variable rent amount equal to the amount of PC LLC's building operating expenses in excess of the aggregate monthly fixed lease payments of the Foundation, FIN and other tenants, if any. EHCAF's 2023 lease with PC LLC requires monthly fixed lease payments of \$107. Future minimum lease payments by remaining consolidated members under the leases with PC LLC are:

<u>Year Ending December 31, 2022</u>	<u>Amount</u>
Empire Health Foundation	\$ 171,657
Empire Health Community Advocacy Fund	1,279
Total	<u>\$ 172,936</u>

In 2017, PC LLC entered into an operating lease for copiers. The term of the lease was 60 months. The Foundation paid \$7,706 and \$9,887 for this lease in 2022 and 2021, respectively.

In March of 2020, FIN entered into a lease agreement with The Barbieri Family Foundation to lease office space. This office space is located at the Empire State Building on Riverside Avenue in Spokane, Washington. FIN paid rent of \$21,886 and \$36,438 for this space for the years ending December 31, 2022 and 2021, respectively. This lease was terminated early in 2022 for an additional cost of \$12,664.

**NOTE 12 RELATED PARTY TRANSACTIONS**

The Foundation has, or has had membership interests in each of PC LLC, BHT, FIN, PIA, SSH, EHCAF, JAM MM LLC, J AULD APTS, LLC, and STHC. Regardless of whether it exercises a controlling financial interest in these entities, the Foundation considers financial activity between it and these entities to be related party transactions. Financial transactions between the entities were generally governed by written contracts, including specific grant agreements. The Foundation provided administrative and program services to BHT, FIN, PIA and STHC pursuant to employee lease agreements and administrative services agreements. The types and extent of services provided varied based on the structures and needs of the recipient entities, but generally consisted of executive leadership, financial administration, human resources services government relations and communications support. All of these types of agreements have been terminated no later than December 31, 2022. In addition, PC LLC leases most of its premises to the Foundation and FIN. EHF also shares administrative and programmatic personnel and the primary accounting system with EHCAF, for which EHCAF reimburses the Foundation at cost.

In 2022 and 2021, the following related party transactions occurred:

The Foundation paid base rent to PC LLC of \$154,055 and \$187,042 for the years ended December 31, 2022 and 2021, respectively. The Foundation made a member contribution to PC, LLC of \$109,000 during the year ended December 31, 2021. FIN paid rent to PC LLC of \$23,057 and \$31,920 for each of the years ended December 31, 2022 and 2021, respectively.

**EMPIRE HEALTH FOUNDATION  
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**NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)**

BHT paid the Foundation \$28,092 pursuant to an administrative services agreement for the year ended December 31, 2021. Effective January 1, 2022, the Boards of Directors of the Foundation and of BHT each approved changes to the bylaws of BHT withdrawing the Foundation's membership in BHT. Although the Foundation had no controlling financial interest in BHT prior to this action, the Foundation treated BHT as a related party for disclosure purposes in years ending December 31, 2021 and earlier.

The Foundation made a grant to FIN of \$60,000 during the year ended December 31, 2021. The Foundation advanced \$150,000 on a zero-interest unsecured line of credit during the year ended December 31, 2021. In 2023 the advance was forgiven by the Foundation in the form of a general operating support grant. FIN paid the Foundation \$99,223 and \$459,216 pursuant to employee lease and administrative services agreements, accounting software and some consulting costs for the years ended December 31, 2022 and 2021, respectively. Effective December 14, 2022, the Boards of Directors of the Foundation and of FIN each approved changes to the bylaws of FIN withdrawing the Foundation's membership in FIN and terminating the Foundation's controlling financial interest. Financial activities of FIN throughout 2022 and 2021 are reflected in the Consolidated Statement of Activities and Changes in Net Assets for the year. However, FIN has no remaining balances in the Consolidated Statement of Financial Position for the year ended December 31, 2022. Accordingly, within these consolidated financial statements, the Foundation has recorded a loss upon deconsolidation of \$820,355, which is a separately reported component within the 2022 Consolidated Statement of Activities and Changes in Net Assets. Subsequent to deconsolidation, the Foundation no longer has any interaction with FIN through administrative services agreements. However, FIN still has an active one-year 2023 lease agreement with PC LLC. Additionally, the Foundation may consider future grant awards to FIN as an independent nonprofit entity.

PIA paid the Foundation \$36,504 and \$172,510 pursuant to an administrative services agreement during the years ended December 31, 2022 and 2021, respectively. During 2022, the Boards of Directors of the Foundation and of PIA each approved the dissolution of PIA as a legal entity. Effective November 23, 2022 the Secretary of State confirmed the dissolution of PIA and its existence was terminated. In accordance with its approved plan of dissolution, PIA granted its remaining \$127,600 of funds to a 501(c)(3) public charity unaffiliated with either PIA or the Foundation. Financial activities of PIA throughout 2022 are reflected in the Consolidated Statement of Activities and Changes in Net Assets for the year. However, PIA has no remaining balances in the Consolidated Statement of Financial Position for the year ended December 31, 2022

EHCAF paid the Foundation \$64,385 and \$51,680 for shared employee and accounting software costs for the years ended December 31, 2021 and 2020, respectively. EHCAF reimbursed other expenses to the Foundation of \$3,501 and \$1,124 for the years ended December 31, 2022 and 2021, respectively.

**EMPIRE HEALTH FOUNDATION  
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**NOTE 12 RELATED PARTY TRANSACTIONS (CONTINUED)**

The Foundation made member contributions of \$60,060 to SSH during the year ended December 31, 2022.

The Foundation made a subordinated mortgage loan of \$530,000 to J AULD APTS LLC during the year ended December 31, 2019. The Foundation earned \$10,600 of related interest income during the years ended December 31, 2022 and 2021, respectively. In addition, the Foundation earned \$10,609 and \$12,492 of company management fees from the J AULD APTS project for each of the years ended December 31, 2022 and 2021, respectively.

**NOTE 13 PLEDGES RECEIVABLE**

In 2020 the Foundation was the recipient of a \$4.0 million purpose-restricted unconditional contribution payable in installments due over three years in support of the Foundation's Aging Services Program. All installments have been received, including the final installment of \$1,500,000 due in 2022. In 2021, the Foundation was the recipient of a \$500,000 purpose-restricted unconditional contribution in support of its Healing Families Focus area due in a single payment in 2022. In 2022, EHCAF was the recipient of a \$200,000 purpose-restricted unconditional contribution in support of its Capital Leverage Fund. In 2021, EHCAF was the recipient of two unconditional contributions from a single donor in support of its general operations (\$1,000,000 unrestricted) and Capital Leverage Fund (\$920,000 purpose restricted) program effort, each due in 2022. The consolidated entities have assessed these commitments as fully collectible as due per the terms of the underlying grant agreements.

The remaining uncollected amounts are recorded at fair market value as follows for the years ended December 31:

	2022	2021
Due in 2022	\$ -	\$ 3,920,000
Due in 2023	200,000	-
Face Value	<u>200,000</u>	<u>3,920,000</u>
Unamortized Discount at Effective Interest Rate	-	-
Fair Market Value	<u>\$ 200,000</u>	<u>\$ 3,920,000</u>

**NOTE 14 GRANTS PAYABLE**

In 2022, EHF made unconditional one-time grant commitments of \$213,000 in support of various nonprofit organizations. These 2022 commitments were subsequently paid in 2023. In 2021, EHF, PIA and EHCAF made similar unconditional one-time grant commitments of \$346,503, \$15,000 and \$20,000, respectively. These 2021 commitments were subsequently paid in 2022.

**EMPIRE HEALTH FOUNDATION  
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**NOTE 14 GRANTS PAYABLE (CONTINUED)**

The Foundation has recorded its outstanding contractual grant obligations at fair market value as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Due in 2022	\$ -	\$ 381,503
Due in 2023	213,000	-
Face Value	<u>213,000</u>	<u>381,503</u>
Unamortized Discount at Effective Interest Rate	-	-
Fair Market Value	<u><u>\$ 213,000</u></u>	<u><u>\$ 381,503</u></u>

**NOTE 15 FUNDS HELD FOR OTHERS**

Following is a summary by entity of funds held for others:

Family Impact Network	\$ -	\$ 2,896
Philanthropy In Action	-	2,328,926
Total	<u><u>\$ -</u></u>	<u><u>\$ 2,331,822</u></u>

In 2016, FIN entered into a \$500,000 contract with CA, now known as DCYF, to acquire, administer, and distribute an inventory of child safety and well-being products (Concrete Goods) to families served by CA's Family Assessment and Response Program. To the extent that the Concrete Goods funds received represent the estimated acquisition costs of the inventory itself, a liability for funds held for others is recognized. The liability for the funds held for others is relieved upon FIN's distribution of the acquired inventory to the families served.

The following is a summary of the activity of FIN's Concrete Goods contract:

	<u>Funds Held for Others</u>
Balance - December 31, 2020	\$ 135,457
Concrete Goods Contract Funds Received	3,732
Less Revenue Earned or Funds Relieved	<u>(136,293)</u>
Balance - December 31, 2021	2,896
Concrete Goods Contract Funds Received	3,679
Less Revenue Earned or Funds Relieved	<u>(6,575)</u>
Balance - December 31, 2022	<u><u>\$ -</u></u>

**EMPIRE HEALTH FOUNDATION  
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**NOTE 15 FUNDS HELD FOR OTHERS (CONTINUED)**

In 2017, the Foundation entered into a contract with the Washington State Department of Commerce (COM) to be the Program Administrator for the Andy Hill Cancer Research Endowment fund (AHCRC or the Fund). AHCRC is a legislatively created and funded effort on the part of the state of Washington to achieve sustainable investment in cancer research, prevention and care. The fund itself, including the selection and awarding of grants, is overseen by a Governor-appointed board which is separate and apart from the board of the Foundation. As the Program Administrator, the Foundation assisted the AHCRC board by providing financial and accounting management for the fund and its investments; facilitating the process of grant application, external peer review, selection, notification and performance monitoring; and distributing grant funds pursuant to and ensuring compliance with grant agreements. Pursuant to this contract, the Foundation recorded revenue, within Program Revenue, of \$535,159 for the year ended December 31, 2021. In connection with this contract, the Foundation incurred expenses of \$789,791 for the year ended December 31, 2021.

The contract was a year to year performance-based state contract considered for renewal or reapplication in conjunction with the state's fiscal year running from July 1 through June 30. For the State's fiscal year beginning July 1, 2021, COM released a request for proposal seeking competitive responses from applicants interested in the Program Administrator role. The Foundation evaluated its historic role as Program Administrator and, in view of its current mission and focus, elected not to submit a response to COM's proposal. Consequently, the Foundation's role as Program Administrator ended on June 30, 2021 with all unearned deferred revenue returned to a COM-administered account.

In its capacity as Program Administrator, the Foundation designated PIA as the entity that held and invested AHCRC funds as an authorized local account for the purpose of grantmaking. Pursuant to the contract, these funds were not considered to be funds belonging to PIA over which PIA or the Foundation had discretion. Consequently, these funds were reported in the consolidated statements of financial position as a liability for Funds Held for Others. Given that EHF was no longer Program Administrator after June 30, 2021, unexpended grantmaking funds held at PIA were transferred in June 2021 to external accounts in accordance with COM's instructions.

In June 2019, PIA entered into an agreement with Premera Blue Cross (Premera) to administer a \$5 million grant fund over four years. The purpose of the grant fund was to make awards funding short-term capital projects to hospitals, community health centers, tribal clinics and hospitals and outpatient clinics, each in rural areas within Washington State. Premera retained ultimate authority to determine the grantees and grant award amounts, resulting in an agency relationship with PIA. In August 2019, PIA received all \$5 million in a single payment from Premera, which was recorded as a liability for Funds Held for Others. During 2022, in view of the missions and evolving focuses of each organization, the parties decided to terminate the arrangement, with all unexpended funds being returned to Premera.



**EMPIRE HEALTH FOUNDATION  
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**NOTE 15 FUNDS HELD FOR OTHERS (CONTINUED)**

Following is a summary of the activity of the PIA Funds Held for Others for the years ended December 31:

	Funds Held AHCRC	Funds Held Premera	Funds Held Total
Balance - December 31, 2020	\$ 13,233,943	\$ 3,651,390	\$ 16,885,333
Investment Income, Net of Expenses	2	256	258
Direct Costs Incurred	-	(94,800)	(94,800)
Indirect Costs Allowed	-	(59,525)	(59,525)
Grants Disbursed on Behalf of the Funders	(952,539)	(1,168,395)	(2,120,934)
Amounts Returned at Funder Direction	(12,281,406)	-	(12,281,406)
Balance - December 31, 2021	-	2,328,926	2,328,926
Investment Income, Net of Expenses	-	1,374	1,374
Direct Costs Incurred	-	(41,919)	(41,919)
Indirect Costs Allowed	-	(59,636)	(59,636)
Grants Disbursed on Behalf of the Funders	-	(1,453,964)	(1,453,964)
Amounts Returned at Funder Direction	-	(774,781)	(774,781)
Balance - December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 16 MATTERS RELATING TO COVID PANDEMIC**

In 2020, the world experienced severe human and economic impacts from the novel coronavirus (COVID19) pandemic. These impacts included disruption of revenue sources, supply chains, employment and capital markets, as well as elevated mortality/morbidity and altered lifestyles for most world populations. Many of these impacts continued, or are continuing, globally throughout 2021, 2022, and in to 2023. The more immediate operational impacts to the entities represented in these consolidated financial statements were principally limited to the adoption of work-at-home protocols and some minor additional related costs to accommodate staff. As of the date of these consolidated financial statements, all staff are eligible to return to work using some form of hybrid schedule that also allows for continued work at home. The Foundation did experience net unrealized losses in its investment portfolio early in the pandemic, but the portfolio recovered to produce positive returns overall for 2020 and 2021. While tenant rents at PC LLC continued uninterrupted, that entity has experienced minor revenue loss due to the facility being unavailable for lease to others for events. In 2022 and thus far in 2023, other global events have occurred (for example, the war in Ukraine), making it difficult to know precisely which changing economic conditions are more connected to those events (for example, inflation), which may be lingering from the pandemic (such as supply chain and shipping issues), or which are a combination of these and others.

**EMPIRE HEALTH FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 16 MATTERS RELATING TO COVID PANDEMIC (CONTINUED)**

On May 8, 2020, EHF received a loan from Banner Bank in the amount of \$559,359 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations superseded the loan agreement. The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest was to begin on that date. These amounts could be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from May 8, 2020 to October 23, 2020 was the time that a business had to spend its PPP Loan funds. After evaluating subsequent emerging guidance for this lending program, the Foundation immediately repaid \$375,000, leaving approximately \$184,000 outstanding on December 31, 2020. In 2021, the Foundation applied for and received loan forgiveness covering this balance and an additional \$216,000 of previously repaid principal.

On May 12, 2020, FIN received a loan from Banner Bank in the amount of \$217,020 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from 5/12/20 to 10/26/20 is the time that a business has to spend their PPP Loan funds. In 2021, FIN applied for and received loan forgiveness of the full borrowed amount of \$217,020.

The Foundation contributed to area nonprofits \$100,000 in the year ended December 31, 2021 in recognition of COVID19 relief efforts and activities.

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	Empire Health Foundation	Philanthropy Center, LLC	Sunset Health, LLC	Empire Health Community Advocacy Fund	Eliminations	Consolidated Totals
Cash and Cash Equivalents	\$ 3,358,171	\$ 129,686	\$ 10,115	\$ 1,962,197	\$ -	\$ 5,460,169
Accounts Receivable, Net	928,005	-	2,000	-	(21,119)	908,886
Pledges Receivable, Net	-	-	-	200,000	-	200,000
Investments	71,761,186	-	-	16,705,803	-	88,466,989
Notes and Loans Receivable	680,000	-	-	-	-	680,000
Beneficial Interest in Trusts	235,687	-	-	-	-	235,687
Land, Building, and Equipment at Cost, Less Accumulated Depreciation	58,251	2,389,078	430,481	-	-	2,877,810
Prepaid Expense	419,703	2,073	3,924	359	-	426,059
Other Assets	4,383,312	-	-	27,153	(4,230,803)	179,662
<b>Total Assets</b>	<b>\$ 81,824,315</b>	<b>\$ 2,520,837</b>	<b>\$ 446,520</b>	<b>\$ 18,895,512</b>	<b>\$ (4,251,922)</b>	<b>\$ 99,435,262</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 481,144	\$ 12,524	\$ -	\$ 48,045	\$ (21,119)	\$ 520,594
Annuities Payable	55,000	-	-	-	-	55,000
Accrued Salaries, Wages, and Employee Benefits	93,436	-	-	723	-	94,159
Grants and Pledges Payable	213,000	-	-	-	-	213,000
Liabilities Assumed from Empire Health Services: Workers' Compensation Self-Insurance Liability	59,000	-	-	-	-	59,000
<b>Total Liabilities</b>	<b>901,580</b>	<b>12,524</b>	<b>-</b>	<b>48,768</b>	<b>(21,119)</b>	<b>941,753</b>
<b>NET ASSETS</b>						
Without Donor Restrictions	79,329,138	(1,232,187)	(43,783)	17,716,905	-	95,770,073
With Donor Restrictions	1,593,597	-	-	1,129,839	-	2,723,436
Member Capital	-	3,740,500	490,303	-	(4,230,803)	-
<b>Total Net Assets</b>	<b>80,922,735</b>	<b>2,508,313</b>	<b>446,520</b>	<b>18,846,744</b>	<b>(4,230,803)</b>	<b>98,493,509</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 81,824,315</b>	<b>\$ 2,520,837</b>	<b>\$ 446,520</b>	<b>\$ 18,895,512</b>	<b>\$ (4,251,922)</b>	<b>\$ 99,435,262</b>

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	Empire Health Foundation	Philanthropy Center, LLC	Philanthropy In Action	Sunset Health, LLC	Empire Health Community Advocacy Fund	Family Impact Network	Eliminations	Consolidated Totals
Cash and Cash Equivalents	\$ 4,030,319	\$ 114,646	\$ 331,094	\$ 18,213	\$ 249,207	\$ 388,034	\$ -	\$ 5,131,513
Accounts Receivable, Net	411,715	-	-	-	-	3,078,504	(58,724)	3,431,495
Pledges Receivable, Net	2,000,000	-	-	-	1,920,000	60,000	(60,000)	3,920,000
Investments	91,547,925	-	2,126,794	-	20,212,272	-	-	113,886,991
Notes and Loans Receivable	680,000	-	-	-	-	-	(150,000)	530,000
Beneficial Interest in Trusts	308,391	-	-	-	-	-	-	308,391
Land, Building, and Equipment at Cost, Less Accumulated Depreciation	60,252	2,495,767	-	383,701	-	1,825	-	2,941,545
Prepaid Expense	499,535	-	1,168	3,126	340	72,955	-	577,124
Other Assets	4,290,416	-	-	-	24,452	-	(4,170,743)	144,125
<b>Total Assets</b>	<b>\$ 103,828,553</b>	<b>\$ 2,610,413</b>	<b>\$ 2,459,056</b>	<b>\$ 405,040</b>	<b>\$ 22,406,271</b>	<b>\$ 3,601,318</b>	<b>\$ (4,439,467)</b>	<b>\$ 130,871,184</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 182,591	\$ 10,650	\$ 19,271	\$ 3,180	\$ 6,465	\$ 2,437,789	\$ (58,724)	\$ 2,601,222
Annuities Payable	50,105	-	-	-	-	-	-	50,105
Accrued Salaries, Wages, and Employee Benefits	99,406	-	-	-	-	69,368	-	168,774
Grants and Pledges Payable	406,503	-	15,000	-	20,000	-	(60,000)	381,503
Debt Payable	-	-	-	-	-	171,872	(150,000)	21,872
Funds Held for Others	-	-	2,328,926	-	-	2,896	-	2,331,822
Liabilities Assumed from Empire Health Services: Workers' Compensation Self-Insurance Liability	96,000	-	-	-	-	-	-	96,000
<b>Total Liabilities</b>	<b>834,605</b>	<b>10,650</b>	<b>2,363,197</b>	<b>3,180</b>	<b>26,465</b>	<b>2,681,925</b>	<b>(268,724)</b>	<b>5,651,298</b>
<b>NET ASSETS</b>								
Without Donor Restrictions	98,903,040	(1,140,737)	95,859	(28,383)	21,409,806	899,297	10,000	120,148,882
With Donor Restrictions	4,090,908	-	-	-	970,000	20,096	(10,000)	5,071,004
Member Capital	-	3,740,500	-	430,243	-	-	(4,170,743)	-
<b>Total Net Assets</b>	<b>102,993,948</b>	<b>2,599,763</b>	<b>95,859</b>	<b>401,860</b>	<b>22,379,806</b>	<b>919,393</b>	<b>(4,170,743)</b>	<b>125,219,886</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 103,828,553</b>	<b>\$ 2,610,413</b>	<b>\$ 2,459,056</b>	<b>\$ 405,040</b>	<b>\$ 22,406,271</b>	<b>\$ 3,601,318</b>	<b>\$ (4,439,467)</b>	<b>\$ 130,871,184</b>

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Empire Health Foundation			Philanthropy Center, LLC	Philanthropy In Action	Sunset Health, LLC
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Revenue	1,228,227	-	1,228,227	-	59,637	-
Investment Income, Net of Expenses	776,468	16,267	792,735	-	461	-
Net Realized Gain from Investments	604,020	9,481	613,501	-	-	-
Net Unrealized Gain from Investments	(16,627,521)	(64,997)	(16,692,518)	-	-	-
Other Income	210,676	-	210,676	177,112	-	24,000
Distributions	-	(18,213)	(18,213)	-	-	-
Net Assets Released from Restrictions	2,439,849	(2,439,849)	-	-	-	-
Total Revenue and Support	(11,368,281)	(2,497,311)	(13,865,592)	177,112	60,098	24,000
<b>EXPENSES</b>						
Grants Expenses	2,657,137	-	2,657,137	-	127,600	-
Provider Services	1,090,189	-	1,090,189	-	-	-
Salaries, Payroll Taxes, and Benefits	2,650,776	-	2,650,776	-	-	-
Professional Services	1,081,932	-	1,081,932	125	18,174	3,563
Rent and Office Expenses	203,674	-	203,674	151,646	13	388
Other General and Administrative Expenses	436,460	-	436,460	749	10,170	4,668
Depreciation of Fixed Assets	29,816	-	29,816	116,030	-	20,794
Excise and Property Taxes	34,216	-	34,216	12	-	9,987
Interest Expense	-	-	-	-	-	-
Trailing: Other EHS Trailing Administration Expenses	21,421	-	21,421	-	-	-
Total Expenses	8,205,621	-	8,205,621	268,562	155,957	39,400
<b>CHANGES IN NET ASSETS BEFORE OTHER INCOME (EXPENSE)</b>	(19,573,902)	(2,497,311)	(22,071,213)	(91,450)	(95,859)	(15,400)
<b>OTHER INCOME (EXPENSES)</b>						
Loss on Deconsolidation	-	-	-	-	-	-
Member Contributions	-	-	-	-	-	60,060
<b>CHANGES IN NET ASSETS</b>	(19,573,902)	(2,497,311)	(22,071,213)	(91,450)	(95,859)	44,660
Net Assets - Beginning of Year	98,903,040	4,090,908	102,993,948	2,599,763	95,859	401,860
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 79,329,138</u>	<u>\$ 1,593,597</u>	<u>\$ 80,922,735</u>	<u>\$ 2,508,313</u>	<u>\$ -</u>	<u>\$ 446,520</u>

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

Empire Health Community Advocacy Fund			Family Impact Network			Eliminations	Consolidated Totals
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
\$ -	\$ 212,195	\$ 212,195	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 222,195
-	-	-	23,358,916	-	23,358,916	-	24,646,780
222,925	-	222,925	-	-	-	-	1,016,121
(393,350)	-	(393,350)	-	-	-	-	220,151
(3,333,176)	-	(3,333,176)	-	-	-	-	(20,025,694)
-	-	-	-	-	-	(377,224)	34,564
-	-	-	-	-	-	-	(18,213)
52,356	(52,356)	-	20,096	(20,096)	-	-	-
<u>(3,451,245)</u>	<u>159,839</u>	<u>(3,291,406)</u>	<u>23,389,012</u>	<u>(20,096)</u>	<u>23,368,916</u>	<u>(377,224)</u>	<u>6,095,904</u>
110,000	-	110,000	11,497	-	11,497	-	2,906,234
-	-	-	20,997,625	-	20,997,625	-	22,087,814
61,706	-	61,706	2,126,490	-	2,126,490	(187,785)	4,651,187
52,474	-	52,474	80,116	-	80,116	(144)	1,236,240
7,052	-	7,052	152,307	-	152,307	(186,755)	328,325
10,424	-	10,424	83,461	-	83,461	(2,540)	543,392
-	-	-	-	-	-	-	166,640
-	-	-	-	-	-	-	44,215
-	-	-	16,458	-	16,458	-	16,458
-	-	-	-	-	-	-	21,421
<u>241,656</u>	<u>-</u>	<u>241,656</u>	<u>23,467,954</u>	<u>-</u>	<u>23,467,954</u>	<u>(377,224)</u>	<u>32,001,926</u>
(3,692,901)	159,839	(3,533,062)	(78,942)	(20,096)	(99,038)	-	(25,906,022)
-	-	-	(820,355)	-	(820,355)	-	(820,355)
-	-	-	-	-	-	(60,060)	-
<u>(3,692,901)</u>	<u>159,839</u>	<u>(3,533,062)</u>	<u>(899,297)</u>	<u>(20,096)</u>	<u>(919,393)</u>	<u>-</u>	<u>(26,726,377)</u>
<u>21,409,806</u>	<u>970,000</u>	<u>22,379,806</u>	<u>899,297</u>	<u>20,096</u>	<u>919,393</u>	<u>(4,170,743)</u>	<u>125,219,886</u>
<u>\$ 17,716,905</u>	<u>\$ 1,129,839</u>	<u>\$ 18,846,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,230,803)</u>	<u>\$ 98,493,509</u>

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Empire Health Foundation			Philanthropy Center, LLC	Philanthropy In Action			Sunset Health, LLC
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions
<b>REVENUE AND SUPPORT</b>								
Contributions	\$ 424,890	\$ 515,521	\$ 940,411	\$ -	\$ -	\$ -	\$ -	\$ -
Program Revenue	535,160	-	535,160	-	59,525	-	59,525	-
Investment Income, Net of Expenses	508,973	17,198	526,171	-	-	-	-	-
Net Realized Gain from Investments	6,058,733	22,045	6,080,778	-	-	-	-	-
Net Unrealized Gain from Investments	4,748,796	11,802	4,760,598	-	-	-	-	-
Other Income	1,194,218	-	1,194,218	219,222	-	-	-	24,000
Distributions	-	(17,912)	(17,912)	-	-	-	-	-
Net Assets Released from Restrictions	1,083,426	(1,083,426)	-	-	456,773	(456,773)	-	-
Total Revenue and Support	14,554,196	(534,772)	14,019,424	219,222	516,298	(456,773)	59,525	24,000
<b>EXPENSES</b>								
Grants Expenses	2,200,227	-	2,200,227	-	195,457	-	195,457	-
Provider Services	-	-	-	-	-	-	-	-
Salaries, Payroll Taxes, and Benefits	3,215,856	-	3,215,856	-	76,327	-	76,327	-
Professional Services	1,143,523	-	1,143,523	125	173,143	-	173,143	-
Rent and Office Expenses	436,230	-	436,230	262,568	46	-	46	-
Other General and Administrative Expenses	290,236	-	290,236	573	17,260	-	17,260	3,760
Depreciation of Fixed Assets	45,820	-	45,820	158,118	-	-	-	20,140
Excise and Property Taxes	106,684	-	106,684	12	16	-	16	9,980
Interest Expense	230	-	230	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-
Trailing: Other EHS Trailing Administration Expenses	50,987	-	50,987	-	-	-	-	-
Total Expenses	7,489,793	-	7,489,793	421,396	462,249	-	462,249	33,880
Member Contributions	-	-	-	109,000	-	-	-	-
<b>CHANGES IN NET ASSETS</b>	7,064,403	(534,772)	6,529,631	(93,174)	54,049	(456,773)	(402,724)	(9,880)
Net Assets - Beginning of Year	91,838,637	4,625,680	96,464,317	2,692,937	41,810	456,773	498,583	411,740
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 98,903,040</u>	<u>\$ 4,090,908</u>	<u>\$ 102,993,948</u>	<u>\$ 2,599,763</u>	<u>\$ 95,859</u>	<u>\$ -</u>	<u>\$ 95,859</u>	<u>\$ 401,860</u>

**EMPIRE HEALTH FOUNDATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

Empire Health Community Advocacy Fund			Family Impact Network			Eliminations	Consolidated Totals
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
\$ 1,000,000	\$ 920,000	\$ 1,920,000	\$ 169,907	\$ 313,147	\$ 483,054	\$ (60,000)	\$ 3,283,465
-	-	-	20,198,479	-	20,198,479	-	20,793,164
72,647	-	72,647	-	-	-	-	598,818
579,373	-	579,373	-	-	-	-	6,660,151
85,499	-	85,499	-	-	-	-	4,846,097
-	-	-	222,675	-	222,675	(902,368)	757,747
-	-	-	-	-	-	-	(17,912)
850,000	(850,000)	-	787,408	(787,408)	-	-	-
2,587,519	70,000	2,657,519	21,378,469	(474,261)	20,904,208	(962,368)	36,921,530
795,000	-	795,000	67,022	-	67,022	(60,000)	3,197,706
-	-	-	17,981,254	-	17,981,254	-	17,981,254
48,662	-	48,662	2,474,668	-	2,474,668	(629,059)	5,186,454
15,968	-	15,968	153,242	-	153,242	(32,200)	1,453,801
4,669	-	4,669	188,168	-	188,168	(231,190)	660,491
5,220	-	5,220	144,078	-	144,078	(9,919)	451,208
-	-	-	4,379	-	4,379	-	228,457
76	-	76	-	-	-	-	116,768
-	-	-	715	-	715	-	945
-	-	-	40,000	-	40,000	-	40,000
-	-	-	-	-	-	-	50,987
869,595	-	869,595	21,053,526	-	21,053,526	(962,368)	29,368,071
-	-	-	-	-	-	(109,000)	-
1,717,924	70,000	1,787,924	324,943	(474,261)	(149,318)	(109,000)	7,553,459
19,691,882	900,000	20,591,882	574,354	494,357	1,068,711	(4,061,743)	117,666,427
<u>\$ 21,409,806</u>	<u>\$ 970,000</u>	<u>\$ 22,379,806</u>	<u>\$ 899,297</u>	<u>\$ 20,096</u>	<u>\$ 919,393</u>	<u>\$ (4,170,743)</u>	<u>\$ 125,219,886</u>





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