



Endowment for Health, Inc. and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 30, 2021 and 2020

With Independent Auditor's Report



ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

September 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Endowment for Health, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Endowment for Health, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Endowment for Health, Inc. and Subsidiary as of September 30, 2021 and 2020, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis, rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such consolidating 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 consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 1, 2022

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY**Consolidated Statements of Financial Position****September 30, 2021 and 2020****ASSETS**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 843,189	\$ 1,223,671
Investments	101,460,023	83,096,082
Mission related investments	2,500,000	2,500,000
Prepaid federal excise tax	12,084	29,332
Prepaid expenses and other current assets	<u>41,615</u>	<u>45,513</u>
Total assets	<u>\$104,856,911</u>	<u>\$ 86,894,598</u>

LIABILITIES AND NET ASSETS

Grants payable	\$ 770,900	\$ 663,323
Accounts payable and accrued expenses	165,560	81,591
Unearned grant income	-	616,115
Deferred tax liability	<u>493,883</u>	<u>255,007</u>
Total liabilities	<u>1,430,343</u>	<u>1,616,036</u>
Net assets		
Without donor restrictions	100,927,497	83,282,101
With donor restrictions - temporary in nature	548,676	46,066
With donor restrictions - Forward Fund, held in perpetuity	<u>1,950,395</u>	<u>1,950,395</u>
Total net assets with donor restrictions	<u>2,499,071</u>	<u>1,996,461</u>
Total net assets	<u>103,426,568</u>	<u>85,278,562</u>
Total liabilities and net assets	<u>\$104,856,911</u>	<u>\$ 86,894,598</u>

The accompanying notes are an integral part of these consolidated financial statements.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Consolidated Statements of Activities

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions		
Revenue and net investment income		
Income on investments		
Interest and dividends	\$ 722,261	\$ 925,872
Investment management and custodial fees	(133,199)	(118,701)
Realized gain on investments	4,490,138	1,643,059
Unrealized gain on investments	16,706,461	2,190,137
Grant income	611,669	8,935
Other income	23,152	-
Endowment spending draw for operations	<u>104,966</u>	<u>97,744</u>
Total revenue and net investment income	<u>22,525,448</u>	<u>4,747,046</u>
Expenses		
Program services		
Grant expense	2,395,946	2,670,946
Salaries and benefits	692,357	712,607
Professional services	759,930	400,469
Building and related expenses	42,565	42,123
Program support	16,816	37,173
Program operating expenses	<u>260,109</u>	<u>36,880</u>
Total program services	<u>4,167,723</u>	<u>3,900,198</u>
Management and general		
Salaries and benefits	285,593	254,209
Professional services	70,368	67,358
Building and related expenses	14,188	14,041
Administrative support	982	3,652
General operating expenses	35,391	41,184
Federal excise tax expense	<u>305,807</u>	<u>24,752</u>
Total management and general	<u>712,329</u>	<u>405,196</u>
Total expenses	<u>4,880,052</u>	<u>4,305,394</u>
Change in net assets without donor restrictions	<u>17,645,396</u>	<u>441,652</u>
Net assets with donor restrictions		
Contributions	88,201	-
Investment income, net	519,375	110,791
Endowment spending draw for operations	<u>(104,966)</u>	<u>(97,744)</u>
Change in net assets with donor restrictions	<u>502,610</u>	<u>13,047</u>
Total change in net assets	<u>18,148,006</u>	<u>454,699</u>
Net assets, beginning of year	<u>85,278,562</u>	<u>84,823,863</u>
Net assets, end of year	<u>\$103,426,568</u>	<u>\$ 85,278,562</u>

The accompanying notes are an integral part of these consolidated financial statements.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 18,148,006	\$ 454,699
Adjustments to reconcile change in net assets to net cash used by operating activities		
Realized gain on investments	(4,597,385)	(1,682,304)
Unrealized gain on investments	(17,105,500)	(2,242,449)
Changes in operating assets and liabilities		
(Increase) decrease in		
Prepaid federal excise tax	17,248	(21,952)
Other current assets	3,898	(12,534)
(Decrease) increase in		
Grants payable	107,577	(169,764)
Accounts payable and accrued expenses	83,969	5,059
Unearned grant income	(616,115)	616,115
Deferred tax liability	<u>238,876</u>	<u>12,259</u>
Net cash used by operating activities	<u>(3,719,426)</u>	<u>(3,040,871)</u>
Cash flows from investing activities		
Proceeds from sale and redemption of investments	22,642,729	14,242,353
Purchase of investments	<u>(19,303,785)</u>	<u>(11,022,748)</u>
Net cash provided by investing activities	<u>3,338,944</u>	<u>3,219,605</u>
Net (decrease) increase in cash and cash equivalents	(380,482)	178,734
Cash and cash equivalents, beginning of year	<u>1,223,671</u>	<u>1,044,937</u>
Cash and cash equivalents, end of year	<u>\$ 843,189</u>	<u>\$ 1,223,671</u>

The accompanying notes are an integral part of these consolidated financial statements.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Nature of Activities

Endowment for Health, Inc. (the Foundation) is a state-wide, private, non-profit foundation dedicated to improving the health of the people of New Hampshire, especially those who are vulnerable and underserved.

The Foundation was established in 1999 as a result of the sale of Blue Cross Blue Shield New Hampshire to Anthem Insurance. It was created for the purpose of improving the health and reducing the burden of illness of the people of New Hampshire. It accomplishes this purpose by awarding grants, making mission investing/program-related investments, and providing technical and financial assistance to health-related programs, organizations and projects benefiting the people of New Hampshire. The Foundation's spending policy requires a percentage of these funds be distributed annually in accordance with Internal Revenue Code (IRC) requirements.

Since 2001, the Foundation has awarded nearly 1,550 grants, totaling more than \$59 million, to support a wide range of health-related programs and projects in New Hampshire. The major source of the Foundation's revenue is investment income.

In July 2007, Health Strategies of New Hampshire, Inc. (Health Strategies), the Foundation's wholly-owned subsidiary, was created in order to conduct initiatives, projects, programs, research and data collection and analysis, independently and with others, to address key issues and public policies that promote the health of New Hampshire residents. The major source of its revenue is grant income.

1. Summary of Significant Accounting Policies

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified as follows based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions are to be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. During 2019, the Endowment received a contribution in the amount of \$1,950,395 from the New Hampshire Medical Malpractice Joint Underwriting Association (JUA). The Endowment has identified the JUA funds as the Forward Fund in the statement of financial position.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

All contributions are considered to be contributions without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same year as received are reflected as net assets without donor restrictions in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying financial statements include the consolidated financial statements of the Foundation and Health Strategies. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Foundation and its subsidiary have different fiscal years. The Foundation's fiscal year is October 1 to September 30 and Health Strategies' fiscal year is July 1 to June 30.

For the September 30, 2021 and 2020 consolidated financial statements, Health Strategies presents the twelve months October 1, 2020 to September 30, 2021 and October 1, 2019 to September 30, 2020, respectively.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Foundation and its subsidiary consider cash equivalents to consist of interest-bearing, demand bank accounts.

Money market accounts and other highly liquid debt securities held by its investment managers are considered investments and not cash equivalents, since it is the Foundation's Board's intention to invest these funds for long-term purposes.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position as provided by investment managers. Other investments, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using audited or unaudited values provided by external investment managers. The Foundation reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed.

Investments in general are exposed to various risks, such as interest rates, credit, and overall market volatility. As such, it is reasonably possible that changes could materially affect the amounts reported in the statements of financial position.

Grants

The Foundation recognizes a liability and corresponding expense for unconditional grants in the amount expected to be paid when grants are approved by the Board of Directors and the award is communicated to the grantee. Such liabilities are not recorded at their present values using a discount rate commensurate with the risks involved because the present value is not materially less than the amounts expected to be paid. Conditional grants approved by the Board of Directors are recorded when the recipient organizations meet the conditions. Future grant payments as of September 30, 2021 are related to grants awarded in fiscal year 2021.

Income and Excise Taxes

The Foundation and its subsidiary are exempt from federal income taxes under Section 501(c)(3) of the IRC. The IRC imposes a federal excise tax equal to 1.39% on its net investment income (principally interest, dividends and net realized capital gains less expenses incurred in the production of investment income). The income tax filings for the tax years before 2017 are no longer subject to examination by federal and state taxing authorities.

The Foundation has adopted the provisions of FASB ASC Subtopic 740-10-25, *Income Taxes - Overall - Recognition*, related to uncertain tax positions. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Expense Allocation

The financial statements report certain categories of expenses that are attributable to both program and management and general functions. These expenses require allocation on a reasonable basis consistently applied. Expenses that are attributable to both program and management and general functions include salaries and benefits, communication activities, technology, office expense and building and related expenses. The allocation is based on the proportion of time spent on each program by staff.

Subsequent Events

The Foundation has considered events occurring through February 1, 2022, which was the date that the financial statements were available to be issued.

2. Availability and Liquidity of Financial Assets

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing operating activities as well as the conduct of services undertaken to support those operating activities.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings. Refer to the statements of cash flows, which identify the sources and uses of the Organization's cash and cash equivalents.

The following financial assets are expected to be available within one year of the statement of financial position date to meet general expenditures as of September 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 843,189	\$ 1,223,671
Expected distribution of investments for use over the next 12 months	<u>4,500,000</u>	<u>4,200,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,343,189</u>	<u>\$ 5,423,671</u>

The Foundation has investments without donor restrictions of \$99,049,153 and \$81,099,621 at September 30, 2021 and 2020, respectively. The investments are subject to various redemption and other restrictions described more fully in Note 5.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

3. Investments

Investments consisted of the following at September 30:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Invested cash equivalents	\$ 4,488,092	\$ 4,488,092	\$ 1,688,326	\$ 1,688,326
Mutual funds				
Equities	14,951,881	31,775,097	16,879,322	27,789,882
Fixed income securities	5,442,208	5,536,168	4,143,895	4,485,537
International equity funds	9,338,085	13,033,223	6,356,566	7,434,444
Fixed income funds	728,998	997,271	3,961,125	4,518,661
Flexible capital *	17,912,661	22,247,685	20,315,294	21,406,497
Non-marketable investments				
Private equities	6,212,756	14,860,900	4,917,798	9,070,564
Private real assets	<u>6,854,186</u>	<u>8,521,587</u>	<u>6,408,100</u>	<u>6,702,171</u>
	<u>\$ 65,928,867</u>	<u>\$ 101,460,023</u>	<u>\$64,670,426</u>	<u>\$ 83,096,082</u>

* Flexible capital strategies broadly refer to long/short equity and absolute return investments. These strategies typically have expanded opportunity sets and are less benchmark-aware. Equity focused strategies seek to capture some upside in equity markets while protecting against the downside during periods of market declines. Absolute return investments (which include but are not limited to long/short credit, merger arbitrage, distressed, and relative value) seek to deliver positive returns which are less correlated to the broad equity and fixed income markets.

Investments by class of net assets consist of the following:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 99,049,153	\$ 81,099,621
With donor restrictions	<u>2,410,870</u>	<u>1,996,461</u>
	<u>\$ 101,460,023</u>	<u>\$ 83,096,082</u>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Non-marketable investments consisted of the following at September 30, 2021:

<u>Fund</u>	<u>Commitment</u>	<u>Interest in Fund</u>	<u>Current Year Contribution</u>	<u>Total Invested</u>	<u>Return of Capital</u>
<i>Private Equities</i>					
Legacy Venture VI, LLC	\$ 1,000,000	0.4997 %	\$ -	\$ 980,000	\$ 980,000
Legacy Venture VII, LLC	1,000,000	0.3949 %	-	980,000	332,807
Legacy Venture VIII, LLC	1,000,000	0.3417 %	100,000	930,000	78,574
Legacy Venture IX, LLC	1,000,000	0.3200 %	400,000	690,000	7,995
Legacy Venture X, LLC	1,000,000	0.2857 %	130,000	130,000	-
Borealis Granite Fund, L.P.	1,269,125	5.9672 %	38,074	1,269,125	554,510
RCP Fund IX, LP	1,000,000	0.2900 %	99,634	1,049,198	615,080
RCP Fund XI, LP	1,000,000	0.3200 %	219,958	859,958	139,015
RCP Fund XII, LP	1,000,000	0.2617 %	240,451	741,993	97,797
RCP Fund XIII, LP	1,000,000	0.2366 %	217,445	427,445	17,445
RCP Fund XIV, LP	1,000,000	0.5500 %	212,906	272,906	22,906
RCP Direct Fund IV, LP	1,000,000	0.1800 %	40,000	40,000	-
Accolade Partners Growth II, LP	1,000,000	0.5700 %	60,000	60,000	-
Davidson Kemper Fund V Distressed	1,000,000	0.0600 %	529,897	639,897	11,637
				<u>\$ 9,070,522</u>	<u>\$ 2,857,766</u>
<i>Private Real Assets</i>					
NGP Natural Resources XII, LP	\$ 2,000,000	0.1000 %	\$ 178,980	\$ 1,222,574	\$ 56,690
Juniper Capital II, LP	1,500,000	0.3000 %	141,524	1,474,936	108,563
Juniper Capital III, LP	1,000,000	0.1500 %	357,630	865,633	8,951
Lyme Forest Fund V, FB, LP	350,000	0.1200 %	35,000	316,125	17,058
BPG Investment Partnership VIIA, LP	3,000,000	0.5500 %	-	3,000,000	2,237,595
BPG Investment Partnership VIIIA, LP	1,870,589	0.5500 %	81,146	1,870,589	1,870,589
AG Realty Fund IX, LP	2,000,000	0.1500 %	502	1,850,502	727,703
AG Realty Fund X, LP	1,000,000	0.0400 %	196,697	494,197	53,777
Rose Affordable Housing Preservation Fund IV	1,500,000	0.5400 %	441,481	441,481	-
GEM Realty Fund VI, LP	1,000,000	0.1000 %	40,940	485,940	86,865
				<u>\$ 12,021,977</u>	<u>\$ 5,167,791</u>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Non-marketable investments consisted of the following at September 30, 2020:

<u>Fund</u>	<u>Commitment</u>	<u>Interest in Fund</u>	<u>Current Year Contribution</u>	<u>Total Invested</u>	<u>Return of Capital</u>
<i>Private Equities</i>					
Legacy Venture VI, LLC	\$ 1,000,000	0.4997 %	\$ -	\$ 980,000	\$ 945,680
Legacy Venture VII, LLC	1,000,000	0.3949 %	-	980,000	192,034
Legacy Venture VIII, LLC	1,000,000	0.3417 %	200,000	830,000	14,257
Legacy Venture IX, LLC	1,000,000	0.3200 %	200,000	290,000	-
Borealis Granite Fund, L.P.	1,269,125	5.9672 %	76,148	1,231,051	368,494
RCP Fund IX, LP	1,000,000	0.2900 %	105,564	949,564	313,112
RCP Fund XI, LP	1,000,000	0.3200 %	200,000	640,000	-
RCP Fund XII, LP	1,000,000	0.2617 %	221,542	501,542	21,542
RCP Fund XIII, LP	1,000,000	0.2366 %	150,000	210,000	-
RCP Fund XIV, LP	1,000,000	0.5500 %	50,000	60,000	-
Davidson Kemper Fund V Distressed	1,000,000	0.0600 %	110,000	<u>110,000</u>	<u>9,240</u>
				<u>\$ 6,782,157</u>	<u>\$ 1,864,359</u>
<i>Private Real Assets</i>					
NGP Natural Resources XII, LP	\$ 2,000,000	0.1000 %	\$ 418,131	\$ 1,043,594	\$ -
Juniper Capital II, LP	1,500,000	0.3000 %	47,012	1,333,413	-
Juniper Capital III, LP	1,000,000	0.1500 %	192,693	508,002	-
Lyme Forest Fund V, FB, LP	350,000	0.1200 %	180,325	281,125	-
BPG Investment Partnership VIIA, LP	3,000,000	0.5500 %	-	3,000,000	1,802,475
BPG Investment Partnership VIIIA, LP	1,870,589	0.5500 %	-	1,789,443	1,789,443
AG Realty Fund IX, LP	2,000,000	0.1500 %	151,655	1,850,000	480,445
AG Realty Fund X, LP	1,000,000	0.0400 %	222,500	297,500	7,614
GEM Realty Fund VI, LP	1,000,000	0.1000 %	200,000	<u>445,000</u>	<u>60,000</u>
				<u>\$ 10,548,077</u>	<u>\$ 4,139,977</u>

4. Mission Related Investments

The Foundation loaned the New Hampshire Community Loan Fund, Inc. (NHCLF) \$1,000,000 in July 2004 (renewed in July 2012), \$350,000 in July 2006 (renewed in July 2014 and July 2019) and upon renewal in July 2019, an additional \$150,000 increasing the amount to \$500,000, and \$1,000,000 in August 2017. The amount loaned to NHCLF is \$2,500,000. The purpose of these loans is to assist the NHCLF to provide access to financing and support for people with low and moderate income. Under the terms of the agreements, NHCLF pays the Foundation based on an interest annual rate of 5%. The principal is due and payable in installments of \$1,000,000 in July 2022, \$500,000 in May 2029, and \$1,000,000 in August 2027.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

5. Fair Value Measurements

U.S. GAAP establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair values of assets measured at fair value on a recurring basis are summarized below based on input level:

<u>September 30, 2021</u>	<u>Total</u>	<u>Level 1</u>
Investments		
Invested cash equivalents	\$ 4,488,092	\$ 4,488,092
Mutual funds		
Equities	31,775,097	31,775,097
Fixed income securities	<u>5,536,168</u>	<u>5,536,168</u>
	41,799,357	\$ <u>41,799,357</u>
Investments measured at net asset value (NAV)	<u>59,660,666</u>	
Total	\$ <u>101,460,023</u>	
<u>September 30, 2020</u>	<u>Total</u>	<u>Level 1</u>
Investments		
Invested cash equivalents	\$ 1,688,326	\$ 1,688,326
Mutual funds		
Equities	27,789,882	27,789,882
Fixed income securities	<u>4,485,537</u>	<u>4,485,537</u>
	33,963,745	\$ <u>33,963,745</u>
Investments measured at NAV	<u>49,132,337</u>	
Total	\$ <u>83,096,082</u>	

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

The following table sets forth a summary of the Organization's investments valued using a reported NAV at September 30:

<u>Investment</u>	<u>Fair Value Estimated Using NAV Per Share at September 30</u>		<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
	<u>2021</u>	<u>2020</u>			
Forester Diversified, Ltd.	\$ -	\$ 356,608	Annually	N/A	95 days
Highclere Intl SMID Fund	3,085,707	2,405,339	Monthly	N/A	10 days
Generation IM Global Equity Fund, LLC	5,777,971	3,346,595	Quarterly	N/A	30 days
Generation IM Asia Fund	2,002,196	1,682,510	Quarterly	N/A	90 days
Colchis P2P Income Fund	997,271	2,715,615	Quarterly	N/A	120 days
Stoneridge Alternative Lending Risk Fund	-	1,803,046	Quarterly	Full liquidation on a quarterly basis is prevented	10 days
Nut Tree Offshore Fund	2,900,461	2,268,800	Quarterly	25% quarterly	60 days
Nyes Ledge	6,746,674	7,670,549	Quarterly	25% quarterly	90 days
Varde Credit Partners	2,334,049	1,943,411	Quarterly	25% quarterly	90 days
Anchorage Capital Partners Offshore, Ltd.	811,138	1,762,156	Quarterly	Redemptions on quarter-end closest to anniversary. 3% redemption fee if < 2 years	90 days
Davidson Kemper Institutional Partners, LP	4,403,212	3,925,049	Quarterly	Redemption max: 3 consecutive quarters	65 days
Juniper Capital II, LP	1,629,063	1,359,691	N/A	N/A	N/A
Juniper Capital III, LP	1,277,148	505,146	N/A	N/A	N/A
NGP Natural Resources XII, LP	1,303,212	874,434	N/A	N/A	N/A
Southpoint Qualified Offshore Fund, Ltd.	2,820,385	2,415,155	Quarterly	25% quarterly	60 days
Lyme Forest Fund	295,060	254,490	N/A	N/A	N/A
Legacy Venture VI, LLC	2,947,687	1,937,619	N/A	N/A	N/A
Legacy Venture VII, LLC	3,118,935	1,909,657	N/A	N/A	N/A
Legacy Venture VIII, LLC	1,843,842	1,027,380	N/A	N/A	N/A

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

<u>Investment</u>	Fair Value Estimated Using NAV Per Share at September 30 (concluded)		<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
	<u>2021</u>	<u>2020</u>			
Legacy Venture IX, LLC	\$ 1,007,450	\$ 282,218	N/A	N/A	N/A
Legacy Venture X, LLC	127,761	-	N/A	N/A	N/A
Borealis Granite Fund, L.P.	1,153,574	1,477,312	N/A	N/A	N/A
RCP Fund IX, LP	1,143,702	969,611	N/A	N/A	N/A
RCP Fund XI, LP	1,167,751	668,275	N/A	N/A	N/A
RCP Fund XII, LP	830,299	472,276	N/A	N/A	N/A
RCP Fund XIII, LP	463,861	169,740	N/A	N/A	N/A
RCP Fund XIV, LP	238,924	39,506	N/A	N/A	N/A
RCP Direct Fund IV, LP	40,000	-	N/A	N/A	N/A
Stone Ridge Reinsurance Risk Premium Interval Fund	140,769	1,064,770	Quarterly	Share repurchase program: 5% - 25% of fund's outstanding shares at NAV	10 days
GEM Realty Fund VI, LP	510,664	369,084	N/A	N/A	N/A
BPG Investment Partnership VIIA, LP	859,135	1,134,812	N/A	N/A	N/A
AG Realty Fund IX, LP	1,735,639	1,913,269	N/A	N/A	N/A
AG Realty Fund X, LP	540,456	291,244	N/A	N/A	N/A
Lone Cascade, L.P.	2,167,349	-	Quarterly	N/A	60 Days
Lone Cedar, Ltd.	2,090,997	-	Quarterly	N/A	60 Days
Rose Affordable Housing Preservation Fund V	371,210	-	N/A	N/A	N/A
Accolade Partners Growth II, LP	60,000	-	N/A	N/A	N/A
Davidson Kemper Fund V Distressed	717,114	116,970	N/A	N/A	N/A
	<u>\$ 59,660,666</u>	<u>\$ 49,132,337</u>			

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

6. Lease Commitments

During the year ended September 30, 2019, the Foundation renewed its operating lease for office space which expires in August 2023. Based on the terms of the lease, the base rent is \$31,725 for the first year of the lease with a 2.5% annual increase thereafter. In addition to base rent, the Foundation is responsible for its share of real estate taxes, insurance, and common area maintenance and utilities that service the property, which is currently \$21,500 annually.

In addition, during the year ended September 30, 2018, the Foundation entered into an operating lease for a copier. The lease expires in September 2023 and requires a monthly payment of \$195.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 58,005
2023	<u>58,859</u>
Total	<u>\$ 116,864</u>

For the years ended September 30, 2021 and 2020, rent expense was \$54,898 and \$54,018, respectively.

7. Concentration of Credit Risk

The Foundation maintains its cash balance in a national bank. The Federal Deposit Insurance Corporation (FDIC) insures the balance up to \$250,000. The bank has collateralized all deposits for the Foundation in excess of the FDIC limit.

In the normal course of business, the Foundation utilizes counterparties which primarily include a bank, investment fund managers, and an investment advisor. In the event that these counterparties do not fulfill their obligations, the Foundation may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Foundation's policy to review, as necessary, the credit standing of each counterparty.

8. Retirement Savings Plan

The Foundation has a 403(b) defined contribution plan covering substantially all of its employees who have completed six months of service. The Foundation contributes 5% of base salary to the plan with no employee contribution required. Additionally, the Foundation matches employee salary deferral contribution dollar for dollar up to an additional 2% of base salary in 2021 and 5% of base salary in 2020. For the years ended September 30, 2021 and 2020, retirement savings expense was \$45,703 and \$72,676, respectively.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

9. Federal Excise Tax

Federal excise tax expense consists of the following for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Current	\$ 66,931	\$ 12,492
Deferred	<u>238,876</u>	<u>12,260</u>
	<u>\$ 305,807</u>	<u>\$ 24,752</u>

Temporary differences related to cumulative unrealized gains on investments give rise to the deferred taxes.

10. Funds Held by Others

The Foundation has the right to recommend grant distributions from a donor-advised fund maintained at the New Hampshire Charitable Foundation (NHCF). Pursuant to the terms of the resolution establishing this fund, property contributed by unrelated parties to NHCF is held as a separate fund designated for the benefit of the Foundation. The Board of Directors of NHCF has been granted the power to re-designate the funds contributed by unrelated parties if the Foundation is incapable of fulfilling its mission.

The fund is not included in these financial statements since the fund is not an asset of the Foundation and NHCF has the ability to re-designate funds contributed by unrelated parties. The total market value of the fund was approximately \$610,779 and \$482,858 at September 30, 2021 and 2020, respectively. During 2021, no funds were distributed from this fund. During 2020, \$20,000 was distributed from this fund.

11. Endowment Funds and Net Assets

The State of New Hampshire enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Foundation's endowment consists of a donor-restricted fund established for improving the health of the people of New Hampshire. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted UPMIFA as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (held in perpetuity) (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (held in perpetuity) is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation's spending policy permits spending from underwater endowment funds, subject to the intent of the donor as expressed in the gift instrument. As of September 30, 2021, there were no deficiencies of this nature associated with the individual donor-restricted endowment fund.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income and capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The real return objective for the Foundation is 5% over a long-time horizon, net of any fees. In order to have a reasonable probability of earning this return, the Board of Directors adopts asset allocation policies each year based on the current market conditions. The Foundation's target allocation range is approximately 77% in equity securities including private equity and flexible capital, 13% in fixed income and 10% in real assets. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed in order to avoid exposing the fund to unacceptable levels of risk.

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Spending Policy

The Foundation has a spending policy which limits the amount spent from accumulated earnings on funds maintained in perpetuity functioning as endowment as no greater than 6% of the fair market value of the assets of the Foundation's endowment funds (calculated on the basis of market values determined at least quarterly and averaged over a period of 3 or more years). Spending greater than 6% requires approval of at least seventy percent (70%) of the entire Board and thirty (30) days' prior written notice to the Director of Charitable Trusts, Charitable Trusts Unit, Office of the New Hampshire Attorney General. This is consistent with the Foundation's objective to preserve and grow its assets over the long term.

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

	<u>Board- Designated</u>	<u>Funds Subject to Use or Time Restriction</u>	<u>Funds of Perpetual Duration</u>	<u>Total</u>
Endowment net assets, September 30, 2020	\$ 81,099,621	\$ 46,066	\$ 1,950,395	\$ 83,096,082
Investment return, net	21,744,566	519,375	-	22,263,941
Endowment assets appropriated for expenditure	104,966	(104,966)	-	-
Withdrawal	<u>(3,900,000)</u>	<u>-</u>	<u>-</u>	<u>(3,900,000)</u>
Endowment net assets, September 30, 2021	<u>\$ 99,049,153</u>	<u>\$ 460,475</u>	<u>\$ 1,950,395</u>	<u>\$101,460,023</u>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Changes in endowment net assets as of September 30, 2020 are as follows:

	<u>Board- Designated</u>	<u>Funds Subject to Use or Time Restriction</u>	<u>Funds of Perpetual Duration</u>	<u>Total</u>
Endowment net assets, September 30, 2019	\$ 80,407,520	\$ 33,019	\$ 1,950,395	\$ 82,390,934
Investment income, net	4,594,357	110,791	-	4,705,148
Appropriation of endowment assets for expenditure	97,744	(97,744)	-	-
Withdrawal	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>	<u>(4,000,000)</u>
Endowment net assets, September 30, 2020	<u>\$ 81,099,621</u>	<u>\$ 46,066</u>	<u>\$ 1,950,395</u>	<u>\$ 83,096,082</u>

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Funds maintained with donor restrictions temporary in nature:		
Restricted for a specific purpose	\$ 88,201	\$ -
Accumulated earnings on the Forward Fund, held in perpetuity, to be used to promote aid to health care providers servicing medically underserved populations	<u>460,475</u>	<u>46,066</u>
Total funds maintained with donor restrictions temporary in nature	548,676	46,066
Funds maintained in perpetuity:		
Forward fund	<u>1,950,395</u>	<u>1,950,395</u>
Total net assets with donor restrictions	\$ 2,499,071	\$ 1,996,461

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

13. Uncertainty

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments encouraged self-isolation to curtail the spread of COVID-19 by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group gatherings. Most sectors are experiencing disruption to business operations and may feel further impacts related to delayed government reimbursement. The Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 provides several relief measures to allow flexibility to providers to deliver critical care. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and additional government actions to mitigate them. Accordingly, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

The U.S. government has responded with three phases of relief legislation, as a response to the COVID-19 outbreak. Legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorizes emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans; 2) provides additional funding for grants and technical assistance; and 3) delays due dates for employer payroll taxes and estimated tax payments for organizations. Management has evaluated the impact of the CARES Act on the Foundation, including its potential benefits and limitations that may result from additional funding.

In August 2020, Health Strategies was awarded approximately \$625,000 from the Governor's Office for Emergency Relief and Recovery (GOFERR). The GOFERR grant is a pass-through grant provided to the State of New Hampshire through the CARES Act. The GOFERR grant was to be used by Health Strategies to cover eligible costs outlined in the grant agreement that were incurred through December 30, 2020. During the year ended September 30, 2021, Health Strategies satisfied the terms and conditions of the grant agreement and recognized revenue of \$601,961 which is included with grant income in the statement of activities.

SUPPLEMENTARY INFORMATION

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Consolidating Statement of Financial Position

September 30, 2021

ASSETS

	Endowment for Health, Inc.	Health Strategies of New Hampshire, Inc.	Eliminations	Consolidated Total
Cash and cash equivalents	\$ 255,036	\$ 588,153	\$ -	\$ 843,189
Investments	101,460,023	-	-	101,460,023
Mission related investments	2,500,000	-	-	2,500,000
Prepaid federal excise tax	12,084	-	-	12,084
Prepaid expenses and other current assets	<u>41,615</u>	<u>-</u>	<u>-</u>	<u>41,615</u>
Total assets	<u>\$ 104,268,758</u>	<u>\$ 588,153</u>	<u>\$ -</u>	<u>\$ 104,856,911</u>

LIABILITIES AND NET ASSETS

Grants payable	\$ 770,900	\$ -	\$ -	\$ 770,900
Accounts payable and accrued expenses	153,210	12,350	-	165,560
Deferred tax liability	<u>493,883</u>	<u>-</u>	<u>-</u>	<u>493,883</u>
Total liabilities	<u>1,417,993</u>	<u>12,350</u>	<u>-</u>	<u>1,430,343</u>
Net assets				
Without donor restrictions	100,439,895	487,602	-	100,927,497
With donor restrictions - temporary in nature	460,475	88,201	-	548,676
With donor restrictions - Forward Fund, held in perpetuity	<u>1,950,395</u>	<u>-</u>	<u>-</u>	<u>1,950,395</u>
Total net assets with donor restrictions	2,410,870	88,201	-	2,499,071
Total net assets	<u>102,850,765</u>	<u>575,803</u>	<u>-</u>	<u>103,426,568</u>
Total liabilities and net assets	<u>\$ 104,268,758</u>	<u>\$ 588,153</u>	<u>\$ -</u>	<u>\$ 104,856,911</u>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended September 30, 2021

	Endowment for Health, Inc.	Health Strategies of New Hampshire, Inc.	Eliminations	Consolidated Total
Net assets without donor restrictions				
Revenue and net investment income				
Income on investments				
Interest and dividends	\$ 720,925	\$ 1,336	\$ -	\$ 722,261
Investment management and custodial fees	(133,199)	-	-	(133,199)
Realized gain on investments	4,490,138	-	-	4,490,138
Unrealized gain on investments	16,706,461	-	-	16,706,461
Grant income	-	1,184,763	(573,094)	611,669
Other income	20,000	3,152	-	23,152
Endowment spending draw for operations	<u>104,966</u>	<u>-</u>	<u>-</u>	<u>104,966</u>
Total revenue and net investment income	<u>21,909,291</u>	<u>1,189,251</u>	<u>(573,094)</u>	<u>22,525,448</u>
Expenses				
Program services				
Grant expense	2,969,040	-	(573,094)	2,395,946
Salaries and benefits	692,357	-	-	692,357
Professional services	29,648	730,282	-	759,930
Building and related expenses	42,565	-	-	42,565
Program support	13,065	3,751	-	16,816
Program operating expenses	<u>44,431</u>	<u>215,678</u>	<u>-</u>	<u>260,109</u>
Total program services	<u>3,791,106</u>	<u>949,711</u>	<u>(573,094)</u>	<u>4,167,723</u>
Management and general				
Salaries and benefits	285,593	-	-	285,593
Professional services	66,698	3,670	-	70,368
Building and related expenses	14,188	-	-	14,188
Administrative support	982	-	-	982
General operating expenses	35,194	197	-	35,391
Federal excise tax expense	<u>305,790</u>	<u>17</u>	<u>-</u>	<u>305,807</u>
Total management and general	<u>708,445</u>	<u>3,884</u>	<u>-</u>	<u>712,329</u>
Total expenses	<u>4,499,551</u>	<u>953,595</u>	<u>(573,094)</u>	<u>4,880,052</u>
Change in net assets without donor restrictions	<u>17,409,740</u>	<u>235,656</u>	<u>-</u>	<u>17,645,396</u>
Net assets with donor restrictions				
Contributions	-	88,201	-	88,201
Investment income, net	519,375	-	-	519,375
Endowment spending draw for operations	<u>(104,966)</u>	<u>-</u>	<u>-</u>	<u>(104,966)</u>
Change in net assets with donor restrictions	<u>414,409</u>	<u>88,201</u>	<u>-</u>	<u>502,610</u>
Total change in net assets	<u>17,824,149</u>	<u>323,857</u>	<u>-</u>	<u>18,148,006</u>
Net assets, beginning of year	<u>85,026,616</u>	<u>251,946</u>	<u>-</u>	<u>85,278,562</u>
Net assets, end of year	<u>\$ 102,850,765</u>	<u>\$ 575,803</u>	<u>\$ -</u>	<u>\$ 103,426,568</u>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Consolidating Statement of Financial Position

September 30, 2020

ASSETS

	Endowment for Health, Inc.	Health Strategies of New Hampshire, Inc.	Eliminations	Consolidated Total
Cash and cash equivalents	\$ 333,285	\$ 890,386	\$ -	\$ 1,223,671
Investments	83,096,082	-	-	83,096,082
Mission related investments	2,500,000	-	-	2,500,000
Prepaid federal excise tax	29,332	-	-	29,332
Prepaid expenses and other current assets	<u>45,513</u>	<u>-</u>	<u>-</u>	<u>45,513</u>
Total assets	<u>\$ 86,004,212</u>	<u>\$ 890,386</u>	<u>\$ -</u>	<u>\$ 86,894,598</u>

LIABILITIES AND NET ASSETS

Grants payable	\$ 663,323	\$ -	\$ -	\$ 663,323
Accounts payable and accrued expenses	59,266	22,325	-	81,591
Unearned grant income	-	616,115	-	616,115
Deferred tax liability	<u>255,007</u>	<u>-</u>	<u>-</u>	<u>255,007</u>
Total liabilities	<u>977,596</u>	<u>638,440</u>	<u>-</u>	<u>1,616,036</u>
Net assets				
Without donor restrictions	83,030,155	251,946	-	83,282,101
With donor restrictions - temporary in nature	46,066	-	-	46,066
With donor restrictions - Forward Fund, held in perpetuity	<u>1,950,395</u>	<u>-</u>	<u>-</u>	<u>1,950,395</u>
Total net assets with donor restrictions	1,996,461	-	-	1,996,461
Total net assets	<u>85,026,616</u>	<u>251,946</u>	<u>-</u>	<u>85,278,562</u>
Total liabilities and net assets	<u>\$ 86,004,212</u>	<u>\$ 890,386</u>	<u>\$ -</u>	<u>\$ 86,894,598</u>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

Consolidating Statement of Activities

Year Ended September 30, 2020

	Endowment for Health, Inc.	Health Strategies of New Hampshire, Inc.	Eliminations	Consolidated Total
Net assets without donor restrictions				
Revenue and net investment income				
Income on investments				
Interest and dividends	\$ 925,045	\$ 827	\$ -	\$ 925,872
Investment management and custodial fees	(118,701)	-	-	(118,701)
Realized gain on investments	1,643,059	-	-	1,643,059
Unrealized loss on investments	2,190,137	-	-	2,190,137
Grant income	50	230,176	(221,291)	8,935
Endowment spending draw for operations	<u>97,744</u>	<u>-</u>	<u>-</u>	<u>97,744</u>
Total revenue and net investment income	<u>4,737,334</u>	<u>231,003</u>	<u>(221,291)</u>	<u>4,747,046</u>
Expenses				
Program services				
Grant expense	2,892,237	-	(221,291)	2,670,946
Salaries and benefits	712,607	-	-	712,607
Professional services	77,853	322,616	-	400,469
Building and related expenses	42,123	-	-	42,123
Program support	23,178	13,995	-	37,173
Program operating expenses	<u>25,699</u>	<u>11,181</u>	<u>-</u>	<u>36,880</u>
Total program services	<u>3,773,697</u>	<u>347,792</u>	<u>(221,291)</u>	<u>3,900,198</u>
Management and general				
Salaries and benefits	254,209	-	-	254,209
Professional services	65,943	1,415	-	67,358
Building and related expenses	14,041	-	-	14,041
Administrative support	3,652	-	-	3,652
General operating expenses	40,842	342	-	41,184
Federal excise tax expense	<u>24,736</u>	<u>16</u>	<u>-</u>	<u>24,752</u>
Total management and general	<u>403,423</u>	<u>1,773</u>	<u>-</u>	<u>405,196</u>
Total expenses	<u>4,177,120</u>	<u>349,565</u>	<u>(221,291)</u>	<u>4,305,394</u>
Change in net assets without donor restrictions	<u>560,214</u>	<u>(118,562)</u>	<u>-</u>	<u>441,652</u>
Net assets with donor restrictions				
Investment income, net	110,791	-	-	110,791
Endowment spending draw for operations	<u>(97,744)</u>	<u>-</u>	<u>-</u>	<u>(97,744)</u>
Change in net assets with donor restrictions	<u>13,047</u>	<u>-</u>	<u>-</u>	<u>13,047</u>
Total change in net assets	573,261	(118,562)	-	454,699
Net assets, beginning of year	<u>84,453,355</u>	<u>370,508</u>	<u>-</u>	<u>84,823,863</u>
Net assets, end of year	<u>\$ 85,026,616</u>	<u>\$ 251,946</u>	<u>\$ -</u>	<u>\$ 85,278,562</u>