



February 27, 2020

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

Subject: 2020 Annual Joint Fundraising Drive

Dear Ms. Calvillo,

Enclosed you will find the following items in order to qualify for the City/County of San Francisco Annual Joint Fundraising Drive:

- Most recent Audited financial statement
- Current agency membership list for the 2020 campaign year
- Copy of the 501(c)3 IRS determination letter

If you should require any further information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Krystie Scull".

Krystie Scull  
Development Director

Enclosures

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BOARD OF SUPERVISORS  
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**COMMUNITY HEALTH CHARITIES**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*As of and for the Years Ended June 30, 2018  
and 2017*

*And Report of Independent Auditor*

**COMMUNITY HEALTH CHARITIES**  
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## Report of Independent Auditor

The Board of Directors  
Community Health Charities  
Alexandria, Virginia

We have audited the accompanying financial statements of Community Health Charities (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, 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.

*Cherry Bekaert LLP*

Tyson's Corner, Virginia  
February 14, 2019

**COMMUNITY HEALTH CHARITIES**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2018 AND 2017*

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,143,063	\$ 8,906,999
Investments	1,907,078	1,852,112
Other member receivables	471,972	828,994
Pledges receivable, net of allowance for uncollectible pledges of \$4,516,109 (\$4,052,072 in 2017)	15,611,485	21,519,670
Prepaid expenses	183,573	147,702
Property and equipment, net of accumulated depreciation	55,714	26,825
Deposits	37,292	38,405
<b>Total Assets</b>	<u>\$ 29,410,177</u>	<u>\$ 33,320,707</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 891,740	\$ 1,425,594
Campaign funds payable	21,089,718	26,450,249
<b>Total Liabilities</b>	<u>21,981,458</u>	<u>27,875,843</u>
Net Assets:		
Unrestricted	7,428,719	5,444,864
<b>Total Net Assets</b>	<u>7,428,719</u>	<u>5,444,864</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 29,410,177</u>	<u>\$ 33,320,707</u>

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

**COMMUNITY HEALTH CHARITIES**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Gross campaign revenue	\$ 26,164,301	\$ 27,586,248
Less donor designations	<u>(20,478,354)</u>	<u>(21,073,109)</u>
Net campaign revenue	5,685,947	6,513,139
Other Public Support and Revenue:		
Affiliated organization fees	-	217,991
Application fees	421,210	498,830
Contributions	769,871	863,715
Management fees	1,058,771	802,670
Event sponsorships	84,890	-
Investment income	64,126	117,141
Other revenue	<u>49,412</u>	<u>38,408</u>
Total Public Support and Revenue	<u>8,134,227</u>	<u>9,051,894</u>
Expenses:		
Program services	<u>5,445,272</u>	<u>7,464,243</u>
Supporting Services:		
Management and general	838,808	1,476,064
Fundraising	<u>345,265</u>	<u>304,838</u>
Total Supporting Services	<u>1,184,073</u>	<u>1,780,902</u>
Total Expenses	<u>6,629,345</u>	<u>9,245,145</u>
Change in net assets before changes related to acquisition of local affiliate	1,504,882	(193,251)
Excess of assets over liabilities acquired in acquisition of local affiliate	<u>478,973</u>	<u>-</u>
Change in net assets	1,983,855	(193,251)
Net assets, beginning of year	<u>5,444,864</u>	<u>5,638,115</u>
Net assets, end of year	<u>\$ 7,428,719</u>	<u>\$ 5,444,864</u>

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

**COMMUNITY HEALTH CHARITIES**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,983,855	\$ (193,251)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	13,440	21,835
Decrease in allowance for pledges receivable	464,037	(45,212)
Reinvested dividends and interest	(61,118)	(58,135)
Realized and unrealized gains (losses) on investments, net of investment management expenses	6,152	(51,070)
Decrease (increase) in operating assets:		
Other member receivables	357,022	(514,668)
Pledges receivable	5,444,148	(3,085,335)
Prepaid expenses	(35,871)	45,930
Deposits	1,113	3,754
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(533,854)	(2,148,640)
Campaign funds payable	(5,360,531)	4,828,394
Net cash flows from operating activities	<u>2,278,393</u>	<u>(1,196,398)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(42,329)	(9,085)
Purchases of investments	-	(2,156)
Net cash flows from investing activities	<u>(42,329)</u>	<u>(11,241)</u>
Net increase (decrease) in cash and cash equivalents	2,236,064	(1,207,639)
Cash and cash equivalents, beginning of year	8,906,999	10,114,638
Cash and cash equivalents, end of year	<u>\$ 11,143,063</u>	<u>\$ 8,906,999</u>

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

**COMMUNITY HEALTH CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

**Note 1—Summary of significant accounting policies**

*Nature of Operations* – Community Health Charities (the “Organization”), through its participation in the Combined Federal Campaign and certain corporate campaigns, serves as a vehicle through which federal (domestic and overseas) employees and employees in the private sector may make contributions to the Organization’s charity partners and their local chapters, which are not-for-profit charitable organizations performing medical research, providing community and patient services, and materials and programs for public and professional education in the health field. The Organization conducts business nationwide through a network of affiliated Community Health Charities’ local affiliates. Amounts raised in unaffiliated states are distributed directly to designated charitable organizations based on campaign designation reports.

*Basis of Presentation* – The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Organization presents information regarding its financial position and activities according to three classes of net assets described as follows:

*Unrestricted Net Assets* – All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the board’s discretion.

*Temporarily Restricted Net Assets* – Resources accumulated through donations or grants for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.

*Permanently Restricted Net Assets* – Resources accumulated through donations or grants that are subject to a restriction. These net assets include the original value of the gift, plus any subsequent additions.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowances for uncollectible pledges and shrinkage.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of operating, payroll, and money market accounts and certificates of deposit with a maturity of three months or less.

Total cash at June 30, 2018 and 2017 included in the statements of financial position includes the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,547,083	\$ 2,482,368
Cash held for charity partners	9,595,980	6,424,631
Total cash	<u>\$ 11,143,063</u>	<u>\$ 8,906,999</u>



# COMMUNITY HEALTH CHARITIES

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### Note 1—Summary of significant accounting policies (continued)

*Property and Equipment* – Furniture and equipment with unit values in excess of \$1,000 are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Cost and related accumulated depreciation are removed from the accounts when the assets are disposed of, with any gain or loss recognized currently. Repairs and maintenance are charged to expense when incurred.

*Campaign Funds Payable* – Campaign funds payable include funds not distributed as of year-end for donor pledges that are undesignated or designated to the Organization or charity partners. When pledges are received and processed from campaigns, the cash is allocated using the ratio of donor-designated funds combined with the pro rata share of undesignated funds to the total cash received.

*Distribution Policy* – The Policy of the Organization is to distribute, as of the Organization's scheduled distribution dates, all of the receipts from all contributing campaigns, less an agreed-upon fee, in accordance with gross designation reports provided by administrators of the various campaigns, to include the Combined Federal Campaign.

*Designations to Member Agencies* – The federation is honoring designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member, per CFC regulations at § 950.301(e)(2)(i).

*Classifications of Net Assets* – The Organization's net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted, or permanently restricted. As of June 30, 2018 and 2017, unrestricted net assets were \$7,428,719 and \$5,444,864, and there were no permanently restricted or temporarily restricted net assets.

*Revenue Recognition* – Administrative fees from amounts raised in campaigns represent the Organization's fee for processing collections from campaigns that have been passed through to specific member charities based on donor designations for the years ended June 30, 2018 and 2017. These fees represent board-approved costs of raising funds on behalf of others and are recognized when the funds are received and processed for distribution. The campaign percentages vary based on individual agreements. Affiliation fees are based on audited results of amounts raised in workplace campaigns by affiliates using a board-approved rate and are recognized annually.

*Expenses* – Expenses are recognized by the Organization during the period in which they are incurred. Expenses which are paid in advance and not yet incurred are deferred to the applicable period.

Program services consist of costs associated with managing, maintaining, and increasing revenue sources for the Organization's charity partners from existing workplace fundraising campaigns; increasing overall recognition and representation of charity partners; and costs that benefit the overall campaign. Management and general expenses consist of costs directly related to the overall operations of the Organization and maintenance of its corporate existence, including general office management, reception, and financial reporting. Fundraising includes those costs associated with accessing new workplace fundraising campaigns.

*Functional Allocation of Expenses* – The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**COMMUNITY HEALTH CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

**Note 1—Summary of significant accounting policies (continued)**

*Income Taxes* – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). In addition, the Organization is classified by the Internal Revenue Service (“IRS”) under Section 509(a)(1) as an organization that is not a private foundation and is required to report unrelated business income to the IRS and the State of Virginia taxing authorities. For the years ended June 30, 2018 and 2017, there was no unrelated business income earned.

*Accounting for Uncertainty in Income Taxes* – The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal and state tax returns are generally open for examination for three years following the date filed.

*Reclassifications* – Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year’s classification. Total net assets and change in net assets are unchanged due to these reclassifications.

*Subsequent Events* – The Organization has evaluated subsequent events through February 14, 2019, which is the date the financial statements were available to be issued. On October 12, 2018, the Organization’s Board of Directors approved a motion for the Organization to assume management and administrative control, including fiduciary oversight, of Christian Services Charities, Inc., Human Service Charities of America, Inc. and Neighbor to Nation.

**Note 2—Property and equipment**

Property and equipment consisted of the following as of June 30, 2018 and 2017:

Cost:	<u>2018</u>	<u>2017</u>
Office/computer equipment	\$ 419,398	\$ 368,269
Software	97,520	97,520
Furniture	-	8,800
Leasehold improvements	28,378	28,378
	<u>545,296</u>	<u>502,967</u>
Accumulated depreciation	489,582	476,142
Net property and equipment	<u>\$ 55,714</u>	<u>\$ 26,825</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$13,440 and \$21,835, respectively.

**COMMUNITY HEALTH CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

**Note 3—Commitments**

The Organization has commitments under operating leases for its headquarters office as well as leases still in effect for several of their local affiliates which were acquired in prior years. These leases expire at various dates through October 2027. The Organization also has sublease agreements which expired at various dates through October 2018.

The Organization also leases equipment under an operating lease which has a monthly rent payment of \$346 and expires in April 2020.

Future minimum rental payments, by fiscal year and in the aggregate, under the operating leases are as follows:

<u>Years Ending June 30,</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Totals</u>
2019	\$ 254,043	\$ 4,152	\$ 258,195
2020	261,026	3,460	264,486
2021	268,212	-	268,212
2022	275,577	-	275,577
2023	283,145	-	283,145
2024 and later	1,319,043	-	1,319,043
	<u>2,661,046</u>	<u>7,612</u>	<u>2,668,658</u>
Less noncancellable subleases	(13,164)	-	(13,164)
	<u>\$ 2,647,882</u>	<u>\$ 7,612</u>	<u>\$ 2,655,494</u>

Rent expense for the years ended June 30, 2018 and 2017 was \$345,535 and 418,192, respectively.

**Note 4—Pension plan**

The Organization has a defined-contribution plan under Section 403(b) of the IRC covering all employees who have completed at least one year of service. Under the plan, the Organization made discretionary contributions to the plan equal to 6.5% of each eligible employee's salary. Contributions of \$174,155 and \$214,214 were made during the years ended June 30, 2018 and 2017, respectively.

**Note 5—Concentration of credit risk and financial instruments**

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of short-term investments maintained at creditworthy financial institutions. These account balances, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. Credit risk with respect to pledges receivable is limited because the Organization deals with a significant number of campaigns whose participants are spread over a wide geographical area.

**COMMUNITY HEALTH CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

**Note 6—Investments and fair value measurements**

The Organization established 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). The three levels of the fair value hierarchy are described below.

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation. At this time, the Organization does not hold any investments which would be included in this category.

The asset's 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.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes investments as of June 30, 2018 and 2017:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Corporate bonds	\$ 646,397	\$ 650,478	\$ 554,748	\$ 559,531
Mutual funds	799,308	778,222	753,573	730,096
Equities	263,113	189,547	232,871	187,495
Certificates of deposit	79,140	81,369	262,251	261,591
Money market funds	119,120	47,751	48,669	48,669
	<u>\$ 1,907,078</u>	<u>\$ 1,747,367</u>	<u>\$ 1,852,112</u>	<u>\$ 1,787,382</u>

**COMMUNITY HEALTH CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

**Note 6—Investments and fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2018 and 2017:

	<b>2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Corporate bonds	\$ -	\$ 646,397	\$ -	\$ 646,397
Mutual funds	799,308	-	-	799,308
Equities	263,113	-	-	263,113
Certificates of deposit	79,140	-	-	79,140
Money market funds	119,120	-	-	119,120
	<u>\$ 1,260,681</u>	<u>\$ 646,397</u>	<u>\$ -</u>	<u>\$ 1,907,078</u>

	<b>2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Corporate bonds	\$ -	\$ 554,748	\$ -	\$ 554,748
Mutual funds	753,573	-	-	753,573
Equities	232,871	-	-	232,871
Certificates of deposit	262,251	-	-	262,251
Money market funds	48,669	-	-	48,669
	<u>\$ 1,297,364</u>	<u>\$ 554,748</u>	<u>\$ -</u>	<u>\$ 1,852,112</u>

The following table summarizes investment returns for the years ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Interest and dividends	\$ 61,118	\$ 58,135
Realized gains	-	2,308
Unrealized gains (losses)	3,008	56,698
	<u>\$ 64,126</u>	<u>\$ 117,141</u>

## COMMUNITY HEALTH CHARITIES

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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#### Note 7—Acquisition of local affiliates

During fiscal year 2011, the Organization began the process of centralizing the accounting and finance functions of its local affiliate organizations through the creation of the National Service Center. The National Service Center standardized local accounting policies and processes.

Consistent with this change and with the goal of building greater efficiencies and increasing member charity support, the Board of Directors of the Organization voted on May 20, 2014 to proceed with acquisition negotiations with the local affiliate organizations. During the year ended June 30, 2018, the Organization acquired one of its local affiliate organizations (none in 2017). As part of this acquisition, the Organization assumed cash of \$478,973 from the acquired local affiliate organization, resulting in a one-time increase in net assets in the amount of \$478,973 (none in 2017), which is shown as a separate line item on the statements of activities. All other local affiliates have entered into merger negotiations and their ultimate consolidation into the Organization is expected in future fiscal years.

#### Note 8—Upcoming accounting pronouncements

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which simplifies certain aspects of reporting required by not-for-profit organizations and increases disclosures with a goal to improve the usefulness of not-for-profit financial statements to various stakeholders, including management, directors, lenders, and donors. Key changes include the following:

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets (net assets without donor restrictions and net assets with donor restrictions).
- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of net assets with donor restrictions and requires additional disclosures for underwater endowment funds.
- Requires all not-for-profit entities to provide expenses by both nature and function.
- Requires expansive disclosures, both qualitative and quantitative, of information about liquidity and the availability of resources.

This ASU is effective for fiscal years beginning after December 15, 2017. The ASU requires the provisions to be applied on a retrospective transaction approach and early adoption is permitted. The Organization is currently evaluating the impact of adopting ASU 2016-14.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018 for all non-SEC filers, including not-for-profit entities. The Organization has not yet selected a transition method and is currently evaluating the effect the standard will have on the financial statements.

**COMMUNITY HEALTH CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2018 AND 2017*

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**Note 8—Upcoming accounting pronouncements (continued)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires lessees to record most leases on their balance sheets as a lease liability with a corresponding right-of-use asset, but continue to recognize the related leasing expense within net income. The guidance also eliminates real estate-specific provisions for all entities. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. ASU No. 2016-02 becomes effective for the Organization in 2021 with early adoption permitted and will be applied under a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The calculation of the lease liability and right-of-use asset requires further analysis of the underlying leases to determine which portion of the underlying lease payments are required to be included in the calculation. The Organization is currently evaluating ASU No. 2016-02 to determine the potential impact that adopting this standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. Making this determination is important because distinguishing between contributions and exchange transactions determines which guidance is applied. The effective date of ASU 2018-08 is for annual reporting periods beginning after December 15, 2018, for all non-SEC filers, including not-for-profit entities. The Organization is currently evaluating the impact of adopting ASU 2018-08.

**SUPPLEMENTARY INFORMATION**



## **Report of Independent Auditor on Supplementary Information**

The Board of Directors  
Community Health Charities  
Alexandria, Virginia

We have audited the financial statements of Community Health Charities (the "Organization") as of and for the years ended June 30, 2018 and 2017, and our report thereon dated February 14, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses for the year ended June 30, 2018 and comparative totals for 2017, which follow, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Organization's management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying and other accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Cherry Bekaert LLP*

Tysons Corner, Virginia  
February 14, 2019

**COMMUNITY HEALTH CHARITIES**  
**SCHEDULE OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	Program Services	Management and General	Fundraising	Total 2018	Total 2017
Personnel Expenses:					
Salaries	\$ 3,260,337	\$ 464,353	\$ 238,893	\$ 3,963,583	\$ 5,431,929
Payroll taxes	223,362	31,812	16,366	271,540	465,822
Employee benefits	365,894	52,112	26,810	444,816	744,304
Total Personnel Expenses	<u>3,849,593</u>	<u>548,277</u>	<u>282,069</u>	<u>4,679,939</u>	<u>6,642,055</u>
Other Expenses:					
Professional fees	387,062	68,305	-	455,367	689,323
Temporary services	25,789	4,551	-	30,340	60,080
Training	19,391	2,762	1,421	23,574	11,192
Occupancy	275,045	56,668	13,822	345,535	418,192
Software	151,476	26,731	-	178,207	302,091
Computer maintenance	172,640	24,589	12,650	209,879	87,567
Telephone and internet	38,947	5,548	2,853	47,348	90,060
Printing and postage	36,958	5,264	2,708	44,930	78,456
Supplies	74,101	10,554	5,430	90,085	161,088
Dues and fees	179,062	25,503	13,120	217,685	277,240
Insurance	41,670	5,935	3,053	50,658	55,545
Travel	100,030	14,246	7,329	121,605	223,754
Meetings	38,300	38,300	-	76,600	115,200
Advertising	44,153	-	-	44,153	11,467
Depreciation	11,055	1,575	810	13,440	21,835
Total Other Expenses	<u>1,595,679</u>	<u>290,531</u>	<u>63,196</u>	<u>1,949,406</u>	<u>2,603,090</u>
Total Expenses	<u>\$ 5,445,272</u>	<u>\$ 838,808</u>	<u>\$ 345,265</u>	<u>\$ 6,629,345</u>	<u>\$ 9,245,145</u>

Account Name	Code	Main Phone	Federal EIN	City	State/County
Alisa Ann Ruch Burn Foundation, California, San Francisco	B00217	415-495-7223	237162017	El Cerrito	CA Contra Costa County
Alpha-1 Foundation, Inc.	B00150	305-567-9888	650585415	Coral Gables	FL Miami Dade County
ALS Association, California, Golden West Chapter, Oakland	B00229	800-209-0435	954163338	Oakland	CA Alameda County
ALS Association, California, Greater Sacramento Chapter, Sacramento	B00232	916-979-9265	680159292	Citrus Heights	CA Sacramento County
Alzheimer's Association, California, California Central Chapter	B00295	805-892-4259	133039601	Santa Barbara	CA Santa Barbara County
Alzheimer's Association, California, Northern California and Northern Nevada	B00302	408-372-9900	133039601	San Jose	CA Santa Cruz County
American Cancer Society, California, West Region, San Francisco Market	B15062	510-893-7900	131788491	Alameda	CA Alameda County
American Cancer Society, California, West Region, San Jose Market	B15067	408-688-0114	131788491	Campbell	CA Santa Clara County
American Council of the Blind	B16614	612-332-3242	580914436	Alexandria	VA Alexandria City
American Diabetes Association, California	B00641	510-654-4499	131623888	Oakland	CA Alameda County
American Diabetes Association, California, San Jose	B00645	408-241-1922	131623888	San Jose	CA Santa Clara County
American Heart Association, California, Western States Affiliate, Sacramento	B00735	916-446-6505	135613797	Sacramento	CA Sacramento County
American Liver Foundation, California, Northern California Division	B00841	415-248-1060	362883000	San Francisco	CA San Francisco County
American Lung Association of California, Oakland	B00874	510-638-5864	131632524	Oakland	CA Alameda County
American Lung Association of California, Sacramento	B00862	916-554-5864	131632524	Sacramento	CA Sacramento County
Arthritis Foundation, California, Great West Region, San Francisco	B01026	206-547-2707	581341679	San Francisco	CA San Francisco County
Breast Cancer Charities of America	B05100	936-231-8460 ex	264602950	The Woodlands	TX Montgomery County
Breast Cancer Research Foundation, Inc.	B01321	646-497-2600	133727250	New York	NY New York County
Burn Institute	B01356	858-541-2277	237260718	San Diego	CA San Diego County
California Hospice and Palliative Care Association	B01376	916-925-3770	942900226	Elk Grove	CA Sacramento County
Cancer Support Community San Francisco Bay Area	B14125	925-933-0107	680157858	Walnut Creek	CA Contra Costa County
Community Health Charities	B00024	800-654-0845	136167225	Alexandria	VA Alexandria City
Crohn's & Colitis Foundation, California, Greater San Diego and Desert Area Chapter	B01724	619-497-1300	136193105	San Diego	CA San Diego County
Crohn's & Colitis Foundation, California, Northern California Chapter	B01725	415-356-2232	136193105	San Francisco	CA San Francisco County
Cystic Fibrosis Foundation, California, Northern California Chapter, San Francisco	B01787	415-989-6500	131930701	San Francisco	CA San Francisco County
Cystic Fibrosis Foundation, California, Sacramento Chapter, Sacramento	B01788	916-349-1243	131930701	Sacramento	CA Sacramento County
Cystic Fibrosis Research, Inc.	B01847	650-665-7586	510169988	Palo Alto	CA Santa Clara County
Easterseals, California, So Cal Bakersfield	B01967	714-834-1111	943068149	Bakersfield	CA Kern County
Epilepsy Foundation of San Diego County	B02083	619-296-0161	951981182	San Diego	CA San Diego County
Gardner Family Health Network	B15048	408-200-2291	941743078	San Jose	CA Santa Clara County
Glaucoma Research Foundation	B02328	415-986-3162	942495035	San Francisco	CA San Francisco County
Hospice Giving Foundation	B02494	831-333-9023	942404634	Monterey	CA Monterey County
JDRF International, California, Northern California Inland Chapter	B02667	916-920-0790	231907729	Sacramento	CA Sacramento County
Lazarex Cancer Foundation	B02870	925-820-4517	202562494	Danville	CA Contra Costa County
Leukemia & Lymphoma Society, California, Greater Bay Area Chapter	B02893	415-625-1100	135644916	San Francisco	CA San Francisco County
Leukemia & Lymphoma Society, California, Greater Sacramento Area Chapter	B15091	916-929-4720	135644916	Sacramento	CA Sacramento County
Leukemia Research Foundation, Inc.	B11847	847-424-0600	366102182	Northfield	IL Cook County
March of Dimes, California, San Francisco	B03101	415-788-2202	131846366	San Francisco	CA San Francisco County
March of Dimes, California, San Jose	B03109	408-260-7629	131846366	San Jose	CA Santa Clara County
Mission Hospice of San Mateo County (Mission Hospice & Home Care)	B03331	650-554-1000	942567162	San Mateo	CA San Mateo County

Muscular Dystrophy Association, California, LA Region, Alameda	B07414	415-673-7500	131665552	Alameda	CA	Alameda County
Muscular Dystrophy Association, California, Sacramento	B03391	916-921-9518	131665552	Sacramento	CA	Sacramento County
National Kidney Foundation, California, West, Northern California/Pacific Northwest	B03613	415-543-3303	131673104	San Francisco	CA	San Francisco County
National Multiple Sclerosis Society, California, Northern CA, Sacramento	B16648	916-922-4583	135661935	Sacramento	CA	Sacramento County
National Multiple Sclerosis Society, California, Northern CA, San Francisco	B03665	800-344-4867	135661935	San Francisco	CA	San Francisco County
National Multiple Sclerosis Society, California, Northern CA, Santa Clara	B17029	408-988-7587	135661935	Santa Clara	CA	Santa Clara County
Opportunity Junction	B03896	925-776-1133	680459131	Antioch	CA	Contra Costa County
Parents Helping Parents	B14214	408-727-5775	942814246	San Jose	CA	Santa Clara County
Planned Parenthood Mar Monte, Inc., California, Sacramento Regional Office, Sacramento	B04016	916-325-1732	941583439	Sacramento	CA	Sacramento County
Planned Parenthood Mar Monte, Inc., California, San Jose Regional Office, San Jose	B04017	408-795-3600	941583439	San Jose	CA	Santa Clara County
St. Jude Children's Research Hospital, California (serving Northern California)	B04519	415-590-5350	351044585	San Francisco	CA	San Francisco County
Susan G. Komen, California, San Francisco Bay	B09969	415-397-8812	943047626	San Francisco	CA	San Francisco County
Torrey Pines Institute for Molecular Studies	B17074	772-345-4800	330319501	Port Saint Lucie	FL	Saint Lucie County
United Breast Cancer Foundation	B16641	877-822-4287	113571208	Huntington	NY	Suffolk County

\* 55% 30 out of 55 charities located in San Francisco, Santa Clara, San Mateo, Contra Costa, Alameda and Marin Counties

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In reply refer to: 0248254921  
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COMMUNITY HEALTH CHARITIES  
PARENT ORGANIZATION  
% MOLLY GRAVHOLT  
1199 N FAIRFAX ST STE 600  
ALEXANDRIA VA 22314



022968

Employer identification number: 13-6167225  
Group exemption number: 3071

Dear Taxpayer:

This is in response to your request dated Dec. 08, 2016, for information about your tax-exempt status.

Our records indicate we issued a determination letter to you in August 1985, and you're currently exempt under Internal Revenue Code (IRC) Section 501(c)(3).

We also recognized the subordinates on the list you submitted as exempt from federal income tax under IRC Section 501(c)(3).

For federal income tax purposes, donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106 and 2522.

Because IRC Section 170(c) describes your subordinate organizations, donors can deduct contributions they make to them.

Please refer to [www.irs.gov/charities](http://www.irs.gov/charities) for information about filing requirements. Specifically, IRC Section 6033(j) provides that, if you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

In addition, each subordinate organization is subject to automatic revocation if it doesn't file a required return or notice for three consecutive years. Subordinate organizations can file required returns or notices individually or as part of a group return.

For tax forms, instructions, and publications, visit [www.irs.gov](http://www.irs.gov) or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

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COMMUNITY HEALTH CHARITIES  
PARENT ORGANIZATION  
% MOLLY GRAVHOLT  
1199 N FAIRFAX ST STE 600  
ALEXANDRIA VA 22314

Sincerely yours,



Kim A. Billups, Operations Manager  
Accounts Management Operations I