



**CLARK SCHAEFER HACKETT**  
BUSINESS ADVISORS

## **HealthPath Foundation of Ohio**

Financial Statements

Years Ended December 31, 2023 and 2022

with Independent Auditors' Report

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
HealthPath Foundation of Ohio:

### **Opinion**

We have audited the accompanying financial statements of HealthPath Foundation of Ohio (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthPath Foundation of Ohio as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HealthPath Foundation of Ohio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HealthPath Foundation of Ohio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthPath Foundation of Ohio's ability to continue as a going concern for a reasonable period of time.

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
May 23, 2024

HealthPath Foundation of Ohio  
 Statements of Financial Position  
 December 31, 2023 and 2022

	2023	2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,599,096	1,431,791
Investments at fair value	33,704,697	29,532,282
Program related investment, net of allowance for credit losses of \$10,000	490,000	490,000
Property and equipment, net	-	39,529
<b>Total assets</b>	<b>\$ 35,793,793</b>	<b>31,493,602</b>
 <b>Liabilities and net assets:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 4,778	5,845
Grants payable	184,135	774,607
Refundable advance	77,000	-
<b>Total liabilities</b>	265,913	780,452
 <b>Net assets:</b>		
With donor restriction	35,527,880	30,713,150
<b>Total liabilities and net assets</b>	<b>\$ 35,793,793</b>	<b>31,493,602</b>

See accompanying notes to the financial statements.

HealthPath Foundation of Ohio  
Statement of Activities  
Year Ended December 31, 2023

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Revenues, gains and support:			
Contributions	\$ -	1,692,012	1,692,012
Net investment return	-	4,226,237	4,226,237
Net assets released from restrictions	<u>1,103,519</u>	<u>(1,103,519)</u>	<u>-</u>
Total revenues, gains and support	<u>1,103,519</u>	<u>4,814,730</u>	<u>5,918,249</u>
Expenses:			
Charitable and philanthropic programs	835,232	-	835,232
Management and general	175,211	-	175,211
Fundraising	<u>93,076</u>	<u>-</u>	<u>93,076</u>
Total expenses	<u>1,103,519</u>	<u>-</u>	<u>1,103,519</u>
Change in net assets	-	4,814,730	4,814,730
Net assets at beginning of the year	<u>-</u>	<u>30,713,150</u>	<u>30,713,150</u>
Net assets at end of the year	\$ <u>-</u>	<u>35,527,880</u>	<u>35,527,880</u>

See accompanying notes to the financial statements.

HealthPath Foundation of Ohio  
Statement of Activities  
Year Ended December 31, 2022

	Without donor restriction	With donor restriction	Total
Revenues, gains and support:			
Contributions	\$ -	885,848	885,848
Grant revenue	-	28,932	28,932
Net investment return	-	(5,429,808)	(5,429,808)
Net assets released from restrictions	1,556,280	(1,556,280)	-
Total revenues, gains and support	1,556,280	(6,071,308)	(4,515,028)
Expenses:			
Charitable and philanthropic programs	1,347,237	-	1,347,237
Management and general	126,405	-	126,405
Fundraising	82,638	-	82,638
Total expenses	1,556,280	-	1,556,280
Change in net assets	-	(6,071,308)	(6,071,308)
Net assets at beginning of the year	-	36,784,458	36,784,458
Net assets at end of the year	\$ -	30,713,150	30,713,150

See accompanying notes to the financial statements.

Healthpath Foundation of Ohio  
Statement of Functional Expenses  
Year Ended December 31, 2023

	Charitable and Philanthropic Programs	Management and General	Fundraising	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Personnel	\$ 354,388	121,821	77,522	553,731
Grants to others	327,758	-	-	327,758
Audit	-	16,054	-	16,054
Insurance	-	7,518	-	7,518
Legal	-	4,778	-	4,778
Travel	22,278	-	-	22,278
Depreciation	39,529	-	-	39,529
Programs evaluation	78,856	-	12,837	91,693
Communications	4,765	1,638	1,042	7,445
Other	<u>7,658</u>	<u>23,402</u>	<u>1,675</u>	<u>32,735</u>
Total expenses	\$ <u>835,232</u>	<u>175,211</u>	<u>93,076</u>	<u>1,103,519</u>

See accompanying notes to the financial statements.



Healthpath Foundation of Ohio  
Statement of Functional Expenses  
Year Ended December 31, 2022

	Charitable and Philanthropic Programs	Management and General	Fundraising	Total
Personnel	\$ 504,347	71,126	71,126	646,599
Grants to others	683,702	-	-	683,702
Audit	-	14,342	-	14,342
Insurance	-	7,518	-	7,518
Legal	-	16,671	-	16,671
Travel	31,831	-	-	31,831
Depreciation	39,529	-	-	39,529
Programs evaluation	50,189	-	6,203	56,392
Communications	11,817	1,667	1,667	15,151
Other	<u>25,822</u>	<u>15,081</u>	<u>3,642</u>	<u>44,545</u>
 Total expenses	 \$ <u>1,347,237</u>	 <u>126,405</u>	 <u>82,638</u>	 <u>1,556,280</u>

See accompanying notes to the financial statements.

HealthPath Foundation of Ohio  
Statements of Cash Flows  
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,814,730	(6,071,308)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(3,499,240)	6,241,905
Depreciation	39,529	39,529
Provision for credit losses	-	10,000
Effects of change in operating assets and liabilities:		
Grants receivable	-	29,331
Accounts payable and accrued liabilities	(1,067)	5,303
Grants payable	(590,472)	(146,719)
Refundable advance	<u>77,000</u>	<u>(26,132)</u>
Net cash provided by operating activities	<u>840,480</u>	<u>81,909</u>
Cash flows from investing activities:		
Proceeds from sale of investments	3,428,693	5,830,500
Purchase of investments	<u>(4,101,868)</u>	<u>(5,401,892)</u>
Net cash provided (used) by investing activities	<u>(673,175)</u>	<u>428,608</u>
Net change in cash and cash equivalents	167,305	510,517
Cash and cash equivalents at beginning of year	<u>1,431,791</u>	<u>921,274</u>
Cash and cash equivalents at end of year	\$ <u>1,599,096</u>	<u>1,431,791</u>

See accompanying notes to the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of HealthPath Foundation of Ohio (“HealthPath Foundation”) are set forth to facilitate the understanding of data presented in the financial statements.

### Organization

HealthPath Foundation is recognized as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a charitable organization qualifying under Section 501(c)(3) and recognized as a supporting organization of The Greater Cincinnati Foundation (“GCF”). HealthPath Foundation was formed effective February 12, 1999, as a result of a voluntary agreement between the State of Ohio, Anthem Insurance Companies, Inc., and Community Insurance Company, with an initial contribution of \$28,000,000. HealthPath Foundation’s mission is to support the health care needs of indigent Ohio citizens in a 36-county region with a current focus on oral health, age friendly communities and healthy Ohioans. The majority of HealthPath Foundation’s Board of Trustees is appointed by GCF’s Governing Board.

### Financial statement presentation

The financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles (“GAAP”). Net assets, revenues, gains and losses are classified based on the absence or existence of donor-imposed restrictions as follows:

- *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 HealthPath Foundation. These net assets may be used at the discretion of HealthPath Foundation’s management and Board of Trustees.
- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by the actions of HealthPath Foundation or by the passage of time. Net assets of HealthPath Foundation are restricted for healthcare needs of indigent Ohio citizens in a 36-county region. HealthPath Foundation did not have any net assets with perpetual restrictions at December 31, 2023 and 2022.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets are reclassified from with donor restrictions to without donor restrictions and reported in the statements of activities as net assets released from restrictions. HealthPath Foundation records contributions and investment income with donor restrictions that are met in the same period as net assets with donor restrictions that are then released in the accompanying statements of activities.

Unconditional contributions are recorded when the promise to give is received. Grant revenue is recorded when the grant is awarded, unless conditional by nature. Conditional grants are generally received to reimburse eligible expenses. Reimbursement-type grant revenue is recorded in grant revenues with donor restrictions and then released when the related eligible costs are incurred. HealthPath Foundation had no conditional promises to give at December 31, 2023. Cash received under reimbursable grants in advance of the eligible expenses being incurred is recorded as refundable advance. Revenues from sources other than contributions are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents**

HealthPath Foundation considers money market funds and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**Concentration of credit risk**

HealthPath Foundation maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. HealthPath Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Net investment return on the accompanying statements of activities includes interest, dividends, net realized and unrealized gains (losses) on investments, net of the related investment expenses.

**Program related investments and allowance for credit losses**

HealthPath Foundation has a program related investment in a local entity. This investment includes a loan that bears interest at a rate of 1% at December 31, 2023. This amount is expected to be returned to HealthPath Foundation at a later date. An allowance for credit losses is an estimate based upon loss history from similar loan funds utilized by other third parties, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors.

**Property and equipment**

Property and equipment are stated at historic cost, or at fair value if donated or impaired, less accumulated depreciation. HealthPath Foundation maintains a capitalization threshold of \$10,000 as a group addition with individual items exceeding \$500 and individual additions over \$3,000. Depreciation is determined using the straight-line method based upon the estimated useful lives of the related assets.

**Functional classification of expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of HealthPath Foundation. Program operating expenses primarily pertain to the charitable and philanthropic grants HealthPath Foundation provides. Expenses are directly applied when applicable and other expenses are allocated to programs or supporting services. Personnel expenses, audit and insurance expense, communications, and other have been allocated based upon estimated head counts for each function. All fundraising costs are charged to fundraising expenses and thus, there are no joint costs.

**Reclassifications**

Certain items from 2022 have been reclassified to conform to current year presentation. These reclassifications resulted in no impact to net assets.

**Subsequent events**

HealthPath Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 23, 2024, the date on which the financial statements were available to be issued.

**2. PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Equipment	\$ -	158,116
Less accumulated depreciation	<u>-</u>	<u>(118,587)</u>
	<u>\$ -</u>	<u>39,529</u>

The fully depreciated equipment was disposed in 2023.

**3. RELATED PARTY TRANSACTIONS:**

Expenses of \$522,506 and \$482,126 for the years ended December 31, 2023 and 2022, respectively, are related to various management, administrative and accounting services provided to HealthPath Foundation by GCF.

**4. FAIR VALUE MEASUREMENTS:**

Generally accepted accounting principles defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value as follows:

Level 1 – Valuations based on quoted price in active markets for identical assets or liabilities that HealthPath Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these items does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

GAAP allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by HealthPath Foundation to value alternative investments is the net asset value (“NAV”) per share, or its equivalent. Because some of these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed. The net asset values provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. HealthPath Foundation, relying on the work of its investment consultants, reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

**Valuation policy, techniques, inputs, and process**

The Treasurer, under the supervision of the Board of Trustees, determines the fair value measurement policies and procedures in consultation with its investment advisors. These policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information. In determining the reasonableness of the methodology, the Treasurer and the investment advisors all evaluate a variety of factors including a review of existing agreements, economic conditions, and industry and market developments.

HealthPath Foundation values substantially all of its investments at amounts reported by the investment manager and as validated through consideration of the audited financial statements of such investments. Accordingly, HealthPath Foundation does not use separate quantitative information to value such investments.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

*Common stocks and mutual funds including exchange traded funds:* Valued at the closing price reported on the active market on which the individual stocks or funds are traded.

*Private equity funds:* Valued at net asset value as a practical expedient provided by the asset custodians and adjusted for any known capital additions or withdraws.

The following tables present the assets as of December 31, 2023 and 2022 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, <u>2023</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Mutual funds	\$ 13,439,496	13,439,496	-	-
Common stocks	<u>20,265,201</u>	<u>20,265,201</u>	-	-
Total assets in the fair value hierarchy	<u>\$ 33,704,697</u>	<u>33,704,697</u>	-	-
	December 31, <u>2022</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Mutual funds	\$ 11,864,567	11,864,567	-	-
Common stocks	<u>17,667,715</u>	<u>17,667,715</u>	-	-
Total assets in the fair value hierarchy	<u>\$ 29,532,282</u>	<u>29,532,282</u>	-	-

#### 5. PROGRAM RELATED INVESTMENTS:

HealthPath Foundation has a program related investment as part of its Impact Investing program. Under the program, HealthPath Foundation has made a strategic loan investment in a certain organization within the Greater Cincinnati area that will further advance the strategic objectives of HealthPath Foundation.

Total program related investments are summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>
Gross loan receivable	\$ 500,000	500,000
Provision for credit losses	<u>(10,000)</u>	<u>(10,000)</u>
Balance at end of the year	<u>\$ 490,000</u>	<u>490,000</u>

The program related investment loan is originated by HealthPath Foundation which utilizes an evaluation process for each loan under consideration. The process is facilitated by an outside consultant, which completes the due diligence on each loan. Once that process is complete, HealthPath Foundation utilizes a loan review committee, made up of HealthPath Foundation staff, HealthPath Foundation Board members and community volunteers with experience in the lending process, to review the loan package. All loans are originated based on the same underwriting criteria and are considered one asset class.

The loan currently bears interest at 1% and is due in August 2026. The source of funds for this investment is from HealthPath Foundation’s investment funds. The loan is current, accruing and performing as of December 31, 2023 and thus has not been placed on nonaccrual status. This loan was evaluated for impairment and there was no loan impairment during 2023.

Activity in the allowance for credit losses is as follows for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$ 10,000	-
Provision for credit losses	<u>-</u>	<u>10,000</u>
Balance at end of the year	\$ <u>10,000</u>	<u>10,000</u>

**6. GRANTS PAYABLE:**

Grants payable in the accompanying statements of financial position are approved for payment and are mostly payable within one year of the date of the financial statements of HealthPath Foundation. Grants payable as of December 31, 2023 and 2022 are \$184,135 and \$774,607, respectively. Amounts due greater than one year are immaterial and are not discounted.

**7. NET ASSETS WITH DONOR RESTRICTIONS:**

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a specific purpose:		
Healthcare needs of indigent Ohio citizens	\$ 33,165,480	29,804,485
MORE Care Ohio	71,492	203,718
Healthcare settlements and cardiovascular health	690,394	667,057
Other purpose restrictions	<u>1,600,515</u>	<u>37,890</u>
 Total net assets with donor restrictions	 \$ <u>35,527,880</u>	 <u>30,713,150</u>

**8. LIQUIDITY DISCLOSURES:**

HealthPath Foundation’s goal is generally to maintain financial assets to meet one year of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including a money market account. HealthPath Foundation calculates a 5% spendable amount based upon a 20-quarter rolling average each January. The calculation performed in January 2024 and 2023 resulted in \$1,485,724 and \$1,455,407, respectively available for 2024 and 2023 expenditures.



The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 1,599,096	1,431,791
Investments	<u>33,704,697</u>	<u>29,532,282</u>
Financial assets available at year-end	35,303,793	30,964,073
Less those unavailable for general expenditures within one year due to:		
Accounts payable and accrued liabilities	4,778	5,845
Grants payable, current portion	134,135	774,607
Refundable advance	77,000	-
Restricted by donor with purpose restrictions less spending policy calculation	<u>34,042,156</u>	<u>29,257,743</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,045,724</u>	<u>925,878</u>

HealthPath Foundation's financial assets are available to be used for the Foundation's expenditures throughout the year. The net assets, although restricted, are not required to be expended by the Foundation in the following year.

