

# CHP 11-99 FOUNDATION

## FINANCIAL STATEMENTS

December 31, 2022

(With Comparative Totals for 2021)

## **CONTENTS**

Independent Auditors' Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements .....	7-16

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
CHP 11-99 Foundation  
Costa Mesa, California

### ***Qualified Opinion***

We have audited the accompanying financial statements of CHP 11-99 Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CHP 11-99 Foundation (the Foundation) as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Qualified Opinion***

As discussed in Note 3, the Foundation has omitted certain promises to give from contributions receivable and support in the accompanying statement of financial position. Accounting principles generally accepted in the United States of America require that unconditional promises to give be recognized as income at the time a promise is made.

We conducted our audit 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 the Foundation'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, including omissions, 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

### ***Report on Summarized Comparative Information***

The financial statements of CHP 11-99 Foundation as of December 31, 2021 were audited by other auditors, whose report dated October 27, 2022 expressed a qualified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California  
September 12, 2023

**CHP 11-99 FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**ASSETS**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,651,750	\$ 5,256,650
Investments	65,501,302	74,856,048
Other receivables	85,788	26,522
Prepaid expenses	50,281	41,574
Inventory	408,243	256,050
Property and equipment, net	<u>2,358,815</u>	<u>2,357,708</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 73,056,179</u></b>	<b><u>\$ 82,794,552</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 129,007	\$ 148,447
Accrued expenses	385,284	489,956
Advances received	<u>13,500</u>	<u>17,500</u>
Total liabilities	<u>527,791</u>	<u>655,903</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b><u>72,528,388</u></b>	<b><u>82,138,649</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 73,056,179</u></b>	<b><u>\$ 82,794,552</u></b>

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

**CHP 11-99 FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUE, SUPPORT, AND INVESTMENT RETURN</b>		
Donations	\$ 3,368,470	\$ 3,012,616
Memberships	2,872,301	3,079,403
Fundraising events, net	518,129	595,012
Solicitations and appeals	559,222	620,066
Investment return (loss)	(11,509,386)	7,377,684
Sales	111,049	117,790
Total revenue, support, and investment return	<u>(4,080,215)</u>	<u>14,802,571</u>
<b>EXPENSES</b>		
Program services	3,214,547	3,907,940
General and administrative	1,060,033	1,378,128
Fundraising	<u>1,255,466</u>	<u>256,446</u>
<b>TOTAL EXPENSES</b>	<u>5,530,046</u>	<u>5,542,514</u>
<b>CHANGE IN NET ASSETS</b>	(9,610,261)	9,260,057
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>82,138,649</u>	<u>72,878,592</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 72,528,388</u>	<u>\$ 82,138,649</u>

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

**CHP 11-99 FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>	
		<u>General and Administrative</u>	<u>Fundraising</u>	<u>2022</u>	<u>2021</u>
Salaries and wages	\$ 40,824	\$ 561,499	\$ 366,167	\$ 968,490	\$ 986,570
Employee benefits	16,285	223,989	146,068	386,342	403,875
Total employee expenses	<u>57,109</u>	<u>785,488</u>	<u>512,235</u>	<u>1,354,832</u>	<u>1,390,445</u>
Scholarships	2,785,250	-	-	2,785,250	2,514,500
Emergency benefits paid	268,089	-	-	268,089	376,198
Office and supplies expense	12,054	87,420	326,661	426,135	444,711
Consulting and contract labor	65,779	16,789	240	82,808	80,631
Membership gear and cost of sales	-	-	195,178	195,178	250,332
Background checks	-	1,500	53,000	54,500	74,500
Bank and merchant fees	-	3,984	77,385	81,369	86,834
Professional and legal	384	42,037	75,790	118,211	131,630
Taxes, licenses, and dues	-	13,678	-	13,678	11,638
Rent and lease	157	5,980	-	6,137	30,507
Repair and maintenance	-	6,063	-	6,063	18,912
Insurance	-	17,301	-	17,301	16,863
Travel and entertainment	25,725	18,115	13,407	57,247	48,766
Utilities	-	21,065	1,570	22,635	20,072
Depreciation	-	40,613	-	40,613	45,975
Total non-employee expenses	<u>3,157,438</u>	<u>274,545</u>	<u>743,231</u>	<u>4,175,214</u>	<u>4,152,069</u>
<b>Total Expenses</b>	<u>\$ 3,214,547</u>	<u>\$ 1,060,033</u>	<u>\$ 1,255,466</u>	<u>\$ 5,530,046</u>	<u>\$ 5,542,514</u>

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

**CHP 11-99 FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (9,610,261)	\$ 9,260,057
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	40,613	45,975
Net realized and unrealized (gain) loss on investments	12,512,460	(5,749,885)
Stock donations	-	(154,051)
Changes in operating assets and liabilities:		
Other receivables	(59,266)	27,072
Prepaid expenses	(8,707)	2,410
Inventory	(152,193)	535
Accounts payable	(19,440)	11,199
Accrued expenses	(104,672)	12,428
Advance received	(4,000)	5,000
Net Cash Provided By Operating Activities	2,594,534	3,460,740
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(41,720)	(52,490)
Purchases of investments	(37,836,559)	(21,864,298)
Proceeds from sales of investments	34,678,845	19,740,050
Net Cash Used In Investing Activities	(3,199,434)	(2,176,738)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(604,900)	1,284,002
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5,256,650	3,972,648
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 4,651,750	\$ 5,256,650

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



## CHP 11-99 FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

#### NOTE 1 – Nature of Operations

##### *Nature of Activities*

CHP 11-99 Foundation (the Foundation) located in Costa Mesa, California, was founded in 1981 as a charitable nonprofit organization. The Foundation's purpose is to provide benefits and scholarships to California Highway Patrol (CHP) employees and their families.

The programs administered by the Foundation are as follows:

*Scholarship Program* - The Foundation awards post-secondary level educational scholarships to qualified dependents of CHP employees.

*Emergency and Death Benefits Program* - The Foundation provides immediate financial assistance to current and active CHP employees and their families facing hardship due to prolonged illness, a medical emergency, natural disaster, or death.

#### NOTE 2 – Summary of Significant Accounting Policies

##### *Basis of Accounting and Financial Statement Presentation*

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S GAAP).

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and support are classified based on the existence of donor-imposed restrictions.

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions or donor restricted contributions whose restrictions are met within the same reporting period.

*Net assets with donor restrictions* - Net assets that are subject to donor-imposed time or use restrictions that have not been met as of year-end. Restricted gifts and grants received are reported as net assets without donor restrictions if the restriction is met in the same reporting period. Other donor restrictions are perpetual in nature, where the donor stipulates assets be maintained in perpetuity. At December 31, 2022, there were no assets with donor restrictions.

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Prior-Year Comparative Information*

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

*Reclassifications*

Certain amounts in the 2021 comparative totals have been reclassified to conform with the 2022 reporting format.

*Use of 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 may differ from those estimates.

*Income Tax Status*

The Foundation has been designated as tax-exempt under Internal Revenue Code Section 501(c)(3) and under Section 23701(d) of the California Revenue and Taxation Code, and is not generally subject to federal or state income taxes. Generally accepted accounting principles prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended December 31, 2022, the Foundation had no unrecognized tax benefits, tax penalties, or interest.

The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years, respectively.

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Foundation considers all demand deposits, money market funds, and unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

*Concentrations of Credit Risk*

The Foundation's bank balances exceed the Federal Deposit Insurance Corporation insured limits. The Foundation has not experienced and does not anticipate any losses related to these balances.

*Investments*

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses, and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by donor restrictions.

Investments in marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of financial position.

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Fair Value Measurements*

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. Fair value is 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimate of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Foundation groups its assets and liabilities measured at fair value in three levels, based on the market in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1**      Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2**      Includes other inputs that are directly or indirectly observable in the marketplace
- Level 3**      Unobservable inputs which are supported by little or no market activity

For the year ended December 31, 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

*Inventory*

Inventory consists of merchandise acquired for the Foundation’s membership programs. Purchased inventory is stated at the lower of cost or net realizable value. These items are either distributed on a complimentary basis, sold to current members, or sold to the public at various events.

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Property and Equipment***

Property and equipment is stated at cost, if purchased, or at fair value at the date of the gift, if donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such restrictions, contributions of property and equipment are recorded as increases to net assets without donor restrictions.

Normal repairs and maintenance are expensed as incurred. Significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building	25 years
Equipment and furniture	7 years

***Impairment of Long-Lived Assets***

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Foundation during the year ended December 31, 2022.

***Revenue and Support Recognition***

The Foundation recognizes revenue and support when membership and contribution payments have been received. The Foundation records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Foundation's policy to record donor-restricted contributions received and expended in the same accounting period as contributions without donor restrictions.

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Advances Received*

The Foundation receives funds that are accompanied with membership applications. The Foundation conducts background checks prior to allocating the funds towards membership revenue. During this holding period of processing the application and conducting a background check, the funds are classified as advances received. Any prospective members who have their application rejected may request a refund.

*Fundraising Events*

During the years ended December 31, 2022 and 2021, the Foundation held a golf fundraising event which generated revenue from sponsorships, ticket sales, and donations, as well as through silent and live auctions. Revenue from these events is presented as net of related expenses of approximately \$475,000 and \$405,000 for the years ended December 31, 2022 and 2021, respectively.

*Scholarships*

Upon approval by the Scholarship Committee, award letters are sent to the successful applicants and are expected to be paid within one year. Scholarship funds are disbursed upon receipt of valid evidence of applicants' post-secondary level education enrollments. Scholarships awarded but not claimed as of December 31, 2022 and 2021, totaled approximately \$44,000 and \$127,000, respectively.

*Allocation of Functional Expenses*

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with the program or supporting service have been allocated among the program and supporting services benefited based on management's estimate of time spent on the program or supporting services.

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 3 – Contributions Receivable**

Contributions receivable represent unconditional promises to give by donors and should be recorded at net realizable value. At December 31, 2022 and 2021, the Foundation did not record any contributions receivable.

The Foundation has excluded certain promises to give and pledges from contributions receivable and donation revenues in the accompanying statements of financial position and activities and changes in net assets, respectively. These promises should be included to conform to U.S. GAAP. If accounted for in conformity with U.S. GAAP, as of December 31, 2022 and 2021, contributions receivable and net assets would have been increased by \$1,018,981 and \$2,450,000, respectively, and the change in net assets would have decreased by approximately \$282,000 and increased by approximately \$886,000, respectively. A reconciliation of the difference in donations on the statement of activities is below for the year ended December 31:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Donations on statement of activities	\$ 3,368,470	\$ 3,012,616
New pledges during year	225,000	1,180,700
Cash received in current year on prior pledges	<u>(507,629)</u>	<u>(294,700)</u>
Donations recognized under U.S. GAAP	<u>\$ 3,085,841</u>	<u>\$ 3,898,616</u>

**NOTE 4 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of December 31, 2022, comprise the following:

Cash and cash equivalents	\$ 4,651,750
Investments	65,501,302
Other receivables	85,788
Inventory	<u>408,243</u>
Total financial assets available within one year	<u>\$ 70,647,083</u>

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 4 – Liquidity and Availability (Continued)**

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 5 – Investments**

The following table summarizes the Foundation’s investments by the fair value hierarchy as of December 31, 2022:

	<u>Fair Value Measurements</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset and mortgage backed securities	\$ -	\$ 536,899	\$ -	\$ 536,899
Government and municipal bonds	4,372,707	-	-	4,372,707
Corporate bonds	1,620,726	-	-	1,620,726
Sovereign debt	-	62,173	-	62,173
Mutual funds	13,511,551	-	-	13,511,551
Equity securities	43,034,136	-	-	43,034,136
Cash	<u>2,363,110</u>	<u>-</u>	<u>-</u>	<u>2,363,110</u>
	<u>\$64,902,230</u>	<u>\$ 599,072</u>	<u>\$ -</u>	<u>\$65,501,302</u>



**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 5 – Investments (Continued)**

The following table summarizes the Foundation’s investments by the fair value hierarchy as of December 31, 2021:

	Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
Asset and mortgage backed securities	\$ -	\$ 612,635	\$ -	\$ 612,635
Government and municipal bonds	3,446,698	-	-	3,446,698
Corporate bonds	1,808,182	-	-	1,808,182
Sovereign debt	-	36,118	-	36,118
Mutual funds	16,082,589	-	-	16,082,589
Equity securities	51,688,754	-	-	51,688,754
Cash	1,181,072	-	-	1,181,072
	<u>\$ 74,207,295</u>	<u>\$ 648,753</u>	<u>\$ -</u>	<u>\$ 74,856,048</u>

Investment return consists of the following for the year ended:

	2022	2021
Interest, dividends, and other income	\$ 1,539,659	\$ 2,167,052
Investment realized and unrealized gain (loss)	(12,512,460)	5,749,885
Investment fees	(536,585)	(539,253)
	<u>\$ (11,509,386)</u>	<u>\$ 7,377,684</u>

**CHP 11-99 FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 6 – Property and Equipment**

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,105,000	\$ 2,105,000
Building	195,000	195,000
Equipment and furniture	<u>189,403</u>	<u>154,587</u>
	2,489,403	2,454,587
Less accumulated depreciation	<u>(130,588)</u>	<u>(96,879)</u>
Total property and equipment, net	<u>\$ 2,358,815</u>	<u>\$ 2,357,708</u>

Total depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$40,613 and \$45,975, respectively.

**NOTE 7 – Related-Party Transactions**

The Foundation receives grant writing services from a related party. During the years ended December 31, 2022 and 2021, the Foundation paid \$72,191 and \$77,471, respectively, for these services. For the years ended December 31, 2022 and 2021, the Foundation had \$6,066 and \$5,520, respectively, due to the related party, which is included within accounts payable on the statement of financial position. For the years ended December 31, 2022 and 2021, the related-party grant writer raised \$600,500 and \$504,511, respectively, for the Foundation.

**NOTE 8 – Employee Benefit Plan**

The Foundation maintains a 403(b) defined contribution retirement plan (the Plan). Full-time employees are eligible to enroll in the Plan upon hire and are immediately vested at 100%. The Foundation contributes to the Plan upon hire. There is an automatic elective deferral of 4% which an employee receives whether they contribute or not. The Foundation matches up to 7.5% of employee contributions. For the years ended December 31, 2022 and 2021, the Foundation contributed \$107,644 and \$101,784, respectively.