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# **CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

## **FINANCIAL STATEMENTS**

**December 31, 2021**

**(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# CALIFORNIA PAN-ETHNIC HEALTH NETWORK

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
California Pan-Ethnic Health Network  
Oakland, California

**Opinion**

We have audited the accompanying financial statements of California Pan-Ethnic Health Network (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows and functional expenses, for the year 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 California Pan-Ethnic Health Network as of December 31, 2021, and the changes in 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 Opinion**

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's 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 auditor's 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 Organization'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 Organization'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**

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Oakland, California

July 26, 2022

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Statement of Financial Position**

**December 31, 2021**

**(With Comparative Totals as of December 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 784,975	\$ 1,556,532
Investments (Note 3)	4,018,876	2,412,391
Accounts receivable	339,442	699,103
Contributions receivable	152,789	353,159
Prepaid and deposits expenses	17,364	25,810
Total Assets	<u>\$ 5,313,446</u>	<u>\$ 5,046,995</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 109,950	\$ 172,391
Deferred revenue (Note 7)	51,187	132,834
Accrued paid time off (Note 8)	112,972	82,672
Total Liabilities	<u>274,109</u>	<u>387,897</u>
Net Assets		
Without donor restrictions (Note 9)	2,429,137	1,558,617
With donor restrictions (Note 10)	2,610,200	3,100,481
Total Net Assets	<u>5,039,337</u>	<u>4,659,098</u>
Total Liabilities and Net Assets	<u>\$ 5,313,446</u>	<u>\$ 5,046,995</u>

See Notes to the Financial Statements

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Statement of Activities  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>Support and Revenue</b>				
Support				
Foundation and corporate	\$ 140,257	\$ 1,979,014	\$ 2,119,271	\$ 2,843,295
Government	384,513		384,513	64,000
Individual contributions	10,796	55,876	66,672	11,271
Conference sponsorships	126,500		126,500	2,000
In-kind contributions	-		-	35,000
Total Support	<u>662,066</u>	<u>2,034,890</u>	<u>2,696,956</u>	<u>2,955,566</u>
Revenue				
Education, outreach and other consulting	477,923		477,923	1,047,879
Investment activity, net (Note 3)	16,485		16,485	30,385
Other	6,213		6,213	1,475
Total Revenue	<u>500,621</u>	<u>-</u>	<u>500,621</u>	<u>1,079,739</u>
Support provided by expiring time and purpose restrictions	<u>2,525,171</u>	<u>(2,525,171)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,687,858</u>	<u>(490,281)</u>	<u>3,197,577</u>	<u>4,035,305</u>
<b>Expenses</b>				
Program	2,659,612		2,659,612	2,362,914
Management and general	106,653		106,653	165,228
Fundraising	51,073		51,073	55,021
Total Expenses	<u>2,817,338</u>	<u>-</u>	<u>2,817,338</u>	<u>2,583,163</u>
Change in net assets	870,520	(490,281)	380,239	1,452,142
Net Assets, beginning of year	<u>1,558,617</u>	<u>3,100,481</u>	<u>4,659,098</u>	<u>3,206,956</u>
Net assets, end of year	<u>\$ 2,429,137</u>	<u>\$ 2,610,200</u>	<u>\$ 5,039,337</u>	<u>\$ 4,659,098</u>

See Notes to the Financial Statements

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 380,239	\$ 1,452,142
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Investment activity, net	(16,485)	(30,385)
Changes in assets and liabilities:		
Accounts receivable	359,661	(419,277)
Contributions receivable	200,370	(26,959)
Prepaid and deposits expenses	8,446	5,766
Accounts payable and accrued expenses	(62,441)	(46,574)
Deferred revenue	(81,647)	44,834
Accrued paid time off	30,300	23,796
Net cash provided (used) by operating activities	818,443	1,003,343
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	10,000	160,000
Purchases of investments	(1,600,000)	-
Net cash provided (used) by investing activities	(1,590,000)	160,000
Change in cash and cash equivalents	(771,557)	1,163,343
Cash and cash equivalents, beginning of year	1,556,532	393,189
Cash and cash equivalents, end of year	\$ 784,975	\$ 1,556,532

See Notes to the Financial Statements

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

	Program	Management and General	Fundraising	Total	
				2021	2020
Salaries	\$ 1,152,666	\$ 59,045	\$ 28,498	\$ 1,240,209	\$ 958,368
Retirement contributions	74,394	5,678	1,494	81,566	60,861
Other employee benefits	153,270	8,240	3,296	164,806	149,375
Payroll taxes	95,151	5,116	2,046	102,313	72,369
Total Personnel	<u>1,475,481</u>	<u>78,079</u>	<u>35,334</u>	<u>1,588,894</u>	<u>1,240,973</u>
Grants	-	-	-	-	7,500
Subcontracts	844,116	-	-	844,116	882,121
Fees for service	130,761	17,110	13,932	161,803	214,645
Advertising and promotion	1,624	69	17	1,710	5,122
Supplies and office expenses	44,663	2,995	514	48,172	54,811
Occupancy	36,859	1,665	385	38,909	74,694
Travel and meals	3,580	845	14	4,439	8,005
Conferences and meetings	64,142	484	102	64,728	15,773
Insurance	8,289	386	92	8,767	6,075
Information technology	47,632	4,913	654	53,199	37,516
In-kind services and other	2,465	107	29	2,601	35,928
Total Expenses	<u>\$ 2,659,612</u>	<u>\$ 106,653</u>	<u>\$ 51,073</u>	<u>\$ 2,817,338</u>	<u>\$ 2,583,163</u>

See Notes to the Financial Statements



## CALIFORNIA PAN-ETHNIC HEALTH NETWORK

### Notes to the Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for the Year Ended December 31, 2020)

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#### NOTE 1: NATURE OF ACTIVITIES

California Pan-Ethnic Health Network (the Organization) is a California nonprofit public benefit organization whose purpose is to promote health equity by advocating for public policies to address the health needs of communities of color. The Organization was founded by four organizations representing different ethnic groups – the California Black Health Network, Asian & Pacific Islander American Health Forum, the California Rural Indian Health Board, Inc. and the Latino Coalition for a Healthy California.

The Organization employs a community-driven, multicultural approach that honors diversity and empowers multicultural leadership. The Organization's strength is multicultural unity as it works toward a more just, equitable and healthy country.

The Organization's policy agenda includes improving access to health care, addressing the social and environmental causes of health disparities, advancing cultural and linguistic competency, and promoting data and research. The Organization advances this policy agenda through the following programs: advocating for our communities' health, hosting community convenings, building coalitions and strengthening partnerships, and sharing critical health data and resources.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

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

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions

## CALIFORNIA PAN-ETHNIC HEALTH NETWORK

### Notes to the Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for the Year Ended December 31, 2020)

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to net assets without donor-imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

#### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **Accounting for Revenue**

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

#### **Education, Outreach, and Other Consulting**

Education, outreach, and other consulting fees consist primarily of activities carried out on a contracted fee for service basis, including contracts with government agencies for which commensurate value was received by all parties. The Organization recognizes revenue and is paid as progress is made over time on the performance obligations, generally on a monthly basis. Contracts may include a cap on the amounts billable towards a performance obligation.

## CALIFORNIA PAN-ETHNIC HEALTH NETWORK

### Notes to the Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for the Year Ended December 31, 2020)

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#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at December 31, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Contributions Receivable**

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at December 31, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2021 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### **Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## CALIFORNIA PAN-ETHNIC HEALTH NETWORK

### Notes to the Financial Statements For the Year Ended December 31, 2021 (With Comparative Totals for the Year Ended December 31, 2020)

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#### **Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

#### **Property and Equipment**

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at December 31, 2021.

#### **Expense Recognition and Allocation**

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Expenses that cannot be directly identified for a function are allocated according to a shared cost method. The Organization's shared cost system is based on the percentage of full-time equivalents (FTEs) allocated to a functional area

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities.

#### **Prior Year Summarized 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 Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

CALIFORNIA PAN-ETHNIC HEALTH NETWORK

Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

**Reclassifications**

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 3: INVESTMENTS**

Investments consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 809,308	\$ 1,726,224
Certificates of deposit	1,497,878	686,167
Investment contract	<u>1,711,690</u>	<u>-</u>
Total	<u>\$ 4,018,876</u>	<u>\$ 2,412,391</u>

**Investment Contract**

During the year ended December 31, 2021, the Organization entered into a 3-year annuity investment contract with a 1.5% fixed interest rate. The contract allows a 10% penalty free withdrawal on a yearly basis or upon the death of the annuitant. Amounts withdrawn over 10% of the account value incur a fee of 7%. The Organization may withdraw the principal after July 16, 2023 without penalties.

Investment contracts are considered contractual assets and are measured based on the contractual value of such investments. Such assets may not be eligible for trading.

**Investment Activity**

Investment activity consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 18,775	\$ 32,296
Realized and unrealized gains (loss)	<u>(2,290)</u>	<u>(1,911)</u>
Total	<u>\$ 16,485</u>	<u>\$ 30,385</u>

**NOTE 4: FAIR VALUE MEASUREMENTS**

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of December 31, 2021:

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

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	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 809,308	\$ -	\$ 809,308
Certificates of deposit	<u>-</u>	<u>1,497,878</u>	<u>1,497,878</u>
Total	<u>\$ 809,308</u>	<u>\$ 1,497,878</u>	<u>\$ 2,307,186</u>

The Organization uses the following methods to determine the fair value of its investments with fair values based on level 2 inputs:

*Certificates of deposit* – Based on the values shown on the Organization’s investment statements on the last trading day of the year. The Organization’s broker reports such values based on pricing service inputs including inputs from third parties.

**NOTE 5: CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

**NOTE 6: COMMITMENTS**

**Operating Leases**

The Organization leases office space under a non-cancelable lease that expires in May 2023. Future minimum lease payments were as follows for the years ended December 31:

2022	\$ 29,647
2023	<u>12,353</u>
Total	<u>\$ 42,000</u>

Rent for the years ended December 31, 2021 and 2020 was \$38,697 and \$71,372, respectively.

**NOTE 7: DEFERRED REVENUE**

Deferred revenue consists of funds received in advance of proportionate progress or completion of related performance obligations related to contracts or conference fees and sponsorships. Deferred revenue activity was as follows for the year ended December 31, 2021:

Beginning balance	\$ 132,834
New deferred revenue	68,250
Revenue recognized	<u>(149,897)</u>
Total	<u>\$ 51,187</u>

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

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**NOTE 8: ACCRUED PAID TIME OFF**

Accrued time off consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Accrued vacation	\$ 51,847	\$ 44,418
Accrued sabbatical	<u>61,125</u>	<u>38,254</u>
Total	<u>\$ 112,972</u>	<u>\$ 82,672</u>

**Sabbatical**

The Organization offers eligible employees a six to eight week paid sabbatical leave after every seven years of service. Sabbatical benefits do not vest and must be approved by the management. The amount of accrued sabbatical is an estimate dependent on likelihood of staff reaching a 7-year service period and other factors.

**NOTE 9: NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions were available as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Designated – board reserve	\$ 1,775,000	\$ 1,375,000
Undesignated	<u>654,137</u>	<u>183,617</u>
Total	<u>\$ 2,429,137</u>	<u>\$ 1,558,617</u>

**NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Specific purpose	\$ 1,400,506	\$ 1,428,593
For future use	<u>1,209,694</u>	<u>1,671,888</u>
Total	<u>\$ 2,610,200</u>	<u>\$ 3,100,481</u>

**NOTE 11: CONCENTRATIONS**

**Revenue and Support**

During the year ended December 31, 2021, the Organization received approximately 46% of its revenue and support from three funders.

**Accounts Receivable**

Approximately 68% of accounts receivable consisted of amounts due from one funder as of December 31, 2021.

**Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

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**NOTE 12: PASS-THROUGH ACTIVITY**

The Organization serves as the lead fiscal agent for a grant in which funds have been earmarked for grants to other organization. In addition to the activity reflected on the Organization's financials, an additional \$215,000 was accounted for on a pass-through basis reflecting the activity of the grantees for the year ended December 31, 2021.

**NOTE 13: RETIREMENT BENEFITS**

The Organization has established a 403(b) Plan for its employees. All employees may make contributions to the plan. The Organization has a history of making a discretionary contribution of 5% of each eligible employee's salary. The Organization matches employee contributions up to a limit of 5% of salary. Employees fully vest after three years of service. The Organization applies forfeited funds held by the plan to employee accounts, which may reduce the need for additional employer contributions in some periods. The Organization made contributions totaling \$81,566 and \$60,861 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 14: CONDITIONAL PROMISES TO GIVE**

In addition to the activity reflected on the statement of activity, the Organization received certain promises to give of which \$564,139 remained conditioned on program performance and other deliverables as of December 31, 2021. The Organization recognizes such promises to give as support once the related conditions are satisfied. Management expects to meet the related conditions by January 31, 2025.

**NOTE 15: RELATED PARTY TRANSACTIONS**

Two board members of the Organization serve as directors of separate nonprofit organizations (the "Partners") with which the Organization entered into program related contract agreements. The Partners billed the Organization \$47,500 and \$6,000 for expenses under such agreements during the years ended December 31, 2021 and 2020, respectively.

**NOTE 16: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 are:

Cash and cash equivalents	\$ 784,975
Investments	4,018,876
Accounts receivable	339,442
Contributions receivable	152,789
Less purpose restricted net assets	(1,400,506)
Less board designated funds	<u>(1,775,000)</u>
Total	<u>\$ 2,120,576</u>

Under the Organization's liquidity management plan the Organization works to maintain approximately 1-2 months of expenses in its operating checking account. The Organization invests amounts in excess of this immediate operating cash that may be needed in the next



**CALIFORNIA PAN-ETHNIC HEALTH NETWORK**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)**

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12 months according to a cash flow analysis in laddered brokered certificates. Additional reserves are managed by an investment advisor and are invested according to the Organization's investment policy statement with a multi-year time horizon. The above reflects board designated reserve amounts as unavailable because it is the Organization's intention to defer use of such funds. However, in the case of need, the Board of Directors could appropriate resources from these board designated funds.

**NOTE 18: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and has concluded that as of July 26, 2022, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

**Coronavirus**

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations, and workforce.