



## **Financial Statements**

*For the Years Ended December 31, 2013 and 2012*



**and  
Report Thereon**





*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Grantmakers In Health

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Grantmakers In Health (the Organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 Grantmakers In Health as of December 31, 2013, 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.

**Continued**

**Other Matter**

The financial statements of the Organization as of December 31, 2012, were audited by other auditors whose report dated February 22, 2013, expressed an unmodified opinion on those statements.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
March 28, 2014

**GRANTMAKERS IN HEALTH**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 972,699	\$ 1,779,531
Certificates of deposit	749,525	500,225
Pledges receivable - current portion	1,195,154	515,004
Prepaid expenses and other	33,231	5,000
Total Current Assets	2,950,609	2,799,760
Investments	2,691,903	2,338,316
Deposits	15,155	15,155
Pledges receivable - non-current portion	1,067,121	525,788
Property and equipment, net	74,962	92,955
TOTAL ASSETS	\$ 6,799,750	\$ 5,771,974
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 40,028	\$ 93,431
Capital lease obligation - current portion	2,656	2,713
Deferred revenue - annual meeting	68,595	72,600
Total Current Liabilities	111,279	168,744
Deferred compensation	60,912	70,764
Deferred rent	14,799	1,138
Capital lease obligation - non-current portion	-	2,656
TOTAL LIABILITIES	186,990	243,302
Net Assets		
Unrestricted		
Undesignated	1,187,641	706,590
Board designated	2,661,967	2,290,133
Total Unrestricted	3,849,608	2,996,723
Temporarily restricted	2,763,152	2,531,949
TOTAL NET ASSETS	6,612,760	5,528,672
TOTAL LIABILITIES AND NET ASSETS	\$ 6,799,750	\$ 5,771,974

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

**GRANTMAKERS IN HEALTH**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2013 and 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 1,315,454	\$ 2,564,113	\$ 3,879,567	\$ 1,058,474	\$ 2,591,435	\$ 3,649,909
Registration fees	421,650	-	421,650	353,925	-	353,925
Interest and dividend income	101,951	-	101,951	71,365	-	71,365
Net realized and unrealized gains on investments	290,148	-	290,148	222,057	-	222,057
Miscellaneous Income	11,791	-	11,791	7,895	-	7,895
Net assets released from restrictions:						
Satisfaction of program restrictions	2,229,077	(2,229,077)	-	2,176,368	(2,176,368)	-
Satisfaction of time restrictions	103,833	(103,833)	-	67,000	(67,000)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>4,473,904</u>	<u>231,203</u>	<u>4,705,107</u>	<u>3,957,084</u>	<u>348,067</u>	<u>4,305,151</u>
<b>EXPENSES</b>						
Programs	2,967,143	-	2,967,143	3,083,220	-	3,083,220
General and administrative	577,881	-	577,881	522,601	-	522,601
Fundraising	75,995	-	75,995	76,972	-	76,972
<b>TOTAL EXPENSES</b>	<u>3,621,019</u>	<u>-</u>	<u>3,621,019</u>	<u>3,682,793</u>	<u>-</u>	<u>3,682,793</u>
<b>CHANGE IN NET ASSETS</b>	852,885	231,203	1,084,088	274,291	348,067	622,358
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,996,723</u>	<u>2,531,949</u>	<u>5,528,672</u>	<u>2,722,432</u>	<u>2,183,882</u>	<u>4,906,314</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,849,608</u>	<u>\$ 2,763,152</u>	<u>\$ 6,612,760</u>	<u>\$ 2,996,723</u>	<u>\$ 2,531,949</u>	<u>\$ 5,528,672</u>

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

**GRANTMAKERS IN HEALTH**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2013 and 2012**  
**Increase (Decrease) in Cash and Cash Equivalents**

	2013	2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from contributors and registrants	\$ 3,149,377	\$ 3,561,264
Cash paid to suppliers and employees	(3,732,738)	(3,673,091)
Interests and dividends received	101,951	71,365
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(481,410)</b>	<b>(40,462)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	1,135,162	761,360
Purchases of investments	(1,447,901)	(1,317,411)
Purchases of property and equipment	(9,970)	(9,902)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(322,709)</b>	<b>(565,953)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease obligations	(2,713)	(2,531)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,713)</b>	<b>(2,531)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(806,832)</b>	<b>(608,946)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,779,531</b>	<b>2,388,477</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 972,699</b>	<b>\$ 1,779,531</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,084,088	\$ 622,358
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	27,963	28,189
Net realized and unrealized gains on investments	(290,148)	(222,057)
Changes in assets and liabilities:		
Pledges receivable	(1,221,483)	(472,540)
Prepaid expenses and other	(28,231)	11,440
Deposits	-	(5,000)
Accounts payable and accrued expenses	(53,403)	(31,492)
Deferred revenue - annual meeting	(4,005)	22,075
Deferred compensation	(9,852)	23,226
Deferred rent	13,661	(16,661)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (481,410)</b>	<b>\$ (40,462)</b>

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

# GRANTMAKERS IN HEALTH

## NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

---

### 1. The Organization and Summary of Significant Accounting Policies

#### **The Organization**

Grantmakers In Health (the Organization) is an educational organization serving trustees and staff of foundations and corporate giving programs. The Organization's mission is to help grantmakers improve the nation's health by building philanthropic knowledge, skills, and effectiveness and by fostering communication and collaboration among grantmakers and with others. The Organization accomplishes its mission through a variety of activities including technical assistance and consultation, convening, publishing, education and training, conducting studies of the field, and brokering professional relationships. These activities are funded primarily through grants and contributions.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Consequently, revenues and expenses are recognized and recorded when earned or incurred.

#### **Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

#### **Investments**

Investments consist of mutual funds, equity securities, exchange-traded funds, certificates of deposit with an original maturity of three months or more and cash held for investment purposes. These investments are recorded in the accompanying statements of financial position at their estimated fair value. 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. For disclosure of the inputs used to measure fair value and related valuation techniques see Note 4. Interest and dividend income is recorded as earned. Unrealized gains or losses are determined by comparison of cost to fair value at the beginning and end of the reporting period. Realized gains or losses on sales of investments are recorded on the trade date of the transactions.

#### **Fair Value of Financial Instruments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant

## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

---

1. The Organization and Summary of Significant Accounting Policies (continued)

#### **Fair Value of Financial Instruments (continued)**

assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2013 and 2012, the Organization's assets that are measured at fair value on a recurring basis are described in Note 4 of these financial statements.

#### **Pledges Receivable**

Pledges receivable are stated at their estimated net realizable value. Pledges receivable that are past due are individually analyzed for collectability. The Organization considers pledges receivable to be fully collectible and accordingly no allowance for uncollectible pledges has been recorded for the years ended December 31, 2013 and 2012.

#### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment in excess of \$500 are capitalized and stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Depreciation and amortization are provided over the estimated useful lives of the related assets, generally three to ten years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization and any gain or loss is reflected in revenue and support or expenses in the accompanying statements of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

#### **Classification of Net Assets**

The net assets of the Organization are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations. Board designated net assets represent a portion of unrestricted net assets designated as a reserve fund of the Organization. The fund was established for the purpose of generating a steady source of income to support the Organization's operations.

Continued



## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

---

#### 1. The Organization and Summary of Significant Accounting Policies (continued)

##### **Classification of Net Assets (continued)**

- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

##### **Revenue Recognition**

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. The Organization reports grants of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets as to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Donor-restricted grants and contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue. Revenue recognized on grants and contributions that have been committed to the Organization, but have not been received, is reflected as part of the pledges receivable in the accompanying statements of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using appropriate discount rates. Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are not included as revenue and support until such time as the conditions are substantially met.

Registration fees received for the annual meeting are recognized as revenue in the year in which the annual meeting is held. Accordingly, revenue related to the annual meeting received in advance is recorded as deferred revenue in the accompanying statements of financial position. Expenses paid in advance are recorded as prepaid expenses in the accompanying statements of financial position.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate.

##### **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

#### 2. Pledges Receivable

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. As of December 31, 2013 and 2012, the Organization's pledges receivable are due to be received as follows:

	<u>2013</u>	<u>2012</u>
Due in less than one year	\$ 1,195,154	\$ 515,004
Due in one to five years	<u>1,067,121</u>	<u>580,000</u>
Total Pledges Receivable	2,262,275	1,095,004
Less: Discount to Net Present Value	<u>-</u>	<u>(54,212)</u>
Pledges Receivable, Net	<u>\$ 2,262,275</u>	<u>\$ 1,040,792</u>

In 2013, the pledges receivable were not discounted to present value as the amount of the discount was determined by management to be not material to the financial statements. In 2012, the discount rate used in determining the present value of the multi-year pledges was 4%. All amounts are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been provided.

Due to the nature of these pledges, significant fluctuations in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the calendar year in which they are pledged, but the corresponding expenses are incurred and recognized in a different fiscal year. During 2013, the Organization collected \$407,374 of pledges which had been recognized as support in prior years. Conversely, \$1,628,857 of pledges recognized as support in 2013 are expected to be collected during the calendar years 2014, 2015 and 2016. During 2012, the Organization collected \$404,756 of pledges which had been recognized as support in prior years. Conversely, \$877,295 of pledges recognized as support in 2012 are expected to be collected during the calendar years 2013, 2014 and 2015.

During the year ended December 31, 2011, the Organization was awarded three conditional multi-year grants from foundations for \$811,761, of which \$579,176 was recognized as grants and contributions revenue through the year ended December 31, 2013. Receipt of the remaining \$232,585 is conditional upon approvals by the foundations which are based on the Organization meeting certain performance criteria established in the grant agreements. Accordingly, these conditional grants have not been recorded as pledges receivables in the accompanying financial statements.

During the year ended December 31, 2012, the Organization received a multi-year conditional grant from a foundation, totaling \$75,000, of which \$70,000 has been recognized as support through the year ended December 31, 2013. Receipt of the remaining balance is conditional upon continued approval by the foundation which is based on the Organization meeting certain performance criteria established in the grant agreement. Accordingly, this conditional grant has not been recorded as pledges receivables in the accompanying financial statements.

## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

---

#### 3. Investments and Certificates of Deposit

As of December 31, 2013 and 2012, investments, including the investments related to the deferred compensation plan and certificates of deposit, stated at fair value, consisted of the following:

	<u>2013</u>	<u>2012</u>
Mutual funds	\$ 2,031,745	\$ 1,800,475
Certificates of deposit	749,525	500,225
Equity securities	553,999	537,841
Exchange-traded funds	106,019	-
Interest-bearing cash deposits	<u>140</u>	<u>-</u>
Total	<u>\$ 3,441,428</u>	<u>\$ 2,838,541</u>

For the years ended December 31, 2013 and 2012, investment fees incurred were \$20,265 and \$18,136, respectively, and are included in general and administrative expenses in the accompanying statements of activities.

Investment income is summarized as follows for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 101,951	\$ 71,365
Unrealized gains	219,970	269,500
Realized gains (losses)	<u>70,178</u>	<u>(47,443)</u>
Total	<u>\$ 392,099</u>	<u>\$ 293,422</u>

## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

#### 4. Fair Value Measurements

The following tables summarize the Organization's assets measured at fair value on a recurring basis, aggregated by the fair value hierarchy level with which those measurements were made, for the years ended December 31:

	2013			
	Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mutual funds				
Capital appreciation	\$ 329,434	\$ 329,434	\$ -	\$ -
Europacific growth	195,013	195,013	-	-
Global asset allocation	629,337	629,337	-	-
Fixed income	817,190	817,190	-	-
Certificates of deposit	749,525	-	749,525	-
Equity securities				
Large cap value	294,536	294,536	-	-
Large cap growth	259,463	259,463	-	-
Exchange-traded funds				
Emerging markets	106,019	106,019	-	-
457 (b) plan assets				
Mutual funds	60,771	60,771	-	-
Interest-bearing cash deposits	140	140	-	-
Total Assets	<u>\$ 3,441,428</u>	<u>\$ 2,691,903</u>	<u>\$ 749,525</u>	<u>\$ -</u>

Continued

**GRANTMAKERS IN HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2013 and 2012**

4. Fair Value Measurements (continued)

	2012			
	Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mutual funds –				
bonds and equities	\$ 1,729,711	\$ 1,729,711	\$ -	\$ -
Equity securities	537,841	537,841	-	-
Certificates of deposit	500,225	-	500,225	-
457 (b) plan assets				
Mutual funds	<u>70,764</u>	<u>70,764</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,838,541</u>	<u>\$ 2,338,316</u>	<u>\$ 500,225</u>	<u>\$ -</u>

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

*Mutual funds, equity securities and exchange traded funds* – Valued at quoted market prices for identical assets in active markets.

*Certificates of deposit* – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

*Interest-bearing cash deposits* – The carrying value of interest-bearing cash deposits approximates fair value as the cash earns interest at prevailing market interest rates.

5. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of December 31, 2013 and 2012:

	2013	2012
Capitalized software costs	\$ 84,586	\$ 84,586
Furniture and equipment	62,313	62,149
Leasehold improvements	<u>19,173</u>	<u>19,173</u>
Total Property and Equipment	166,072	165,908
Less: Accumulated Depreciation and Amortization	<u>(91,110)</u>	<u>(72,953)</u>
Property and Equipment, Net	<u>\$ 74,962</u>	<u>\$ 92,955</u>

Depreciation and amortization expense totaled \$27,963 and \$28,189, respectively, for the years ended December 31, 2013 and 2012.

## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

#### 6. Commitments and Risk

##### **Operating Lease**

The Organization leases office space under a noncancelable operating lease which expires on November 30, 2020. The lease calls for monthly payments of \$20,980 in the first and second year, with annual increases thereafter equal to 2% of the previous year's payment for the remainder of the lease. The Organization is also required to pay its pro rata share of the increases in real estate taxes and operating expenses. Under accounting principles generally accepted in the United States of America, all fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between the required cash payments for rent and the rent expense is reflected as deferred rent in the accompanying statements of financial position. Total rent expense under the office lease for the years ended December 31, 2013 and 2012 was \$265,417 and \$240,498, respectively.

The Organization leases office equipment under non-cancellable operating leases expiring in 2016. Total rent expense for equipment leases for the years ended December 31, 2013 and 2012 was \$25,142 and \$24,573, respectively.

Future minimum lease payments under the operating leases are as follows:

<u>For the Year Ending December 31</u>	
2014	\$ 268,579
2015	262,606
2016	262,876
2017	267,592
2018	272,954
Thereafter	<u>538,340</u>
Total	<u>\$ 1,872,947</u>

##### **Hotel Commitments**

The Organization has entered into agreements with several hotels to provide conference facilities and room accommodations for its annual meeting and other meetings through June 2014. The agreements contain various clauses whereby the Organization is liable for liquidated damages in the event of cancellation or lower than anticipated attendance. The Organization's management does not believe that any losses will be incurred under these contracts. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements.

##### **Concentration of Credit Risk**

The Organization maintains its cash and cash equivalents with commercial financial institution which aggregate balance may exceed at times the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2013 and

**GRANTMAKERS IN HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2013 and 2012**

6. Commitments and Risk (continued)

**Concentration of Credit Risk (continued)**

2012, the amount exceeding the FDIC insured amount totaled approximately \$68,000 and \$938,000, respectively. The Organization monitors the credit worthiness of this institution and has not experienced any historical credit losses on its cash and cash equivalents.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at December 31, 2013 and 2012:

	2013	2012
Program Restricted:		
Strengthening Capacity for Health Philanthropy	\$ 1,166,667	\$ 365,961
Data Resource Center	557,814	894,200
Funder's Meeting in Kidswell States	180,639	-
Wellness Core Capacity	155,000	97,667
Federal-State Implementation Project/F-SIP	142,615	126,811
Health Reform Research Center Fund	110,000	325,055
Health Mapping Publication	52,100	-
Lauren LeRoy Lecture Series	50,000	55,000
Behavioral Health Network	47,582	79,092
Disparities/NAHE	42,057	62,716
mHealth and Social Media	40,000	-
Population Health	32,654	50,000
Outreach and Enrollment Learning Communities	22,154	-
Children's Access and Coverage	20,243	23,076
Research Project	17,000	-
HRSA/GIH/MCHB Partnership Initiative	12,207	22,007
Foundations and Health Reform	-	150,105
Complementary and Alternative Medicine	-	57,259
LGBT Population Health Funding	-	54,884
Public Policy	-	34,801
Healthy Eating Active Living/HEAL	-	26,843
State Grant Writing Assistance Fund	-	25,972
Creativity and Aging	-	15,000
Time Restricted:		
For use in 2014	114,420	65,500
Total	\$ 2,763,152	\$ 2,531,949

Continued

## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

#### 8. Board-designated Endowment

##### **Endowment Funds**

The Organization's endowment consists of funds internally designated by the Board of Directors to function as an endowment fund to support the mission of the Organization. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2013 and 2012, the Board designated endowment was \$2,661,967 and \$2,290,133, respectively.

For the year ended December 31, 2013 and 2012, the Board designated endowment funds had the following activities:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 2,290,133	\$ 2,017,760
Interest and dividends	101,951	68,630
Realized and unrealized gains	290,148	221,879
Investment expenses	<u>(20,265)</u>	<u>(18,136)</u>
Balance, end of year	<u>\$ 2,661,967</u>	<u>\$ 2,290,133</u>

##### **Investment Objectives and Risk Parameters**

The Organization's objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. A complementary objective of the investment funds is that the total rate of return achieved by the funds competes favorably, when compared over comparable periods, to other fiduciary funds and/or relevant market indices having similar objectives and constraints and using similar investment media. Endowment assets are invested in a well diversified asset mix, which may include equity and debt securities. Both safety of the Board designated endowment principal and the quality of its assets should be maintained. It is accepted that the criteria for safety and quality should not be imposed on each individual asset but rather on the endowment assets as a whole.

##### **Strategies Employed for Achieving Objectives**

To achieve the investment objectives, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The long-term objective of the investment fund is to produce a total rate of return of at least 5% in excess of the rate of inflation as measured by the Department of Labor, Bureau of Labor Statistics Consumer Price Index, All Cities Average, 1967=100. Since the duration, direction, and intensity of inflation cycles vary from cycle to cycle, it is recognized that the return experienced by the Board designated endowment over any one cycle may vary from this objective; but it is deemed reasonable to expect at least a 5% real rate of return over succeeding cycles.



## GRANTMAKERS IN HEALTH

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2013 and 2012

---

#### 8. Board-designated Endowment (continued)

##### **Spending Policy**

The President and Chief Executive Officer (CEO) of the Organization is authorized by the Board to draw down from the fund annually. The amount to be drawn from the fund each year may be determined by taking an average of the ending asset values, for the previous twelve quarters, and multiplying that amount by five percent. The Organization expects the current spending policy to allow the Board designated endowment fund to grow. This is consistent with the Organization's objective to maintain the purchasing power of the Board designated endowment assets as well as to provide additional real growth through investment return.

#### 9. Pension Plan

The Organization sponsors a non-contributory defined contribution retirement plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, each eligible employee receives a contribution to their account in the amount of 15% of compensation. Contributions to the plan for the years ended December 31, 2013 and 2012 were \$132,161 and \$145,122, respectively.

The Organization also maintains a deferred compensation plan under Internal Revenue Service Code Section 457(b) for the Organization's President and CEO. The Organization contributed \$17,000 to the plan in 2012. There was no contribution made to the plan in 2013.

#### 10. Income Taxes

The Organization is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended December 31, 2013 and 2012, as the Organization had no net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2013 and 2012, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2013, the statute of limitations for tax years 2010 through 2012 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2013 and 2012, the Organization had no accruals for interest and/or penalties.

**GRANTMAKERS IN HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2013 and 2012**

---

11. Program Expenses

Program expenses were related to the following activities for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Annual Meetings	\$ 719,182	\$ 510,331
Health Reform Resource Center Fund	369,107	456,906
Other Programs	274,262	488,405
Strengthening Capacity for Health Philanthropy	266,845	245,289
Healthy Eating Active Living/HEAL	245,742	141,628
Federal-State Implementation Project/F-SIP	190,506	267,674
Public Policy	146,708	76,105
Disparities/NAHE	130,953	129,617
Behavioral Health Network	128,821	57,714
GIH/MCHB Partnerships Initiative	125,496	170,557
Data Resource Center	112,786	107,770
Foundation and Health Reform	96,155	236,916
Website	59,678	80,230
GIH Bulletin	53,341	70,560
Fall Forum	<u>47,561</u>	<u>43,518</u>
Total	<u>\$ 2,967,143</u>	<u>\$ 3,083,220</u>

12. Reclassification

Certain 2012 balances have been reclassified to conform to the 2013 presentation.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 28, 2014, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.