

**MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-13



Independent Auditor's Report

To the Board of Directors
Maryland Citizens' Health Initiative Education Fund, Inc.
Baltimore, MD

Opinion

We have audited the accompanying financial statements of Maryland Citizens' Health Initiative Education Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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, the financial statements referred to above present fairly, in all material respects, the financial position of Maryland Citizens' Health Initiative Education Fund, Inc. as of December 31, 2021, 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 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 Maryland Citizens' Health Initiative Education Fund, Inc. 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 Maryland Citizens' Health Initiative Education Fund, Inc.'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 Maryland Citizens' Health Initiative Education Fund, Inc.'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 Maryland Citizens' Health Initiative Education Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

Independent Auditor's Report
Maryland Citizens' Health Initiative Education Fund, Inc.
Page Three

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.



Columbia, MD
September 1, 2022

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$	173,999
Grants receivable		182,500
Due from affiliate		9,641
Prepaid expenses		3,110
Total Current Assets		369,250

NON-CURRENT ASSETS

Investments		131,035
Total Non-Current Assets		131,035

PROPERTY AND EQUIPMENT

Land		28,000
Building		329,135
Building improvements		103,937
Office equipment		42,729
		503,801
Less: accumulated depreciation		(196,264)
Property and Equipment, Net		307,537

TOTAL ASSETS	\$	807,822
---------------------	-----------	----------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	32,550
Total Current Liabilities		32,550

NET ASSETS

Without donor restrictions		527,272
With donor restrictions		248,000
Total Net Assets		775,272

TOTAL LIABILITIES AND NET ASSETS	\$	807,822
---	-----------	----------------

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

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 93,404	\$ 490,000	\$ 583,404
Contract revenue	45,000	-	45,000
PPP loan forgiveness	84,710	-	84,710
Investment loss	(3,955)	-	(3,955)
Interest income	1,398	-	1,398
Other income	1,678	-	1,678
Net assets released from restrictions	278,350	(278,350)	-
Total Revenue and Support	500,585	211,650	712,235
EXPENSES			
Program services	383,714	-	383,714
Support services:			
Fundraising	54,122	-	54,122
Management and general	104,498	-	104,498
Total Support Services	158,620	-	158,620
Total Expenses	542,334	-	542,334
CHANGE IN NET ASSETS	(41,749)	211,650	169,901
NET ASSETS , beginning of year	569,021	36,350	605,371
NET ASSETS , end of year	\$ 527,272	\$ 248,000	\$ 775,272

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

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services			Total Expenses
		Fundraising	Management and General	Total Support Services	
Personnel Expenses					
Salaries	\$ 258,816	\$ 44,050	\$ 57,903	\$ 101,953	\$ 360,769
Payroll taxes	19,081	1,407	6,110	7,517	26,598
Employee benefits	22,310	3,797	4,991	8,788	31,098
Total Personnel Expenses	300,207	49,254	69,004	118,258	418,465
Automobile	1,174	87	376	463	1,637
Bank fees	-	-	1,755	1,755	1,755
Depreciation	10,121	1,723	2,264	3,987	14,108
Dues and publications	1,798	306	402	708	2,506
Insurance	2,823	480	632	1,112	3,935
Media	14	-	-	-	14
Miscellaneous	-	-	146	146	146
Occupancy	5,445	927	1,218	2,145	7,590
Office supplies	2,702	460	604	1,064	3,766
Organization support/contributions	20,328	-	-	-	20,328
Outreach	13,641	-	-	-	13,641
Printing and reference materials	375	64	84	148	523
Professional fees	15,750	-	26,934	26,934	42,684
Software subscription	4,513	-	-	-	4,513
Telephone and internet	4,355	741	974	1,715	6,070
Travel	468	80	105	185	653
Total Expenses	\$ 383,714	\$ 54,122	\$ 104,498	\$ 158,620	\$ 542,334

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

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	169,901
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		14,108
Net depreciation in fair value of investments		3,808
Changes in operating assets and liabilities:		
Increase in grants receivable		(142,500)
Decrease in due from affiliate		690
Increase in prepaid expenses		(4)
Decrease in accounts payable and accrued expenses		(2,686)
Net Cash Provided by Operating Activities		43,317

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments		(7,100)
Purchases of property and equipment		(38,086)
Net Cash Used For Investing Activities		(45,186)

NET DECREASE IN CASH (1,869)

CASH, beginning of year 175,868

CASH, end of year \$ 173,999

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

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - NATURE OF THE ORGANIZATION

Maryland Citizens' Health Initiative Education Fund, Inc. (the "Organization") is a not-for-profit organization located in Baltimore, Maryland. The Organization was established in 1999 and is dedicated to educating the public about the need for quality, affordable healthcare for all Marylanders.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. In accordance with the Topic, net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by either actions of the Organization and/or the passage of time, or that must be maintained in perpetuity by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Cash

The Organization maintains its cash in bank deposit accounts which may at times exceed the federally insured limits, with the exception of the amounts that are part of the investments portfolio. The Organization believes it is not exposed to any significant credit risk on cash.

Investments

Investments consist of a mutual fund which is carried at fair market value based on publicly available market data provided by the fund's custodian. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2021, management has determined that all significant receivables are collectible and due within one year; therefore, an allowance for doubtful accounts has not been established.

Property and Equipment

Property and equipment are carried at cost and depreciated over the estimated useful lives of five to forty years using the straight line method. Expenditures greater than \$1,000 that increase useful lives of assets are capitalized, while repairs and maintenance are expensed.

Grants and Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contract Revenue

Revenues are recognized when control of these products or services is transferred to customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those products and services. Sales and other taxes the Organization collects concurrent with revenue-producing activities are excluded from revenue.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, insurance, dues and publications, depreciation and other operating expenses, which are allocated on the basis of estimates of time and effort.

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

NOTE C - INCOME TAXES

The Organization is a 501(c)(3) exempt not-for-profit organization, defined under Section 501(a) of the Internal Revenue Code (the "Code"). Under the provisions of the Code, the Organization is, however, subject to tax on business income unrelated to their respective exempt purposes.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Organization's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Organization's information returns for the years 2018 through 2020 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Organization's management regularly monitors liquidity requirements to ensure that on-going operating needs and other contractual commitments are met. The Organization strives to maintain liquid financial assets sufficient to cover six months of general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Timing of revenue receipts also ensures the availability of necessary operational funds. The Organization also expects to spend net assets with donor restrictions over the next 12 months.

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

The following table reflects the Organization's financial assets as of December 31, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

Cash	\$ 173,999
Investments	131,035
Grants receivable	182,500
Due from affiliate	9,641
Total Financial Assets	497,175
Less: net assets with donor restrictions	(248,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 249,175

NOTE E – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Inputs are based on unadjusted quoted prices for identical assets traded in an active market that the Organization has the ability to access.

Level 2 – Inputs are based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 - Inputs are unobservable and significant to the overall fair value measurement.

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

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(continued)

NOTE E – FAIR VALUE MEASUREMENTS - continued

The fair value of mutual funds has been determined by quoted prices in active markets.

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 131,035	\$ -	\$ -	\$ 131,035
Total Assets	<u>\$ 131,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,035</u>

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021, net assets with donor restrictions were restricted for the following purposes:

Time restricted	\$ 90,500
Reduce burden of diabetes in Maryland	100,000
Impact project	37,500
Prescription drug affordability initiative	10,000
Easy enrollment health insurance program	5,000
Media campaign	5,000
Total	<u>\$ 248,000</u>

NOTE G - RELATED PARTY TRANSACTIONS

The Organization is related to Maryland Citizens' Health Initiative, Inc. ("MCHI"), a 501(c)(4) nonprofit organization, by reason of common board members, shared office space, shared management team members and a common president.. During the year ended December 31, 2021, the Organization received \$165,189 in expense reimbursements for the salaries of Organization employees and reimbursement of other office expenses.

NOTE H - RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA plan (the "Plan") for the benefit of its employees. All employees are eligible to participate in the Plan. The Organization matches employee contributions up to 3% of each employee's gross compensation. For the year ended December 31, 2021, the Organization made contributions to the Plan totaling \$6,969.

MARYLAND CITIZENS' HEALTH INITIATIVE EDUCATION FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(continued)

NOTE I – OPERATING LEASE

Effective in June 2020, the Organization entered into a copier lease agreement for a period of five years. According to the lease terms, payments of \$534 are due monthly.

The following is a schedule of future minimum lease payments required under the operating lease as of December 31:

	<u>Amount</u>
2022	\$ 6,416
2023	6,415
2024	6,416
2025	<u>2,673</u>
Future Minimum Payments	<u>\$ 21,920</u>

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 1, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.