

# **CaringBridge**

Financial Statements

December 31, 2023 and 2022

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## Independent Auditors' Report

To the Board of Directors of  
CaringBridge

### Opinion

We have audited the financial statements of CaringBridge (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 approved and 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

*Baker Tilly US, LLP*

Minneapolis, Minnesota  
March 11, 2024

**CaringBridge**Statements of Financial Position  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,720,297	\$ 3,085,854
Accounts receivable	152,487	170,784
Contribution receivable, net, current portion	500,000	-
Inventory	13,150	8,112
Prepaid expenses	175,742	105,811
	<u>3,561,676</u>	<u>3,370,561</u>
<b>Other Assets</b>		
Cash and cash equivalents, held for endowment	230,260	224,596
Investments	1,213,406	1,176,382
Other assets	20,426	15,300
Contribution receivable, net, noncurrent portion and discount	454,138	-
Right-of-use asset, operating	332,323	-
Fixed assets:		
Furniture and equipment	128,966	363,275
Leasehold improvements	-	423,458
Website and mobile phone applications	2,657,113	2,657,113
Work in progress	722,652	-
Less amortization and depreciation	(2,785,780)	(3,440,966)
	<u>722,951</u>	<u>2,880</u>
Total fixed assets	<u>722,951</u>	<u>2,880</u>
Total other assets	<u>2,973,504</u>	<u>1,419,158</u>
Total assets	<u>\$ 6,535,180</u>	<u>\$ 4,789,719</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 442,122	\$ 168,255
Accrued expenses	370,565	357,972
Lease liability, current portion	69,482	-
	<u>882,169</u>	<u>526,227</u>
Total current liabilities	<u>882,169</u>	<u>526,227</u>
<b>Long-Term Liabilities</b>		
Lease liability, net of current portion	<u>287,321</u>	<u>-</u>
Total long-term liabilities	<u>287,321</u>	<u>-</u>
Total liabilities	<u>1,169,490</u>	<u>526,227</u>
<b>Net Assets</b>		
Without donor restrictions	3,505,659	3,960,521
With donor restrictions	1,860,031	302,971
	<u>5,365,690</u>	<u>4,263,492</u>
Total net assets	<u>5,365,690</u>	<u>4,263,492</u>
Total liabilities and net assets	<u>\$ 6,535,180</u>	<u>\$ 4,789,719</u>

See notes to financial statements

# CaringBridge

## Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>						
Contributions	\$ 10,542,755	\$ 1,960,486	\$ 12,503,241	\$ 10,771,660	\$ 153,375	\$ 10,925,035
GoFundMe revenue	261,630	-	261,630	241,515	-	241,515
Donated services	503,262	-	503,262	522,913	-	522,913
Investment return, net	73,425	5,664	79,089	(20,621)	1,752	(18,869)
Other income	9,601	-	9,601	15,439	-	15,439
Net assets released from restrictions	409,090	(409,090)	-	75,000	(75,000)	-
Total revenue and other support	11,799,763	1,557,060	13,356,823	11,605,906	80,127	11,686,033
<b>Expenses</b>						
Program expenses	9,359,807	-	9,359,807	9,345,912	-	9,345,912
Management and general	1,656,078	-	1,656,078	1,566,187	-	1,566,187
Fundraising	1,238,740	-	1,238,740	1,284,676	-	1,284,676
Total expenses	12,254,625	-	12,254,625	12,196,775	-	12,196,775
Change in net assets	(454,862)	1,557,060	1,102,198	(590,869)	80,127	(510,742)
<b>Net Assets, Beginning</b>	3,960,521	302,971	4,263,492	4,551,390	222,844	4,774,234
<b>Net Assets, Ending</b>	\$ 3,505,659	\$ 1,860,031	\$ 5,365,690	\$ 3,960,521	\$ 302,971	\$ 4,263,492

See notes to financial statements

**CaringBridge**

Statements of Functional Expenses  
 Years Ended December 31, 2023 and 2022

	2023				2022			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 4,590,557	\$ 675,777	\$ 475,895	\$ 5,742,229	\$ 3,889,190	\$ 633,617	\$ 496,783	\$ 5,019,590
Payroll taxes and employee benefits	840,350	96,591	88,658	1,025,599	737,004	138,954	94,044	970,002
Total salaries and related expenses	5,430,907	772,368	564,553	6,767,828	4,626,194	772,571	590,827	5,989,592
Professional fees	18,334	52,439	215,037	285,810	915	49,355	263,430	313,700
Website development and support	970,633	76,083	69,610	1,116,326	636,845	52,458	52,673	741,976
Contracted services	1,318,037	271,801	49,497	1,639,335	2,173,441	236,249	66,789	2,476,479
Outreach programs	1,271,995	-	25,027	1,297,022	1,612,152	-	22,337	1,634,489
Service materials	18,716	15	98,299	117,030	23,438	24	102,729	126,191
Travel	52,372	23,450	8,940	84,762	5,257	22,882	2,449	30,588
Insurance	21,669	2,440	2,246	26,355	24,489	3,001	3,128	30,618
Licenses and permits	97	32,623	2,490	35,210	5,118	21,028	2,216	28,362
Supplies and equipment	52,652	5,928	5,458	64,038	39,070	4,788	4,990	48,848
Postage and shipping	4,585	6,292	157,830	168,707	5,900	5,584	148,618	160,102
Telephone	9,098	1,024	943	11,065	8,389	1,028	1,072	10,489
Depreciation and amortization	2,249	172	159	2,580	11,593	944	984	13,521
Occupancy	166,922	18,793	17,305	203,020	171,836	21,057	21,949	214,842
Donation credit card fees	-	371,233	-	371,233	-	354,547	-	354,547
Miscellaneous	21,541	21,417	21,346	64,304	1,275	20,671	485	22,431
Total expenses	<u>\$ 9,359,807</u>	<u>\$ 1,656,078</u>	<u>\$ 1,238,740</u>	<u>\$ 12,254,625</u>	<u>\$ 9,345,912</u>	<u>\$ 1,566,187</u>	<u>\$ 1,284,676</u>	<u>\$ 12,196,775</u>

See notes to financial statements

# CaringBridge

## Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,102,198	\$ (510,742)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	2,580	13,521
Noncash lease expense	24,480	-
Gain on disposal of assets	(100)	-
Amortization of deferred leasehold improvements	-	(5,987)
Unrealized (gain) loss on investments	(8,236)	46,292
Reinvested investment income	(33,229)	(16,964)
Changes in assets and liabilities:		
Inventory	(5,038)	(2,523)
Accounts receivable	18,297	(121,786)
Prepaid expenses	(69,931)	15,374
Contribution receivable	(954,138)	-
Other assets	(5,126)	-
Accounts payable	(1,133)	58,239
Accrued expenses	12,593	62,008
Net cash flows from operating activities	<u>83,217</u>	<u>(462,568)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of fixed assets	(447,651)	-
Proceeds from sale of assets	100	-
Proceeds from sale of investments	4,441	4,596
Net cash flows from investing activities	<u>(443,110)</u>	<u>4,596</u>
Net change in cash and cash equivalents	(359,893)	(457,972)
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,310,450</u>	<u>3,768,422</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,950,557</u>	<u>\$ 3,310,450</u>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 2,720,297	\$ 3,085,854
Cash and cash equivalents, held for endowment	230,260	224,596
Total cash and cash equivalents, ending	<u>\$ 2,950,557</u>	<u>\$ 3,310,450</u>
<b>Supplemental Cash Flow Disclosures</b>		
Accounts payable for fixed assets	<u>\$ 275,000</u>	<u>\$ -</u>
Acquisition of right-of-use-asset in exchange for lease liability	<u>\$ 351,758</u>	<u>\$ -</u>

See notes to financial statements



## 1. Summary of Significant Accounting Policies

### Organization

CaringBridge (the Organization) is a no-cost, nonprofit health communication platform that surrounds family caregivers with support while they care for a loved one on a health journey. Thanks to generous donors, anyone, anywhere can create a no cost CaringBridge page to share updates and receive the love and support they need from their community during an illness or injury.

### Benefits of Use

A no-cost CaringBridge page has all the tools needed to keep family and friends updated during a health journey. Through a CaringBridge page, users can:

**Communicate** – communicate to everyone all at once in a safe and private space, relieving the burden of individually updating everyone.

**Capture** – the very act of capturing a loved ones health journey improves emotional health and social support.

**Coordinate** – Making it easy to ask for help, because we know it's often the most difficult thing to ask for.

**Community** – Bringing together the community of your choice to rally support and connect you with others who have had similar experiences.

Since June 1997, nearly 1 million CaringBridge pages have been created. Three hundred thousand (300,000) people visit CaringBridge every day to give or receive support. Sixteen hundred (1,600) messages of love, hope, and support are posted every hour.

### Financial Statement Presentation

For purposes of financial reporting, the Organization classifies resources into two net assets categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the Organization are classified in the accompanying financial statements in the categories that follow:

**Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations.

**With Donor Restrictions** - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

### Board Designated Net Assets

The Organization's Board of Directors has the ability to designate identified amounts of net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. There are no board designated net assets at December 31, 2023 and 2022.

**Revenue Recognition**

Revenues from sources other than contributions are generally reported as increases in net assets without donor restrictions. Expenses are reported as decreases in that category. Income earned on donor restricted funds is initially classified as net assets with donor restrictions and is reclassified to net assets without donor restrictions when expenses are incurred for their intended purpose.

Unconditional contributions, including promises to give, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contribution should be spent and a right of return or release from future obligations are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions have been met.

Donated services and facilities are recognized as contributions in accordance with the accounting guidance if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by entities or persons possessing those skills, and would otherwise be purchased by the Organization (See Note 6).

Contributions received from related parties (members of the Board of Directors) for the years ended December 31, 2023 and 2022 totaled \$156,600 and \$163,546, respectively.

The Organization recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. There is currently one type of contract that the Organization is engaged in, which is based on performance reporting. Due to the nature and varying performance obligations of these contracts, the timing, and methods of recognizing revenue from these contracts will vary. For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. The Organization had one contract during 2023 and 2022 that was a performance reporting contract. There are no contract assets or liabilities.

**Cash and Cash Equivalents**

CaringBridge defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash in excess of FDIC and similar insurance coverages are subject to the usual banking risks of funds in excess of those limits.

**Accounts Receivable**

Receivables are primarily from credit card payment-related donations made through the website. No allowance for doubtful accounts is recorded based on historical experience and management's evaluation of receivables. Bad debts are expensed when deemed uncollectible. Receivables are generally unsecured.

**Contribution Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using a risk-adjusted interest rate applicable to the period in which the promises are received. Amortization of the discount is included in contribution revenue. No allowance for doubtful accounts is recorded based on historical experience and management's evaluation of contribution receivable.

**Inventories**

Inventories consist of promotional items and awareness materials. They are valued at cost.

**Investment and Investment Income Recognition**

The Organization's investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) will be recorded upon the sale of the investments. Investment income and gains pertaining to certain donor restrictions are recorded as with donor restrictions in accordance with the applicable gift instruments. Interest income is recognized under the accrual basis.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

**Fixed Assets**

Property and equipment purchased are capitalized at cost or in the case of donated equipment, at estimated market value on the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (three years for the website and mobile phone applications and three to seven years for furniture and equipment). Leasehold improvements are amortized over the shorter of the expected life of the asset or the period of the lease. The Organization capitalizes additions in excess of \$2,000.

Website development costs are capitalized if they significantly enhance the capability or capacity of CaringBridge's website. Mobile phone application costs are capitalized for new platforms and for enhancements that significantly upgrade the capability of the mobile application.

Work in progress includes external direct costs of materials and services and internal payroll and payroll-related costs. Any costs during the preliminary project stage or related to training or maintenance are expensed as incurred. Capitalization ceases when the projects are substantially complete and ready for their intended use. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life. When the projects are ready for their intended use, the Organization amortizes such costs over their estimated useful lives of three years.

Contributions of fixed assets related to the mobile app are reported as increases in donor-restricted net assets. Restrictions are considered met and an appropriate amount reclassified to net assets without donor-restrictions when the asset is placed in service.

**Research and Development Costs**

Research and development costs are expensed as incurred. These costs are included in the statements of functional expenses described as website development and support and includes costs expended related to website development and mobile phone application projects which have not met the requirement for capitalization.

**Income Tax Status**

The Internal Revenue Service has determined that CaringBridge is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. It is also exempt from state income tax. However, any unrelated business income may be subject to taxation. There was no unrelated business income tax recorded for the years ended December 31, 2023 and 2022.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of December 31, 2023 and 2022. The Organization's tax returns are subject to review and examination by federal and state authorities.

**Functional Expense Allocation**

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are allocated based on an analysis of personnel time and resources utilized for the related activities based on the best estimates of management.

**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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the allocations to the various functional expense categories.

**Reclassification**

For comparability, certain 2022 amounts have been reclassified to conform with classifications adopted in 2023. The reclassifications have no effect on reported amounts of net assets or change in net assets.

**New Accounting Pronouncement Adopted in Current Year**

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments* as of December 31, 2023. This standard requires entities to measure credit losses on most financial assets carried at amortized costs and certain other instruments using an expected credit loss model (CECL model) that will estimate credit losses over the entire "contractual term" of the instrument from the date of initial recognition of that instrument. The Organization determined the adoption of the standard did not have a significant impact on their financial statements.

**2. Liquidity and Availability**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,720,297	\$ 3,085,854
Accounts receivable	152,487	170,784
Contribution receivable	500,000	-
Investments without donor restrictions	<u>1,213,406</u>	<u>1,176,382</u>
Total financial assets available to meet cash needs for general expenses within one year	<u>\$ 4,586,190</u>	<u>\$ 4,433,020</u>

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due. Cash in excess of daily requirements is typically invested in short-term, liquid securities. Donor restricted net assets whose restrictions are expected to be met in the next year are included in the table above.

**3. Fair Value Measurements and Investments****Fair Value Hierarchy**

Fair value is defined under generally accepted accounting principles as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 1 assets include investments in corporate bonds, Treasury securities, government securities, and money market funds for which quoted prices are readily available.

Level 2 - Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input this is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

# CaringBridge

Notes to Financial Statements  
December 31, 2023 and 2022

While the Organization believes its valuation 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 estimate of fair value at the reporting date.

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2023 based upon the three-tier hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Corporate bonds	\$ 283,175	\$ -	\$ -	\$ 283,175
Treasury securities	120,139	-	-	120,139
Money market	810,092	-	-	810,092
Total	<u>\$ 1,213,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,213,406</u>

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2022 based upon the three-tier hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Corporate bonds	\$ 229,950	\$ -	\$ -	\$ 229,950
Treasury securities	141,099	-	-	141,099
Government securities	15,327	-	-	15,327
Money market	790,006	-	-	790,006
Total	<u>\$ 1,176,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,176,382</u>

Investment return, net for the years ending December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 70,853	\$ 27,423
Unrealized gain (loss)	8,236	(46,292)
Total investment return, net	<u>\$ 79,089</u>	<u>\$ (18,869)</u>

#### 4. Contribution Receivable

Contribution receivable to be collected in more than one year from the date of the donor's commitment is measured using the present value of future cash flows based on a discount rate of 4.82% as of December 31, 2023. Contribution receivable as of December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 500,000	\$ -
Due in one to five years	500,000	-
Less unamortized discount on long-term contribution	(45,862)	-
Contribution receivable, net	<u>\$ 954,138</u>	<u>\$ -</u>

The outstanding contribution receivable is due from one donor.

## CaringBridge

Notes to Financial Statements  
December 31, 2023 and 2022

### 5. Lease Commitments

#### Office Leases

On August 23, 2016, CaringBridge signed an operating lease for office space. The lease was a 63-month lease with escalating payments with the first three months free. On August 12, 2021, CaringBridge extended the lease for an additional 18 months, which ended in July 2023. Rent expense was recognized on a straight-line basis over the life of the lease.

On May 24, 2023, CaringBridge signed an operating lease for new office space. The lease is a 65-month lease with escalating payments with the first six months free. This lease was recorded in accordance with Topic 842.

The right-of-use asset represents CaringBridge's right to use the underlying asset for the lease term, while the lease liability represents CaringBridge's obligation to make lease payments arising from the lease. The right-of-use asset and lease liability were recognized at the commencement date of the lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use asset and lease liability, CaringBridge uses the rate implicit in the lease, or if not readily available, a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

The right-of-use asset is assessed for impairment in accordance with CaringBridge's long-lived asset policy. CaringBridge reassesses lease classification and remeasures the right-of-use asset and lease liability when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The right-of-use asset and lease liability were calculated using a discount rate of 4.28 percent. As of December 31, 2023, the remaining lease term was 5 years.

The table below summarizes CaringBridge's scheduled future minimum lease payments for years ending after December 31, 2023:

	<u>Operating Lease</u>
Years ending December 31:	
2024	\$ 69,482
2025	77,576
2026	79,408
2027	81,241
2028	83,073
Thereafter	<u>7,025</u>
Total lease payments	397,805
Less present value discount	<u>(41,002)</u>
Total lease liability	356,803
Less current portion	<u>(69,482)</u>
Long-term lease liability	<u>\$ 287,321</u>

Rent expense on both office spaces for the years ended December 31, 2023 and 2022 was \$130,491 and \$136,596, respectively.

**6. In-Kind Contributions**

For the years ended December 30, 2023 and 2022, in-kind contributions recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Donated services	<u>\$ 503,262</u>	<u>\$ 522,913</u>

The Organization recognizes contributed nonfinancial assets within revenue, which included donated services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed items are utilized in operations by the Organization.

The Organization receives donated services either for free or at a greatly reduced cost. The fair value of the donated services is provided by the donor which the Organization uses to record the donated services. If information from the donor is not available, the Organization uses valuations obtained from other, similar vendors for comparable services.

**7. Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, 2023 and 2022 totaled \$1,860,031 and \$302,971, respectively. These balances consist of funds held in a donor restricted endowment fund totaling \$230,260 and \$224,596, respectively (see Note 8) with the remaining amounts of \$1,629,771 and \$78,375, respectively, restricted for programs.

Net assets with donor restrictions released from restriction in 2023 and 2022 of \$409,090 and \$75,000, respectively, related to donor restricted contributions and a grant funded project restricted for program purposes.

**8. Endowment Funds**

As required by generally accepted accounting principles, net assets with donor restrictions associated with the Organization's endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor-stipulations to the contrary.



As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to minimize risk of investments with certain percent available without penalty. Investments should generate income to support the mission of CaringBridge. The primary investment objectives are to achieve long-term total return, to preserve the principal of the fund by reinvesting income and to produce a consistent stream of investment income.

Endowment assets include those assets of donor restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). As of December 31, 2023 and 2022, the Organization had no board-designated funds. Donor restricted endowment funds to be held in perpetuity are \$200,000 at December 31, 2023 and 2022.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a conservative strategy. The balance of the endowment should be invested in fixed income vehicles. The guiding criteria for the choice of investment vehicle are safety and yield. The guiding criteria for liquidity would be that the spendable amount determined by the Endowment Fund Policy Statement is liquid to be withdrawn in January each year.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization will determine the spendable amount for its endowment funds for the upcoming budget year following the close of the September 30 quarter by calculating the average fair market value of its endowment funds, calculated over twelve quarters ending with the September 30 quarter, and multiplying that average value by the applicable spending percentage, as determined by the Board. The spending percentage will generally be no less than three percent (3%) and no greater than six percent (6%). The Organization will not calculate an annual spendable amount for any fund which, as of September 30, has fallen below 90 percent of the aggregate value of all gifts to that fund. Furthermore, in the event the spendable amount calculated may over time materially impact the income generating ability of the endowment, as determined by the Chief Financial Officer, no spendable amount will be calculated for the year. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Organization elected not to take an appropriation in 2023 and 2022.

**Endowment and Restricted Net Asset Composition by Type of Fund**

	<b>December 31, 2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Roger and Hazel Perkins Endowment Fund	\$ -	\$ 230,260	\$ 230,260
	<b>December 31, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Roger and Hazel Perkins Endowment Fund	\$ -	\$ 224,596	\$ 224,596

**Changes in Endowment Net Assets**

	<b>December 31, 2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment, beginning of year	\$ -	\$ 224,596	\$ 224,596
Investment income	-	5,664	5,664
Appropriation for expenditures	-	-	-
Endowment, end of year	\$ -	\$ 230,260	\$ 230,260
	<b>December 31, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment, beginning of year	\$ -	\$ 222,844	\$ 222,844
Investment income	-	1,752	1,752
Appropriation for expenditures	-	-	-
Endowment, end of year	\$ -	\$ 224,596	\$ 224,596

**Funds With Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2023 and 2022.

**9. Retirement Plans**

The Organization's retirement plan, CaringBridge 401(k) Plan, covers all eligible employees. The employer contribution structure is a Safe Harbor Qualified Non-Elective Contribution of 3 percent.

Employer contribution expense totaled \$159,949 and \$143,802 for the years ended December 31, 2023 and 2022, respectively.

**10. Subsequent Events**

The Organization has evaluated subsequent events through March 11, 2024, which is the date that the financial statements were approved and available to be issued.