



**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 2800  
401 Union Street  
Seattle, WA 98101

## Independent Auditors' Report

The Board of Directors  
Group Health Foundation:

### *Opinion*

We have audited the consolidated financial statements of Group Health Foundation and its subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

*KPMG LLP*

Seattle, Washington  
July 12, 2022

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidated Statements of Financial Position

December 31, 2021 an 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Assets:		
Cash and cash equivalents	\$ 3,117,722	6,454,341
Investments	2,471,574,300	2,127,027,020
Deposits with investment managers	25,000,000	150,000,000
Other assets	316,065	225,929
Property and equipment, net	207,685	71,071
Right of use assets	231,747	242,426
Charitable gift annuities investments	1,003,991	982,476
	<u>2,501,451,510</u>	<u>2,285,003,263</u>
Total assets	\$ <u>2,501,451,510</u>	<u>2,285,003,263</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grants payable	\$ 53,848,821	30,564,239
Accounts payable and accrued liabilities	2,012,009	1,079,472
Due to third party	—	154,537
Lease liability	233,428	252,628
Charitable gift annuities	488,846	525,331
	<u>56,583,104</u>	<u>32,576,207</u>
Total liabilities	\$ <u>56,583,104</u>	<u>32,576,207</u>
Net assets:		
Without donor restrictions	2,435,126,933	2,243,103,659
With donor restrictions	9,741,473	9,323,397
	<u>2,444,868,406</u>	<u>2,252,427,056</u>
Total net assets	\$ <u>2,444,868,406</u>	<u>2,252,427,056</u>
Total liabilities and net assets	\$ <u>2,501,451,510</u>	<u>2,285,003,263</u>

See accompanying notes to consolidated financial statements.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidated Statement of Activities

Year ended December 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains (losses), and other support:			
Investment return, net	\$ 262,880,457	464,693	263,345,150
Contributions	19,430	—	19,430
Other income, net	11,691	—	11,691
Net assets released from restrictions and reclassifications	<u>46,617</u>	<u>(46,617)</u>	<u>—</u>
Total revenues, gains (losses), and other support	<u>262,958,195</u>	<u>418,076</u>	<u>263,376,271</u>
Expenses:			
Grant expense	62,071,021	—	62,071,021
Salaries and benefits	5,306,309	—	5,306,309
Professional fees:			
Program strategy and grantee support	397,161	—	397,161
Lobbying	207,480	—	207,480
Information technology	209,345	—	209,345
Accounting, legal and human resources	302,702	—	302,702
Communications	582,036	—	582,036
Other	226,280	—	226,280
Board payments and costs	360,525	—	360,525
Occupancy	248,813	—	248,813
Travel	28,132	—	28,132
Meetings and convenings	449,715	—	449,715
Employee costs	85,970	—	85,970
Insurance	81,720	—	81,720
Technology equipment and software	207,993	—	207,993
Other general and administrative	<u>169,719</u>	<u>—</u>	<u>169,719</u>
Total expenses	<u>70,934,921</u>	<u>—</u>	<u>70,934,921</u>
Change in net assets	192,023,274	418,076	192,441,350
Net assets, beginning of year	<u>2,243,103,659</u>	<u>9,323,397</u>	<u>2,252,427,056</u>
Net assets, end of year	<u>\$ 2,435,126,933</u>	<u>9,741,473</u>	<u>2,444,868,406</u>

See accompanying notes to consolidated financial statements.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidated Statement of Activities

Year ended December 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues, gains (losses), and other support:			
Investment return, net	\$ 285,395,452	131,439	285,526,891
Contributions	2,803	—	2,803
Other income, net	1,421	—	1,421
Net assets released from restrictions and reclassifications	<u>46,191</u>	<u>(46,191)</u>	<u>—</u>
Total revenues, gains (losses), and other support	<u>285,445,867</u>	<u>85,248</u>	<u>285,531,115</u>
Expenses:			
Grant expense	56,068,854	—	56,068,854
Salaries and benefits	3,909,348	—	3,909,348
Professional fees:			
Program strategy and grantee support	93,943	—	93,943
Lobbying	192,480	—	192,480
Information technology	88,472	—	88,472
Accounting, legal and human resources	238,114	—	238,114
Communications	153,138	—	153,138
Other	31,262	—	31,262
Board payments and costs	392,864	—	392,864
Occupancy	262,464	—	262,464
Travel	34,242	—	34,242
Meetings and convenings	155,678	—	155,678
Employee costs	61,794	—	61,794
Insurance	56,662	—	56,662
Technology equipment and software	140,029	—	140,029
Other general and administrative	<u>88,770</u>	<u>—</u>	<u>88,770</u>
Total expenses	<u>61,968,114</u>	<u>—</u>	<u>61,968,114</u>
Change in net assets	223,477,753	85,248	223,563,001
Net assets, beginning of year	<u>2,019,625,906</u>	<u>9,238,149</u>	<u>2,028,864,055</u>
Net assets, end of year	<u>\$ 2,243,103,659</u>	<u>9,323,397</u>	<u>2,252,427,056</u>

See accompanying notes to consolidated financial statements.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 192,441,350	223,563,001
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Realized (gain) loss on investments	(122,959,679)	(51,292,102)
Unrealized (gain) loss on investments	(144,697,756)	(236,737,246)
Depreciation	41,737	10,665
Change in value of charitable gift annuities investments	43,925	122,907
Change in operating assets and liabilities:		
Other assets	(90,136)	43,159
Right to use asset	10,679	214,688
Annuity portfolio	27,606	249,292
Grants payable	23,284,582	15,345,112
Accounts payable and accrued liabilities	932,537	183,524
Due to third party	(154,537)	154,537
Charitable gift annuities	(36,485)	(117,908)
Lease liability	(19,200)	(212,593)
Net cash used in operating activities	<u>(51,175,377)</u>	<u>(48,472,964)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(178,350)	(8,423)
Purchase of investments	(730,925,046)	(2,085,663,436)
Deposits with investment manager	(25,000,000)	(150,000,000)
Proceeds from sale of investments	804,035,200	2,289,149,343
Net cash provided by investing activities	<u>47,931,804</u>	<u>53,477,484</u>
Cash flows from financing activities:		
Payments under charitable annuity agreements	<u>(93,046)</u>	<u>(254,578)</u>
Net cash used in financing activities	<u>(93,046)</u>	<u>(254,578)</u>
Change in cash and cash equivalents	(3,336,619)	4,749,942
Cash and cash equivalents, beginning of year	<u>6,454,341</u>	<u>1,704,399</u>
Cash and cash equivalents, end of year	<u>\$ 3,117,722</u>	<u>6,454,341</u>

See accompanying notes to consolidated financial statements.

## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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### (1) Nature of Organization and Acquisition

Group Health Foundation is comprised of three legal entities, Group Health Foundation, a 501(c)(4) nonprofit corporation, GHF Community Fund, a 501(c)(3) nonprofit corporation, and Inatai Investment Management Co. LLC.

Group Health Foundation was incorporated on November 24, 2015. The organization was funded by the proceeds from Kaiser Foundation Health Plan of Washington's acquisition of Group Health Cooperative, a transaction that was finalized in February 2017.

GHF Community Fund was incorporated on November 18, 1983. The organization's resources consist primarily of donations from individuals who were connected to Group Health Cooperative.

The two foundations are united under a single brand, Group Health Foundation (the Foundation), and pursue a shared mission of transforming the balance of power to ensure equity and racial justice across Washington and beyond.

Inatai Investment Management Co. LLC (Inatai) was formed on August 2, 2021. Group Health Foundation is the sole member of Inatai. The purpose of Inatai is to provide investment management related services, on an at-cost basis and in furtherance of Group Health Foundation's mission. There was no activity in Inatai in 2021.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Consolidated financial statements include the accounts of Group Health Foundation, GHF Community Fund, and Inatai (collectively the Foundation). All significant intercompany balances and transactions have been eliminated upon consolidation.

#### (b) Classification of Net Assets

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

##### (i) Without Donor Restrictions

Net assets without donor restrictions represent resources which are not subject to donor – restrictions and over which the board of directors of the Foundation retain control to use the funds to achieve the Foundation's purpose.

##### (ii) With Donor Restrictions

Net assets with donor restrictions represent resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by the donor for a particular purpose and that will be met by the passage of time or other events specified by the donor.



## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

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Other donor-imposed restrictions are to maintain resources in perpetuity. This consists of endowment funds. Donor-restricted endowment funds represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity.

### **(c) Contributions and Revenue Recognition**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary donor restrictions are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date contributed.

Endowment net assets are reported as net assets with donor restrictions and are stipulated by the donor. They consist of the original principal to be held in perpetuity. Generally, net appreciation, realized and unrealized, unless restricted by the donor, is available for appropriation by the board of directors for the uses and purposes for which the endowment fund is intended.

### **(d) Other General and Administrative**

Other general and administrative expense primarily includes depreciation, office phone and internet, office supplies, advertising and promotion, and business and occupation taxes.

### **(e) Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and reported amounts of assets and liabilities at the date of the consolidated financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

### **(f) Cash and Cash Equivalents**

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At times throughout the year, the Foundation may maintain deposits with certain bank accounts in excess of the Federal Deposit Insurance Corporation (FDIC) – insured limits.

Cash of the Portfolio is reported in the Money Market section of footnote 8.

## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

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### **(g) Grant Expense**

Grant expense is recognized in the period the grant is approved, provided the grant is not subject to future donor-imposed conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms and conditions of the grant. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. On December 31, 2021 and December 31, 2020, grants payable were discounted using the year-end risk-free rate for each year, which ranged from 0.13% to 1.26%.

### **(h) Fair Value Measurements**

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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).

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

- Level 1 Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry – standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3 Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in managements best estimate of fair value.

As required by FASB guidance on fair value, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and their placement within the fair value hierarchy levels.

Investments are stated at fair value according to GAAP, which requires that the valuation of investments reported at fair value be made in the context of market conditions as of the valuation date. Whenever available, quotations from organized securities exchanges are used as the basis for fair value. For investments not traded on organized exchanges, fair value estimates are provided by investment managers. For applicable investments, manager – reported net asset value (NAV) is used as a practical expedient to estimate fair value. Valuations provided by fund managers consider variables such as the financial performance and sales of underlying investments and other pertinent

## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The Foundation reviews valuations and assumptions provided by fund managers for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of the fair value.

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

**(i) Investment Expenses**

External and direct internal investment expenses are classified within the statements of activities net of investment return.

**(j) Charitable Gift Annuities**

The Foundation has received contributions conditional upon the donors receiving current or deferred lifetime annuity payments. The Foundation has a contractual obligation for the annuity payments and is required under Washington law to set aside funds to meet the obligations or have minimal unrestricted net assets. The annuity obligations vary with the terms of the contract including the age of the donor, the starting date of the annuity, and the assumed interest rate. The Foundation has set aside gift annuities reserves of \$488,846 and \$525,331 as of December 31, 2021 and December 31, 2020, respectively.

**(k) Furniture, Fixtures, and Equipment**

Purchased furniture, fixtures, and equipment are reported at cost. An asset is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Routine maintenance and repairs are expensed as incurred. The cost of furniture, fixtures, and equipment, and the related accumulated depreciation, are removed from the accounts when sold or retired, and the resulting gain or loss is recognized. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of furniture, fixtures, and equipment are as follows:

<u>Capital asset</u>	<u>Useful life</u>
Computer hardware and software	3 years
Furniture and fixtures	7 years
Machinery and equipment	5–10 years
Leasehold improvements	Shorter of asset's useful life or term of lease

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

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**(l) Federal Income Tax**

The 501(c)(4) is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c)(4) of the IRC. The 501(c)(3) is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is exempt from federal income tax with exception to any unrelated business taxable income as defined under IRC Sections 511 through 515. The Foundation accounts for uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and estimable. The Foundation had no uncertain tax positions as of December 31, 2021 and 2020. Inatai is a limited liability company. Inatai did not have income activity subject to federal tax in fiscal year 2021.

**(m) Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*, and makes other conforming amendments to US GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-consolidated statements of financial position via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. The Foundation implemented the provisions of ASU 2016-02 as of January 1, 2020.

In June 2019, the FASB issued ASU 2019-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The Foundation has implemented the provisions of ASU 2019-08 as of January 1, 2020, and determined there was no effect of the new standard on the consolidated financial statements.

**(3) Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Donor-restricted endowments subject to spending policy and appropriation, to support the following purposes (including net accumulated earnings):		
General endowment	\$ 4,389,427	4,192,161
Calder Miles Endowment to Support Foundation Activity	160,157	152,742
Children's Health Care Initiatives Endowment	4,432,607	4,258,228
Aubrey and Henrietta Davis Endowment for Governance Support	683,312	648,731
Ruth Sinton Endowment to Support Foundation Programs	75,969	71,535
	<b>\$ 9,741,472</b>	<b>9,323,397</b>

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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### **(4) Endowment**

The Foundation's endowment assets, which are exclusively held by GHF Community Fund, include donor-restricted endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### **(a) Interpretation of Relevant Law**

The Board of Directors interpreted the enacted version of Washington State's Uniform Prudent Management of Institutional Funds Act (WA-UPMIFA) as requiring the prudent management of donor-restricted gifts based on the spending and other investment policies of the Foundation, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified the following amounts as net assets with donor restrictions in the accompanying consolidated financial statements:

- The fair value of the gifts donated to the donor-restricted endowment.
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument or statute at the time the accumulation is added to the fund.
- The remaining portion of the donor-restricted endowment funds that is not required to be held in perpetuity consisting of accumulated investment gains and losses which are included in net assets with donor restrictions until those amounts are appropriated to the Foundation in a manner consistent with the donor stipulations.

In accordance with WA-UPMIFA, the Foundation 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 purpose of 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 Foundation; and
7. The investment policies of the Foundation.

#### **(b) Endowment Spending Policy**

It is the goal of the Foundation to provide annual distributions based on donor intent. The Foundation Board will approve the maximum endowment allocation. From this allocation, the Foundation may choose to allocate up to 1% of the total market value of the endowment as a management fee for the year. Total spending, including management fee and spending allocations, cannot exceed 5%.

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### (c) *Investment Objective*

The investment objective is to rely on diversification of investment instruments, asset classes, investment styles and philosophies to achieve a balance between three goals:

1. Preserve capital to maintain safety of principal;
2. Protect long-term purchasing power; and
3. Provide liquidity to meeting funding needs for fulfilling its mission.

### (d) *Asset Allocation*

The Foundation recognizes that the strategic allocation of assets across broadly defined financial asset and specific investment classes is important in reducing the volatility of the portfolio and in achieving its performance objectives. Investment decisions shall be made within the confines of the investment policy for optimizing the total rate of return, keeping in mind the desirability of limiting year-to-year risk of income and market fluctuations. Considering the Foundation's return objectives and risk tolerance, the Board of Directors set the general asset allocation rules that detail the asset mix between equity and fixed income for each pool.

### (e) *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 WA-UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions. There were no such deficiencies as of December 31, 2021 and December 31, 2020.

The Foundation's endowment net asset composition by type of fund as of December 31, 2021 and December 31, 2020 is as follows:

	Year ended December 31, 2021		
	Without donor restrictions	With donor restrictions	Total
Original donor-restricted gift amount	\$ —	4,848,839	4,848,839
Accumulated investment gains and expenses	—	4,892,634	4,892,634
Total	\$ —	9,741,473	9,741,473

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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

	<b>Year ended December 31, 2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Original donor-restricted gift amount	\$ —	4,848,839	4,848,839
Accumulated investment gains and expenses	—	4,474,558	4,474,558
Total	\$ —	9,323,397	9,323,397

The changes in the Foundation's endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	<b>Year ended December 31, 2021</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Net asset balance – January 1, 2021	\$ —	9,323,397	9,323,397
Investment return	—	464,692	464,692
Expenses	—	(46,617)	(46,617)
Total	\$ —	9,741,472	9,741,472

	<b>Year ended December 31, 2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Net asset balance – January 1, 2020	\$ —	9,238,149	9,238,149
Investment return	—	131,439	131,439
Expenses	—	(46,191)	(46,191)
Total	\$ —	9,323,397	9,323,397

**(5) Functional Expenses**

The costs of program and supporting services activities have been summarized in the consolidated statements of activities. The expense analysis in the table below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or support function. The expenses that are allocated include salaries, wages and employee benefits, which are allocated based on estimated time spent on program, fundraising, or general and administrative tasks. Other costs are classified in each functional category based on the underlying purpose of each transaction.

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December 31, 2021 and 2020

Functional expenses for the years ended December 31, 2021 and 2020 are summarized as follows:

	<u>Program activities</u>	<u>Supporting activities Management and general</u>	<u>Total expenses</u>
2021:			
Grant expense	\$ 62,071,021	—	62,071,021
Salaries and benefits	3,157,210	2,149,099	5,306,309
Professional fees:			
Program strategy, grantee support	217,073	180,088	397,161
Lobbying	207,480	—	207,480
Information technology	—	209,345	209,345
Accounting, legal, human resources	—	302,702	302,702
Communications	—	582,036	582,036
Other	158,379	67,901	226,280
Board payments	—	360,525	360,525
Occupancy	—	248,813	248,813
Travel	10,913	17,219	28,132
Meetings and convenings	342,641	107,074	449,715
Employee costs	14,171	71,799	85,970
Insurance	—	81,720	81,720
Technology equipment and software	731	207,262	207,993
Other general and administrative	3,127	166,592	169,719
	<u>66,182,746</u>	<u>4,752,175</u>	<u>70,934,921</u>
Total expenses	\$ <u>66,182,746</u>	<u>4,752,175</u>	<u>70,934,921</u>



**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

	<u>Program activities</u>	<u>Supporting activities Management and general</u>	<u>Total expenses</u>
2020:			
Grant expense	\$ 56,068,854	—	56,068,854
Salaries and benefits	1,967,793	1,941,555	3,909,348
Professional fees:			
Program strategy, grantee support	1,969	91,974	93,943
Lobbying	192,480	—	192,480
Information technology	—	88,472	88,472
Accounting, legal, human resources	—	238,114	238,114
Communications	50	153,088	153,138
Other professional fees	2,196	29,066	31,262
Board payments and costs	—	392,864	392,864
Occupancy	—	262,464	262,464
Travel	19,836	14,406	34,242
Meetings and convenings	135,552	20,126	155,678
Employee costs	3,731	58,063	61,794
Insurance	—	56,662	56,662
Technology equipment and software	200	139,829	140,029
Other general and administrative	9,388	79,382	88,770
	<u>\$ 58,402,049</u>	<u>3,566,065</u>	<u>61,968,114</u>
Total expenses			

**(6) Portfolio Investments**

Portfolio Investments (the Portfolio) is the long-term portfolio of assets. The Portfolio invests primarily in investment funds, which provides exposure to a broad array of financial instruments and markets. The Portfolio classifies fund investments according to the investment strategy of the underlying investment fund. In the normal course of business, the investment funds trade various financial instruments and enter various investment activities with significant investment risk. These include, but are not limited to, short selling activities, written options contracts, and equity swaps.

Investments are exposed to several risks including, but not limited to, interest rate, currency, liquidity, regulatory, market and credit risks. Due to the level of risk associated with certain investment securities valuation changes may occur in the near term and such changes may materially affect the Foundation's financial statements.

The following list describes the various Portfolio fund investment strategies.

Money Market – Cash product at the custodian bank that offers daily liquidity.

## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Deposits with Investment Managers – Deposits made for various fund investments to be held by the Portfolio at year-end. Deposits were held in accounts at the funds’ banks and were deposited into the funds on January 1, 2022. The investment is locked for one year. After the lock expires the investment is redeemable on a quarterly basis with a 45-day redemption notice.

Commingled Bond Fund – Common Trust Fund with the strategy to passively invest in Bloomberg Barclays U.S. Aggregate Bond Index. This fund offers daily liquidity.

Comingled Equity Fund – Common Trust Funds with the strategy to passively invest in the MSCI USA Index and the MSCI Europe Index. These funds offer daily liquidity.

Fixed Income Credit Fund – This strategy includes managers who pursue idiosyncratic investment opportunities, including credit related investments, across a broad spectrum of markets, both in the U.S. and internationally. 92% of the value of investments in this strategy can be redeemed within one year with redemption notice periods of 90-150 days.

Public Equity Long Biased – This strategy includes funds that hold long positions in common stocks across both U.S. equity and international equity markets. 49% of the value of investments in this strategy are subject to lock-ups ranging from 1-3 years from the date of investment; 51% of the assets can be redeemed within one year with redemption notice periods of 45-120 days.

Public Equity Long/Short (Hedge Funds) – This strategy includes funds that are invested in equity positions that are long and short across a broad range of markets. 53% of the value of investments in this strategy are subject to 2-year lock-ups from the date of investment; 47% of the assets can be redeemed within one year with redemption notice periods of 45-60 days.

Private Equity Investments – These investments are typically in the form of limited partnership interests that are non-redeemable. Commitments are made to the partnership and are drawn down during the investment period of one to seven years. Periodic distributions may be made to the Portfolio at the investment managers’ discretion as underlying portfolio assets are liquidated. Unfunded commitments to Private Equity investments as of December 31, 2021 and 2020 are as follows:

	<b>Unfunded commitments</b>	
	<b>2021</b>	<b>2020</b>
Strategy:		
Fixed Income Private Credit	\$ 25,000,000	—
Private Equity Buyout	50,523,017	28,123,671
Private Equity Real Estate	44,441,199	59,792,336
Private Equity Venture Capital	52,028,984	18,669,871
Private Equity Growth Equity	69,360,536	9,618,197
	\$ 241,353,736	116,204,075

Credit-This strategy includes funds that invest in corporate loans and collateralized loan obligations.

## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Buyout – This strategy includes funds that invest in leveraged buyouts, subordinated debt, and other situations.

Growth Equity – This strategy includes funds that invest in late-stage private companies that are typically generating proven revenue streams and looking for capital to expand operations.

Private Real Estate – This strategy includes investments with exposures to commercial and residential real estate and land.

Venture Capital – This strategy includes funds that invest in early-stage private companies across a broad range of sectors and geographies.

### **(7) Portfolio Spending Policy**

The primary objective of the Portfolio is to support the programs of the Foundation while preserving the purchasing power of the corpus in perpetuity. The Foundation spending rate is based on the average ending balance of the Portfolio for the preceding twelve quarters. Prior to the fourth year of operation, available ending balances will be averaged. This spending target assumes the inclusion of all Foundation expenses with the exception of costs related to managing the Portfolio.

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

Under GAAP, a financial instrument is defined as cash, evidence of an ownership in an entity, or a contract between two entities to deliver cash or another financial instrument or to exchange other instruments. The estimated fair value of certain financial instruments is reflected in the accompanying consolidated statements of financial position in the following manner. The carrying amount of cash and cash equivalents, other assets, grants payable, accounts payable and accrued liabilities, and due to Kaiser Foundation Health Plan of Washington, approximates the fair value of these instruments. Fair values of the annuities payable are estimated using either quoted market prices or discounted cash flows based on Treasury note rates.

Following is a description of the valuation methodologies used for investments measured at fair value.

Money markets are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer, and are classified within Level 2 of the hierarchy.

Common stocks and mutual funds are valued at the closing price reported on the major market on which the individual securities are traded. Common and preferred stocks are generally classified within Level 1 of the valuation hierarchy.

Units held in commingled trusts are valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades that may be considered indicative of an active market. These funds are determined to have a readily determinable fair value and are classified within Level 2 of the valuation hierarchy.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

The Portfolio invests in investment funds, limited partnerships, limited liability companies or non-U.S. corporations, referred to collectively as investment funds. As a practical expedient, the Foundation measures the fair value of its investment funds as its pro rata interest in the net asset value (NAV) of such investment funds as reported by the respective external fund manager.

Fair values of assets measured at December 31, 2021 and 2020 are as follows:

<u>December 31, 2020</u>	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>NAV as Practical Expedient</u>
Portfolio Investments:					
Money market	\$ 178,205,145	—	178,205,145	—	—
Commingled Equity Fund	605,042,316	—	605,042,316	—	—
Common stock	233,322	233,322	—	—	—
Fixed Income Credit Funds	188,377,460	—	—	—	188,377,460
Public Equity Long Biased	908,931,008	—	—	—	908,931,008
Public Equity Long/Short	230,917,317	—	—	—	230,917,317
Derivatives	2,645,135	—	2,645,135	—	—
Private Equity:					
Credit	175,556,491	—	—	—	175,556,491
Buyout	55,458,883	—	—	—	55,458,883
Growth Equity	35,512,269	—	—	—	35,512,269
Private Real Estate	22,515,599	—	—	—	22,515,599
Venture Capital	51,057,676	—	—	—	51,057,676
Mutual funds:					
Bond funds	5,167,031	5,167,031	—	—	—
Equity funds	11,954,648	11,954,648	—	—	—
Total	\$ <u>2,471,574,300</u>	<u>17,355,001</u>	<u>785,892,596</u>	<u>—</u>	<u>1,668,326,703</u>
Deposits with investment managers	\$ 25,000,000				
Charitable gift annuities:					
Mutual funds:					
Equity funds	\$ 707,452	707,452	—	—	—
Bond funds	253,165	253,165	—	—	—
Commodities	43,373	43,373	—	—	—
Total	\$ <u>1,003,990</u>	<u>1,003,990</u>	<u>—</u>	<u>—</u>	<u>—</u>

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

<u>December 31, 2020</u>	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>NAV as Practical Expedient</u>
Portfolio Investments:					
Money market	\$ 70,270,435	—	70,270,435	—	—
Commingled Bond Fund	364,602,420	—	364,602,420	—	—
Commingled Equity Fund	856,001,236	—	856,001,236	—	—
Common stock	337,787	337,787	—	—	—
Fixed Income Credit Funds	73,734,772	—	—	—	73,734,772
Public Equity Long Biased	552,534,304	—	—	—	552,534,304
Public Equity Long/Short	147,302,713	—	—	—	147,302,713
Derivatives	4,208,516	—	4,208,516	—	—
Private Equity:					
Buyout	28,549,744	—	—	—	28,549,744
Growth Equity	381,803	—	—	—	381,803
Private Real Estate	4,225,569	—	—	—	4,225,569
Venture Capital	9,587,166	—	—	—	9,587,166
Mutual funds:					
Bond funds	4,628,331	4,628,331	—	—	—
Equity funds	10,662,224	10,662,224	—	—	—
<b>Total</b>	<b>\$ 2,127,027,020</b>	<b>15,628,342</b>	<b>1,295,082,607</b>	<b>—</b>	<b>816,316,071</b>
Deposits with investment managers	\$ 150,000,000				
Charitable gift annuities:					
Mutual funds:					
Equity funds	\$ 638,041	638,041	—	—	—
Bond funds	281,596	281,596	—	—	—
Commodities	62,839	62,839	—	—	—
<b>Total</b>	<b>\$ 982,476</b>	<b>982,476</b>	<b>—</b>	<b>—</b>	<b>—</b>

The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels in 2021 and 2020.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

**(9) Liquidity and Availability**

The Foundation regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. As of December 31, 2021 and December 31, 2020, the Foundation has ample cash, cash equivalents, and investments to cover operating expenses. The following assets could be readily made available within one year of the statements of financial position to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 3,117,722	6,454,341
Investments	2,471,574,300	2,127,027,020
Deposits with investment managers	25,000,000	150,000,000
Charitable gift annuities investments	1,003,991	982,476
Less those unavailable for general expenditures within one year, due to:		
Investments not redeemable within one year	(823,869,519)	(683,108,106)
Restricted by donor with time or purpose restrictions	(9,741,473)	(9,323,397)
Charitable gift annuities	<u>(488,846)</u>	<u>(525,331)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,666,596,175</u>	<u>1,591,507,003</u>

Redemptions of investments are subject to restrictions that vary by contract, and penalties may be incurred as a result of redemption. The table below details the Foundation's ability to redeem from investments at December 31, 2021:

	<u>Investment liquidity (cumulative % of total)</u>				
	<u>Within 1 Month</u>	<u>Within 3 Months</u>	<u>Within 1 Year</u>	<u>More than 1 Year</u>	<u>Not redeemable</u>
Money market	7 %	7 %	7 %	7 %	— %
Deposits with Investment Managers	—	—	—	1	—
Commingled Equity Fund	25	25	25	25	—
Fixed Income Credit Funds	—	1	8	8	—
Public Equity Long Biased	—	6	19	37	—
Public Equity Long/Short	—	1	4	9	—
Private Credit	—	1	4	7	—
Private Equity Buyout	—	—	—	—	2
Private Equity Growth Equity	—	—	—	—	1
Private Equity Real Estate	—	—	—	—	1
Private Equity Venture Capital	—	—	—	—	2
Mutual Funds	—	—	—	—	—
	<u>32 %</u>	<u>41 %</u>	<u>67 %</u>	<u>94 %</u>	<u>6 %</u>

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

The Foundation utilizes derivative contracts that serve as a component of the Portfolio's investment strategy for risk management purposes. While the Portfolio may enter into derivative transactions to reduce risk, the instruments themselves do involve investment and counterparty risk in amounts greater than what is reflected in the Foundation's financial statements. The Foundation may determine not to economically hedge against certain risks, and the Portfolio will always be exposed to certain risks that cannot be hedged.

The fair value of these derivative instruments is included in the *investments* line item in the consolidated statements of financial position. Changes in fair value is included in the *investment return, net* within the consolidated statement of activities.

The Foundation has entered into a Put Spread Collar to hedge passive equity exposure. The following table presents gross investment derivative assets and liabilities reported on a net basis included in Investments for the fiscal years ending December 31, 2021 and December 31, 2020:

	<u>2021</u>	<u>2020</u>
Derivative assets:		
Put options	\$ 11,345,960	5,272,400
Derivative liabilities:		
Put options	<u>(8,700,825)</u>	<u>(1,063,895)</u>
Net options	\$ <u>2,645,135</u>	<u>4,208,505</u>

The Net gain(losses) on Put Options was (\$6,295,400) and (\$6,079,708) in 2021 and 2020, respectively.

**(10) Property and Equipment, Net**

A summary of property and equipment at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Computer equipment and software	\$ 194,042	144,004
Furniture and fixtures	30,335	30,335
Equipment	10,692	10,692
Art	8,422	8,422
Leasehold improvements	<u>128,312</u>	—
	371,803	193,453
Less accumulated depreciation	<u>(164,118)</u>	<u>(122,381)</u>
Net property and equipment	\$ <u>207,685</u>	<u>71,072</u>

Depreciation expense was \$41,737 and \$10,665, respectively, for the years ended December 31, 2021 and 2020.

## GROUP HEALTH FOUNDATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### (11) Retirement Plan

The Foundation has a defined contribution 401(k) plan which covers employees who meet certain eligibility requirements. Employees make voluntary contributions to the plan subject to IRS limits. The Foundation has elected a Safe Harbor 401(k) Nonelective Contribution (7% of employee compensation) and a Safe Harbor 401(k) Matching Contribution (100% of the first 3% of employee compensation contributed to the plan).

In addition, the Foundation has a 457(b) deferred compensation plan which covers highly compensated employees who meet certain eligibility requirements. Employees make voluntary contributions to the plan subject to IRS limits. The Foundation has elected to contribute 10% of employee compensation in excess of the Code Section 401(c)(17) annual limit (\$290,000 and \$285,000, respectively, for the years ended December 31, 2021 and December 31, 2020).

Retirement plan benefit expense under the 401(k) plan and 457(b) plans totaled \$354,207 and \$265,604, respectively, for the years ended December 31, 2021 and December 31, 2020.

### (12) Grants Payable

As of December 31, 2021 and December 31, 2020, the Foundation had grants payable totaling \$53,848,821 and \$30,564,239, respectively. Grants payable as of December 31, 2021 include three- and five-year commitments payable through December 31, 2025. The Foundation used the U.S. Treasury two-, three-, and five-year constant maturity rates of 0.73 percent, 0.97, and 1.26 percent respectively to calculate the discount rates.

The future commitments payable are:

2022	\$	41,222,500
2023		12,418,750
2024		200,000
2025		<u>200,000</u>
Total grants payable		54,041,250
Discounts on grants payable		<u>(192,429)</u>
Grants payable, net	\$	<u><u>53,848,821</u></u>



## **GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### **(13) Subsequent Events**

Subsequent events are events or transactions that occur after the statements of financial position date but before the consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statements of financial position date and before the consolidated financial statements are available to be issued.

The Foundation has evaluated subsequent events through July 12, 2022, which is the date the consolidated financial statements were available to be issued, and concluded that there were no events or transactions that need to be disclosed or recorded.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidating Statement of Financial Position

December 31, 2021

<b>Assets</b>	<b>Group Health Foundation 2021</b>	<b>GHF Community Fund 2021</b>	<b>Eliminations 2021</b>	<b>Consolidated total 2021</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,524,865	592,857	—	3,117,722
Due from Group Health Foundation (C3)	102,166	—	(102,166)	—
Investments	2,454,219,298	17,355,002	—	2,471,574,300
Deposits with investment managers	25,000,000	—	—	25,000,000
Other assets	299,880	16,185	—	316,065
Property and equipment, net	207,685	—	—	207,685
Right of use assets	231,747	—	—	231,747
Charitable gift annuities investments	—	1,003,991	—	1,003,991
Total assets	<u>\$ 2,482,585,641</u>	<u>18,968,035</u>	<u>(102,166)</u>	<u>2,501,451,510</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Grants payable	\$ 53,848,821	—	—	53,848,821
Due to Group Health Community Foundation (C4)	—	102,166	(102,166)	—
Accounts payable and accrued liabilities	1,997,675	14,334	—	2,012,009
Due to third party	—	—	—	—
Lease liability	233,428	—	—	233,428
Charitable gift annuities	—	488,846	—	488,846
Total liabilities	<u>56,079,924</u>	<u>605,346</u>	<u>(102,166)</u>	<u>56,583,104</u>
<b>Net assets:</b>				
Without donor restrictions	2,426,505,716	8,621,217	—	2,435,126,933
With donor restrictions	—	9,741,473	—	9,741,473
Total net assets	<u>2,426,505,716</u>	<u>18,362,690</u>	<u>—</u>	<u>2,444,868,406</u>
Total liabilities and net assets	<u>\$ 2,482,585,640</u>	<u>18,968,036</u>	<u>(102,166)</u>	<u>2,501,451,510</u>

See accompanying independent auditors' report.

**GROUP HEALTH FOUNDATION AND SUBSIDIARIES**

Consolidating Statement of Activities

Year ended December 31, 2021

	Group Health Foundation			GHF Community Fund			Consolidated total		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains (losses), and other support:									
Investment return, net	\$ 261,378,344	—	261,378,344	1,502,113	464,693	1,966,806	262,880,457	464,693	263,345,150
Contributions	—	—	—	19,430	—	19,430	19,430	—	19,430
Other income	11,548	—	11,548	143	—	143	11,691	—	11,691
Net assets released from restrictions and reclassifications	—	—	—	46,617	(46,617)	—	46,617	(46,617)	—
Total revenues, gains (losses), and other support	261,389,892	—	261,389,892	1,568,303	418,076	1,986,379	262,958,195	418,076	263,376,271
Expenses:									
Grant expense	61,871,021	—	61,871,021	200,000	—	200,000	62,071,021	—	62,071,021
Salaries and benefits	5,271,388	—	5,271,388	34,921	—	34,921	5,306,309	—	5,306,309
Professional fees:									
Program strategy and grantee support	397,161	—	397,161	—	—	—	397,161	—	397,161
Lobbying	207,480	—	207,480	—	—	—	207,480	—	207,480
Information technology	209,345	—	209,345	—	—	—	209,345	—	209,345
Accounting, legal and human resources	297,452	—	297,452	5,250	—	5,250	302,702	—	302,702
Communications	582,036	—	582,036	—	—	—	582,036	—	582,036
Other	225,167	—	225,167	1,113	—	1,113	226,280	—	226,280
Board payments and costs	360,525	—	360,525	—	—	—	360,525	—	360,525
Occupancy	248,813	—	248,813	—	—	—	248,813	—	248,813
Travel	28,132	—	28,132	—	—	—	28,132	—	28,132
Meetings and convenings	449,715	—	449,715	—	—	—	449,715	—	449,715
Employee costs	85,970	—	85,970	—	—	—	85,970	—	85,970
Insurance	81,720	—	81,720	—	—	—	81,720	—	81,720
Technology equipment and software	207,993	—	207,993	—	—	—	207,993	—	207,993
Other general and administrative	169,478	—	169,478	241	—	241	169,719	—	169,719
Total expenses	70,693,396	—	70,693,396	241,525	—	241,525	70,934,921	—	70,934,921
Change in net assets	190,696,496	—	190,696,496	1,326,778	418,076	1,744,854	192,023,274	418,076	192,441,350
Net assets, beginning of year	2,235,809,220	—	2,235,809,220	7,294,439	9,323,397	16,617,836	2,243,103,659	9,323,397	2,252,427,056
Net assets, end of year	\$ 2,426,505,716	—	2,426,505,716	8,621,217	9,741,473	18,362,690	2,435,126,933	9,741,473	2,444,868,406

See accompanying independent auditors' report.