



**PASQUESI
SHEPPARD LLC**
ACCOUNTANTS AND CONSULTANTS

GRANT HEALTHCARE FOUNDATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**SEE INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO THE BOARD OF DIRECTORS
GRANT HEALTHCARE FOUNDATION
LAKE FOREST, ILLINOIS 60045

We have reviewed the accompanying financial statements of GRANT HEALTHCARE FOUNDATION (a not-for-profit corporation), which comprise the statement of financial positions as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Pasquesi Sheppard LLC
Lake Forest, Illinois

June 7, 2024

GRANT HEALTHCARE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

(See independent accountant's review report)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash, including money market funds of \$22,461 and \$20,689, respectively	\$ 101,658	\$ 84,414
Investments	<u>15,345,937</u>	<u>13,997,388</u>
Total current assets	<u>\$ 15,447,595</u>	<u>\$ 14,081,802</u>
OTHER ASSETS:		
Equipment, net	\$ 312	\$ 437
Operating right-of-use asset, net	35,682	-
Beneficial interest in a perpetual trust	<u>385,228</u>	<u>350,089</u>
Total other assets	<u>\$ 421,222</u>	<u>\$ 350,526</u>
Total assets	<u>\$ 15,868,817</u>	<u>\$ 14,432,328</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Payroll liabilities	\$ 14,934	\$ -
Accrued Federal excise taxes	5,168	-
Current portion of operating lease liabilities	<u>14,881</u>	<u>-</u>
Total current liabilities	<u>\$ 34,983</u>	<u>\$ -</u>
NON-CURRENT LIABILITIES:		
Operating lease liabilities, net of current portion	<u>\$ 20,801</u>	<u>\$ -</u>
Total non-current liabilities	<u>\$ 20,801</u>	<u>\$ -</u>
NET ASSETS:		
Without donor restrictions	\$ 15,427,805	\$ 14,082,239
With donor restrictions	<u>385,228</u>	<u>350,089</u>
Total net assets	<u>\$ 15,813,033</u>	<u>\$ 14,432,328</u>
Total liabilities and net assets	<u>\$ 15,868,817</u>	<u>\$ 14,432,328</u>

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

GRANT HEALTHCARE FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(See independent accountant's review report)

	<u>2023</u>	<u>2022</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
REVENUE:		
Interest and dividends	\$ 448,898	\$ 375,883
Gain on sale of investments	436,390	133,385
Unrealized gain on investments	1,414,788	(3,333,185)
Contributions	18,800	17,044
Miscellaneous	348	6,211
	<hr/>	<hr/>
Net revenue	\$ 2,319,224	\$ (2,800,662)
EXPENSES:		
Grants	\$ 690,600	\$ 755,000
Salaries	175,500	160,000
Payroll taxes	12,477	11,434
Investment management fees	18,000	18,000
Professional fees	8,850	8,765
Office expense	49,685	42,377
Excise tax	8,665	7,954
Foreign tax	9,756	11,439
Depreciation	125	125
	<hr/>	<hr/>
Total expenses	\$ 973,658	\$ 1,015,094
	<hr/>	<hr/>
Increase (decrease) in net assets without donor restrictions	\$ 1,345,566	\$ (3,815,756)
<u>NET ASSETS WITH DONOR RESTRICTIONS</u>		
Unrealized gain (loss) on investments	\$ 35,139	\$ (104,420)
	<hr/>	<hr/>
Increase (decrease) in net assets with donor restrictions	\$ 35,139	\$ (104,420)
	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	\$ 1,380,705	\$ (3,920,176)
NET ASSETS AT BEGINNING OF YEAR	<hr/>	<hr/>
	14,432,328	18,352,504
NET ASSETS AT END OF YEAR	<hr/>	<hr/>
	\$ 15,813,033	\$ 14,432,328

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

GRANT HEALTHCARE FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(See independent accountant's review report)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,380,705	\$ (3,920,176)
Adjustments to reconcile change in net assets to net cash used for operating activities —		
Depreciation	125	125
Gain on sale of investments	(436,390)	(133,385)
Unrealized (gain) loss on investments	(1,449,927)	3,437,605
Changes in operating assets and liabilities —		
Beneficial interest in a perpetual trust	(35,139)	104,420
Accrued liabilities	20,102	-
Net cash used for operating activities	<u>\$ (520,524)</u>	<u>\$ (511,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	\$ (401,809)	\$ (766,747)
Proceeds from sale of investments	939,577	1,293,069
Net cash provided by investing activity	<u>\$ 537,768</u>	<u>\$ 526,322</u>
NET INCREASE IN CASH AND MONEY MARKET FUNDS	<u>\$ 17,244</u>	<u>\$ 14,911</u>
CASH AND MONEY MARKET AT BEGINNING OF YEAR	<u>84,414</u>	<u>69,503</u>
CASH AND MONEY MARKET AT END OF YEAR	<u><u>\$ 101,658</u></u>	<u><u>\$ 84,414</u></u>

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

GRANT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(1) DESCRIPTION OF THE FOUNDATION:

The Foundation was organized in 1883 as Grant Hospital of Chicago for the purpose of operating a hospital. In 1994 the Foundation sold substantially all of the assets and certain liabilities of the hospital. Effective on January 1, 1999, the Foundation changed its mission to that of a private foundation and adopted the name Grant Healthcare Foundation (the Foundation). The mission of the Foundation is to support services of organizations dedicated to improving the health of the people of the Chicago area. The Foundation is an Illinois not-for-profit organization.

(2) ACCOUNTING POLICIES AND PRACTICES:

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The following is a summary of the major accounting policies and practices of the Foundation which affect significant elements of the accompanying financial statements:

Basis of Presentation –

For internal accounting and financial reporting purposes, net assets and related revenues and expenses of the Foundation are classified into two classes of net assets that are based upon the existence or absence of donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. Net Assets without donor restrictions include all resources of the Foundation representing the expendable funds available for support of Foundation operations.

Net Assets with donor restrictions are comprised of funds which are restricted by donors for specific purposes and contributions which the donors have specified must be maintained in perpetuity. The related income may be expended for specific purposes or if none, for the general purpose of The Foundation. The funds to be maintained in perpetuity totaled \$385,228 and \$350,089 as of December 31, 2023 and 2022, respectively.

Contributions –

The Foundation recognizes the full amount of the contributions, grants and bequests received in the year that they were made as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

GRANT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

The Foundation reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, or a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Foundation records donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions. Contributions without donor restrictions of long-lived assets and cash to acquire long-lived assets are treated as without donor restrictions when the acquired assets are placed in service. The Foundation records non-cash contributions at their estimated fair value at the date of the contribution.

Investments and Related Income, Gains and Losses –

The Foundation carries investments at their fair market value in the statement of financial position. Under Generally Accepted Accounting Principles, investments in marketable securities with readily determinable fair market values are reported at their fair market values in the statement of financial position.

Unless otherwise restricted by a donor or regulatory body, investment gains or losses and income are reported as net assets without donor restriction income.

Equipment –

Equipment is stated at cost or at estimated fair value at the date of gift if donated. Depreciation is computed on a straight-line basis over the estimated lives of five to ten years. It is the Foundation's policy to expense equipment with an initial cost of less than \$250. Depreciation expense for the years ended December 31, 2023 and 2022, was \$125 and \$125, respectively. The cost of the equipment and depreciation are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 9,715	\$ 9,715
Less: Accumulated depreciation	<u>9,403</u>	<u>9,278</u>
	<u>\$ 312</u>	<u>\$ 437</u>

GRANT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Income Taxes —

The Foundation is exempt from Federal income taxes, except for unrelated business income and excise tax on investment income, under the provisions of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2023 and 2022. Management follows new accounting provisions which impose a threshold for determining when uncertain tax positions should be disclosed or recorded. The threshold now imposed for financial statement reporting generally is higher than the threshold imposed for claiming deductions in income tax returns. The Foundation utilized the “more likely than not” criteria and determined that all of their tax positions meet that criteria. Therefore, the Foundation has not recorded any adjustments or disclosed any situations that arose from uncertain tax positions. Additionally, there were no returns under review or open to review by taxing authorities in excess of statutory periods.

Fair Value Measurement —

The Foundation follows new accounting standards which provide a framework for measuring fair value. The standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal market for the asset or liability in a transaction between market participants on the measurement date. The standards establish a fair value hierarchy which gives highest priority to observable inputs (Level 1 and 2 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The fair value measurement level of the assets and liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

While the Foundation 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 fair value measurement at the reporting date.

Financial Instruments —

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash. The Foundation maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

GRANT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Use of Estimates in Preparing Financial Statements –

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Adoption of ASC Topic 842, Accounting for Leases –

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize right-of-use assets and lease liabilities on its statement of financial position, and disclose key information about the amount, timing and uncertainty of cash flows arising from leasing arrangements. As of December 31, 2022, the Foundation did not have leases affected by this standard. Subsequent to December 31, 2022, the Foundation entered into a lease which requires the adoption of this standard. The Foundation adopted the new guidance effective January 1, 2023, using the optional transition method, which required application of the new guidance to only those leases that existed at the date of adoption. The Foundation will elect the ‘practical expedients’ which permits the Foundation to not reassess its prior conclusions about lease identification, lease classification and initial direct costs. The Foundation also elects to apply the guidance to use the discount rate corresponding to the remaining lease term at transition. Adoption of the new standard results in the recognition of the right-of-use asset and lease liability of \$45,426 on May 1, 2023, the inception of the new lease.

(3) INVESTMENTS:

Investments are carried at fair value (level 1) in the accompanying financial statements. Fair values at December 31 were obtained from quoted market sources and are included in the financial statements as follows:

	<u>2023</u>	<u>2022</u>
Mutual funds	<u>\$ 15,345,937</u>	<u>\$ 13,997,388</u>

GRANT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(4) BENEFICIAL INTEREST IN PERPETUAL TRUST:

The Foundation received a beneficial interest in a trust (the Trust) set up with U.S. Trust. The Trust requires U.S. Trust to make quarterly distributions to the Foundation equal to 5% of the fair value of the trust assets, valued on the first day of each year of the Trust. These payments will continue as long as the Foundation continues in existence. The perpetual interest is valued at the lower of the fair value of the Trust assets or the present value of the discounted future cash flows from the Trust.

The fair value of the Trust assets for the years ended December 31, 2023 and 2022, were \$385,228 and \$350,089, respectively. The changes in the fair value of the Trust assets are recorded as net assets with donor restrictions unrealized gain (loss) of \$35,139 and \$(104,420) for the years ended December 31, 2023 and 2022, respectively.

The income received from the Trust was \$18,800 and \$17,044 for the years ended December 31, 2023 and 2022, respectively.

(5) LEASE COMMITMENT:

At lease inception, the Foundation determines whether an arrangement is or contains a lease. Operating leases are included in operating right-of-use ("ROU") assets, current operating lease liabilities and non-current operating lease liabilities in the financial statements. ROU assets represent the Foundation's right to use leased assets over the term of the lease. Lease liabilities represent the Foundation's contractual obligation to make lease payments over the term of the lease.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured at the present value of the lease payments over the term of the lease. The Foundation uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Foundation uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised.

On May 1, 2023, the Foundation entered into a building lease for the use of the space it currently occupies. The base monthly lease is \$1338 per month. The lease is for a term of three years, expiring on April 30, 2026.

GRANT HEALTHCARE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Future operating lease maturities for the years ending December 31 are as follows:

2024	\$ 16,051
2025	16,052
2026	<u>5,351</u>
Total	\$ 37,454
Less: amount representing interest	<u>(1,772)</u>
Total lease liabilities	<u><u>\$ 35,682</u></u>

(6) LIQUIDITY:

The following reflects the Foundation's financial assets as of the statements of financial position dates, reduced by amounts not yet available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position dates:

	<u>2023</u>	<u>2022</u>
Financial assets at year -end	\$ 15,832,823	\$ 14,431,891
Less those unavailable for general expenditures within one year, due to donor imposed restrictions of time or purpose	<u>(385,228)</u>	<u>(350,089)</u>
Financial assets available to meet cash needs for general expenditures in one year	<u><u>\$ 15,447,595</u></u>	<u><u>\$ 14,081,802</u></u>

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments.

(7) SUBSEQUENT EVENTS:

The Foundation's management has performed an analysis of activities and transactions subsequent to December 31, 2023, to determine the need for any adjustments to and/or disclosures within the reviewed financial statements for the year then ended. Management has performed this analysis through the report date, the date which the financial statements were available to be issued.