

# **CaringBridge**

Financial Statements

December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 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 3, 2023

# CaringBridge

## Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,085,854	\$ 3,545,578
Accounts receivable	170,784	48,998
Inventory	8,112	5,589
Prepaid expenses	105,811	121,185
	<u>3,370,561</u>	<u>3,721,350</u>
<b>Total current assets</b>		
	<u>3,370,561</u>	<u>3,721,350</u>
<b>Other Assets</b>		
Endowment investments	224,596	222,844
Investments	1,176,382	1,210,306
Other assets	15,300	15,300
<b>Fixed assets:</b>		
Furniture and equipment	363,275	363,275
Leasehold improvements	423,458	423,458
Website and mobile phone applications	2,657,113	2,657,113
Less amortization and depreciation	(3,440,966)	(3,427,445)
	<u>2,880</u>	<u>16,401</u>
<b>Total fixed assets</b>	<u>2,880</u>	<u>16,401</u>
<b>Total other assets</b>	<u>1,419,158</u>	<u>1,464,851</u>
<b>Total assets</b>	<u>\$ 4,789,719</u>	<u>\$ 5,186,201</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 168,255	\$ 110,016
Accrued expenses	357,972	295,964
Deferred leasehold improvements	-	5,987
	<u>526,227</u>	<u>411,967</u>
<b>Total liabilities</b>	<u>526,227</u>	<u>411,967</u>
<b>Net Assets</b>		
Without donor restrictions	3,960,521	4,551,390
With donor restrictions	302,971	222,844
	<u>4,263,492</u>	<u>4,774,234</u>
<b>Total net assets</b>	<u>4,263,492</u>	<u>4,774,234</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,789,719</u>	<u>\$ 5,186,201</u>

See notes to financial statements

# CaringBridge

## Statements of Activities

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>						
Contributions	\$ 10,771,660	\$ 153,375	\$ 10,925,035	\$ 10,625,083	\$ 52,000	\$ 10,677,083
GoFundMe revenue	241,515	-	241,515	247,376	-	247,376
Donated services	522,913	-	522,913	486,596	-	486,596
Investment return, net	(20,621)	1,752	(18,869)	8,132	446	8,578
Other income	15,439	-	15,439	6,407	-	6,407
Net assets released from restrictions	75,000	(75,000)	-	52,000	(52,000)	-
Total revenue and other support	11,605,906	80,127	11,686,033	11,425,594	446	11,426,040
<b>Expenses</b>						
Program expenses	9,345,912	-	9,345,912	8,775,538	-	8,775,538
Management and general	1,566,187	-	1,566,187	1,545,538	-	1,545,538
Fundraising	1,284,676	-	1,284,676	1,099,394	-	1,099,394
Total expenses	12,196,775	-	12,196,775	11,420,470	-	11,420,470
Change in net assets	(590,869)	80,127	(510,742)	5,124	446	5,570
<b>Net Assets, Beginning</b>	4,551,390	222,844	4,774,234	4,546,266	222,398	4,768,664
<b>Net Assets, Ending</b>	\$ 3,960,521	\$ 302,971	\$ 4,263,492	\$ 4,551,390	\$ 222,844	\$ 4,774,234

See notes to financial statements

**CaringBridge**

## Statements of Functional Expenses

Years Ended December 31, 2022 and 2021

	2022				2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 3,889,190	\$ 633,617	\$ 496,783	\$ 5,019,590	\$ 4,536,118	\$ 562,316	\$ 509,904	\$ 5,608,338
Payroll taxes and employee benefits	737,004	138,954	94,044	970,002	836,771	104,431	94,167	1,035,369
Total salaries and related expenses	4,626,194	772,571	590,827	5,989,592	5,372,889	666,747	604,071	6,643,707
Professional fees	915	49,355	263,430	313,700	240	53,357	97,500	151,097
Website development and support	636,845	52,458	52,673	741,976	565,611	39,853	42,243	647,707
Contracted services	2,173,441	236,249	66,789	2,476,479	1,165,990	349,576	35,259	1,550,825
Outreach programs	1,612,152	-	22,337	1,634,489	1,184,678	-	10,297	1,194,975
Service materials	23,438	24	102,729	126,191	18,743	12	140,466	159,221
Travel	5,257	22,882	2,449	30,588	5,273	13,002	132	18,407
Insurance	24,489	3,001	3,128	30,618	21,682	2,167	2,437	26,286
Licenses and permits	5,118	21,028	2,216	28,362	24,837	20,466	1,594	46,897
Supplies and equipment	39,070	4,788	4,990	48,848	43,797	4,377	4,923	53,097
Postage and shipping	5,900	5,584	148,618	160,102	10,613	6,089	135,351	152,053
Telephone	8,389	1,028	1,072	10,489	4,987	498	561	6,046
Depreciation and amortization	11,593	944	984	13,521	218,093	9,393	10,565	238,051
Occupancy	171,836	21,057	21,949	214,842	124,496	12,443	13,995	150,934
Donation credit card fees	-	354,547	-	354,547	-	350,379	-	350,379
Miscellaneous	1,275	20,671	485	22,431	13,609	17,179	-	30,788
Total expenses	<u>\$ 9,345,912</u>	<u>\$ 1,566,187</u>	<u>\$ 1,284,676</u>	<u>\$ 12,196,775</u>	<u>\$ 8,775,538</u>	<u>\$ 1,545,538</u>	<u>\$ 1,099,394</u>	<u>\$ 11,420,470</u>

See notes to financial statements

## CaringBridge

### Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (510,742)	\$ 5,570
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	13,521	238,051
Gain on disposal of assets	-	(75)
Amortization of deferred leasehold improvements	(5,987)	(71,839)
Unrealized loss on investments	33,924	8,979
Unrealized gain on endowment investments	(1,752)	(446)
Changes in assets and liabilities:		
Inventory	(2,523)	(3,583)
Accounts receivable	(121,786)	(14,297)
Prepaid expenses	15,374	54,588
Accounts payable	58,239	(80,595)
Accrued expenses	62,008	131,690
	<u>(459,724)</u>	<u>268,043</u>
Net cash flows from operating activities		
<b>Cash Flows From Investing Activities</b>		
Purchases of fixed assets	-	(2,156)
Proceeds from sale of assets	-	75
	<u>-</u>	<u>(2,081)</u>
Net cash flows from investing activities		
Net change in cash and cash equivalents	(459,724)	265,962
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,545,578</u>	<u>3,279,616</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,085,854</u>	<u>\$ 3,545,578</u>

See notes to financial statements



## 1. Summary of Significant Accounting Policies

### Organization

CaringBridge (the Organization) is a global nonprofit social network dedicated to helping family and friends communicate with and support loved ones during a health journey. Thanks to compassionate donors, anyone, anywhere can create a free personal website through CaringBridge to share updates and receive the love and strength they need from their community during an illness or injury.

### Benefits of Use

A free CaringBridge website has all the tools needed to keep family and friends updated during a difficult time. Through a CaringBridge website, users can: share news and updates with everyone at the same time; communicate in a private, ad-free place; activate friends and family and coordinate help; and receive emotional strength and support.

Since June 7, 1997, nearly 1 million CaringBridge websites have been created. Combined, those websites have received nearly 2.6 billion visits. In 2022, there were over 44 million visits to CaringBridge to show love and support for family and friends on a health journey. Today, every 12 minutes a new CaringBridge website is created for someone experiencing a health journey.

### 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, 2022 and 2021.

### 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 5).

Contributions received from related parties (members of the Board of Directors) for the years ended December 31, 2022 and 2021 totaled \$163,546 and \$188,248, 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, 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 2022 and 2021 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.

### **Receivables**

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.

### **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 being 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.

Costs capitalized include 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 is 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. There is no estimated amortization expense remaining for the 2016 and 2018 application modernizations for the year ending December 31, 2022.

Contributions of fixed assets related to the website 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. Research and development 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, 2022 and 2021.

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, 2022 and 2021. 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.

**New Accounting Pronouncement Adopted in Current Year**

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* as of December 31, 2022. This standard improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The adoption of this standard did not have a material impact on the Organization's financial statements. The additional required disclosures have been added to Note 5.

Effective January 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach. The Organization's 2021 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted. 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,085,854	\$ 3,545,578
Accounts receivable	170,784	48,998
Investments without donor restrictions	<u>1,176,382</u>	<u>1,210,306</u>
Total financial assets available to meet cash needs for general expenses within one year	<u>\$ 4,433,020</u>	<u>\$ 4,804,882</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 that 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.

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.

## CaringBridge

Notes to Financial Statements  
December 31, 2022 and 2021

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
Endowment investments:				
Money market	224,596	-	-	224,596
Total	<u>\$ 1,400,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,978</u>

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2021 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	\$ 486,680	\$ -	\$ -	\$ 486,680
Treasury securities	36,561	-	-	36,561
Government securities	16,960	-	-	16,960
Money market	670,105	-	-	670,105
Endowment investments:				
Corporate bonds	21,041	-	-	21,041
Money market	201,803	-	-	201,803
Total	<u>\$ 1,433,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,433,150</u>

Investment return, net for the years ending December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 13,303	\$ 17,111
Unrealized losses	(32,172)	(8,533)
Total investment return, net	<u>\$ (18,869)</u>	<u>\$ 8,578</u>

**4. Lease Commitments****Office Leases**

On August 23, 2016, CaringBridge signed an operating lease for office space. The lease is 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 starting on February 1, 2022. Rent expense is recognized on a straight-line basis over the life of the lease. Rent expense for the years ended December 31, 2022 and 2021 under this lease was \$136,596 and \$140,941, respectively.

The difference between the amount paid and the amount expensed are included in accrued expenses at year-end. Future minimum lease payments under the lease are \$82,070 for the year ended December 31, 2023.

**5. In-Kind Contributions**

For the years ended December 30, 2022 and 2021, in-kind contributions recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Donated services	\$ 522,913	\$ 486,596

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 greatly reduced cost. The cost of the donated services is provided by the donator which the Organization uses to value the donated services. If information from the donator is not available from the donating entity, the Organization uses valuations obtained from other, similar vendors for comparable services.

**6. Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, 2022 and 2021 consisted of funds held in a donor restricted endowment fund totaling \$224,596 and \$222,844, respectively (see Note 7). At December 31, 2022, donor restricted net assets also included \$78,375 of funds restricted for programs.

Net assets with donor restrictions released from restriction in 2022 and 2021 of \$75,000 and \$52,000, respectively, related to donor restricted contributions and a grant funded project restricted for program purposes.

**7. 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, 2022 and 2021, the Organization had no board-designated funds. Donor restricted endowment funds to be held in perpetuity are \$200,000 at December 31, 2022 and 2021.



**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 2022 and 2021.

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

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Roger and Hazel Perkins Endowment Fund	\$ -	\$ 224,596	\$ 224,596

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Roger and Hazel Perkins Endowment Fund	\$ -	\$ 222,844	\$ 222,844

**Changes in Endowment Net Assets**

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
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

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment, beginning of year	\$ -	\$ 222,398	\$ 222,398
Investment income	-	446	446
Appropriation for expenditures	-	-	-
Endowment, end of year	\$ -	\$ 222,844	\$ 222,844

**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, 2022 and 2021.

**8. 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 \$143,802 and \$161,083 for the years ended December 31, 2022 and 2021, respectively.

**9. Subsequent Events**

The Organization has evaluated subsequent events through March 3, 2023, which is the date that the financial statements were approved and available to be issued.