

**CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM  
AND ASSOCIATION OF HEALTH CARE JOURNALISTS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2023  
with  
Independent Accountants' Review Report**

**CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM  
AND ASSOCIATION OF HEALTH CARE JOURNALISTS**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023

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# Keller & Owens, LLC

*Certified Public Accountants*

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors

### **Center for Excellence in Health Care Journalism and Association of Health Care Journalists**

We have reviewed the accompanying consolidated financial statements of the **Center for Excellence in Health Care Journalism and Association of Health Care Journalists** (both are not-for-profit organizations), which comprise the consolidated statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2023, and the related consolidated statements of revenues, expenses, and other changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated 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 consolidated financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting the organization uses is an acceptable basis for the preparation of consolidated financial statements in the circumstances. Management is also responsible 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement 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 consolidated financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of **Center for Excellence in Health Care Journalism and Association of Health Care Journalists** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with the modified cash basis of accounting.

### **Emphasis of Matter with Respect to Change of Accounting Methods**

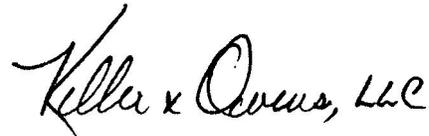
As discussed in Note 10 to the consolidated financial statements, the **Center for Excellence in Health Care Journalism and Association of Health Care Journalists** changed its accounting method in fiscal year 2023. Our conclusion is not modified with respect to this matter.

### **Basis of Accounting**

We draw attention to Note 2 of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

### **Other Matter**

The financial statements for the year ended June 30, 2022 were audited by other accountants, and they expressed an unmodified opinion on those financial statements in their report dated June 7, 2023. They have not performed any auditing procedures on the June 30, 2022 financial statements since that date.

A handwritten signature in black ink that reads "Keller & Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas  
April 18, 2024

**CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM  
AND ASSOCIATION OF HEALTH CARE JOURNALISTS**

CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES,  
AND NET ASSETS – MODIFIED CASH BASIS

June 30, 2023

ASSETS

Cash and Cash Equivalents	\$ 2,906,597
Investments, at cost	1,131,583
Investments, at fair value	<u>986,769</u>
 Total Assets	 <u>\$ 5,024,949</u>

LIABILITIES AND NET ASSETS

Total Liabilities	\$ -
 Net Assets:	
Without donor restrictions	4,415,311
With donor restrictions	<u>609,638</u>
 Total Net Assets	 <u>5,024,949</u>
 Total Liabilities and Net Assets	 <u>\$ 5,024,949</u>

*See accompanying notes and independent accountants' review report*

**CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM  
AND ASSOCIATION OF HEALTH CARE JOURNALISTS**

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND  
OTHER CHANGES IN NET ASSETS – MODIFIED CASH BASIS

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 1,402,483	\$ 599,202	\$ 2,001,685
Royalties	98,276	-	98,276
Memberships	40,583	-	40,583
Annual meeting	106,820	-	106,820
Advertising	19,088	-	19,088
Investment return, net	100,210	-	100,210
Net assets released from restrictions	156,352	(156,352)	-
Total Support and Revenue	1,923,812	442,850	2,366,662
Expenses:			
Program services	1,498,729	-	1,498,729
Supporting services:			
Management and general	263,335	-	263,335
Fundraising	22,238	-	22,238
Total supporting services	285,573	-	285,573
Total Expenses	1,784,302	-	1,784,302
Change in Net Assets	139,510	442,850	582,360
Net Assets at Beginning of Year			
As previously stated	4,174,675	166,788	4,341,463
Accrual to cash conversion	101,126	-	101,126
As restated	4,275,801	166,788	4,442,589
Net Assets, End of Year	\$ 4,415,311	\$ 609,638	\$ 5,024,949

*See accompanying notes and independent accountants' review report*

**CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM  
AND ASSOCIATION OF HEALTH CARE JOURNALISTS**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS  
Year Ended June 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Conferences and meetings	\$ 585,392	\$ 1,280	\$ -	\$ 586,672
Salaries and benefits	296,324	131,541	22,238	450,103
Professional fees	191,974	39,663	-	231,637
Fellowships	152,601	9,365	-	161,966
Contract labor	81,066	-	-	81,066
Speakers	71,183	19	-	71,202
Information technology	19,217	32,730	-	51,947
Office expenses	21,721	27,050	-	48,771
Travel	30,918	8,594	-	39,512
Marketing	25,631	5,789	-	31,420
Mentors	19,744	-	-	19,744
Insurance	2,201	5,745	-	7,946
Miscellaneous	757	1,559	-	2,316
Total Expenses	<u>\$ 1,498,729</u>	<u>\$ 263,335</u>	<u>\$ 22,238</u>	<u>\$ 1,784,302</u>

*See accompanying notes and independent accountants' review report*

# CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM AND ASSOCIATION OF HEALTH CARE JOURNALISTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2023

## 1. NATURE OF ORGANIZATION

The **Center for Excellence in Health Care Journalism** is a nonprofit corporation organized in 2004. The purpose of the Center is to ensure that journalists are properly trained to cover news events, trends, and issues in all aspects of health care journalism, including the business of health care, public policy, medical research, medical practice, consumer health issues, public health, health law, and ethics.

The **Association of Health Care Journalists, Inc.** is a nonprofit corporation organized in 2005 to create a vibrant community of health journalists, raise the stature of health journalism, and advocate the free flow of information to the public. The **Center for Excellence in Health Care Journalism** supports the **Association of Health Care Journalists, Inc.** by securing grants and other funding to subsidize the costs of conferences, workshops, reporting resources, a web site, and other professional development efforts.

**Principles of Consolidation** – The consolidated financial statements include the accounts of the Center and the Association, collectively referred to as the Organization. All significant intra-entity transactions and accounts have been eliminated.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Advertising** – Advertising is recorded when cash is disbursed. Total advertising expense for the year ended June 30, 2023 was \$31,420.

**Basis of Accounting** – The accompanying consolidated financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (“GAAP”). That basis differs from GAAP primarily because the Organization has not recognized accounts receivable, prepaid expenses, accounts payable to vendors, accrued salaries and wages, accrued vacation, other accrued expenses, deferred revenue, and their related effects on the change in net assets.

**Concentration of Credit Risk** – The Organization maintains its cash deposits and investments at cost in bank accounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as it periodically evaluates the strength of financial institutions in which the Organization deposits funds. At June 30, 2023, the Organization had approximately \$1,900,000 in deposits in excess of federally-insured limits.

# CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM AND ASSOCIATION OF HEALTH CARE JOURNALISTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Functional Allocation of Expenses** – The Organization allocates expenses on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management’s estimate of resources devoted to the program or support service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional fees, and office supplies, which are allocated on the basis of estimates of time and effort.

**Income Taxes** – The **Association of Health Care Journalists** is exempt from federal income taxes (except on unrelated business income) under Section 501(c)(6) of the Internal Revenue Code and state law.

The **Center for Excellence in Health Care Journalism** is exempt from federal income taxes (except on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and state law, and contributions to the **Center for Excellence in Health Care Journalism** are tax deductible within the limitations prescribed by the Code.

The Organization’s policy is to disclose any beneficial tax position, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2023, and accordingly, no such disclosure has been made.

**Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Net investment return is reported in the statement of revenues, expenses, and other changes in net assets – modified cash basis and consists of interest and dividend income, realized and unrealized gains and losses, and investment expenses. Certificates of deposit totaling \$881,583 and an annuity of \$250,000 are recorded at cost.

**Net Assets** – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. They also include any designations by the governing board, of which there were none as of June 30, 2023.

# CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM AND ASSOCIATION OF HEALTH CARE JOURNALISTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Net Assets (continued) –

*Net assets with donor restrictions* – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and other changes in net assets – modified cash basis as “net assets released from restrictions.” Restricted support is reported as an increase in net assets without donor restrictions if the restriction expires or condition is met in the reporting period in which the support is recognized.

**Revenue Recognition** – Contributions are recognized when cash is received from donors and sponsors of events. Memberships are recognized when cash is collected from members and are nonrefundable. Revenue from royalties is recognized when cash is received. Revenue from annual meeting attendees and exhibitors is recognized when cash is received and is generally nonrefundable. Revenue from advertising is recognized when cash is received and is nonrefundable.

**Subsequent Events** – Management has evaluated events and transactions that have occurred since June 30, 2023 and reflected their effects, if any, in these consolidated financial statements through April 18, 2024, the date the consolidated financial statements were available to be issued.

## 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization’s financial assets available for general expenditures within one year as of June 30, 2023:

Financial assets	\$ 5,024,949
Less: donor-imposed purpose restrictions	<u>(609,638)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 4,415,311</u>

# CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM AND ASSOCIATION OF HEALTH CARE JOURNALISTS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2023

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Assets which are donor-restricted for certain purposes other than that of a long-term nature may be utilized to cover certain programming costs.

### 4. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 – inputs are unadjusted quoted market prices in active, independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

Investments measured at fair value were \$986,769 at June 30, 2023 and consisted of mutual funds valued using Level 1 inputs.

### 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions by purpose consisted of the following as of June 30, 2023:

Subject to expenditure for specified purpose:

Conferences and events	\$ 182,873
Core curriculum	342,824
Fellowships	71,666
Publications and web data	<u>12,275</u>

Total Net Assets with Donor Restrictions \$ 609,638

# CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM AND ASSOCIATION OF HEALTH CARE JOURNALISTS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2023

### 5. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2023:

Subject to expenditure for specified purpose:

Fellowships	\$ 129,201
Core curriculum	<u>27,151</u>

Total Net Assets Released from Restrictions \$ 156,352

### 6. EMPLOYMENT CONTRACT

In July 2022, the Organization entered into an employment agreement with the current Executive Director covering the period through September 5, 2024. The agreement defines various compensation benefits.

### 7. CONCENTRATION

During the year ended June 30, 2023, the Organization received 36% of its contributions revenue from two donors.

### 8. COMMITMENT FOR WEBSITE DEVELOPMENT

During the year ended June 30, 2023, the Organization entered into a contract for web development services ranging between \$125,000 to \$150,000. The website development is intended to enhance the content and improve the functionality of the Organization's website. During the year ended June 30, 2023, \$10,000 was paid toward this agreement.

### 9. CONTINGENCIES

During the year ended June 30, 2023, the Organization incurred charges from the University of Missouri – Columbia (the "University") totaling \$23,687, which the Organization disputes it is obligated to pay under the memorandum between the University and the Organization.

**CENTER FOR EXCELLENCE IN HEALTH CARE JOURNALISM  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2023

**10. ACCRUAL TO CASH CONVERSION**

Effective July 1, 2022, the Organization adopted the modified cash basis of accounting. Therefore, certain amounts as of June 30, 2022 have been restated. The effects of this restatement are as follows.

	<u>As Reported, June 30, 2022</u>	<u>Adjustments</u>	<u>As Restated, June 30, 2022</u>
Assets:			
Cash and cash equivalents	\$ 2,623,603	\$ (203,822)	\$ 2,419,781
Investments	1,821,933	200,875	2,022,808
Grants and accounts receivable	278,288	(278,288)	-
Prepaid expenses	<u>983</u>	<u>(983)</u>	<u>-</u>
	\$ 4,724,807	\$ (282,218)	\$ 4,442,589
Liabilities:			
Accounts payable	\$ 158,744	\$ (158,744)	\$ -
Deferred revenue	<u>224,600</u>	<u>(224,600)</u>	<u>-</u>
	\$ 383,344	\$ (383,344)	\$ -
Net Assets:			
Without donor restrictions	\$ 4,174,675	\$ 101,126	\$ 4,275,801
With donor restrictions	<u>166,788</u>	<u>-</u>	<u>166,788</u>
	\$ 4,341,463	\$ 101,126	\$ 4,442,589

**11. SUBSEQUENT EVENTS**

Effective May 31, 2023, the Organization ended its partnership with the University. Subsequent to fiscal year end, an endowment at the University benefitting the Organization was terminated, and endowment proceeds of \$269,023 were returned to the Organization in August 2023. Proceeds from the endowment will be recognized as a contribution in the Organization's fiscal year 2024 consolidated financial statements.