



Annual Financial Statements
December 31, 2022
IEHP Foundation
(A California Nonprofit Organization)

Independent Auditor’s Report 1

Financial Statements

 Statement of Financial Position 3

 Statement of Activities 4

 Statement of Functional Expenses 5

 Statement of Cash Flows 6

 Notes to Financial Statements 7



Independent Auditor's Report

The Board of Directors
IEHP Foundation
Rancho Cucamonga, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IEHP Foundation (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the period of July 27, 2022 through December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of IEHP Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the period of July 27, 2022 through December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of IEHP Foundation 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 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; 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 IEHP Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 auditor's 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 IEHP Foundation'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 IEHP Foundation'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.

Eide Bailly LLP

Rancho Cucamonga, California
April 26, 2023

IEHP Foundation
Statement of Financial Position
December 31, 2022

Assets	
Cash and cash equivalents	<u>\$ 50,451,249</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 5,002
Other current liabilities	<u>6,931</u>
Total liabilities	<u>11,933</u>
Net Assets	
Without donor restrictions	<u>50,439,316</u>
Total net assets	<u>50,439,316</u>
Total liabilities and net assets	<u>\$ 50,451,249</u>

IEHP Foundation
Statement of Activities
Period of July 27, 2022 through December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Contributions	\$ 50,000,000	\$ -	\$ 50,000,000
In-kind services	232,680	-	232,680
Interest income	451,249	-	451,249
Total revenue and support	<u>50,683,929</u>	<u>-</u>	<u>50,683,929</u>
Expenses			
Management and general expenses	<u>244,613</u>	<u>-</u>	<u>244,613</u>
Total expenses	<u>244,613</u>	<u>-</u>	<u>244,613</u>
Change in Net Assets	<u>50,439,316</u>	<u>-</u>	<u>50,439,316</u>
Net Assets, Beginning of Period	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Period	<u><u>\$ 50,439,316</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,439,316</u></u>

IEHP Foundation
Statement of Functional Expenses
Period of July 27, 2022 through December 31, 2022

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries & Wages Expense	\$ -	\$ 159,278	\$ -	\$ 159,278	\$ 159,278
Employee Benefits	-	43,442	-	43,442	43,442
Payroll Taxes	-	1,902	-	1,902	1,902
Board Stipends	-	4,400	-	4,400	4,400
Communication and Marketing	-	2,539	-	2,539	2,539
Consulting Services	-	1,275	-	1,275	1,275
Dues, Memberships and Subscriptions	-	1,000	-	1,000	1,000
Fees & Dues	-	345	-	345	345
Insurance	-	843	-	843	843
Meeting expense	-	656	-	656	656
Printing	-	659	-	659	659
Professional Fees	-	2,000	-	2,000	2,000
Promotional Items	-	5,305	-	5,305	5,305
Software Expense	-	7,263	-	7,263	7,263
Training and Seminars	-	525	-	525	525
Travel Expense	-	9,613	-	9,613	9,613
Donated Use of Facilities	-	3,568	-	3,568	3,568
	-	-	-	-	-
Total expenses	<u>\$ -</u>	<u>\$ 244,613</u>	<u>\$ -</u>	<u>\$ 244,613</u>	<u>\$ 244,613</u>

IEHP Foundation
Statement of Cash Flows
Period of July 27, 2022 through December 31, 2022

Operating Activities	
Change in net assets	\$ 50,439,316
Changes in operating liabilities	
Accounts payable	5,002
Other current liabilities	<u>6,931</u>
Net Cash from Operating Activities	<u>50,451,249</u>
Net Change in Cash and Cash Equivalents	50,451,249
Cash and Cash Equivalents, Beginning of Period	<u>-</u>
Cash and Cash Equivalents, End of Period	<u><u>\$ 50,451,249</u></u>

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

IEHP Foundation (“the Foundation”) is a not-for-profit public benefit corporation 501(c)(3) that was established in 2021, and began operations on July 27, 2022. The Foundation was established to conduct charitable activities and programs through financial and other forms of support in the Inland Empire and surrounding communities that meet and innovate healthcare needs and ensure the availability of quality healthcare.

Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, the Foundation had approximately \$50,201,249 respectively, in excess of FDIC-insured limits.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor 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 restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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. Donor 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.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. No conditional promises to give have been received as of December 31, 2022.

In-kind Contributions

In-kind contributions include donated professional services, general expenses and other in-kind contributions which are recorded at the cost or respective fair values of the goods or services received (Note 3).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. The Foundation did not incur any program services costs as of December 31, 2022, therefore, no costs were allocated among program and supporting services.

Income Taxes

The Foundation is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Subsequent Events

The Foundation has evaluated subsequent events through April 26, 2023, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting its use, within one year of the statement of financial position date, comprise of cash and cash equivalents totaling \$50,451,249 as of December 31, 2022.

Note 3 - Related Parties

In 2022, the Foundation entered into two agreements with Inland Empire Health Plan (“IEHP”), a related party. The first agreement was a funding agreement providing an initial seed funding contribution totaling \$50,000,000 to the Foundation during the period ended December 31, 2022.

The second agreement was a management services agreement appointing IEHP to provide services to the Foundation in the form of in-kind contributions. For the period ended December 31, 2022, in-kind contributions received from IEHP and recognized within the statement of activities included the following:

Salaries, wages, and related expenses	\$ 204,622
Professional expenses	2,000
Consulting expenses	1,275
Use of facilities	3,568
Administrative fees	<u>21,215</u>
	<u>\$ 232,680</u>

These contributed expenses are paid for by IEHP and provided to the Foundation. Contributed expenses provided to the Foundation are based on actual costs incurred by IEHP to provide these services, which approximates fair value.

All gifts in-kind received during the period ended December 31, 2022, were without donor restriction.