



**Insurance Industry
Charitable Foundation**

Helping communities and
enriching lives, together.

**Insurance industry Charitable Foundation
Financial Statements
December 31, 2021 and 2020**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Insurance Industry Charitable Foundation

Opinion

We have audited the accompanying financial statements of Insurance Industry Charitable Foundation, which comprise the statement of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Insurance Industry Charitable Foundation as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Insurance Industry Charitable 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 the 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 Insurance Industry Charitable Foundation 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Insurance Industry Charitable 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 Insurance Industry Charitable 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.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Rancho Cordova, California
April 20, 2021,



Insurance industry Charitable Foundation
Statement of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,575,078	\$ 2,481,467
Investments	1,428,142	1,228,557
Pledges Receivable, (Less Allowance for Uncollectable Pledges Receivable of \$0)	156,305	116,886
Prepaid Expenses	<u>291,257</u>	<u>154,248</u>
Total Current Assets	4,450,782	3,981,158
TOTAL ASSETS	\$ 4,450,782	\$ 3,981,158
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 591,455	\$ 779,393
Deferred Revenue	<u>332,714</u>	<u>322,590</u>
Total Current Liabilities	<u>924,169</u>	<u>1,101,983</u>
Total Liabilities	<u>924,169</u>	<u>1,101,983</u>
Net Assets:		
Without Donor Restrictions	3,290,101	2,821,626
Without Donor Restrictions - Board Designated	86,512	47,549
With Donor Restrictions	<u>150,000</u>	<u>10,000</u>
Total Net Assets	3,526,613	2,879,175
TOTAL LIABILITIES AND NET ASSETS	\$ 4,450,782	\$ 3,981,158

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

Insurance Industry Charitable Foundation
Statement of Activities
For the Years Ended December 31, 2021 and 2020

	2021	2020
Changes in Net Assets Without Donor Restrictions:		
Total Campaign:		
Special Events Income	\$ 4,299,085	\$ 3,479,051
Less Cost of Special Events	<u>(618,606)</u>	<u>(664,753)</u>
Net Activity from Special Events	3,680,479	2,814,298
Annual Board Dues and Other Contributions	<u>1,811,129</u>	<u>2,786,119</u>
Total Unrestricted Campaign/Contributions Received	5,491,608	5,600,417
Investment and Other Income	629,800	96,689
Net Assets Released from Restriction	<u>10,000</u>	<u>-</u>
Total Revenue	<u>6,131,408</u>	<u>5,697,106</u>
Expenses:		
Program Services	4,872,769	4,708,608
General and Administrative	420,671	352,439
Fundraising	<u>330,530</u>	<u>246,025</u>
Total Expenses	<u>5,623,970</u>	<u>5,307,072</u>
Change in Net Assets Without Donor Restrictions	507,438	390,034
Changes in Net Assets With Donor Restrictions		
Contributions	150,000	10,000
Net Assets Released from Restrictions	<u>(10,000)</u>	<u>-</u>
Change in Net Assets With Donor Restrictions	<u>140,000</u>	<u>10,000</u>
Change in Net Assets	647,438	400,034
Net Assets at Beginning of Year	2,879,175	2,479,141
Net Assets at End of Year	<u>\$ 3,526,613</u>	<u>\$ 2,879,175</u>

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

Insurance industry Charitable Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	General & Administrative	Fundraising	Total
Grants and Allocations	\$ 2,619,164	\$ -	\$ -	\$ 2,619,164
Personnel Costs	1,743,212	325,399	255,671	2,324,282
Office Costs	27,126	5,064	3,979	36,169
Insurance	15,871	2,962	2,328	21,161
Travel	5,487	1,024	805	7,316
Other Costs	191,828	35,807	28,135	255,770
Professional Fees	164,549	30,716	24,134	219,399
In-kind Expenses	105,532	19,699	15,478	140,709
Totals	\$ 4,872,769	\$ 420,671	\$ 330,530	\$ 5,623,970

Insurance industry Charitable Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	General & Administrative	Fundraising	Total
Grants and Allocations	\$ 2,838,808	\$ -	\$ -	\$ 2,838,808
Personnel Costs	1,362,482	258,984	179,274	1,800,740
Office Costs	30,676	5,651	4,036	40,363
Insurance	12,809	2,360	1,685	16,854
Travel	19,449	3,582	2,559	25,590
Other Costs	175,586	32,345	23,103	231,034
Professional Fees	165,605	30,507	21,790	217,902
In-kind Expenses	103,193	19,010	13,578	135,781
Totals	\$ 4,708,608	\$ 352,439	\$ 246,025	\$ 5,307,072

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

Insurance Industry Charitable Foundation
Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash Received from Donors	\$ 6,090,210	\$ 6,073,525
Cash Paid for Grants and Operations	(6,175,089)	(5,418,604)
Investment Income Received	<u>42,904</u>	<u>24,474</u>
Net Cash Flows from Operating Activities	<u>(41,975)</u>	<u>679,395</u>
Cash Flows from Investing Activities:		
Purchases of Investments	(625,570)	(642,993)
Proceeds from Investments	<u>611,157</u>	<u>871,293</u>
Net Cash Flows from Investing Activities	<u>(14,413)</u>	<u>228,300</u>
Cash Flows from Financing Activities:		
Proceeds from Short-term Loan	<u>149,999</u>	<u>401,724</u>
Net Cash Flows form Financing Activities	<u>149,999</u>	<u>401,724</u>
Change in Cash and Cash Equivalents	93,611	1,309,419
Cash and Cash Equivalents at Beginning of Year	<u>2,481,467</u>	<u>1,172,048</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,575,078</u>	<u>\$ 2,481,467</u>

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

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - Summary of Significant Accounting Policies:

A. Organization's Activities

The Insurance industry Charitable Foundation (the "Foundation"), a nonprofit corporation, was formed to help communities and enrich lives by combining the collective strengths of the insurance industry to provide grants, volunteer service and leadership. The Foundation solicits, receives, and maintains gifts of money and property and distributes money and property to various nonprofit organizations. The Foundation is funded and directed by insurance industry professionals representing a broad spectrum of the industry: reinsurers, insurance agents and brokers, property/casualty companies, health/life companies and related advertising, public relations, law, accounting, computer and other companies that work closely with the insurance industry.

B. Method of Accounting

The Foundation prepares its financial statements using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues in the accounting period when the revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless if when cash is disbursed.

C. Basis of Presentation

Financial statement presentation follows the recommendations prescribed in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide as well as the Financial Accounting Standards Board. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the absence or existence of donor-imposed restrictions. There were \$10,000 of net assets with donor restrictions at December 31, 2020 and \$150,000 of net assets with donor restrictions at December 31, 2021.

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - Summary of Significant Accounting Policies (Continued):

D. Restricted and Unrestricted Revenue

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases those net asset classes. Net assets with donor restrictions consist of assets over which the Foundation does not have complete control.

When a restriction expires, 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 chooses to report donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Foundation maintains cash balances at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, the FDIC insures cash balances up to \$250,000 per financial institution.

F. Pledges Receivable:

Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's estimate of uncollectable accounts based upon experience, and other circumstances which could affect the ability for pledge obligations to be met. It is the Foundation's policy to charge off uncollectable pledges receivable when management determines the receivable will not be collected. All outstanding pledges are expected to be received in the following year.

G. Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - Summary of Significant Accounting Policies (Continued):

H. Income Taxes

The Foundation is a nonprofit corporation exempt from federal and state income taxes under Internal Revenue Code section 501(c)(3). Therefore, these financial statements contain no provision for such taxes. Informational returns are filed annually with federal and state taxing authorities.

Financial Accounting Standards provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Foundation in its Federal and state exempt organization information returns are more likely than not to be sustained upon examination. The Foundation's returns for the prior are subject to examination by federal and state taxing authorities, generally for three years after they are filed. There are currently no examinations being conducted of any of the Foundation's previously filed returns.

I. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

J. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalent accounts and investments in financial institutions which exceed the federally insured limits. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - Summary of Significant Accounting Policies (Continued):

L. Reclassifications:

Certain reclassifications may have been made to the 2020 financial statement presentation to correspond to the current year's format.

NOTE 2 - Liquidity and Availability of Resources:

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short and long term investments, primarily Mutual Funds. The donations restricted by the donor has been set aside until the donors restrictions have been satisfied. As of December 31, 2021, the net assets restricted by donors was \$150,000.

The following reflects the Foundation's financial assets as of the balance sheet date, including amounts not available within one year of the balance sheet date. Amounts not available include amounts set aside for net assets with donor restrictions that could be drawn upon if the donor restrictions have been satisfied.

The Foundation's financial assets due within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 2,575,078
Investments	1,428,142
Accounts Receivable	<u>156,305</u>
Financial Assets, as of December 31, 2021	<u>4,159,525</u>
Less:	
Amounts set aside for net assets with donor restrictions	<u>(150,000)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 4,009,525</u>

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 3 - Long-term Investments:

The investments consist of marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. An analysis of the investments held as of December 31, 2021 and 2020 is as follows:

	2021	2020
Exchange Traded Funds	\$ 1,428,142	\$ 1,228,557
Total Investments	\$ 1,428,142	\$ 1,228,557
Investment Returns:		
Interest and Dividend Income	\$ 38,633	\$ 24,473
Realized Gains (Loss)	99,108	46,443
Net Unrealized Gain (Loss)	86,065	25,773
Total Unrestricted Investment Return	\$ 223,806	\$ 96,689

Fees incurred on investments were \$8,685 and \$10,108 during the years ended December 31, 2021 and 2020, respectively.

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 4 - Fair Value Measurements:

Accounting Standards generally accepted in the United States of America (GAAP) have established a framework for measuring fair value. That framework provides 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 under GAAP are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level 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.

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 4 - Fair Value Measurements (Continued):

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2021:

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Exchange Traded Funds	\$ <u>1,428,142</u>	\$ <u>1,428,142</u>	\$ <u>-</u>	\$ <u>-</u>
Total	\$ <u><u>1,428,142</u></u>	\$ <u><u>1,428,142</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2020:

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Exchange Traded Funds	\$ <u>1,228,557</u>	\$ <u>1,228,557</u>	\$ <u>-</u>	\$ <u>-</u>
Total	\$ <u><u>1,228,557</u></u>	\$ <u><u>1,228,557</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

NOTE 5 - Donated Services and Materials:

The Foundation recognizes donated services and materials that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services, materials and facilities are recorded at their estimated fair values in the periods received. The fair values of services and materials donated during the years ended December 31, 2021 and 2020 were \$140,709 and \$135,781 respectively.

NOTE 6 - Affiliated Organization:

Insurance Industry Charitable Foundation - London Division, is an affiliated organization registered in the United Kingdom. The Foundation oversees, but does not control the division. There are four common Board Members on the London Board of Directors. In 2021 and 2020, the Foundation made contributions to the London Division of \$90,934 and \$55,550 (USD), respectively.

Insurance industry Charitable Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 7 - Subsequent Events:

Management has evaluated subsequent events through April 20, 2021, the date which the financial statements were available to be issued.

The Foundation's operations had not been affected by the recent and ongoing outbreak COVID-19, which was declared a pandemic by the World Health Organization in March of 2020. The Foundation has been structured to operate in a virtual environment, and therefore it did not experience any business interruption. The Foundation has done an incredible job of pivoting to virtual philanthropic fundraising initiatives.

The Foundation launched an industry-wide fundraising campaign, **COVID-19 Crisis: IICF Children's Relief Fund**, to facilitate a collective industry response to help vulnerable children in need. The Foundation has heard from its board companies and industry partners on responding to this unprecedented pandemic crisis and how best to help those in need and make a meaningful impact. The Campaign raised \$1.2M and awarded grants nationwide to local communities impacted by the pandemic.

The Foundation launched the second phase of the COVID-19 Campaign 2.0 in March 2021 and raised \$244,000.

The Foundation received \$401,724 Paycheck Protection Program (PPP) via Wells Fargo Bank on May 6, 2020. The loan amount covered only payroll; hence, it was fully forgiven in 2021. The Foundation also applied for the PPP loan second draw the amount of \$149,999 (the loan was forgiven in January 2022).