

Compassion & Choices and Compassion & Choices Action Network

Combined Financial Statements and
Accompanying Supplemental Information
with Independent Auditor's Report

Years Ended June 30, 2023 and 2022



WIPFLI

Independent Auditor's Report

Board of Directors
Compassion & Choices and Compassion & Choices Action Network
Denver, Colorado

Opinion

We have audited the accompanying combined financial statements of Compassion & Choices and Compassion & Choices Action Network (collectively referred to as the "Organizations"), a nonprofit organization, which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, revenue and functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the combined financial position of Compassion & Choices and Compassion & Choices Action Network as of June 30, 2023 and 2022, and the changes in its combined net assets and its combined 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 Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Compassion & Choices and Compassion & Choices Action Network 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Compassion & Choices and Compassion & Choices Action Network's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Compassion & Choices and Compassion & Choices Action Network'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Compassion & Choices and Compassion & Choices Action Network'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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statements of financial position, combining statements of activities and changes in net assets, combining statements of revenue and functional expenses, and statements of revenue and functional expenses as of and for the year ended June 30, 2023, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Wipfli LLP

Wipfli LLP

Lakewood, Colorado

October 17, 2023

Compassion & Choices and Compassion & Choices Action Network

Combined Statements of Financial Position

Assets	2023	2022
<i>June 30,</i>		
Current assets:		
Cash and cash equivalents	\$ 3,309,046	\$ 2,629,496
Unconditional promises to give	15,000	357,500
Investments:		
Cash and money market funds	2,508,656	2,056,860
Marketable securities	31,241,602	36,156,166
Prepaid expenses and other	728,733	425,935
Beneficial interest in charitable remainder trusts	116,956	112,374
Total current assets	37,919,993	41,738,331
Property, equipment and improvements, at cost:		
Furniture, fixtures and equipment	356,540	356,540
Leasehold improvements	11,695	11,695
Total property, equipment and improvements, at cost	368,235	368,235
Accumulated depreciation and amortization	359,958	359,659
Net property, equipment and improvements	8,277	8,576
Other assets:		
Unconditional promises to give, net of current portion	30,000	45,000
Intangible assets, net	6,417	7,417
Investment, partnership interest	238,841	238,841
Right-of-use asset - operating leases	663,829	-
Deposits	20,039	20,039
Total other assets	959,126	311,297
Total assets	\$ 38,887,396	\$ 42,058,204

See accompanying notes to the combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statements of Financial Position

<i>June 30,</i>	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 589,227	\$ 467,955
Accrued expenses	1,442,099	1,050,492
Deferred revenue	4,000,000	5,000,000
Operating leases liability	145,935	-
Total current liabilities	6,177,261	6,518,447
Long-term liabilities:		
Deferred revenue, net of current portion	9,000,000	12,500,000
Gift annuity payments due	325,058	398,860
Operating leases liability, net of current portion	466,825	-
Total long-term liabilities	9,791,883	12,898,860
Total liabilities	15,969,144	19,417,307
Net assets:		
Without donor restrictions:		
Operating	22,864,975	21,975,914
Net investment in property, equipment and improvements	8,277	8,576
Total net assets without donor restrictions	22,873,252	21,984,490
With donor restrictions	45,000	656,407
Total net assets	22,918,252	22,640,897
Total liabilities and net assets	\$ 38,887,396	\$ 42,058,204

See accompanying notes to the combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	\$ 20,965,191	\$ 432,500	\$ 21,397,691
In-kind contributions	1,143,845	-	1,143,845
Investment income, net of expenses	1,010,584	-	1,010,584
Realized and unrealized gain on investments	1,254,985	-	1,254,985
Other income	19,482	-	19,482
Net assets released from restrictions:			
Satisfaction of:			
Program restrictions	157,500	(157,500)	-
Time restrictions	886,407	(886,407)	-
Total revenue and other support	25,437,994	(611,407)	24,826,587
Expenses:			
Programs	21,244,555	-	21,244,555
General and administrative	1,653,736	-	1,653,736
Fundraising	1,650,941	-	1,650,941
Total expenses	24,549,232	-	24,549,232
Increase (decrease) in net assets	888,762	(611,407)	277,355
Net assets, beginning	21,984,490	656,407	22,640,897
Net assets, ending	\$ 22,873,252	\$ 45,000	\$ 22,918,252

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	\$ 21,688,196	\$ 1,180,000	\$ 22,868,196
In-kind contributions	1,072,478	-	1,072,478
Investment income, net of expenses	1,045,972	-	1,045,972
Realized and unrealized loss on investments	(5,073,812)	-	(5,073,812)
Other income	5,352	-	5,352
Net assets released from restrictions:			
Satisfaction of:			
Program restrictions	576,093	(576,093)	-
Time restrictions	792,500	(792,500)	-
Total revenue and other support	20,106,779	(188,593)	19,918,186
Expenses:			
Programs	18,017,389	-	18,017,389
General and administrative	1,782,928	-	1,782,928
Fundraising	1,520,361	-	1,520,361
Total expenses	21,320,678	-	21,320,678
Increase (decrease) in net assets	(1,213,899)	(188,593)	(1,402,492)
Net assets, beginning	23,198,389	845,000	24,043,389
Net assets, ending	\$ 21,984,490	\$ 656,407	\$ 22,640,897

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Revenue and Functional Expenses

<i>Year Ended June 30, 2023</i>	Direct Lobbying	Grassroots Lobbying	Policy & Litigation	Public Education
Revenue and other support:				
Contributions	\$ -	\$ -	\$ 150,000	\$ -
In-kind contributions	-	-	1,139,613	-
Investment income, net of expenses	-	-	-	-
Realized and unrealized gain on investments	-	-	-	-
Other income	100	-	500	-
Total revenue and other support	100	-	1,290,113	-
Expenses:				
Advertising	65,772	-	-	123,387
Bank and merchant fees	-	-	-	84,715
Conference/booth fees	6,050	-	350	5,903
Depreciation and amortization	-	-	144	500
Development costs	-	-	-	1,254,202
Facilities	-	-	57,986	61,440
Graphics	13,204	-	15,000	107,609
Insurance	-	-	17,985	38,614
Interest and taxes	-	-	-	-
Magazine	-	-	-	213,102
Meetings	2,679	-	21,522	88,547
Memberships - organizations	-	-	2,403	10,602
Operational expenses	22,254	8,408	14,711	94,435
Outside services	879,527	127,426	1,216,317	900,396
Payroll expense	80,753	38,910	1,329,303	3,017,611
Printing	8,182	-	268	108,124
Publications and subscriptions	58	-	89,019	20,074
Registration fees	-	-	30	12,930
Sponsorships	121,090	-	15,000	5,000
Staff costs - development department	-	-	-	1,200,469
Staff development	-	-	6,721	22,558
Staff recruiting	-	-	1,361	94,541
Technology/data management	-	-	40,335	435,514
Travel and entertainment	51,060	3,726	50,215	168,972
Total expenses	1,250,629	178,470	2,878,670	8,069,245
Increase (decrease) in net assets	\$ (1,250,529)	\$ (178,470)	\$ (1,588,557)	\$ (8,069,245)

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2023</i>	Advocacy	Clinical Education and Community Engagement	Total Programs
Revenue and other support:			
Contributions	\$ 60,000	\$ -	\$ 210,000
In-kind contributions	-	375	1,139,988
Investment income, net of expenses	-	-	-
Realized and unrealized gain on investments	-	-	-
Other income	500	-	1,100
Total revenue and other support	60,500	375	1,351,088
Expenses:			
Advertising	59,777	60,570	309,506
Bank and merchant fees	-	-	84,715
Conference/booth fees	62,316	59,117	133,736
Depreciation and amortization	326	206	1,176
Development costs	-	-	1,254,202
Facilities	60,966	19,697	200,089
Graphics	10,626	129,096	275,535
Insurance	25,156	15,933	97,688
Interest and taxes	-	-	-
Magazine	-	-	213,102
Meetings	56,594	31,495	200,837
Memberships - organizations	11,549	65,505	90,059
Operational expenses	41,211	39,212	220,231
Outside services	945,344	702,822	4,771,832
Payroll expense	2,911,503	2,535,324	9,913,404
Printing	26,347	45,183	188,104
Publications and subscriptions	3,755	2,451	115,357
Registration fees	3,448	-	16,408
Sponsorships	37,713	323,918	502,721
Staff costs - development department	-	-	1,200,469
Staff development	10,106	6,368	45,753
Staff recruiting	3,090	13,852	112,844
Technology/data management	87,134	56,341	619,324
Travel and entertainment	195,075	208,415	677,463
Total expenses	4,552,036	4,315,505	21,244,555
Increase (decrease) in net assets	\$ (4,491,536)	\$ (4,315,130)	\$ (19,893,467)

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2023</i>	Total Programs	General and Administrative	Fundraising	Total
Revenue and other support:				
Contributions	\$ 210,000	\$ 3,267	\$ 21,184,424	\$ 21,397,691
In-kind contributions	1,139,988	1,857	2,000	1,143,845
Investment income, net of expenses	-	1,010,584	-	1,010,584
Realized and unrealized gain on investments	-	1,254,985	-	1,254,985
Other income	1,100	17,782	600	19,482
Total revenue and other support	1,351,088	2,288,475	21,187,024	24,826,587
Expenses:				
Advertising	309,506	1,198	-	310,704
Bank and merchant fees	84,715	3,453	4,048	92,216
Conference/booth fees	133,736	620	-	134,356
Depreciation and amortization	1,176	123	-	1,299
Development costs	1,254,202	-	754,720	2,008,922
Facilities	200,089	16,458	15,748	232,295
Graphics	275,535	-	-	275,535
Insurance	97,688	49,377	-	147,065
Interest and taxes	-	605	-	605
Magazine	213,102	-	-	213,102
Meetings	200,837	53,527	-	254,364
Memberships - organizations	90,059	5,292	4,703	100,054
Operational expenses	220,231	16,560	1,310	238,101
Outside services	4,771,832	84,028	899	4,856,759
Payroll expense	9,913,404	1,295,952	-	11,209,356
Printing	188,104	107	229	188,440
Publications and subscriptions	115,357	3,203	-	118,560
Registration fees	16,408	5,148	11,175	32,731
Sponsorships	502,721	444	-	503,165
Staff costs - development department	1,200,469	-	816,850	2,017,319
Staff development	45,753	6,792	-	52,545
Staff recruiting	112,844	1,172	-	114,016
Technology/data management	619,324	59,684	-	679,008
Travel and entertainment	677,463	49,993	41,259	768,715
Total expenses	21,244,555	1,653,736	1,650,941	24,549,232
Increase (decrease) in net assets	\$ (19,893,467)	\$ 634,739	\$ 19,536,083	\$ 277,355

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Revenue and Functional Expenses

<i>Year Ended June 30, 2022</i>	Direct Lobbying	Grassroots Lobbying	Policy & Litigation	Public Education
Revenue and other support:				
Contributions	\$ -	\$ -	\$ -	\$ -
In-kind contributions	-	-	1,070,122	-
Investment income, net of expenses	-	-	-	-
Realized and unrealized loss on investments	-	-	-	-
Other income	-	-	500	183
Total revenue and other support	-	-	1,070,622	183
Expenses:				
Advertising	121,289	71,468	-	129,343
Bank and merchant fees	-	-	12	85,243
Conference/booth fees	-	-	325	338
Depreciation and amortization	-	-	167	662
Development costs	-	-	-	1,232,941
Facilities	-	-	59,978	78,196
Graphics	-	-	-	29,350
Insurance	-	-	13,275	24,366
Interest and taxes	-	-	-	-
Magazine	-	-	-	179,901
Meetings	527	-	1,414	12,107
Memberships - organizations	-	-	1,650	9,818
Operational expenses	29,679	11,036	10,223	45,837
Outside services	424,834	40,620	1,129,584	725,497
Payroll expense	257,510	31,131	1,223,850	2,622,134
Printing	1,364	1,382	-	98,515
Publications and subscriptions	-	-	92,203	31,223
Registration fees	-	-	-	14,447
Sponsorships	600	-	15,613	6,000
Staff costs - development department	-	-	-	1,191,528
Staff development	-	-	11,506	22,337
Staff recruiting	-	-	3,847	15,279
Technology/data management	-	-	52,450	368,282
Travel and entertainment	11,643	2,255	28,461	80,231
Total expenses	847,446	157,892	2,644,558	7,003,575
Increase (decrease) in net assets	\$ (847,446)	\$ (157,892)	\$ (1,573,936)	\$ (7,003,392)

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2022</i>	Advocacy	Clinical Education and Community Engagement	Total Programs
Revenue and other support:			
Contributions	\$ -	\$ -	\$ -
In-kind contributions	-	2,356	1,072,478
Investment income, net of expenses	-	-	-
Realized and unrealized loss on investments	-	-	-
Other income	1,097	-	1,780
Total revenue and other support	1,097	2,356	1,074,258
Expenses:			
Advertising	75,801	59,299	457,200
Bank and merchant fees	60	109	85,424
Conference/booth fees	42,017	86,458	129,138
Depreciation and amortization	384	224	1,437
Development costs	-	-	1,232,941
Facilities	27,671	12,541	178,386
Graphics	27,489	100,675	157,514
Insurance	14,110	8,250	60,001
Interest and taxes	-	201	201
Magazine	-	-	179,901
Meetings	5,438	1,955	21,441
Memberships - organizations	15,071	49,470	76,009
Operational expenses	39,414	20,638	156,827
Outside services	1,254,016	656,049	4,230,600
Payroll expense	2,370,287	1,724,850	8,229,762
Printing	49,123	2,942	153,326
Publications and subscriptions	2,856	1,029	127,311
Registration fees	970	-	15,417
Sponsorships	59,143	204,250	285,606
Staff costs - development department	-	-	1,191,528
Staff development	8,796	4,711	47,350
Staff recruiting	8,948	5,174	33,248
Technology/data management	110,760	61,668	593,160
Travel and entertainment	168,043	83,028	373,661
Total expenses	4,280,397	3,083,521	18,017,389
Increase (decrease) in net assets	\$ (4,279,300)	\$ (3,081,165)	\$ (16,943,131)

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2022</i>	Total Programs	General and Administrative	Fundraising	Total
Revenue and other support:				
Contributions	\$ -	\$ 1,855	\$ 22,866,341	\$ 22,868,196
In-kind contributions	1,072,478	-	-	1,072,478
Investment income, net of expenses	-	1,045,972	-	1,045,972
Realized and unrealized loss on investments	-	(5,073,812)	-	(5,073,812)
Other income	1,780	3,572	-	5,352
Total revenue and other support	1,074,258	(4,022,413)	22,866,341	19,918,186
Expenses:				
Advertising	457,200	-	-	457,200
Bank and merchant fees	85,424	4,799	2,193	92,416
Conference/booth fees	129,138	2,205	-	131,343
Depreciation and amortization	1,437	170	-	1,607
Development costs	1,232,941	-	646,392	1,879,333
Facilities	178,386	70,997	12,571	261,954
Graphics	157,514	-	-	157,514
Insurance	60,001	75,055	-	135,056
Interest and taxes	201	-	-	201
Magazine	179,901	-	-	179,901
Meetings	21,441	6,071	-	27,512
Memberships - organizations	76,009	1,400	5,793	83,202
Operational expenses	156,827	14,034	16,106	186,967
Outside services	4,230,600	106,106	366	4,337,072
Payroll expense	8,229,762	1,385,051	-	9,614,813
Printing	153,326	-	389	153,715
Publications and subscriptions	127,311	11,373	-	138,684
Registration fees	15,417	2,089	11,149	28,655
Sponsorships	285,606	-	-	285,606
Staff costs - development department	1,191,528	-	793,411	1,984,939
Staff development	47,350	3,985	-	51,335
Staff recruiting	33,248	3,921	-	37,169
Technology/data management	593,160	53,899	-	647,059
Travel and entertainment	373,661	41,773	31,991	447,425
Total expenses	18,017,389	1,782,928	1,520,361	21,320,678
Increase (decrease) in net assets	\$ (16,943,131)	\$ (5,805,341)	\$ 21,345,980	\$ (1,402,492)

See accompanying notes to combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Combined Statements of Cash Flows

<i>Years Ended June 30,</i>	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 277,355	\$ (1,402,492)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,299	1,607
Unrealized (gain) loss on investments	(1,468,266)	5,068,489
Realized loss on investments	213,281	5,323
Non-cash lease expense	187,488	-
Changes in operating assets and liabilities:		
Unconditional promises to give	357,500	292,500
Prepaid expenses and other	(302,798)	(119,963)
Beneficial interest in charitable remainder trusts	(4,582)	9,489
Other receivables	-	82,679
Other current assets	-	409
Accounts payable	121,272	(35,578)
Accrued expenses	391,607	243,576
Deferred revenue	(4,500,000)	(5,180,000)
Operating leases liability	(238,557)	-
Net cash used by operating activities	(4,964,401)	(1,033,961)
Cash flows from investing activities:		
Proceeds from sale of investments	9,425,330	29,291,544
Purchase of investments	(3,707,577)	(27,811,895)
Net cash provided by investing activities	5,717,753	1,479,649
Cash flows from financing activities:		
Gift annuities:		
Proceeds	-	63,647
Repayments	(73,802)	(80,492)
Net cash used by financing activities	(73,802)	(16,845)
Net increase in cash and cash equivalents	679,550	428,843
Cash and cash equivalents, beginning	2,629,496	2,200,653
Cash and cash equivalents, ending	\$ 3,309,046	\$ 2,629,496

See accompanying notes to the combined financial statements

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

Compassion & Choices, which has been granted not-for-profit status under Internal Revenue Code Section 501(c)(3), works to improve care, expand options and empower everyone to chart their end-of-life journey. Compassion & Choices seeks to achieve this goal by focusing its resources on three programs that will create systemic change: 1) advocating for the authorization and implementation of medical aid in dying laws; 2) legitimizing advanced care planning for dementia to minimize unnecessary suffering; and 3) addressing inequities in access to end of life care for underserved communities.

Compassion & Choices Action Network is a not-for-profit organization with a 501(c)(4) status under the Internal Revenue Code Section, whose focus is on advancing legislative campaigns to improve care and expand options at life's end. This includes legislation focused on authorizing or protecting medical aid in dying laws as well as other legislative efforts to improve care and expand options at life's end. The Compassion & Choices Action Network also engages in a minimal amount of activity to influence political campaigns as allowable under the law.

Compassion & Choices and Compassion & Choices Action Network (collectively referred to as the "Organizations") are considered to be under common control as defined by accounting principles generally accepted in the United States ("U.S. GAAP") based on financial control and/or joint operating agreements. As such, the financial operations of the Organizations are presented as combined financial statements for the years ended June 30, 2023 and 2022. During June 30, 2022, Compassion & Choices granted \$250,000 to Compassion & Choices Action Network to support its mission. This has been eliminated in the combined financial statements.

Funding is received through donations from individuals, businesses and organizations.

Basis of presentation

The combined financial statements are prepared using the accrual method of accounting under U.S. GAAP whereby income is reported as earned and expenses reported as incurred.

The combined financial statements have been prepared in accordance with U.S. GAAP, which requires the Organizations to report information regarding its combined financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organizations in accordance with the limitations of the charter and bylaws. These net assets may be used at the discretion of the Organizations' management and the Board of Directors. Decreases in net assets without donor restrictions generally result from expenses incurred for program and supporting services conducted by the Organizations.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of presentation (Continued)

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organizations have no funds held in perpetuity as of June 30, 2023 and 2022.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities and changes in net assets.

Use of estimates in the preparation of combined financial statements

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of combined assets and liabilities and disclosure of contingent combined assets and liabilities at the date of the combined financial statements and the reported amounts of combined revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Organizations consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organizations maintain cash in bank deposit accounts at various financial institutions in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

The operating accounts of the Organizations are held at institutions that provide insurance up to \$250,000 per FDIC-insured depository institution. Under Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 825, *Financial Instruments*, identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk. Risk related to deposits held outside of institutions participating in the above program is managed by maintaining deposits with high quality financial institutions. As of June 30, 2023 and 2022, the cash accounts maintained exceeded federally insured limits by approximately \$2,496,500 and \$1,842,100, respectively. The Organizations have not experienced any losses in these accounts and do not believe they are exposed to any significant credit risk related to cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the combined statements of financial position. Realized and unrealized gains and losses are included in the combined statements of activities and changes in net assets. Donated investments are reflected as contributions at their market values at date of receipt.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Property, equipment and improvements

Property, equipment and improvements are recorded at acquisition cost with donated property and equipment recorded at estimated fair market value. When items are disposed, the cost and related depreciation and amortization are removed from the accounts, with gains or losses on disposal recorded. Depreciation and amortization is computed by the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years, and the shorter of the estimated useful life or the related lease term for leasehold improvements. Maintenance and repairs are included as expenses when incurred.

Total depreciation and amortization expense was \$1,299 and \$1,607 for the years ended June 30, 2023 and 2022, respectively.

Intangible assets

The Organizations account for intangible assets using Subtopic 350-30 of the FASB ASC *Intangibles – Goodwill and Other*. Effective January 1, 2014, the Organizations have adopted the guidance of FASB Accounting Standards Update ("ASU") 2014-02 "Intangibles – Goodwill and Other". Prior to the adoption of this guidance, intangible assets with infinite lives were not amortized, but rather tested for impairment annually or more frequently if circumstances indicate that impairment may exist. Intangible assets with finite useful lives were amortized either on a straight-line basis over the asset's estimated useful life or on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized. Upon adoption of the above guidance from FASB ASU 2014-02, intangible assets identified as goodwill are amortized on a straight-line basis over ten years or less based on the appropriate useful life. Goodwill is tested for impairment if circumstances change that indicate the fair value of the acquired entity may be below its carrying value. Intangible assets specifically identified with finite useful lives are accounted for as before.

As of June 30, 2023 and 2022, intangible assets are comprised of domain names purchased during 2014 and prior years at a total cost of \$20,000. They are being amortized on a straight-line basis over fifteen years and reflect accumulated amortization of \$13,583 and \$12,583 as of June 30, 2023 and 2022, respectively.

Future annual amortization amounts to be recognized for the intangible assets based on the applicable useful lives are as follows for years ended after June 30, 2023:

<i>Year Ended June 30,</i>	Amount
2024	\$ 1,000
2025	1,000
2026	1,000
2027	1,000
2028	1,000
Thereafter	1,417
Total	\$ 6,417

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Donations

The Organizations report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. 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 combined statements of activities and changes in net assets as net assets released from restrictions.

All donations are considered to be 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

Contributions

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to the Organizations. Contributions received are recorded as net assets with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. Donated assets are recorded as contributions at their estimated fair value on the date of donation. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional contributions are recognized as revenue when the barrier(s) to entitlement are overcome. Accordingly, funds received in advance of satisfying barrier(s) are recorded as deferred revenue until the conditions on which they depend have been substantially met. As of June 30, 2023 and 2022, the Organizations have conditional contributions received in advance of \$13,000,000 and \$17,500,000, respectively. The conditional funding received is included within investments on the combined statements of financial position and are maintained separately from the Organizations' operating investments. Management expects the barriers to be satisfied and revenue to be recognized over the next five fiscal years.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organizations use the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectability of individual account balances. Management determined there was no allowance for uncollectible accounts as of June 30, 2023 and 2022, respectively.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$310,704 and \$457,200, respectively.

Income taxes

No provision for taxes on earnings has been made in the combined financial statements as Compassion & Choices has qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Compassion & Choices Action Network qualifies as a not-for-profit organization under Section 501(c)(4) of the Internal Revenue Code. Both entities are only subject to taxes on unrelated business income; however, neither entity had any unrelated business income during the years ended June 30, 2023 and 2022.

Functional allocation of expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, certain costs have been allocated among program and supporting services benefited. The combined statements of revenue and functional expenses provide a detail of the natural classifications of those functional expenses and are determined by management on an equitable and rational basis. The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, outside services, development costs, travel and entertainment, technology/data management, and other expenses that are allocated on the basis of use and time for the expenses, as well as personnel costs that are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Accounting pronouncement adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the combined statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organizations adopted this guidance in the year ended June 30, 2023 with modified retrospective application to July 1, 2022 through a cumulative-effect adjustment.

The Organizations have elected the package of practical expedients permitted in ASC 842. Accordingly, the Organizations accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC 842, (b) whether the classification of the leases would be different in accordance with ASC 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of July 1, 2022) would have met the definition of initial direct costs in ASC 842 at lease commencement. Similarly, the Organizations did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

As a result of the adoption of the new lease accounting guidance, the Organizations recognized the following right-of-use ("ROU") assets and lease liabilities as of July 1, 2022:

Right-of-use asset - Operating leases	\$	851,317
Operating leases liability	\$	851,317

This standard did not have a material impact on the Organizations' net assets or cash flows from operations and had an immaterial impact on the Organizations' operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

ASC 842 lease accounting

The Organizations are a lessee in noncancelable operating leases. If the contract provides the Organizations the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

ASC 842 lease accounting (Continued)

The Organizations have elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organizations have elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organizations recognize short-term lease cost on a straight-line basis over the lease term.

For all underlying classes of assets, the Organizations separate lease and non-lease components to determine the lease payment.

Upcoming accounting pronouncements

ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, will require the Organizations to present financial assets measured at amortized cost (including contract receivables and contract assets) at the net amount expected to be collected over the remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. This accounting standard will be effective for financial statements issued or interim and annual periods beginning after December 15, 2022. The Organizations are evaluating what impact this new standard will have on its 2024 combined financial statements.

Subsequent events

Subsequent events have been evaluated by management as of the date of these combined financial statements. This date represents the date the combined financial statements were available to be issued.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 2: Liquidity and Availability

As of June 30, 2023 and 2022, respectively, combined financial assets available for general expenditures, that is without donor restrictions limiting their use, within one year of the combined statement of financial position date, are as follows:

	2023	2022
Combined financial assets:		
Cash and cash equivalents	\$ 3,309,046	\$ 2,629,496
Unconditional promises to give	15,000	357,500
Investments:		
Cash and money market funds	2,508,656	2,056,860
Marketable securities	31,241,602	36,156,166
Beneficial interest in charitable remainder unitrusts	116,956	112,374
Total combined financial assets	37,191,260	41,312,396
Less donor restricted amounts	45,000	656,407
Less reserves for deferred revenue	13,000,000	17,500,000
Combined financial assets available to meet general expenditures over the next twelve months	\$ 24,146,260	\$ 23,155,989

The Organizations regularly monitor the availability of resources required to meet its operating needs and their goal is generally to maintain combined financial assets to meet four months of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including cash and money market accounts.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 3: Investments

Fair value measurements

The Organizations record its investments at fair value. Fair value represents 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. The Organizations utilize valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based on the level of judgment associated with the inputs used to measure their value. The hierarchy for measuring fair value prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices for securities traded in active markets (level 1) and the lowest priority to unobservable inputs (level 3). The asset 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. The three levels of the fair value hierarchy are as follows:

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

Level 2 – Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; and d) 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.

As required by FASB ASC Topic 820, the Organizations' managed investments were classified as follows, based on the lowest level of input that is significant to the fair value measurement on a recurring basis as of June 30, 2023:

<i>Description</i>	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 2,508,656	\$ -	\$ -	\$ 2,508,656
Marketable securities:				
Fixed income investments	2,738,901	-	-	2,738,901
Equities	13,240,824	-	-	13,240,824
Mutual funds:				
Equity funds	2,500,235	-	-	2,500,235
Bond funds	8,739,965	-	-	8,739,965
Exchange-traded funds	4,021,677	-	-	4,021,677
Total marketable securities	31,241,602	-	-	31,241,602
Total	\$ 33,750,258	\$ -	\$ -	\$ 33,750,258

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 3: Investments (Continued)

As required by FASB ASC Topic 820, the Organizations' managed investments were classified as follows, based on the lowest level of input that is significant to the fair value measurement on a recurring basis as of June 30, 2022:

<i>Description</i>	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 2,056,860	\$ -	\$ -	\$ 2,056,860
Marketable securities:				
Fixed income investments	3,041,997	-	-	3,041,997
Equities	13,235,215	-	-	13,235,215
Mutual funds:				
Equity funds	2,579,410	-	-	2,579,410
Bond funds	12,646,912	-	-	12,646,912
Exchange-traded funds	4,652,632	-	-	4,652,632
Total marketable securities	36,156,166	-	-	36,156,166
Total	\$ 38,213,026	\$ -	\$ -	\$ 38,213,026

Valuation techniques used to measure assets at fair value include closing prices reported on the active markets in which securities held by the Organizations are traded. There were no changes to the valuation techniques utilized during the year.

Note 4: In-Kind Contributions

Donated goods and services that meet the criteria for recognition are reflected as in-kind contributions in the combined statements of activities and changes in net assets at fair market value at the time of contribution. Certain professional fees for legal, consulting and valuation services to program activities were provided without charge to the Organizations and are treated as, and included in, "In-kind contributions". The services were valued by their providers, based on rates for similar services provided to others, as of the dates of which the services were performed. A corresponding amount is included in the appropriate category of "Program expenses". On these bases, approximately \$1,144,000 and \$1,072,500 is included in each of the accounts mentioned during the years ended June 30, 2023 and 2022, respectively.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 5: Promises to Give

Unconditional promises to give

Unconditional promises to give for years ending after June 30, 2023 and 2022 are reflected as either current or non-current assets based on the terms of the commitment by the individual donors.

The following is a summary of unconditional promises to give at June 30, 2023 and 2022:

	2023	2022
Amounts due in:		
Less than one year	\$ 15,000	\$ 357,500
One to five years	30,000	45,000
Net promises to give	\$ 45,000	\$ 402,500

Amounts due in more than one year in the future have not been discounted to present value because the effect on the combined financial statements would not be significant.

Note 6: Other Asset - Investment, Partnership Interest

In October 2019, the Organizations received a contribution consisting of a limited partnership interest in four partnerships as a beneficiary of an estate. As described in Note 1, donated assets are recorded as contributions at their estimated fair value on the date of donation. The fair value of the investment was approximately \$238,000 as of June 30, 2023 and 2022. The partnerships were valued on the underlying investments determined by the investment advisor using the financial information applicable to the identified assets using Net Asset Value per Share ("NAV"). In accordance with ASU No. 2015-07 and FASB Codification Subtopic 820-10, certain investments that are measured at fair value using the NAV practical expedient are not classified in the fair value hierarchy and, as such, are excluded from the fair value hierarchy disclosures in Note 3. The Organizations intend to liquidate the limited partnership interest as soon as administratively feasible.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 7: Retirement Plan

The Organizations sponsor a 401(k) profit sharing plan (the "Plan") covering substantially all employees who meet specified service requirements as defined in the plan document. The Plan allows for employee contributions up to the maximum allowable by the Internal Revenue Code. Contributions by employees are matched 100% by the Organizations up to 5% of gross eligible salary and totaled approximately \$374,900 and \$341,300 for the years ended June 30, 2023 and 2022, respectively.

Note 8: Leases

The Organizations lease office space and equipment from unrelated third parties, which expire between December 2023 and September 2029. Monthly payments range from \$136 to \$13,516. The office leases include options to renew. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus, for many of the leases, variable payments. The Organizations' equipment lease requires it to make variable payments based on the amount of equipment use. The variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Components of lease expense were as follows:

<i>For the Year Ended June 30,</i>	<i>2023</i>
Operating lease costs	\$ 208,542
Variable lease costs	23,662
Total lease costs	\$ 232,204

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2023:

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 259,610
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Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 8: Leases (Continued)

Weighted-average remaining lease terms and discount rates are as follows as of June 30, 2023:

Weighted-average remaining lease terms - Operating leases 5.77 Years

Weighted-average discount rate - Operating leases 2.92%

Maturities of lease liabilities are as follows as of June 30, 2023:

<i>Year Ended June 30,</i>	Payments	Imputed interest	Lease liability
2024	\$ 159,798	\$ 13,863	\$ 145,935
2025	91,239	11,454	79,785
2026	93,519	9,288	84,231
2027	95,856	6,994	88,862
2028	98,253	4,569	93,684
Thereafter	122,328	2,065	120,263
Total	\$ 660,993	\$ 48,233	\$ 612,760

The prior guidance on operating leases, ASC 840, required a disclosure of future operating lease commitments. In conjunction with the presentation of the 2022 combined financial statements, the following schedule summarizes future operating lease commitments in existence as of June 30, 2022.

	Portland Office	Washington D.C. Office	Total
2023	\$ 100,834	\$ 158,234	\$ 259,068
2024	51,676	162,190	213,866
2025	-	55,415	55,415
Total	\$ 152,510	\$ 375,839	\$ 528,349

Rent expense for the years ended June 30, 2023 and 2022 was \$232,204 and \$261,954 respectively.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 9: Income Taxes

FASB ASC Topic 740, *Income Taxes*, clarifies the accounting for uncertainty in income tax positions and defines the threshold for recognizing the tax benefits of tax return filing positions in the combined financial statements as “more likely than not” to be sustained upon examination, based on the technical merits of the positions. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized. Tax positions which previously would have failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which the threshold is met. Conversely, previously recognized tax positions which no longer meet the more-likely-than-not recognition should be derecognized in the first subsequent financial reporting period in which the threshold is no longer met.

As the Organizations are qualified as a nonprofit under the Internal Revenue Code, any income tax position would be primarily related to unrelated business activities outside the core mission of the Organizations. Based on prior examinations of contractual arrangements of the Organizations and correspondence received from the Internal Revenue Service, management believes there to be no potential income tax positions that would result in related tax liability for the Organizations. Management will continue to evaluate any future contractual arrangements with respect to potential income tax positions under this guidance.

Note 10: Split Interest Agreements - Charitable Remainder Trusts

The Organizations are the trustee and remainder beneficiary of multiple charitable remainder trusts that require the Organizations to pay to the lifetime beneficiaries an amount ranging from 4.3 to 11.0 percent (as stated in the related trust agreements) of the net fair market value of trust assets, which at June 30, 2023 and 2022 consists of investments that are held separately by the Organizations. On the date each trust was established, the Organizations recorded a contribution equal to the difference between the fair value of the assets placed in trust and the amount of the present value of the estimated distributions to be made to the life income beneficiaries, discounted at rates ranging from 1.9 to 10.9 percent. Thereafter, the Organizations have been making the stipulated quarterly distributions to the life income beneficiaries and recording investment gains and losses on the assets held in the trusts. On any given date, the Organizations' remainder interest is represented by the difference between the fair value of the assets held by the trust and the present value of the remaining distributions to be paid to the life income beneficiaries.

A gift annuity provides for the payment of distributions to the grantor or other designated beneficiaries over the annuity's term (usually the designated beneficiary's lifetime). At the end of the annuity's term the remaining assets are available for the Organizations' use. The portion of the annuity attributable to the present value of the future benefits to be received by the Organizations is recorded in the combined statement of activities and changes in net assets as an unrestricted contribution in the period the annuity is established. Such contributions totaled \$0 and \$60,864 for the years ended June 30, 2023 and 2022, respectively. Assets held in the annuity reserve fund totaled \$590,817 and \$687,883 at June 30, 2023 and 2022, respectively, and are reported at fair market value and included in Investments in the Organizations' combined statement of financial position.

Compassion & Choices and Compassion & Choices Action Network

Notes to the Combined Financial Statements

Note 10: Split Interest Agreements - Charitable Remainder Trusts (Continued)

Total charitable remainder trusts are as follows at June 30, 2023 and 2022:

	2023	2022
Assets held in charitable remainder trusts	\$ 590,817	\$ 687,883
Less related liabilities	325,058	398,860
Net present value of charitable remainder trusts	\$ 265,759	\$ 289,023

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2023 and 2022 reflect donations restricted by donors and consist of the following:

	2023	2022
Unconditional promises to give:		
Time restriction only	\$ 45,000	\$ 402,500
Time and purpose restriction:		
Our Care, Our Choice Act in Hawaii	-	253,907
Total	\$ 45,000	\$ 656,407

Note 12: Contingencies

From time to time, the Organizations are a party to various disputes, claims and legal actions which are incidental to its mission. Provisions for costs and losses relating to these matters are made as management deems them appropriate. As of June 30, 2023, management has determined that there are no matters for which any provision is required.

Supplemental Information
(See Independent Auditor's Report)

Compassion & Choices and Compassion & Choices Action Network

Combining Statements of Financial Position

<i>June 30, 2023</i>	Assets		
	Compassion & Choices	Compassion & Choices Action Network	Combined
Current assets:			
Cash and cash equivalents	\$ 2,692,663	\$ 616,383	\$ 3,309,046
Unconditional promises to give	15,000	-	15,000
Investments:			
Cash and money market funds	1,820,047	688,609	2,508,656
Marketable securities	18,387,762	12,853,840	31,241,602
Prepaid expenses and other	702,209	26,524	728,733
Beneficial interest in charitable remainder trusts	116,956	-	116,956
Total current assets	23,734,637	14,185,356	37,919,993
Property, equipment and improvements, at cost:			
Furniture and office equipment	356,540	-	356,540
Leasehold improvements	11,695	-	11,695
Total property, equipment and improvements, at cost	368,235	-	368,235
Accumulated depreciation and amortization	359,958	-	359,958
Net property, equipment and improvements	8,277	-	8,277
Other assets:			
Unconditional promises to give, net of current portion	30,000	-	30,000
Intangible assets	6,417	-	6,417
Investment, partnership interest	238,841	-	238,841
Right-of-use asset - operating leases	663,829	-	663,829
Deposits	20,039	-	20,039
Due (to) from related entity	(31,291)	31,291	-
Total other assets	927,835	31,291	959,126
Total	\$ 24,670,749	\$ 14,216,647	\$ 38,887,396

See Independent Auditor's Report

Compassion & Choices and Compassion & Choices Action Network

Combining Statements of Financial Position

Liabilities and Net Assets			
<i>June 30, 2023</i>	Compassion & Choices	Compassion & Choices Action Network	Combined
Current liabilities:			
Accounts payable	\$ 472,333	\$ 116,894	\$ 589,227
Accrued expenses	1,442,099	-	1,442,099
Deferred revenue	3,000,000	1,000,000	4,000,000
Operating leases liability	145,935	-	145,935
Total current liabilities	5,060,367	1,116,894	6,177,261
Long-term liabilities:			
Deferred revenue, net of current portion	5,000,000	4,000,000	9,000,000
Gift annuity payments due	325,058	-	325,058
Operating leases liability, net of current portion	466,825	-	466,825
Total long-term liabilities	5,791,883	4,000,000	9,791,883
Total liabilities	10,852,250	5,116,894	15,969,144
Net assets:			
Without donor restrictions:			
Operating	13,765,222	9,099,753	22,864,975
Net investment in property, equipment and improvements	8,277	-	8,277
Total without donor restrictions	13,773,499	9,099,753	22,873,252
With donor restrictions	45,000	-	45,000
Total net assets	13,818,499	9,099,753	22,918,252
Total liabilities and net assets	\$ 24,670,749	\$ 14,216,647	\$ 38,887,396

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Compassion & Choices and Compassion & Choices Action Network

Combining Statements of Activities and Changes in Net Assets

<i>Year Ended June 30, 2023</i>	Compassion & Choices	Compassion & Choices Action Network	Elimination	Combined
Revenue and other support:				
Contributions	\$ 20,263,715	\$ 1,133,976	\$ -	\$ 21,397,691
In-kind contributions	1,143,845	-	-	1,143,845
Investment income, net of expenses	629,838	380,746	-	1,010,584
Realized and unrealized gain on investments	780,796	474,189	-	1,254,985
Other income	19,382	100	-	19,482
Total revenue and other support	22,837,576	1,989,011	-	24,826,587
Expenses:				
Programs	19,878,514	1,366,041	-	21,244,555
General and administrative	1,600,078	53,658	-	1,653,736
Fundraising	1,579,323	71,618	-	1,650,941
Total expenses	23,057,915	1,491,317	-	24,549,232
Increase (decrease) in net assets	(220,339)	497,694	-	277,355
Net assets, beginning	14,038,838	8,602,059	-	22,640,897
Net assets, ending	\$ 13,818,499	\$ 9,099,753	\$ -	\$ 22,918,252

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Compassion & Choices and Compassion & Choices Action Network

Combining Statements of Revenue and Functional Expenses

<i>Year Ended June 30, 2023</i>	Total for Compassion & Choices	Total for Compassion & Choices Action Network	Elimination	Combined Total
Revenue and other support:				
Contributions	\$ 20,263,715	\$ 1,133,976	\$ -	\$ 21,397,691
In-kind contributions	1,143,845	-	-	1,143,845
Investment income, net of expenses	629,838	380,746	-	1,010,584
Realized and unrealized gain on investments	780,796	474,189	-	1,254,985
Other income	19,382	100	-	19,482
Total revenue and other support	22,837,576	1,989,011	-	24,826,587
Expenses:				
Advertising	212,038	98,666	-	310,704
Bank and merchant fees	87,611	4,605	-	92,216
Conference/booth fees	126,727	7,629	-	134,356
Depreciation and amortization	1,299	-	-	1,299
Development costs	1,973,990	34,932	-	2,008,922
Facilities	226,700	5,595	-	232,295
Graphics	261,731	13,804	-	275,535
Insurance	143,230	3,835	-	147,065
Interest and taxes	-	605	-	605
Magazine	213,102	-	-	213,102
Meetings	251,261	3,103	-	254,364
Memberships - organizations	94,321	5,733	-	100,054
Operational expenses	234,110	3,991	-	238,101
Outside services	4,063,196	793,563	-	4,856,759
Payroll expense	10,932,572	276,784	-	11,209,356
Printing	179,950	8,490	-	188,440
Publications and subscriptions	118,485	75	-	118,560
Registration fees	17,051	15,680	-	32,731
Sponsorships	366,115	137,050	-	503,165
Staff costs - development department	2,000,781	16,538	-	2,017,319
Staff development	52,545	-	-	52,545
Staff recruiting	114,016	-	-	114,016
Technology/data management	665,435	13,573	-	679,008
Travel and entertainment	721,649	47,066	-	768,715
Total expenses	23,057,915	1,491,317	-	24,549,232
Increase (decrease) in net assets	\$ (220,339)	\$ 497,694	\$ -	\$ 277,355

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Compassion & Choices and Compassion & Choices Action Network

Compassion & Choices Statement of Revenue and Functional Expenses

Year Ended June 30, 2023	Direct Lobbying	Grassroots Lobbying	Policy & Litigation	Public Education
Revenue and other support:				
Contributions	\$ -	\$ -	\$ 150,000	\$ -
In-kind contributions	-	-	1,139,613	-
Investment income, net of expenses	-	-	-	-
Realized and unrealized gain on investments	-	-	-	-
Other income	-	-	500	-
Total revenue and other support	-	-	1,290,113	-
Expenses:				
Advertising	-	-	-	107,987
Bank and merchant fees	-	-	-	84,715
Conference/booth fees	-	-	350	5,903
Depreciation and amortization	-	-	144	500
Development costs	-	-	-	1,253,095
Facilities	-	-	57,986	61,440
Graphics	-	-	15,000	107,009
Insurance	-	-	17,985	38,614
Interest and taxes	-	-	-	-
Magazine	-	-	-	213,102
Meetings	-	-	21,522	88,547
Memberships - organizations	-	-	2,403	10,602
Operational expenses	19,526	8,408	14,711	94,389
Outside services	344,875	127,426	1,208,556	804,155
Payroll expense	74,250	38,910	1,307,669	2,906,713
Printing	-	-	268	108,124
Publications and subscriptions	-	-	89,019	20,074
Registration fees	-	-	30	12,930
Sponsorships	-	-	15,000	5,000
Staff costs - development department	-	-	-	1,200,469
Staff development	-	-	6,721	22,558
Staff recruiting	-	-	1,361	94,541
Technology/data management	-	-	40,335	432,947
Travel and entertainment	18,369	3,726	50,215	166,954
Total expenses	457,020	178,470	2,849,275	7,840,368
Increase (decrease) in net assets	\$ (457,020)	\$ (178,470)	\$ (1,559,162)	\$ (7,840,368)

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Compassion & Choices and Compassion & Choices Action Network

Compassion & Choices

Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2023</i>	Advocacy	Clinical Education and Community Engagement	Total Programs
Revenue and other support:			
Contributions	\$ 60,000	\$ -	\$ 210,000
In-kind contributions	-	375	1,139,988
Investment income, net of expenses	-	-	-
Realized and unrealized gain on investments	-	-	-
Other income	500	-	1,000
Total revenue and other support	60,500	375	1,350,988
Expenses:			
Advertising	42,283	60,570	210,840
Bank and merchant fees	-	-	84,715
Conference/booth fees	60,737	59,117	126,107
Depreciation and amortization	326	206	1,176
Development costs	-	-	1,253,095
Facilities	60,966	19,697	200,089
Graphics	10,626	129,096	261,731
Insurance	25,156	15,933	97,688
Interest and taxes	-	-	-
Magazine	-	-	213,102
Meetings	56,170	31,495	197,734
Memberships - organizations	10,519	65,505	89,029
Operational expenses	40,958	39,212	217,204
Outside services	797,985	702,822	3,985,819
Payroll expense	2,795,548	2,535,324	9,658,414
Printing	26,268	45,183	179,843
Publications and subscriptions	3,738	2,451	115,282
Registration fees	1,677	-	14,637
Sponsorships	21,753	323,918	365,671
Staff costs - development department	-	-	1,200,469
Staff development	10,106	6,368	45,753
Staff recruiting	3,090	13,852	112,844
Technology/data management	87,134	56,341	616,757
Travel and entertainment	182,836	208,415	630,515
Total expenses	4,237,876	4,315,505	19,878,514
Increase (decrease) in net assets	\$ (4,177,376)	\$ (4,315,130)	\$ (18,527,526)

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Compassion & Choices and Compassion & Choices Action Network

Compassion & Choices

Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2023</i>	Total Programs	General and Administrative	Fundraising	Total for Compassion & Choices
Revenue and other support:				
Contributions	\$ 210,000	\$ 3,267	\$ 20,050,448	\$ 20,263,715
In-kind contributions	1,139,988	1,857	2,000	1,143,845
Investment income, net of expenses	-	629,838	-	629,838
Realized and unrealized gain on investments	-	780,796	-	780,796
Other income	1,000	17,782	600	19,382
Total revenue and other support	1,350,988	1,433,540	20,053,048	22,837,576
Expenses:				
Advertising	210,840	1,198	-	212,038
Bank and merchant fees	84,715	2,896	-	87,611
Conference/booth fees	126,107	620	-	126,727
Depreciation and amortization	1,176	123	-	1,299
Development costs	1,253,095	-	720,895	1,973,990
Facilities	200,089	10,863	15,748	226,700
Graphics	261,731	-	-	261,731
Insurance	97,688	45,542	-	143,230
Magazine	213,102	-	-	213,102
Meetings	197,734	53,527	-	251,261
Memberships - organizations	89,029	5,292	-	94,321
Operational expenses	217,204	15,679	1,227	234,110
Outside services	3,985,819	77,377	-	4,063,196
Payroll expense	9,658,414	1,274,158	-	10,932,572
Printing	179,843	107	-	179,950
Publications and subscriptions	115,282	3,203	-	118,485
Registration fees	14,637	2,414	-	17,051
Sponsorships	365,671	444	-	366,115
Staff costs - development department	1,200,469	-	800,312	2,000,781
Staff development	45,753	6,792	-	52,545
Staff recruiting	112,844	1,172	-	114,016
Technology/data management	616,757	48,678	-	665,435
Travel and entertainment	630,515	49,993	41,141	721,649
Total expenses	19,878,514	1,600,078	1,579,323	23,057,915
Increase (decrease) in net assets	\$ (18,527,526)	\$ (166,538)	\$ 18,473,725	\$ (220,339)

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Compassion & Choices and Compassion & Choices Action Network

Compassion & Choices Action Network Statement of Revenue and Functional Expenses

<i>Year Ended June 30, 2023</i>	Direct Lobbying	Legal & Litigation	Advocacy	Public Education	Total Programs
Revenue and other support:					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
In-kind contributions	-	-	-	-	-
Investment income, net of expenses	-	-	-	-	-
Realized and unrealized gain on investments	-	-	-	-	-
Other income	100	-	-	-	100
Total revenue and other support	100	-	-	-	100
Expenses:					
Advertising	65,772	-	17,494	15,400	98,666
Bank and merchant fees	-	-	-	-	-
Conference/booth fees	6,050	-	1,579	-	7,629
Development costs	-	-	-	1,107	1,107
Facilities	-	-	-	-	-
Graphics	13,204	-	-	600	13,804
Insurance	-	-	-	-	-
Interest and taxes	-	-	-	-	-
Meetings	2,679	-	424	-	3,103
Memberships - organizations	-	-	1,030	-	1,030
Operational expenses	2,728	-	253	46	3,027
Outside services	534,652	7,761	147,359	96,241	786,013
Payroll expense	6,503	21,634	115,955	110,898	254,990
Printing	8,182	-	79	-	8,261
Publications and subscriptions	58	-	17	-	75
Registration fees	-	-	1,771	-	1,771
Sponsorships	121,090	-	15,960	-	137,050
Staff costs - development department	-	-	-	-	-
Technology/data management	-	-	-	2,567	2,567
Travel and entertainment	32,691	-	12,239	2,018	46,948
Total expenses	793,609	29,395	314,160	228,877	1,366,041
Increase (decrease) in net assets	\$ (793,509)	\$ (29,395)	\$ (314,160)	\$ (228,877)	\$ (1,365,941)

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Compassion & Choices and Compassion & Choices Action Network

Compassion & Choices Action Network

Statement of Revenue and Functional Expenses (Continued)

<i>Year Ended June 30, 2023</i>	Total Programs	General and Administrative	Fundraising	Total for Compassion & Choices Action Network
Revenue and other support:				
Contributions	\$ -	\$ -	\$ 1,133,976	\$ 1,133,976
In-kind contributions	-	-	-	-
Investment income, net of expenses	-	380,746	-	380,746
Realized and unrealized gain on investments	-	474,189	-	474,189
Other income	100	-	-	100
Total revenue and other support	100	854,935	1,133,976	1,989,011
Expenses:				
Advertising	98,666	-	-	98,666
Bank and merchant fees	-	557	4,048	4,605
Conference/booth fees	7,629	-	-	7,629
Development costs	1,107	-	33,825	34,932
Facilities	-	5,595	-	5,595
Graphics	13,804	-	-	13,804
Insurance	-	3,835	-	3,835
Interest and taxes	-	605	-	605
Meetings	3,103	-	-	3,103
Memberships - organizations	1,030	-	4,703	5,733
Operational expenses	3,027	881	83	3,991
Outside services	786,013	6,651	899	793,563
Payroll expense	254,990	21,794	-	276,784
Printing	8,261	-	229	8,490
Publications and subscriptions	75	-	-	75
Registration fees	1,771	2,734	11,175	15,680
Sponsorships	137,050	-	-	137,050
Staff costs - development department	-	-	16,538	16,538
Technology/data management	2,567	11,006	-	13,573
Travel and entertainment	46,948	-	118	47,066
Total expenses	1,366,041	53,658	71,618	1,491,317
Increase (decrease) in net assets	\$ (1,365,941)	\$ 801,277	\$ 1,062,358	\$ 497,694

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