



2021 ANNUAL REPORT

The Foundation for
The Malcolm Baldrige National Quality Award, Inc.

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The Year in Review

by Al Faber

President and CEO, Baldrige Foundation

“An important part of the Foundation’s mission is promoting performance excellence in the United States and throughout the world. In furthering that mission over this past year, we strengthened several of our strategic partnerships and created new ones.”

As President and CEO of the Foundation for the Malcolm Baldrige National Quality Award, it is an honor to present the 2021 Annual Report which includes our audit and financial information.

This past year continued to challenge us in so many ways. With the Omicron variant infecting more Americans at a faster pace, organizations have been forced to re-think everything from supply chains and manufacturing through delivery systems and customer satisfaction. All the while, negotiating workforce and stakeholder stability, health, safety, and welfare in new ways. Yet, we are starting to lift mask mandates as more of the population becomes vaccinated and additional treatments become available. We have endured what is hopefully the worst and begun the process of recovery as we learn to live with COVID-19.

To all the dedicated volunteers, examiners, judges, state program leaders and their Boards, as well as the Baldrige Program Staff, thank you for another successful year filled with achievement and progress in pursuit of performance excellence. And to those in the greater Baldrige community—consultants, members of ASQ, and other Baldrige-based organizations like the American Health Care Association—thanks for your continued support and collaboration.

Continuing to adapt to the challenges of a virtual environment, the Baldrige Performance Excellence Program (BPEP) had another successful year in FY2021. The Program well-managed

the Malcolm Baldrige National Quality Award process to include virtual site visits, delivering exceptional training experiences like virtual national examiner training, and the Executive Fellows program which the Foundation financially supported.

This year, numerous high-performing organizations applied for the nation’s highest honor for performance excellence and the only award for quality that carries the seal of the President of the United States. After a demanding and thorough analysis, three organizations emerged as national role-models and this year’s Malcolm Baldrige National Quality Award Winners:

- MidwayUSA, Columbia, MO. (service; also won in 2009 & 2015)
- Charter School of San Diego, San Diego, CA. (education; also won in 2015)
- Mid-America Transplant Services, St. Louis, MO. (nonprofit; also won in 2015)

Congratulations to each of these outstanding organizations!

ADVOCACY

Throughout FY2021, the Foundation continued to advance the Baldrige Program, State-based Programs, and Communities of Excellence 2026 (COE2026) with leaders at the national, state, and local levels. We are always looking for new opportunities to strengthen our relationships with members of the Commerce, Justice, Science and Related Agencies Subcommittees and their staffs in



Al Faber, Foundation President and CEO (right), delivers the Award for Leadership Excellence in Government to Chad Kreikemeier, Chief of Staff for U.S. Senator Jeanne Shaheen. During the COVID-19 Pandemic Senators mostly worked remotely from home.

both the House and the Senate. We provide members and their staffs with important updates and developments on the many benefits of Baldrige throughout the nation and across every sector of the economy and impress upon them the excitement behind Communities of Excellence 2026, Cybersecurity, and our continuing work in Rural Health Care. The Baldrige approach to workforce development in all sectors of the economy has resonated with political leaders at every level, reinforcing our contribution to a stronger and more resilient America. We continued our work with COE2026 and BPEP to coordinate support for "Community" to become the 7th Baldrige Awards Category through the NIST reauthorization language. In early February 2022, the House passed H.R. 4521, the America COMPETES Act of 2022 which contained language supporting "Community" becoming the 7th Category of Baldrige Awards. Now we will continue working with the U.S. Senate for matching language.

On Thursday, September 30th, 2021, the Department of Commerce

launched the Job Quality Initiative. *"The Department of Commerce, along with White House and Labor Department, are trying to build a national dialogue about job quality to help guide federal spending—and to help businesses attract and retain workers,"* said Secretary of Commerce Gina Raimondo. *"The Department of Commerce brings some job quality expertise to the table through the Baldrige Performance Excellence program... Our goal is to leverage the Baldrige program's expertise in developing high-performing organizations—and your knowledge—to create a Job Quality Framework and deploy it in a way that helps businesses assess and improve their own performance evaluations."*

The Foundation looks forward to supporting the Baldrige Program and this new initiative in the coming year as it develops a practical Job Quality Framework for all sectors.

We continue to enjoy strong bipartisan support in the Senate from both Jeanne Shaheen as the Chair, and

Senator Jerry Moran, the ranking member of the CJS Subcommittee on Appropriations. Most notably, the entire subcommittee continues to support our efforts. This year, we had the honor of presenting the Baldrige Foundation Awards for Leadership Excellence in Government to Senators Shaheen and Moran, which had been delayed due to COVID-19 restrictions. Their leadership in rural health care, cybersecurity, veterans' issues, education, labor, and numerous other areas have made them two of the nation's most respected senators.

This year, we will be recognizing Dr. Walt Copan, former Under Secretary of Commerce for Standards and Technology; and Director, National Institute of Standards and Technology (NIST) with the 2022 Award for Leadership Excellence in Government. Walt was a true ambassador for the Baldrige program, using the Baldrige Framework with his senior leadership team at NIST, supporting the Baldrige Program in the federal budget, and raising the visibility of Baldrige within the federal government and across the United

States. Walt attended every Quest for Excellence® Conference, Board of Overseers Meetings, and Foundation Board Meetings each November. He supported Communities of Excellence 2026 becoming the 7th Baldrige Awards Category and championed performance excellence at every opportunity by showcasing the Baldrige Framework and Program.

As part of the Foundation's advocacy outreach, we track each state-based program's highest award recipients, send a letter of congratulations to each of them, and encourage them to apply at the national level. Additionally, we send letters of congratulations to both U.S. Senators, and their Congressional Representative so they are aware of these award-winning organizations. We also do this for national award recipients as well.

FUNDRAISING

Thanks to all our individual and organizational donors, sponsors, and partners over the past year who have helped us continue our mission to support the Baldrige Program and performance excellence in all sectors of the economy.



From right, Al Faber, Foundation President and CEO, delivers the Award for Leadership Excellence in Government to James Kelly, Chief of Staff and Judd Gardner, Legislative Director, for U.S. Senator Jerry Moran.



This year's giving campaigns, our *End-of-Year Campaign*, *Giving Tuesday*, *Planned Giving*, and growing membership in the *Mac Baldrige Society* were extraordinarily successful and significantly exceeded our fiscal year goals for the second year in a row during this global pandemic.

No gift is too small, from individual gifts through online donations resulting from social media outreach to transformational gifts as we grow membership in the *Mac Baldrige Society*, collectively, we are all working to advance the *Baldrige Framework* and grow its use across the America and beyond. We are proud to showcase our FY2021-2022 donors on page 110 of this year's *Journal*.

On June 1, 2020, we established the *Baldrige Foundation Institute for Performance Excellence*. The Institute undertakes research projects, host conferences and other activities, and conducts executive-level and online skills training. It publishes and distributes a wide variety of educational materials including white papers, and the *Chronicle of Leadership and Management* to help organizations and individuals improve their leadership and management skills.

The Institute also makes available exclusive curated and original content along with training and educational opportunities through online and classroom instruction. We have a best practice sharing online library and many other helpful resources, including instructional videos and webinars. The exclusive networking opportunities and sharing of best practices alone can provide organizations and their employees with invaluable assistance in pursuing their performance excellence goals.

The Institute is helping the Foundation move boldly into the next era of *Baldrige* with great confidence in our

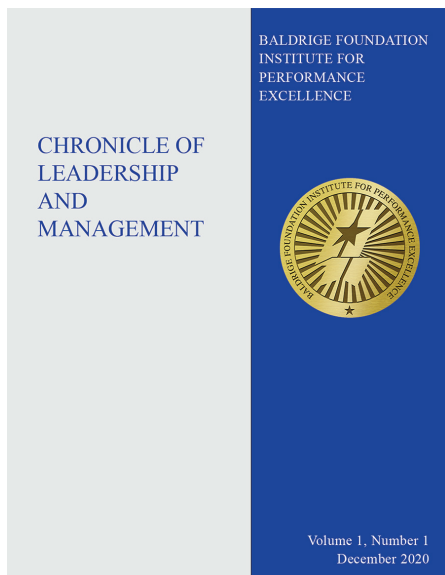
future, thanks to the support of our Institute Trustees who comprise the *Mac Baldrige Society*®. The *Mac Baldrige Society* is our campaign to establish the Institute with the generous support of the first twenty major donors who also serve as the Institute's Trustees. The first Institute Trustees are; the *Baldrige Family*, *Adventist Health*, *MidwayUSA*, and *Stellar Solutions*. Our newest members in 2021-2022 are *ABOUT Healthcare*, and *Freese and Nichols*.

As Brian Coltharp, President and CEO of *Freese and Nichols* said in their press release "Our continuous improvement journey and our relationship with *Baldrige* began in the 1990s and since then has helped elevate our level of service to our clients, our employees, and our communities." According to Coltharp, "The *Baldrige* focus on building and maintaining long-term client relationships, ethical and fiscal accountability, disciplined strategic planning, as well as operational efficiency, aligns perfectly with our firm's values and culture. Those same practices also bring superior results to our clients and communities. Because of our first-hand knowledge of the benefits of the *Baldrige Excellence Framework*, we are proud to become a founding member of the *Mac Baldrige Society*."

Freese and Nichols Chairman Bob Pence was CEO when the firm won the *Baldrige Award* and later served on the *Baldrige Board of Overseers*. He noted, "We began weaving the *Baldrige* best practices into our operations and sales because we wanted to be a better, higher performing engineering firm for our clients and employees. As a result, we are able to provide innovative solutions to our customers, offer meaningful work for our staff, and help make our communities a better place to live. We have reaped tremendous rewards and growth by implementing those continuous improvement tenets in all that we do."



The Institute Trustees are making a commitment to preserve and promote the Baldrige Framework and to help ensure that Baldrige remains relevant for future generations of organizations across all sectors of the economy. My sincerest thanks to each of these organizations for their leadership, and we look for others to join them in the coming months to help us continue in our mission.



In addition to the many resources available through the Institute, we released its flagship publication, the *Chronicle of Leadership and Management*®. The second edition will be published later in this fiscal year. I would like to thank Dr. James Evans for volunteering to serve as the *Chronicle*'s editor-in-chief. I also want to thank our editorial board for reviewing the numerous submissions we received. Dr. Evans has gathered a diverse group of Baldrige experts to assist him in determining the best articles to showcase in the *Chronicle*.

If Baldrige is to remain relevant and expand its reach, additional thought leadership in the domains of leadership and management will be required to inspire its

Our 2021 Individual Award Recipients are:

E. David Spong Lifetime Achievement Award

- Tommy Gonzalez, City Manager of the City of El Paso, Texas

Harry S. Hertz Leadership Award

- John B. Chessare, MD, MPH, FACHE, President and CEO, GBMC HealthCare in Baltimore, Maryland

2022 Award for Leadership Excellence recipients are:

- Bret Arsenault, Corporate Vice President and Chief Information Security Officer, Microsoft, in the Cybersecurity sector
- Robert Barnett, Executive Vice President (retired), Motorola, in the Business sector
- Honorable Walter G. Copan, Ph.D., Former Under Secretary of Commerce for Standards and Technology, and NIST Director; Currently Vice President for Research and Technology Transfer, Colorado School of Mines, in the Government sector
- Barbara Jenkins, Ed.D., Superintendent of Orange County Public Schools, in the Education sector
- John Kueven, FACHE, MSHA, MBA, RN; Senior Vice President and Hospital President at Wellstar Paulding and Wellstar Cobb Hospital, in the Health Care sector
- David L. Ramsey, President and CEO, Charleston Area Medical Center Health System, in the Health Care sector
- Grant Schneider, Senior Director of Cybersecurity Services, Venable LLP, in the Cybersecurity sector

- Susan Stuart, President and CEO of the Center for Organ Recovery & Education (CORE), in the Nonprofit sector
- Gregory J. Touhill, Director, the CERT Division, Software Engineering Institute, Carnegie Mellon University, in the Cybersecurity sector
- Jerry D. Weast, Ed.D., Founder and CEO, Partnership for Deliberate Excellence, LLC; Former Superintendent, Montgomery County (Maryland) Public Schools, in the Education sector
- Carol C. Wilson, M.Ed., Co-Founder & Executive Director of Alaska EXCEL, in the Education sector

Dr. Curt Reimann Baldrige Scholars are:

- Lauren Browning, Director of Training and Administration, South Charleston, Ohio
- Dr. Juan A. Delduarte, DBA - Global Supply Chain Management, Petersburg, Virginia



application in every sector of the economy. The Baldrige Foundation's Institute for Performance Excellence was created to serve as a platform for innovation, creative thought leadership, and to provide individual and organizational resources to support transformative adult learning and help elevate organization performance excellence. This philosophy guides the Foundation's staff and drives us to create opportunities for investment in our future as we work tirelessly to strengthen America's competitiveness in the global economy.



Role Model **Breaking the Mold**

"Michael is a role-model leader who has consistently over the years applied the principles of the Baldrige Framework to his leadership approach."

- Al Faber, President, Baldrige Foundation

Congratulations to Michael Ugwueke, our President and CEO, on receiving the Harry S. Hertz Leadership Award from the Baldrige Foundation. Thank you for being a steward of visionary leadership and unwavering commitment to our mission.



In 2021, Dr. Michael Ugwueke became the ninth recipient of the Harry S. Hertz Leadership Award. Since the Hertz award was established, we have grown our popular individual awards program which includes the E. David Spong Lifetime Achievement Award, the Foundation Awards for Leadership Excellence, and the Dr. Curt Reimann Baldrige Scholarship. The Baldrige Foundation Awards for Leadership Excellence recognize leaders in the Business (Manufacturing, Service, Small Business), Nonprofit, Government, Health Care, Education, and Cybersecurity sectors. The award recognizes leaders who provide exceptionally outstanding support to Baldrige and the Foundation's mission. The Dr. Curt Reimann Baldrige Scholarship provides recipients an opportunity to attend the Baldrige Examiner Training Experience, held each spring at NIST in Gaithersburg, MD, and in

2021-2022 virtual training. The scholarship was created to recognize and honor the important role played by examiners in the Baldrige Award process.



PROMOTING PERFORMANCE EXCELLENCE

An important part of the Foundation's mission is promoting performance excellence in the United States and throughout the world. In furthering that mission over this past year, we strengthened several of our strategic partnerships and created new ones.

Our partnerships with international organizations continue to grow through mutual support and engagement in a number of ways. I had the opportunity to serve as a guest speaker and panelist during several international conferences, and for the first time, we conducted skills training and certification for international stakeholders via Zoom.

A promotional banner for the CII Healthcare Excellence Summit. The background is dark blue with a white heartbeat line graphic. At the top left is the "INSTITUTE of QUALITY" logo. The main text reads "CII Healthcare Excellence Summit" followed by the tagline "The Truth Beyond Intellect" and the date "28th February 2021". Below this, it says "Happy to announce our CHIEF GUEST" in yellow. A small photo of Al Faber is shown next to his name and title: "Al Faber, President and CEO at the Foundation for the Malcolm Baldrige National Quality Award". The "Global Quality Initiatives" logo is in the bottom right corner.

On October 20, 2021, ABOUT Healthcare and the Baldrige Foundation's Institute for Performance Excellence announced a new initiative called LeaderDialogue. A collaborative partnership to support health care leaders with cutting-edge information and leading strategies to help them overcome the executive management challenges facing their organizations. ABOUT provides solutions for orchestrating patient access across the care continuum. Working with the Foundation, together we will provide Podcasts, Webinars, CEO Roundtable events both virtually and in-person, and CEO Innovation Council meetings. The LeaderDialogue program offers interactive forums for health care executives to discuss the challenges they face together, so they can share best practices and consider innovative approaches. ABOUT is a Mac Baldrige Society Member and Trustee of the Foundation's Institute for Performance Excellence.

As a member of the Board of Directors for the Commission on Accreditation of Healthcare Management Education (CAHME), I have the opportunity to network with health care professionals in higher education across the nation. In this role, we promote the Baldrige Framework with hundreds

of graduate programs and their students who are currently pursuing an advanced degree. As a judge for the Seton Hall University Case Competition this year, I witnessed first-hand how Master of Healthcare Administration programs across the United States are developing the future health care leaders of tomorrow. Exposing them to the Baldrige Framework now is an investment that will pay great dividends down the road.

In 2021, I was asked to facilitate a board strategy session at the National Center for Healthcare Leadership (NCHL). NCHL is a Chicago-based, 501(c)(3) nonprofit that "promotes evidence-based leadership and organizational best practices within the health care space. It is dedicated to advancing health care leadership and organizational excellence by building diverse, inclusive, and collaborative relationships in the United States and abroad." NCHL and CAHME are both Baldrige Health Care Criteria Sponsors for the 2020-2021 Frameworks.

The Foundation's Institute for Performance Excellence is a thought leader on performance excellence, leadership, and management. In carrying out our mission, we strive to share best practices in a variety



of ways. Special interest webinars addressing contemporary issues have grown especially popular this year given the demand for online knowledge sharing.

Our portfolio of online courses continues to grow with the addition of self-paced certification programs like:

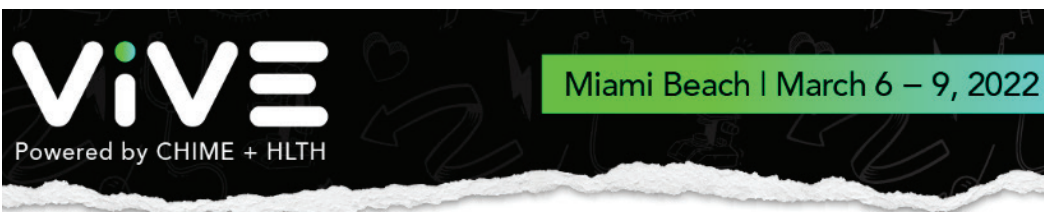
- Certified Lean Healthcare Professional
- Lean Practitioner
- Process Improvement Specialist
- Agile Professional
- Supply Chain Management

In addition to these courses, we now offer a "Mastering Strategy in Healthcare Certification Program." This program is sponsored by the Baldrige Foundation and offered in association with the George Washington University's Center for Excellence in Public Leadership, part of the College of Professional Studies. The program is delivered in a live-online format (via Zoom) for ten half-days by our training partners at LBL Strategies.

We celebrated a second year with our co-branded cybersecurity awards in health care along with the College of Healthcare Information Management Executives (CHIME). Digital Health Most Wired recognition is the new standard for IT recognition throughout hospitals and hospital systems across

the nation. This achievement celebrates and validates an organization's dedication to patient and community focused Digital Health. They have proven their commitment to leading performance excellence and pioneering advancements in the health care industry. Baldrige was established to help organizations improve in a meaningful and structured way. This is why the Baldrige Foundation is partnering with CHIME on the Digital Health Most Wired program. Together, we have worked to transform the entire survey, results, and recognition program to mirror the Baldrige program's improvement Framework. More than 30,000 organizations were surveyed, benchmarked, and ranked, resulting in 65 organizations setting themselves apart on their excellence journey to achieve the highest-level of recognition.

The Foundation was also proud to sponsor ViVE, a conference that merges the leadership of CHIME and the digital marketplace of HLTH to create a technology event focused on the business of transformation in health care—bringing together C-suite executives, senior digital health leaders and buyers, health startups and investors, government and solution providers. ViVE creates an immersive environment for interactive learning, idea generation and collaboration for the digital health community to come together to advance health care.



SPONSOR

**WE'RE EXCITED
TO SPONSOR
#ViVE2022!**

We continue to support Communities of Excellence 2026 and its great work across the nation in its pilot communities. If we have learned anything over the past two years, it is the value of community solutions to help solve the most complex challenges, and the need for leaders from every sector to come together and develop strategies to continuously improve their communities by leveraging their unique strengths. Based on what we have learned, we are working tirelessly to get Congressional approval for "Community" to become the seventh category of the Baldrige Awards.



We welcomed a new Foundation Board member this year, Karen Morrison. Karen serves as President, External Affairs and Senior Vice President of OhioHealth in Columbus, Ohio. She has been with OhioHealth for over thirty years serving as a health care executive, attorney and lobbyist currently leading the enterprise strategy for external relations including community relations, corporate reinvestment, community health and wellness, and government affairs. She manages the local, state, and federal advocacy strategy for the enterprise

and is an experienced leader in health care public policy. In her role as the OhioHealth Foundation president, Ms. Morrison provides executive fundraising leadership to advance the philanthropic mission of the enterprise and she oversees all aspects of the Foundation's strategic operations. We look forward to Karen's leadership on our Board.

In summary, fiscal year 2021 proved to be another challenging, yet successful year for the Baldrige Program, Foundation, and State-Based Programs. With a strong commitment to our mission and strategy, we continue to grow fundraising opportunities and strengthen the Baldrige brand. The Foundation's operational costs remained under budget, demonstrating our responsible stewardship of the Foundation's endowment and commitment to sustainability. Together, along with the Foundation's Board of Directors, we navigated another tumultuous year dealing with the COVID-19 pandemic to ensure a bright future for the Foundation, and the Institute for Performance Excellence.

On behalf of the Foundation's Board of Directors and staff, I wish to once again thank all the dedicated men and women across America who volunteer and support this great program. The Baldrige Excellence Framework continues to keep our nation on the leading edge of validated management best practices, and competitive in the global economy, returning enormous benefit to all U.S. citizens.

After three decades, Baldrige continues to be America's Best Investment!

Sincerely,

A handwritten signature in blue ink, appearing to read "Al Labov".



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**THE FOUNDATION FOR THE
MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

FINANCIAL STATEMENTS

September 30, 2021 and 2020

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**THE FOUNDATION FOR THE
MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

BOARD OF DIRECTORS

Kathryn Eggleston, Ph.D., Chairman

Rulon Stacey, Ph.D., Vice-Chairman

Frank Fusco, Treasurer

Russ Branzell, Secretary

E. David Spong, D.Sc.

Diane Brockmeier

David Gifford, MD, MPH

Lowell Kruse

Scott McIntyre

Tony Scott

Sunil Sinha

George Benson, Ph.D.

Karen Morrison

John Raffoul

Al Faber, President and CEO



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for the Malcolm Baldrige National Quality Award, Inc.

We have audited the accompanying financial statements of The Foundation for the Malcolm Baldrige National Quality Award, Inc. (a nonprofit corporation) (the "Foundation") which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for the Malcolm Baldrige National Quality Award, Inc. as of September 30, 2021 and 2020, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investments on page 17 is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Whalen & Company, CPAs".

Whalen & Company, CPAs
Worthington, Ohio

February 9, 2022

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2021 and 2020

| | ASSETS | |
|--|--------------------------|----------------------------|
| | <u>2021</u> | <u>2020</u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 615,216 | \$ 534,097 |
| Current portion of contributions receivable | 25,000 | 195,000 |
| Certificates of deposit | - | 601,908 |
| Related party receivables | <u>-</u> | <u>3,506</u> |
| TOTAL CURRENT ASSETS | 640,216 | 1,334,511 |
| PROPERTY AND EQUIPMENT | | |
| Furniture and equipment | 5,943 | 5,943 |
| Less accumulated depreciation | <u>(4,613)</u> | <u>(3,424)</u> |
| NET PROPERTY AND EQUIPMENT | 1,330 | 2,519 |
| OTHER ASSETS | | |
| Deposits | 2,587 | 2,587 |
| Contributions receivable, net of current portion | <u>69,700</u> | <u>149,600</u> |
| TOTAL OTHER ASSETS | <u>72,287</u> | <u>152,187</u> |
| TOTAL ASSETS | <u><u>\$ 713,833</u></u> | <u><u>\$ 1,489,217</u></u> |

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2021 and 2020

| | 2021 | 2020 |
|--|------------|--------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 8,491 | \$ 7,825 |
| Accrued liabilities | 2,467 | - |
| TOTAL CURRENT LIABILITIES | 10,958 | 7,825 |
| TOTAL LIABILITIES | 10,958 | 7,825 |
| NET ASSETS | | |
| WITHOUT DONOR RESTRICTIONS | | |
| Undesignated | 334,175 | 847,826 |
| Board designated | 252,000 | 252,000 |
| TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS | 586,175 | 1,099,826 |
| WITH DONOR RESTRICTIONS | | |
| Restricted for purpose | 22,000 | 36,966 |
| Time restricted | 94,700 | 344,600 |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | 116,700 | 381,566 |
| TOTAL NET ASSETS | 702,875 | 1,481,392 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 713,833 | \$ 1,489,217 |

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended September 30, 2021 and 2020

| | 2021 | | | 2020 | | |
|---|---------------------------------------|------------------------------------|-------------------|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 296,767 | \$ 54 | \$ 296,821 | \$ 1,285,247 | \$ 401,076 | \$ 1,686,323 |
| Quest sponsorship | 93,516 | - | 93,516 | 28,706 | 25,000 | 53,706 |
| In-kind donations | 128,692 | - | 128,692 | 124,451 | - | 124,451 |
| Advertising | 7,316 | - | 7,316 | - | - | - |
| Other | 5,879 | - | 5,879 | 104,095 | - | 104,095 |
| Net assets released from restrictions | 264,920 | (264,920) | - | 226,099 | (226,099) | - |
| TOTAL REVENUE AND SUPPORT | 797,090 | (264,866) | 532,224 | 1,768,598 | 199,977 | 1,968,575 |
| INVESTMENT ACTIVITY | | | | | | |
| Dividend and interest income | 3,865 | - | 3,865 | 18,046 | - | 18,046 |
| Net realized and unrealized gain on investments | 999 | - | 999 | 3,046 | - | 3,046 |
| NET INVESTMENT ACTIVITY | 4,864 | - | 4,864 | 21,092 | - | 21,092 |
| TOTAL | 801,954 | (264,866) | 537,088 | 1,789,690 | 199,977 | 1,989,667 |
| OPERATING EXPENSES | | | | | | |
| Program services | 382,516 | - | 382,516 | 406,676 | - | 406,676 |
| Management and general | 504,483 | - | 504,483 | 462,824 | - | 462,824 |
| Fundraising | 428,606 | - | 428,606 | 418,745 | - | 418,745 |
| TOTAL OPERATING EXPENSES | 1,315,605 | - | 1,315,605 | 1,288,245 | - | 1,288,245 |
| CHANGE IN NET ASSETS | (513,651) | (264,866) | (778,517) | 501,445 | 199,977 | 701,422 |
| NET ASSETS, BEGINNING OF YEAR | 1,099,826 | 381,566 | 1,481,392 | 598,381 | 181,589 | 779,970 |
| NET ASSETS, END OF YEAR | \$ 586,175 | \$ 116,700 | \$ 702,875 | \$ 1,099,826 | \$ 381,566 | \$ 1,481,392 |

See accompanying notes and independent auditor's report.

**The Foundation for the Malcolm Baldrige
National Quality Award, Inc.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2021

| | Program Services | Management and General | Fundraising | Total |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| OPERATING EXPENSES | | | | |
| Process management and support | \$ 17,173 | \$ - | \$ - | \$ 17,173 |
| Outreach | 750 | - | 134,215 | 134,965 |
| Harry Hertz award | 171 | - | - | 171 |
| David Spong award | 1,205 | - | - | 1,205 |
| Regional conference | 13,574 | - | - | 13,574 |
| Leadership excellence awards | 837 | - | - | 837 |
| Salaries and wages | 325,822 | 152,155 | 227,099 | 705,076 |
| Payroll taxes | 20,072 | 9,600 | 13,172 | 42,844 |
| Employee benefits | - | 2,054 | - | 2,054 |
| Outside services | - | 1,450 | - | 1,450 |
| Special events | - | 5,000 | - | 5,000 |
| Professional fees | - | 16,902 | - | 16,902 |
| Depreciation | - | 1,189 | - | 1,189 |
| Consulting | - | 120,000 | - | 120,000 |
| Bank fees | - | 1,566 | - | 1,566 |
| Office | - | 80,383 | 44,074 | 124,457 |
| Travel | - | 791 | 684 | 1,475 |
| Board member expense | - | 686 | - | 686 |
| Board member travel and meetings | - | 3,000 | - | 3,000 |
| Insurance | - | 6,590 | - | 6,590 |
| Bad debt | - | 83,399 | - | 83,399 |
| Miscellaneous | - | 3,842 | - | 3,842 |
| Registration fees | - | - | 9,362 | 9,362 |
| Information technology | 2,912 | 15,876 | - | 18,788 |
| TOTAL OPERATING EXPENSES | \$ 382,516 | \$ 504,483 | \$ 428,606 | \$ 1,315,605 |

See accompanying notes and independent auditor's report.

**The Foundation for the Malcolm Baldrige
National Quality Award, Inc.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2020

| | Program Services | Management and General | Fundraising | Total |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| OPERATING EXPENSES | | | | |
| Process management and support | \$ 61,955 | \$ - | \$ - | \$ 61,955 |
| Outreach | 150 | - | 133,341 | 133,491 |
| Harry Hertz award | 529 | - | - | 529 |
| David Spong award | 1,185 | - | - | 1,185 |
| Regional conference | 2,366 | - | - | 2,366 |
| Leadership excellence awards | 4,738 | - | - | 4,738 |
| Salaries and wages | 310,966 | 153,279 | 215,722 | 679,967 |
| Payroll taxes | 19,925 | 9,125 | 13,039 | 42,089 |
| Employee benefits | - | 3,616 | - | 3,616 |
| Outside services | - | 1,235 | - | 1,235 |
| Special events | - | 4,024 | 253 | 4,277 |
| Professional fees | - | 18,352 | - | 18,352 |
| Depreciation | - | 1,189 | - | 1,189 |
| Consulting | - | 120,000 | - | 120,000 |
| Bank fees | - | 3,765 | - | 3,765 |
| Office | - | 82,047 | 43,171 | 125,218 |
| Travel | - | 6,111 | 4,163 | 10,274 |
| Board member expense | - | 1,151 | - | 1,151 |
| Board member travel and meetings | - | 13,049 | - | 13,049 |
| Insurance | - | 2,243 | - | 2,243 |
| Bad debt | - | 20,000 | - | 20,000 |
| Miscellaneous | 1,856 | 3,772 | - | 5,628 |
| Registration fees | 1,481 | - | 9,056 | 10,537 |
| Information technology | 1,525 | 19,866 | - | 21,391 |
| TOTAL OPERATING EXPENSES | \$ 406,676 | \$ 462,824 | \$ 418,745 | \$ 1,288,245 |

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020

| | 2021 | 2020 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ (778,517) | \$ 701,422 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 1,189 | 1,189 |
| Net realized and unrealized (gains) on investments | (999) | (3,046) |
| Bad debt expense | 83,399 | 20,000 |
| (Increase) decrease in operating assets: | | |
| Unconditional promises to give | 166,501 | (193,900) |
| Related party receivables | 3,506 | (3,506) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 666 | (2,674) |
| Accrued liabilities | 2,467 | - |
| Deferred revenue | - | (1,000,000) |
| NET CASH FROM OPERATING ACTIVITIES | (521,788) | (480,515) |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (148,461) | (473,883) |
| Proceeds from the sale of investments | 751,368 | 977,071 |
| NET CASH FROM INVESTING ACTIVITIES | 602,907 | 503,188 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 81,119 | 22,673 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 534,097 | 511,424 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 615,216 | \$ 534,097 |

See accompanying notes and independent auditor's report.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1 - ORGANIZATION

The Foundation for the Malcolm Baldrige National Quality Award, Inc. (the "Foundation") is a not-for-profit corporation that provides the private sector a means of accomplishing the following for the Malcolm Baldrige National Quality Award (Award Program) objectives: raise sufficient funds to establish an endowment which, when supplemented by fees from Award Program applicants, would permanently fund the Award Program; oversee the investment of endowment funds; review the Award Program's accomplishments; disburse required funds to the National Institute of Standards and Technology (NIST); and review the plan and approve associated funds requirements for subsequent years to ensure the future success of the Award Program.

The Foundation is intended to function as an endowment fund. The fund is not legally restricted, and the Foundation plans to fund its future operations through earnings derived from its investments and potential additional solicitation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

The Foundation is required to report information regarding its financial position and activities by either net assets with donor restrictions or net assets without donor restrictions. A description of the two net asset categories follows:

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions due to timing restrictions, purpose or both that they be maintained temporarily or permanently by the Foundation.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Contributions Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future fiscal years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in interest income.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

Liquidity Management

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of monthly requirements in short-term investments.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

| | <u>Life</u> |
|-------------------------|-------------|
| Furniture and equipment | 5 years |

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

Donated Services

Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recorded \$128,692 and \$124,451 in donated services for various professional services and donated board member travel during the years ended September 30, 2021 and 2020, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certificates of Deposit

Certificates of deposit are considered amounts held for investment that are not debt securities. Certificates with original maturities of more than three months and remaining maturities of one year or less are classified as current assets on the Statements of Financial Position. Certificates of deposit with remaining maturities greater than one year are classified as other assets.

Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions with donor imposed stipulations that limit the use of the donated asset, either temporarily or permanently, are recorded as increases to net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution revenue as an increase to net assets without donor restrictions.

Program Expenses

The Foundation sponsors the Malcolm Baldrige National Quality Award for performance excellence in the business, health care, education and nonprofit communities.

The Foundation provides to NIST the funds necessary to support the Award Program, under the requirements of the *Malcolm Baldrige National Quality Improvement Act of 1987*. The Foundation records annual expenses based on the most recent actual data provided by NIST as of September 30, 2021 and 2020.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Expense Allocation

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

Direct Program Expenses – direct program expenses include any expenses that are incurred to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program and to support organizational performance excellence in the United States of America and around the world.

Direct Management and General Expenses – direct management and general expenses include normal administrative activities such as, but not limited to, management, accounting, human resources and governance.

Direct Fundraising Expenses – direct fundraising expenses are any expenses incurred in soliciting cash and noncash contributions.

Common Expenses – common expenses that cover multiple functional areas are allocated based on time incurred or use of space. Expenses allocated by time spent, are allocated based on the direct time or the direct supervision spent on these activities. Any remaining expenses are allocated to management and general expenses. Expenses allocated based on the use of space are determined based on square footage used by the activity. Common-use space is further allocated based on staffing time allocation.

Income Taxes

The Foundation has been determined, by the Internal Revenue Service, as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and, as a result, a provision for income taxes is not required. The Foundation records interest and penalties, if any, in interest expense and other expense, respectively, in operating expenses. During the years ended September 30, 2021 and 2020, the Foundation did not have any interest or penalties related to taxes. Management believes there are no uncertain tax positions taken as of September 30, 2021 or 2020.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The financial assets available for the Foundation's general use as of September 30, 2021 and 2020 are as follows:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Financial assets, at year end | \$ 709,916 | \$ 1,484,111 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Contractual or donor-imposed restrictions: | | |
| Restricted by donor with time and purpose | (104,700) | (369,600) |
| Subject to appropriation | (10,958) | (7,825) |
| Board designations: | | |
| Commitment to Performance Excellence Program | (250,000) | (250,000) |
| Commitment to Quest Conference | (2,000) | (2,000) |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 342,258</u> | <u>\$ 854,686</u> |

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give. The Foundation's management reviews past due receivables and allows for all accounts deemed uncollectible after all reasonable collection efforts have been exhausted. Based on management review of contributions receivable at September 30, 2021, no allowance for doubtful accounts was deemed necessary. Bad debt expense was \$83,399 and \$20,000 for the years ended September 30, 2021 and 2020, respectively. Estimated collections on outstanding contributions receivable at net present value are as follows at September 30:

| | 2021 | 2020 |
|--------------------------------|------------------|-------------------|
| Current – less than one year | \$ 25,000 | \$ 195,000 |
| Noncurrent – one to five years | 75,000 | 150,000 |
| Noncurrent – over five years | - | 15,000 |
| Less unamortized discount | (5,300) | (15,400) |
| Total noncurrent | 69,700 | 149,600 |
| Total contributions receivable | <u>\$ 94,700</u> | <u>\$ 344,600</u> |

Contributions receivable with due dates extending beyond one year are discounted using rates for similar investments. The rate at September 30, 2021 and 2020 was 2.50%.

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 5 - OPERATING LEASE

In November 2017, the Foundation entered into a thirty-six month operating lease for office space, which was scheduled to expire in October 2021. In February 2020, this lease was extended until October 2023. Under the terms of the lease, rent payments escalate and average \$1,382 per month. The Foundation is also responsible for its proportional share of real estate taxes and certain operating expenses. The Foundation has the ability to renew this lease for an additional three-year term. Rent and common area expense under this lease agreement totaled \$34,389 and \$34,340 for the years ended September 30, 2021 and 2020, respectively.

Aggregate future minimum maturities under this operating lease at September 30, 2021, are as follows:

| | | |
|-------|----|---------------|
| 2021 | \$ | 16,146 |
| 2021 | | 16,551 |
| 2021 | | 1,382 |
| Total | \$ | <u>34,079</u> |

NOTE 6 - EMPLOYEE RETIREMENT PLAN

The Foundation sponsors a voluntary 403(b) plan for all eligible employees who work a minimum of twenty hours per week and are at the age of twenty-one years or older. The Foundation does not contribute to this plan.

NOTE 7 - CHANNEL PARTNERSHIPS

The Foundation has entered into a number of partnership agreements to promote the Baldrige Foundation through co-marketing agreements and the sharing of trademark and marketing materials. These mutually beneficial arrangements also generate contributions for the Foundation when certain conditions or referrals from the Foundation result in new customers for these companies. During the years ended September 30, 2021 and 2020 contributions from these arrangements was \$94,000 and \$30,973, respectively.

NOTE 8 - DESIGNATED NET ASSETS

During the years ended September 30, 2021 and 2020, the Foundation's board of directors made a commitment to continue funding for the Performance Excellence Program through the following year. Accordingly, the Foundation's board of directors designated \$250,000 of the Foundation's net assets without donor restriction as of September 30, 2021 and 2020 to fund this program. The Foundation's board of directors has also designated \$2,000 for the 2021 and 2020 Quest Conference.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation had the following net asset with donor restrictions for the year ending September 30:

| | 2021 | 2020 |
|---------------------------------|-------------------|-------------------|
| Reimann Scholarship Fund | \$ 12,000 | \$ 11,966 |
| Quest Conference | 10,000 | 25,000 |
| Unconditional promises to give: | | |
| Current | 25,000 | 195,000 |
| Noncurrent | 69,700 | 149,600 |
| Total | <u>\$ 116,700</u> | <u>\$ 381,566</u> |

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 10 - RISKS AND UNCERTAINTIES

The Foundation maintains cash in various bank deposit accounts, which at times may exceed federally insured limits of \$250,000. The Foundation has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

NOTE 11 - SUBSEQUENT EVENTS

Management evaluated subsequent events through February 9, 2022, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

**THE FOUNDATION FOR THE MALCOLM BALDRIGE
NATIONAL QUALITY AWARD, INC.**
SCHEDULE OF INVESTMENTS
September 30, 2021

| <u>Description</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Cost</u> | <u>Fair Value</u> |
|--------------------|--------------------------|--------------------------|-------------|-------------------|
| Money Markets | N/A | Varies | \$ 242,534 | \$ 242,534 |

See independent auditor's report.