

GREATER ROCHESTER HEALTH FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2020
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

Rochester, New York

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater Rochester Health Foundation:

We have audited the accompanying financial statements of the Greater Rochester Health Foundation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 auditors consider 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 Greater Rochester Health Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Greater Rochester Health Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DeJoy, Knauf & Blood, LLP

July 22, 2021.

GREATER ROCHESTER HEALTH FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,544,964	\$ 3,324,594
Other current assets	588,792	537,526
Total current assets	3,133,756	3,862,120
INVESTMENTS	269,061,562	249,669,918
PROPERTY AND EQUIPMENT:		
Furniture and fixtures	150,176	127,907
Software	101,475	101,475
Office equipment	58,793	58,793
Leasehold improvements	5,685	-
	316,129	288,175
Less - accumulated depreciation	(217,608)	(189,506)
	98,521	98,669
TOTAL ASSETS	\$ 272,293,839	\$ 253,630,707
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 342,130	\$ 439,737
Other current liabilities	103,590	73,293
Total current liabilities	445,720	513,030
COMMITMENTS		
NET ASSETS WITHOUT DONOR RESTRICTIONS	271,848,119	253,117,677
TOTAL LIABILITIES AND NET ASSETS	\$ 272,293,839	\$ 253,630,707

The accompanying notes to financial statements
are an integral part of this statement.

GREATER ROCHESTER HEALTH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(with comparative totals for the year ended December 31, 2019)

	2020	2019
INVESTMENT RETURN, NET OF EXCISE TAXES:		
Investment return, net	\$ 30,408,149	\$ 34,522,286
Excise taxes	(107,000)	(215,000)
Total investment return, net of excise taxes	30,301,149	34,307,286
EXPENSES:		
Program grants -		
Healthy and equitable futures	2,251,499	3,353,777
COVID-19 relief	1,984,000	-
Opportunity	1,312,141	2,716,565
Racial health equity	996,747	-
Responsive	927,671	-
Neighborhood health status	390,000	390,000
Partnership	248,362	415,234
Matching	105,375	101,250
Scholarships	-	480,000
Community health	-	479,151
Total program grants	8,215,795	7,935,977
Direct program -		
Healthy and equitable futures	560,660	826,154
Opportunity	144,626	215,481
Neighborhood health status	124,208	273,123
Racial health equity	3,000	-
Partnership	1,075	-
Clinical services for older adults	-	5,000
Total direct program	833,569	1,319,758
Program administrative	1,170,505	1,259,600
Total program expenses	10,219,869	10,515,335
General and administrative	1,350,838	1,364,810
Total expenses	11,570,707	11,880,145
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	18,730,442	22,427,141
NET ASSETS WITHOUT DONOR RESTRICTIONS , beginning of year	253,117,677	230,690,536
NET ASSETS WITHOUT DONOR RESTRICTIONS , end of year	\$ 271,848,119	\$ 253,117,677

The accompanying notes to financial statements
are an integral part of this statement.

GREATER ROCHESTER HEALTH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(with comparative totals for the year ended December 31, 2019)

	2020						
	Program			General and			
	Grants	Direct Program	Program Administrative	Total	Administrative	Total	2019
Grants and Direct Program:							
Healthy and equitable futures	\$ 2,251,499	\$ 560,660	\$ -	\$ 2,812,159	\$ -	\$ 2,812,159	\$ 4,179,931
COVID-19 relief	1,984,000	-	-	1,984,000	-	1,984,000	-
Opportunity	1,312,141	144,626	-	1,456,767	-	1,456,767	2,932,046
Racial health equity	996,747	3,000	-	999,747	-	999,747	-
Responsive	927,671	-	-	927,671	-	927,671	-
Neighborhood health status	390,000	124,208	-	514,208	-	514,208	663,123
Partnership	248,362	1,075	4,115	253,552	-	253,552	415,234
Matching	105,375	-	-	105,375	-	105,375	101,250
Scholarships	-	-	-	-	-	-	480,000
Community health	-	-	-	-	-	-	479,151
Clinical services for older adults	-	-	-	-	-	-	5,000
Wages	-	-	761,737	761,737	751,968	1,513,705	1,362,832
Payroll taxes and employee benefits	-	-	222,542	222,542	238,471	461,013	419,649
Professional services	-	-	66,318	66,318	212,350	278,668	435,154
Occupancy	-	-	30,623	30,623	28,768	59,391	91,872
License fees	-	-	16,839	16,839	15,818	32,657	30,921
Depreciation	-	-	14,490	14,490	13,612	28,102	20,541
Dues and subscriptions	-	-	19,414	19,414	7,502	26,916	61,813
Meetings and seminars	-	-	3,525	3,525	20,426	23,951	33,675
Insurance	-	-	4,461	4,461	17,149	21,610	22,366
Temporary help	-	-	-	-	20,623	20,623	31,809
Telephone	-	-	8,476	8,476	7,963	16,439	20,273
Forms and supplies	-	-	5,071	5,071	4,764	9,835	14,328
Repairs and maintenance	-	-	3,041	3,041	2,856	5,897	3,963
Equipment rental	-	-	2,550	2,550	2,396	4,946	5,601
Travel	-	-	2,411	2,411	1,540	3,951	53,634
Postage and delivery	-	-	-	-	44	44	1,236
Charitable donations	-	-	-	-	-	-	3,400
Miscellaneous	-	-	4,892	4,892	4,588	9,480	11,343
	<u>\$ 8,215,795</u>	<u>\$ 833,569</u>	<u>\$ 1,170,505</u>	<u>\$ 10,219,869</u>	<u>\$ 1,350,838</u>	<u>\$ 11,570,707</u>	<u>\$ 11,880,145</u>

The accompanying notes to financial statements are an integral part of this statement.

GREATER ROCHESTER HEALTH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(with comparative totals for the year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restrictions	\$ 18,730,442	\$ 22,427,141
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities:		
Depreciation	28,102	20,541
Net realized and unrealized gain on investments	(28,128,338)	(29,513,454)
Increase in other current assets	(51,266)	(358,179)
(Decrease) increase in accounts payable	(94,847)	78,337
Increase (decrease) in other current liabilities	30,297	(53,313)
Total adjustments	(28,216,052)	(29,826,068)
Net cash used in operating activities	(9,485,610)	(7,398,927)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	266,364,560	89,292,022
Purchases of investments	(257,627,866)	(92,168,831)
Purchases of property and equipment	(30,714)	(70,594)
Net cash provided by (used in) investing activities	8,705,980	(2,947,403)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(779,630)	(10,346,330)
CASH AND CASH EQUIVALENTS, beginning of year	3,324,594	13,670,924
CASH AND CASH EQUIVALENTS, end of year	\$ 2,544,964	\$ 3,324,594

The accompanying notes to financial statements
are an integral part of this statement.

GREATER ROCHESTER HEALTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. ORGANIZATION

Greater Rochester Health Foundation (the “Health Foundation”) was created in 2006 when the not-for-profit MVP Health Plan (“MVP”) acquired the not-for-profit HMO Preferred Care (“Preferred Care”). The value of Preferred Care was returned to the community through MVP’s purchase price of \$232 million to create a foundation dedicated to improving the health of the Greater Rochester community, inclusive of Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming and Yates counties. Since its inception, the Health Foundation has acted as an independent foundation governed by a community-based Board of Directors (the “Board”) and managed by a professional staff.

The mission of the Health Foundation is to pursue and invest in solutions that build a healthier region where all people can thrive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting -

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of estimates -

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include, but are not limited to, the fair value of investments, the allocation of functional expenses and accrued excise taxes. Accordingly, actual results could differ from these estimates.

Cash and cash equivalents -

Cash and cash equivalents include all highly liquid investments available for current use with an initial maturity of three months or less.

Financial instruments and credit risk -

Deposit concentration risk is managed by placing cash, money market accounts and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed federally insured limits or may include uninsured investments in money market mutual funds. To date, management has not experienced losses in any of these accounts.

Investments -

Investments are stated at fair value and purchases and sales are recorded on a trade or contract date basis. The estimated fair value of investments is based on quoted market prices, except for alternative investments, for which quoted market prices are not available. Alternative investments include private equity, marketable alternatives (including hedge funds), and real assets. The estimated fair value of certain alternative investments is based on the net asset value (“NAV”) of the fund provided by the general partner. Because certain alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed and differences could be material.

Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the period that such fluctuations occur. Realized gains or losses, unrealized gains or losses, interest income and dividends and investment management fees are reported in the statement of activities and change in net assets within investment return, net.

Investment sales and purchases are recorded on a trade date basis, which may result in both investment receivables and payables on unsettled investment trades.

Fair value measurements -

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date, under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1* Quoted prices (unadjusted) in active markets for identical assets and liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Valuation based on observable inputs other than quoted prices within Level 1 that include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

NAV or its equivalent, such as member units or ownership interest in partners' capital, is used as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Property and equipment -

Property and equipment is recorded at cost, or fair value if donated. The general policy is to capitalize property and equipment in excess of \$2,500 with a useful life greater than one year. Costs associated with construction in progress are held until the asset is placed in service, at which point the asset is transferred out of construction in progress and depreciated over its useful life.

Depreciation and amortization are calculated using the straight-line method over the following useful lives:

Furniture and fixtures	5 years
Software	3 years
Office equipment	3 - 5 years
Leasehold improvements	5 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities and change in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense was \$28,102 and \$20,541 for the years ended December 31, 2020 and 2019, respectively.

Grants -

A grant is recognized as an expense when it is either paid or when the grant qualifies as a set-aside project under the Internal Revenue Code (the "Code"), provided it is approved by the Board and the grant agreement is properly executed.

Net assets -

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

At December 31, 2020 and 2019, all of the net assets of the Health Foundation are without donor restrictions.

Donated services -

Board members and other volunteers have donated significant amounts of time to support program activities and governance of the Health Foundation. No amounts have been recognized in the accompanying financial statements since time contributed by these volunteers does not meet the criteria established by GAAP.

Advertising and communication costs -

Advertising and communication costs are expensed as incurred and included within program related administrative expenses in the accompanying statement of activities and change in net assets.

Income taxes -

The Health Foundation is a not-for-profit charitable foundation created under section 501(c)(3) of the Code.

In accordance with GAAP, the Health Foundation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Health Foundation is currently operating in compliance with the applicable requirements of the Code.

Management has determined that the Health Foundation has no uncertain tax positions, including the tax exempt status of the Foundation as of December 31, 2020.

The Health Foundation is required to file annual returns with federal and New York State taxing authorities. As of December 31, 2020, the Health Foundation's federal and state annual returns are no longer subject to examination by the respective taxing authorities for years prior to 2017.

Functional allocation of expenses -

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Health Foundation are reported as expenses of those functional areas. Natural expenses attributable to more than one functional expense category are allocated based on cost allocation techniques deemed appropriate for the expense incurred. Such techniques may include time estimates from management personnel, full time equivalents by functional area and other usage patterns established by the policies and procedures of the Health Foundation.

Change in accounting principle -

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). ASU 2018-13 eliminates or modifies the fair value measurement disclosure requirements. The Health Foundation adopted ASU 2018-13 for the year ended December 31, 2020. Per the guidance provided under ASU 2018-13, the Health Foundation eliminated certain disclosures related to Level 3 investments held within investment portfolio (see Note 4).

3. INVESTMENTS

The Health Foundation’s investment portfolio consists of the following at December 31:

	2020	2019
Domestic equity	\$ 86,636,040	\$ 70,199,000
International equity	70,437,820	64,628,945
Fixed income	50,895,289	44,803,920
Hedge funds	-	12,889,802
Opportunistic	13,315,324	15,979,818
Private equity	37,116,594	29,033,542
Real assets	10,660,495	12,134,891
Total	<u>\$269,061,562</u>	<u>\$249,669,918</u>

The investment objective of the Health Foundation is to maximize the total return of the investment portfolio, consistent with the standards of the prudent investor. The investment goal is to outperform benchmarks defined within the Health Foundation’s investment policy statement over a time horizon greater than 5 years. Assets of the investment portfolio are invested with the goal that unspent principal be preserved and enhanced over time. Capital preservation will be achieved through diversification of the investment portfolio. The spending policy of the Health Foundation is to expend 5% of the average fair market value of the preceding year’s investment assets as qualifying distributions under the Code.

Domestic and international equity investments are held in separate accounts and commingled funds. These funds are invested (directly or indirectly) in publicly traded equity securities which are listed on national exchanges.

Fixed income funds are held in commingled funds. These funds are invested (directly or indirectly) in investment grade corporate or government securities for which active trading markets exist.

Hedge funds, opportunistic, private equity and real assets of the Health Foundation are held in commingled funds, partnerships or other alternative structures. These investments are not traded on an active exchange and engage in a variety of investment strategies. These investments may invest in companies that are not immediately liquid, such as venture capital and real estate limited partnerships or private real estate investment trusts. These investments may also require that the Health Foundation contribute additional capital in future years (see Note 4).

4. FAIR VALUE MEASUREMENTS

Investments measured at fair value on a recurring basis at the measurement date of December 31, 2020 are presented below:

	NAV practical expedient	Level 1	Level 2	Level 3	Total
Domestic equity	\$ 5,249,707	\$ 81,386,333	\$ -	\$ -	\$ 86,636,040
International equity	22,680,326	47,757,494	-	-	70,437,820
Fixed income	25,867,557	25,027,732	-	-	50,895,289
Opportunistic	3,001,346	-	-	10,313,978	13,315,324
Private equity	-	-	-	37,116,594	37,116,594
Real assets	-	-	-	10,660,495	10,660,495
Total	<u>\$ 56,798,936</u>	<u>\$ 154,171,559</u>	<u>\$ -</u>	<u>\$ 58,091,067</u>	<u>\$ 269,061,562</u>

Investments measured at fair value on a recurring basis at the measurement date of December 31, 2019 are presented below:

	NAV practical expedient	Level 1	Level 2	Level 3	Total
Domestic equity	\$ -	\$ 70,199,000	\$ -	\$ -	\$ 70,199,000
International equity	-	64,628,945	-	-	64,628,945
Fixed income	-	44,803,920	-	-	44,803,920
Hedge funds	-	-	12,889,802	-	12,889,802
Opportunistic	3,001,346	-	-	12,978,472	15,979,818
Private equity	-	-	-	29,033,542	29,033,542
Real assets	-	-	-	12,134,891	12,134,891
Total	<u>\$ 3,001,346</u>	<u>\$ 179,631,865</u>	<u>\$ 12,889,802</u>	<u>\$ 54,146,905</u>	<u>\$ 249,669,918</u>

The fair value of Level 1 assets, including domestic and international equity and fixed income, are obtained from the closing prices reported in active markets on which the individual securities are traded at the measurement date. The fair value of Level 2 assets, including hedge funds are obtained from the net asset value provided by the investment manager of the fund.

The tables above reflect the reporting of investments for which fair value is measured using the NAV as a practical expedient. The Health Foundation has no unfunded commitments related to any of these investments. In addition, these investments have redemption restrictions varying from daily with no notice period to annually with notice of 180 days. The NAV practical expedient is included to permit reconciliation between the fair value tables and the statements of financial position.

The fair value of certain investments, including opportunistic, private equity and real assets, has been determined using Level 3 inputs. These forms of investment vehicles do not provide a NAV of shares held or audited financial statements as of the measurement date. The Level 3 inputs reflect management's estimate of the value of the investment based on the valuation as provided by the investment manager as of December 31, 2020 and 2019. Certain of these investments are not immediately redeemable by the Health Foundation and may require additional capital contributions as described below.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Health Foundation believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

The liquidity and required future commitments of Level 3 investments as of December 31, 2020 are presented below:

Investment	Type and strategy	Fair value	Redemption frequency	Notice period	Future commitments
RCP Fund I Feeder, L.P. Monroe Capital Senior Secured Direct Loan Fund, L.P.	Opportunistic	\$ 2,131,454	Upon dissolution	N/A	\$ -
Park Square Capital Credit Opportunities II (USD), L.P.	Opportunistic	2,046,760	Upon dissolution	N/A	491,748
Perella Weinberg Partners ABV Opportunity Offshore Fund III B	Opportunistic	1,361,380	Upon dissolution	N/A	1,261,182
Apollo European Fund II	Opportunistic	1,506,833	Upon dissolution	N/A	-
OHA Strategic Credit Fund II (Offshore), L.P.	Opportunistic	510,664	Upon dissolution	N/A	809,512
Private Advisors Small Company Buyout Fund V, L.P.	Private equity	2,756,887	Upon dissolution	N/A	1,600,000
Secondary Opportunities Fund III, L.P.	Private equity	3,588,040	Upon dissolution	N/A	503,411
Warburg Pincus Private Equity XI Highbar Partners III, L.P.	Private equity	2,888,717	Upon dissolution	N/A	578,366
Private Advisors Small Company Coinvestment Fund, L.P.	Private equity	2,538,600	Upon dissolution	N/A	-
Industry Ventures Secondary Fund VII, L.P.	Private equity	3,833,027	Upon dissolution	N/A	200,000
Industry Ventures Fund VIII, L.P.	Private equity	5,928,940	Upon dissolution	N/A	447,595
Industry Ventures Fund VI, L.P.	Private equity	2,279,250	Upon dissolution	N/A	249,000
Siguler Guff Distressed Opportunities Fund IV, L.P.	Private equity	5,008,901	Upon dissolution	N/A	390,000
Monomoy Capital Partners III, L.P.	Private equity	451,802	Upon dissolution	N/A	240,000
Newstone Capital Partners II, L.P.	Private equity	835,819	Upon dissolution	N/A	212,500
Siguler Guff Distressed Opportunities Fund III, L.P.	Private equity	3,977,175	Upon dissolution	N/A	1,722,009
Amberbrook V, LLC	Private equity	603,391	Upon dissolution	N/A	207,959
Glouston Private Equity Opportunities III, L.P.	Private equity	743,898	Upon dissolution	N/A	120,000
	Private equity	153,368	Upon dissolution	N/A	273,353
	Private equity	165,303	Upon dissolution	N/A	236,250

Investment	Type and strategy	Fair value	Redemption frequency	Notice period	Future commitments
BlackRock Private Opportunities Fund IV, L.P.	Private equity	4,120,363	Upon dissolution	N/A	4,914,372
Aether Real Assets III, L.P.	Real assets	3,676,259	Upon dissolution	N/A	564,428
Siguler Guff Distressed Real Estate Opportunities Fund II, L.P.	Real assets	3,232,093	Upon dissolution	N/A	642,500
Aether Real Assets II, L.P.	Real assets	2,616,064	Upon dissolution	N/A	367,805
First Reserve XII-A Parallel Vehicle L.P.	Real assets	357,344	Upon dissolution	N/A	-
AG Realty Fund VIII, L.P.	Real assets	586,678	Upon dissolution	N/A	385,447
Carlyle Realty Partners Fund VI, L.P.	Real assets	192,057	Upon dissolution	N/A	822,329
		<u>\$58,091,067</u>			<u>\$17,239,766</u>

For the years ending December 31, 2020 and 2019, the Health Foundation funded capital contributions of \$6,398,750 and \$9,056,781, respectively. The remaining total commitment of \$17,239,766 will be funded periodically by the Health Foundation when capital calls are required at the discretion of the respective investment funds.

On December 18, 2020, the Health Foundation entered into a subscription agreement with the investment fund AG DLI IV (Unlevered), L.P. which requires total future capital commitments of \$8,000,000. As of December 31, 2020, no commitments have been funded by the Health Foundation.

5. EXCISE TAXES

The Health Foundation is a private foundation and qualifies as a tax-exempt organization under the Code and corresponding New York State taxing authority provisions. Private foundations are subject to an excise tax on net investment income. Effective for the year ending December 31, 2020, the Health Foundation's provision for current excise tax is based on a 1.39% rate on net investment income. The Health Foundation's provision for excise tax was based on a 2% rate on net investment income for the year ending December 31, 2019. Certain of the Health Foundation's investments report taxable income from the partnership tax returns which may be different than investment income reported under GAAP and may be subject to unrelated business income tax. Complete information is not available at the time of issuance of the financial statements. As such, excise tax expense is estimated for financial statement purposes based on available information from the respective investments.

Excise tax expense was approximately \$107,000 and \$215,000 for the years ended December 31, 2020 and 2019, respectively.

6. COMMITMENTS

Operating leases -

The Health Foundation leases office space under a non-cancelable lease agreement which commenced in January 2020. The lease of the office space has an initial term of ten years and contains two renewal options, each for a period of five years.

The Health Foundation also leases office equipment under lease agreements that have been classified as operating leases. Total rent expense under the lease agreements was \$64,337 and \$91,874 for the years ended December 31, 2020 and 2019, respectively.

Estimated future rental expense under the lease agreements is as follows:

Year ending December 31,	
2021	\$ 103,390
2022	104,363
2023	104,363
2024	104,363
2025	104,363
Thereafter	<u>485,199</u>
	<u>\$1,006,040</u>

Potential future grant commitments -

The Health Foundation has authorized potential future grant payments totaling \$3,215,032. These payments will be disbursed and expensed over the next two years on the condition that the grantees satisfy all requirements as detailed in the grant agreements. The Health Foundation reserves the authority to terminate grants with 45 days notice to grantees.

Investments -

At December 31, 2020, the Health Foundation has total capital commitments of \$25,239,766 (see Note 4).

7. RETIREMENT PLAN

The Health Foundation maintains a defined contribution retirement plan (the “Plan”) covering substantially all of its employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. The Plan allows employees to defer a percentage of their compensation up to the maximum amount allowable under the Code. The Plan provides an employer contribution of 7% of the employee’s gross wages plus an additional matching contribution of up to 3% of the employee’s gross wages. The Health Foundation’s contributions to the Plan totaled \$142,005 and \$129,686 for the years ended December 31, 2020 and 2019, respectively.

8. DEFERRED COMPENSATION PLAN

The Health Foundation maintains a deferred compensation plan, under Section 457 of the Code, for the purpose of allowing eligible employees to defer a portion of their compensation until retirement, death, or financial hardship. The Health Foundation did not make any contributions to this deferred compensation plan during the years ended December 31, 2020 and 2019.

9. LIQUIDITY

By charter and founding principles, the Health Foundation exists to deploy its assets - both principal and income - according to the Board's assessment of community needs that fall within the scope of its mission. Because the Health Foundation is a private foundation for federal tax law purposes, it will generally seek to spend as "qualifying distributions" in each year at least the statutorily mandated percentage, currently 5%, of the average fair market value for the preceding year's investment assets.

At December 31, 2020, the Health Foundation's financial assets available within one year to meet general expenditures include:

Cash and cash equivalents	\$ 2,544,964
Investments	<u>269,061,562</u>
Total financial assets	<u>271,606,526</u>
Less financial assets unavailable for general expenditures due to liquidity restrictions:	
Investments - Level 3	<u>(58,091,067)</u>
Financial assets available to meet expenditures within one year	<u><u>\$213,515,459</u></u>

The Health Foundation structures its investment policy such that liquid investments are more than adequate to fund general expenditures. The Health Foundation has Level 3 investments which are subject to a lock up period extending beyond one year (see Note 4). Additionally, certain investments require further capital commitments which the Health Foundation may be called upon to fund within the next year (see Note 4).

10. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for excise taxes was approximately \$105,000 and \$687,000 for the years ended December 31, 2020 and 2019, respectively.

The following transactions is a non-cash transaction and has been excluded from the accompanying statement of cash flows as of and for the year ended December 31, 2019:

- Accounts payable related to the purchase of property and equipment amounted to \$2,860.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 22, 2021, which is the date the financial statements were available to be issued.