

GREATER ROCHESTER HEALTH FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2023
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT



Rochester, New York

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater Rochester Health Foundation:

Opinion

We have audited the accompanying financial statements of Greater Rochester Health Foundation, which comprise the statement of financial position as of December 31, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Rochester Health Foundation as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Rochester Health Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Rochester Health Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greater Rochester Health Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Rochester Health Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Greater Rochester Health Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

July 25, 2024.

DeJoy & Co. CPAs, LLP

DeJoy & Co.
CPAs, LLP

GREATER ROCHESTER HEALTH FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(with comparative totals as of December 31, 2022)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 169,080	\$ 116,757
Other current assets	149,399	287,859
Total current assets	318,479	404,616
INVESTMENTS	260,318,420	242,689,514
PROPERTY AND EQUIPMENT:		
Furniture and fixtures	150,176	150,176
Software	101,475	101,475
Office equipment	58,793	58,793
Leasehold improvements	5,685	5,685
	316,129	316,129
Less - accumulated depreciation	(297,554)	(275,202)
	18,575	40,927
OTHER ASSETS:		
Operating right-of-use asset, net	569,962	657,112
	569,962	657,112
TOTAL ASSETS	\$ 261,225,436	\$ 243,792,169
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of operating lease liability	\$ 88,581	\$ 87,150
Accounts payable	165,516	143,031
Other current liabilities	143,169	130,015
Total current liabilities	397,266	360,196
LONG-TERM LIABILITY:		
Operating lease liability	481,380	569,961
	481,380	569,961
COMMITMENTS		
NET ASSETS WITHOUT DONOR RESTRICTIONS	260,346,790	242,862,012
TOTAL LIABILITIES AND NET ASSETS	\$ 261,225,436	\$ 243,792,169

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, 2023
(with comparative totals for the year ended December 31, 2022)

	2023	2022
INVESTMENT RETURN (LOSS), NET OF EXCISE TAXES:		
Investment return (loss), net	\$ 30,858,055	\$ (44,536,125)
Excise taxes	(180,000)	(220,000)
Total investment return (loss), net of excise taxes	30,678,055	(44,756,125)
EXPENSES:		
Program grants -		
Responsive	3,469,406	3,435,388
Healthy and equitable futures	3,109,305	2,845,598
Racial health equity	1,280,259	1,417,321
Partnership	909,145	1,646,869
Neighborhood health status	390,000	195,000
Matching	102,000	41,250
Total program grants	9,260,115	9,581,426
Direct program -		
Healthy and equitable futures	503,483	658,824
Racial health equity	464,999	329,913
Neighborhood health status	182,990	184,307
Responsive	-	38,523
Partnership	-	29,750
Total direct program	1,151,472	1,241,317
Program administrative	1,491,617	1,286,558
Total program expenses	11,903,204	12,109,301
General and administrative	1,290,073	1,213,769
Total expenses	13,193,277	13,323,070
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	17,484,778	(58,079,195)
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	242,862,012	300,941,207
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	\$ 260,346,790	\$ 242,862,012

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, 2023
(with comparative totals for the year ended December 31, 2022)

	2023						
	Program			General and			
	Grants	Direct Program	Program Administrative	Total	Administrative	Total	2022
Grants and Direct Program:							
Healthy and equitable futures	\$ 3,109,305	\$ 503,483	\$ -	\$ 3,612,788	\$ -	\$ 3,612,788	\$ 3,504,422
Responsive	3,469,406	-	-	3,469,406	-	3,469,406	3,473,911
Racial health equity	1,280,259	464,999	-	1,745,258	-	1,745,258	1,747,234
Partnership	909,145	-	-	909,145	-	909,145	1,676,619
Neighborhood health status	390,000	182,990	-	572,990	-	572,990	379,307
Matching	102,000	-	-	102,000	-	102,000	41,250
Wages	-	-	742,549	742,549	800,613	1,543,162	1,415,921
Payroll taxes and employee benefits	-	-	262,023	262,023	223,536	485,559	438,869
Professional services	-	-	262,889	262,889	102,255	365,144	285,036
Occupancy	-	-	55,895	55,895	41,185	97,080	97,080
Meetings and seminars	-	-	39,678	39,678	19,192	58,870	62,443
License fees	-	-	27,571	27,571	20,316	47,887	34,307
Travel	-	-	24,289	24,289	23,274	47,563	28,936
Dues and subscriptions	-	-	33,956	33,956	12,368	46,324	30,154
Insurance	-	-	7,466	7,466	19,287	26,753	27,079
Depreciation	-	-	12,869	12,869	9,483	22,352	28,749
Telephone	-	-	9,933	9,933	7,318	17,251	15,040
Forms and supplies	-	-	5,850	5,850	4,374	10,224	14,316
Repairs and maintenance	-	-	2,058	2,058	1,517	3,575	4,064
Equipment rental	-	-	1,651	1,651	1,217	2,868	2,545
Temporary help	-	-	-	-	1,964	1,964	11,004
Miscellaneous	-	-	2,940	2,940	2,174	5,114	4,784
	<u>\$ 9,260,115</u>	<u>\$ 1,151,472</u>	<u>\$ 1,491,617</u>	<u>\$ 11,903,204</u>	<u>\$ 1,290,073</u>	<u>\$ 13,193,277</u>	<u>\$ 13,323,070</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, 2023
(with comparative totals for the year ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restrictions	<u>\$ 17,484,778</u>	<u>\$ (58,079,195)</u>
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities:		
Depreciation	22,352	28,749
Net realized and unrealized (gain) loss on investments	(28,511,884)	47,619,253
Decrease (increase) in other current assets	138,460	(152,648)
Increase (decrease) in accounts payable	22,485	(53,823)
Increase in other current liabilities	13,154	24,975
Total adjustments	<u>(28,315,433)</u>	<u>47,466,506</u>
Net cash used in operating activities	<u>(10,830,655)</u>	<u>(10,612,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	126,413,046	125,068,513
Purchases of investments	<u>(115,530,068)</u>	<u>(114,576,900)</u>
Net cash provided by investing activities	<u>10,882,978</u>	<u>10,491,613</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,323	(121,076)
CASH AND CASH EQUIVALENTS, beginning of year	<u>116,757</u>	<u>237,833</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 169,080</u></u>	<u><u>\$ 116,757</u></u>

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

GREATER ROCHESTER HEALTH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 valuation of lease asset and liability, the allocation of functional expenses and accrued excise taxes. Accordingly, actual results could differ from these estimates.

Cash and cash equivalents -

Cash includes demand deposits with banks or financial institutions and other types of accounts that have the general characteristics of demand deposits. Cash equivalents includes all highly liquid investments available for current use with an initial maturity of three months or less.

Certain cash equivalents include money market funds held within investments as reported in the accompanying statement of financial position.

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, private credit 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 in which such fluctuations occur. Realized gains or losses, unrealized gains or losses, interest and dividend income and investment management fees are reported in the statement of activities and change in net assets within investment return (loss), 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.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

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 asset 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 private equity 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. Depreciation is calculated using the straight-line method over the following useful lives:

Furniture and fixtures	5 years
Software	3 years
Office equipment	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 \$22,352 and \$28,749 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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 general and 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 Health Foundation as of December 31, 2023. The Health Foundation is required to file annual returns with federal and New York State taxing authorities. As of December 31, 2023, the Health Foundation's federal and state annual returns are no longer subject to examination by the respective taxing authorities for years prior to 2020.

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.

Leases -

The Health Foundation determines if an arrangement is or contains a lease at inception. The Health Foundation records right-of-use ("ROU") assets and lease liabilities, which are initially based on the discounted future minimum lease payments over the term of the lease. As the rate implicit in leases is not easily determinable, the applicable risk-free rate is used in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Health Foundation will exercise the option.

For leases with an initial term of 12 months or less, no ROU asset or lease liability is recorded on the statement of financial position and the short-term lease cost for these leases are recorded on a straight-line basis over the lease term.

The Health Foundation accounts for lease components and non-lease components as a single lease component. Certain leases contain one fixed lease payment that includes common area maintenance. These fixed payments are considered part of the lease payment and are included in the ROU asset and lease liability. Operating lease cost is recognized on a straight-line basis over the lease term. Variable payments, short-term rentals and payments associated with non-lease components are expensed as incurred.

Prior year comparative information -

The financial statements include certain prior year summarized information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Health Foundation's financial statements as of and for the year ended December 31, 2022, from which it was derived.

3. INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,510,123	\$ 7,457,114
Domestic equity	105,579,866	78,441,543
International equity	33,356,087	45,150,489
Fixed income	50,953,303	45,453,333
Private credit	18,120,396	18,665,799
Private equity	36,737,417	36,378,070
Real assets	14,061,228	11,143,166
Total	<u>\$260,318,420</u>	<u>\$242,689,514</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 five 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.

Private credit, private equity and real asset investments 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, 2023 are presented below:

	NAV practical expedient	Level 1	Level 3	Total
Cash and cash equivalents	\$ -	\$ 1,510,123	\$ -	\$ 1,510,123
Domestic equity	12,671,240	92,908,626	-	105,579,866
International equity	10,290,029	23,066,058	-	33,356,087
Fixed income	24,042,208	26,911,095	-	50,953,303
Private credit	-	-	18,120,396	18,120,396
Private equity	-	-	36,737,417	36,737,417
Real assets	-	-	14,061,228	14,061,228
Total	<u>\$47,003,477</u>	<u>\$144,395,902</u>	<u>\$68,919,041</u>	<u>\$260,318,420</u>

Investments measured at fair value on a recurring basis at the measurement date of December 31, 2022 are presented below:

	NAV practical expedient	Level 1	Level 3	Total
Cash and cash equivalents	\$ -	\$ 7,457,114	\$ -	\$ 7,457,114
Domestic equity	10,696,149	67,745,394	-	78,441,543
International equity	8,702,610	36,447,879	-	45,150,489
Fixed income	21,936,851	23,516,482	-	45,453,333
Private credit	1,506,583	-	17,159,216	18,665,799
Private equity	-	-	36,378,070	36,378,070
Real assets	-	-	11,143,166	11,143,166
Total	<u>\$42,842,193</u>	<u>\$135,166,869</u>	<u>\$64,680,452</u>	<u>\$242,689,514</u>

The fair value of Level 1 assets, including cash and cash equivalents, 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 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 private credit, 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, 2023 and 2022. 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, 2023 are presented below:

<u>Investment</u>	<u>Strategy</u>	<u>Fair value</u>	<u>Redemption frequency</u>	<u>Notice period</u>	<u>Future commitments</u>
RCP Fund I Feeder, L.P.	Private credit	\$ 1,450,290	Upon dissolution	N/A	\$ 257,147
Perella Weinberg Partners ABV Opportunity Offshore Fund III B	Private credit	1,021,274	Upon dissolution	N/A	-
Apollo European Fund II	Private credit	109,067	Upon dissolution	N/A	757,292
OHA Strategic Credit Fund II (Offshore), L.P.	Private credit	1,772,153	Upon dissolution	N/A	1,400,000
AG Direct Lending Fund IV	Private credit	7,725,382	Upon dissolution	N/A	400,000
Barings European Private Loan Fund III	Private credit	6,042,230	Upon dissolution	N/A	2,000,000
Private Advisors Small Company Buyout Fund V, L.P.	Private equity	2,145,522	Upon dissolution	N/A	650,270
Secondary Opportunities Fund III, L.P.	Private equity	929,563	Upon dissolution	N/A	578,366
Warburg Pincus Private Equity XI	Private equity	1,423,341	Upon dissolution	N/A	-
Highbar Partners III, L.P.	Private equity	3,349,758	Upon dissolution	N/A	13,150
Private Advisors Small Company Coinvestment Fund, L.P.	Private equity	6,353,384	Upon dissolution	N/A	848,551
Industry Ventures Secondary Fund VII, L.P.	Private equity	763,937	Upon dissolution	N/A	219,000
Industry Ventures Fund VIII, L.P.	Private equity	2,398,351	Upon dissolution	N/A	297,000
Industry Ventures Fund VI, L.P.	Private equity	39,874	Upon dissolution	N/A	240,000
Siguler Guff Distressed Opportunities Fund IV, L.P.	Private equity	446,914	Upon dissolution	N/A	212,500
Monomoy Capital Partners III, L.P.	Private equity	4,787,696	Upon dissolution	N/A	1,230,410
Newstone Capital Partners II, L.P.	Private equity	247,084	Upon dissolution	N/A	207,959
Siguler Guff Distressed Opportunities Fund III, L.P.	Private equity	423,100	Upon dissolution	N/A	120,000
Amberbrook V, LLC	Private equity	40,991	Upon dissolution	N/A	266,593
BlackRock Private Opportunities Fund IV, L.P.	Private equity	9,090,730	Upon dissolution	N/A	1,219,128
BlackRock Private Equity Primaries 2021 (Lux) SCSp	Private equity	1,340,277	Upon dissolution	N/A	6,519,999
ASP (Feeder) Global Secondary Fund 7 L.P.	Private equity	2,956,895	Upon dissolution	N/A	3,750,000
CBRE Global Spec Sit FD SCSP	Real assets	6,388,593	Upon dissolution	N/A	1,969,615
Aether Real Assets III, L.P.	Real assets	3,075,969	Upon dissolution	N/A	188,993
Siguler Guff Distressed Real Estate Opportunities Fund II, L.P.	Real assets	1,790,004	Upon dissolution	N/A	642,500
Global Infrastructure Partners V-B Feeder Fund, L.P.	Real assets	802,334	Upon dissolution	N/A	6,224,803
Aether Real Assets II, L.P.	Real assets	1,436,632	Upon dissolution	N/A	513,525
First Reserve XII-A Parallel Vehicle L.P.	Real assets	32,237	Upon dissolution	N/A	-
AG Realty Fund VIII, L.P.	Real assets	336,326	Upon dissolution	N/A	385,447
Carlyle Realty Partners Fund VI, L.P.	Real assets	199,133	Upon dissolution	N/A	106,838
		<u>\$68,919,041</u>			<u>\$31,219,086</u>

For the years ending December 31, 2023 and 2022, the Health Foundation funded capital contributions of \$8,034,829 and \$12,859,820, respectively. The remaining total commitment of \$31,219,086 for the above Level 3 investments will be funded periodically by the Health Foundation when capital calls are required at the discretion of the respective investment funds.

During September 2023, the Health Foundation entered into a subscription agreement with the JPM IIF Tax-Exempt Hedged LP which is a partnership that invests in real assets and will require total future capital commitments of \$3,000,000 from the Health Foundation. As of December 31, 2023, 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. The Health Foundation's provision for current excise tax is based on a 1.39% rate on net investment income for the years ended December 31, 2023 and 2022. 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 \$180,000 and \$220,000 for the years ended December 31, 2023 and 2022, respectively.

6. COMMITMENTS

The Health Foundation has entered into lease agreements for office space and equipment that are considered leases. The lease agreement for office space requires the Health Foundation to pay for the pro-rata share of increase to common area charges, including maintenance, insurance and real estate taxes related to the leased office space. As of December 31, 2023, the lease agreement for office space has a remaining term of approximately six years with two renewal options (five years per option) remaining.

The components of lease cost are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$97,080	\$97,080
Short-term and variable lease cost	<u>2,868</u>	<u>2,545</u>
	<u>\$99,948</u>	<u>\$99,625</u>

Cash paid for amounts included in the measurement of the operating lease liability was \$97,080 for each of the years ended December 31, 2023 and 2022.

Future maturities of the operating lease liability are as follows:

Year ending December 31,	
2024	\$ 97,080
2025	97,080
2026	97,080
2027	97,080
2028	97,080
Thereafter	<u>113,260</u>
	598,660
Less - imputed interest	<u>(28,699)</u>
Operating lease liability	569,961
Less - current portion	<u>(88,581)</u>
Long-term portion	<u>\$481,380</u>

The weighted-average remaining lease term was 6.16 years and 7.16 years as of December 31, 2023 and 2022, respectively. The weighted-average discount rate was 1.63% for the operating lease as of December 31, 2023 and 2022.

Potential future commitments -

The Health Foundation has authorized potential future grant payments totaling \$6,666,862 as of December 31, 2023. These payments will be disbursed and expensed over the next three 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.

In addition, the Health Foundation has entered into contracts with third parties providing services to support its program initiatives over the next two years. The payments to third parties under these contracts are based on performance requirements specified under the contractual agreements. The Health Foundation and third parties have the authority to terminate the contracts given a notice period of 30 days. The Health Foundation has committed \$869,173 under these contracts as of December 31, 2023.

Investments -

At December 31, 2023, the Health Foundation has total capital commitments of \$34,219,086 (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 \$151,435 and \$134,235 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

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, 2023, the Health Foundation’s financial assets available within one year to meet general expenditures include:

Cash and cash equivalents	\$ 169,080
Investments	<u>260,318,420</u>
Total financial assets	260,487,500
Less financial assets unavailable for general expenditures due to liquidity restrictions:	
Investments - Level 3	<u>(68,919,041)</u>
	<u>\$191,568,459</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 \$57,500 and \$207,920 for the years ended December 31, 2023 and 2022, respectively.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 25, 2024, which is the date the financial statements were available to be issued.