OVERLOOK FOUNDATION

FINANCIAL REPORTS
JUNE 30, 2023 AND 2022

OVERLOOK FOUNDATION

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Wiss & Company, LLP
100 Campus Drive, Suite 400
Florham Park, NJ 07932
(973) 994-9400 • wiss.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Overlook Foundation

Opinion

We have audited the accompanying financial statements of Overlook Foundation, ("the Foundation") (a nonprofit organization) which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the results of its operations and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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 the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

Wiss & Company

WISS & COMPANY, LLP

Florham Park, New Jersey
December 6, 2023

OVERLOOK FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	June 30, 2023	June 30, 2022
ASSETS		
Cash and equivalents	$ 14,953,163	$ 10,954,975
Investments	98,392,038	97,374,285
Gift annuity investments	2,775,668	2,617,468
Contributions and bequest receivable, net	11,218,780	12,422,316
Prepaid expenses and other assets	157,814	99,287
Life interest in real estate	867,061	793,762
Total Assets	$ 128,364,524	$ 124,262,093
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 642,362	$ 648,143
Grant payable to affiliate	32,715	32,715
Gift annuity obligations	768,674	735,113
Deferred revenue on life interest	75,506	88,300
Due to affiliate	2,187,375	3,990,914
Total Liabilities	3,706,632	5,495,185
NET ASSETS:		
Without donor restrictions:		
Undesignated	9,841,004	8,177,575
Board-designated	3,299,391	3,277,540
	13,140,395	11,455,115
With donor restrictions:		
Purpose or time restricted	79,478,132	75,463,719
Perpetual in nature	32,039,365	31,848,074
	111,517,497	107,311,793
Total Net Assets	124,657,892	118,766,908
Total Liabilities and Net Assets	$ 128,364,524	$ 124,262,093

See accompanying notes to financial statements.

OVERLOOK FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30,							
	2023				2022			
		With Donor Restrictions				With Donor Restrictions		
	Without Donor Restrictions	Time and Purpose Restricted	Perpetual in Nature	Total	Without Donor Restrictions	Time and Purpose Restricted	Perpetual in Nature	Total
OPERATING SUPPORT AND REVENUES:								
Contributions	$ 986,293	$ 8,897,623	$ 191,291	$ 10,075,207	$ 2,677,641	$ 16,089,400	$ 281,177	$ 19,048,218
Donated rent	72,000	-	-	72,000	72,000	-	-	72,000
Net assets released from restrictions	10,160,364	(10,160,364)	-	-	13,923,873	(13,923,873)	-	-
Total Operating Support and Revenues	11,218,657	(1,262,741)	191,291	10,147,207	16,673,514	2,165,527	281,177	19,120,218
EXPENSES:								
Grants and other program expenses	11,058,756	-	-	11,058,756	14,647,145	-	-	14,647,145
Management and general expenses	1,606,536	-	-	1,606,536	1,532,882	-	-	1,532,882
Fundraising expenses	811,948	-	-	811,948	921,765	-	-	921,765
Total Expenses	13,477,240	-	-	13,477,240	17,101,792	-	-	17,101,792
Increase (decrease) in net assets from operations	(2,258,583)	(1,262,741)	191,291	(3,330,033)	(428,278)	2,165,527	281,177	2,018,426
NON-OPERATING REVENUES (EXPENSES):								
Investment return, net	3,959,005	5,216,844	-	9,175,849	(6,151,101)	(6,888,348)	-	(13,039,449)
Change in value of split interest agreements	(15,142)	60,310	-	45,168	(54,216)	(30,541)	-	(84,757)
Total Non-Operating Revenues (Expenses)	3,943,863	5,277,154	-	9,221,017	(6,205,317)	(6,918,889)	-	(13,124,206)
CHANGE IN NET ASSETS	1,685,280	4,014,413	191,291	5,890,984	(6,633,595)	(4,753,362)	281,177	(11,105,780)
NET ASSETS, BEGINNING OF YEAR	11,455,115	75,463,719	31,848,074	118,766,908	18,088,710	80,217,081	31,566,897	129,872,688
NET ASSETS, END OF YEAR	$ 13,140,395	$ 79,478,132	$ 32,039,365	$ 124,657,892	$ 11,455,115	$ 75,463,719	$ 31,848,074	$ 118,766,908

See accompanying notes to financial statements.

OVERLOOK FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30,							
	2023				2022			
	Grants and Other Program Expenses	Management and General	Fundraising	Total Expenses	Grants and Other Program Expenses	Management and General	Fundraising	Total Expenses
Grants and program related costs	$ 10,269,756	$ -	$ -	$ 10,269,756	$ 13,992,584	$ -	$ -	$ 13,992,584
Salaries and related costs	665,606	1,150,895	522,240	2,338,741	597,765	1,067,437	469,672	2,134,874
Professional fees	-	172,309	28,594	200,903	4,318	184,312	101,864	290,494
Occupancy	18,000	36,000	18,000	72,000	18,000	36,000	18,000	72,000
Donor relations and prospect research	57,241	4,044	4	61,289	1,680	66,218	12,290	80,188
Communications and marketing expenses	33,730	12,704	46,464	92,898	30,183	13,172	68,900	112,255
Travel and entertainment	14,423	5,282	11,353	31,058	2,615	2,056	19,314	23,985
Office expenses and supplies	-	12,719	-	12,719	-	18,203	-	18,203
Office equipment rental and maintenance	-	12,239	-	12,239	-	20,094	-	20,094
Computer services and software licenses	-	57,385	-	57,385	-	45,239	-	45,239
Postage, shipping and courier services	-	3,609	4,532	8,141	-	3,137	6,741	9,878
Dues and subscriptions	-	3,071	-	3,071	-	7,065	199	7,264
Bank, credit card and other fees	-	20,425	-	20,425	-	18,124	-	18,124
Bad debt expense	-	35,752	-	35,752	-	25,566	-	25,566
Event catering and other costs	-	-	180,761	180,761	-	-	224,785	224,785
Insurance and miscellaneous expenses	-	80,102	-	80,102	-	26,259	-	26,259
	$ 11,058,756	$ 1,606,536	$ 811,948	$ 13,477,240	$ 14,647,145	$ 1,532,882	$ 921,765	$ 17,101,792

See accompanying notes to financial statements.

OVERLOOK FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2023	Year Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 5,890,984	$ (11,105,780)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gains)/losses on investments	(4,421,893)	16,131,486
Realized gains on investments	(2,452,357)	(1,123,685)
Contributions restricted to endowment	(191,291)	(281,177)
Bad debt expense	35,752	25,566
Contributions receivable discount	369,208	(20,822)
Gift annuities discount	40,925	88,457
Life interest in real estate discount	(86,093)	(57,916)
Changes in operating assets and liabilities:		
Contributions and bequest receivable	798,576	1,318,635
Prepaid expenses and other assets	(57,067)	(27,660)
Accounts payable and accrued expenses	(5,781)	409,578
Gift annuity obligations	98,104	-
Net cash flows from operating activities	19,067	5,356,682
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Proceeds from sales of investments	32,548,589	14,756,058
Purchases of investments	(26,850,292)	(20,851,203)
Cash surrender value donated life insurance	(1,460)	(1,323)
Due to affiliate	(1,803,539)	(164,613)
Net cash flows used in investing activities	3,893,298	(6,261,081)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payment of annuity obligations	(105,468)	(107,973)
Contributions restricted to endowment	191,291	281,177
Net cash flows from financing activities	85,823	173,204
NET CHANGE IN CASH AND EQUIVALENTS	3,998,188	(731,195)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	10,954,975	11,686,170
CASH AND EQUIVALENTS, END OF YEAR	$ 14,953,163	$ 10,954,975

See accompanying notes to financial statements.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization – Overlook Foundation (the "Foundation") is incorporated as a non-profit organization established in 1976 to conduct fundraising activities for the benefit of the Overlook Medical Center (the "Overlook Division"), located in Summit, New Jersey, a division of AHS Hospital Corporation (the "Hospital"). The monies raised by the Foundation are used to provide direct support to the Overlook Division of the Hospital and its related community to improve the health status of the community by delivering high-quality, cost-effective health care.

Cash and Equivalents and Credit Risk - Cash and equivalents include highly liquid short-term investments, purchased with maturities of three months or less. Cash is maintained in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") of up to $250,000 each. At times, cash balances may be in excess of the FDIC insurance limit. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash.

Investments and Credit Risk – The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment return is reported in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis and the cost of securities sold is determined using the specific identification method. Investments are reviewed annually for impairment. Management has determined there are no other than temporary losses as of June 30, 2023 and 2022.

Dividends and interest are recognized as earned. Net realized gains or losses and changes in net depreciation in fair value are determined by comparing cost to proceeds and fair market value, respectively. Gains and losses on sales of securities are recorded in the statement of activities and changes in net assets in the period in which the securities are sold.

Concentrations of credit risk with respect to investments pertains to three and three mutual fund investments, representing 38% and 38% of the total investments as of June 30, 2023 and 2022, respectively.

The investments are maintained by investment advisors and protected by the Securities Insurance Protection Corporation ("SIPC"), which provides limited insurance in certain circumstances for securities and cash held in brokerage accounts. The insurance is limited to $500,000 for securities and $250,000 for cash balances. The insurance does not protect against investment losses. At times, such balances may be in excess of SIPC insured limits.

Contributions and Bequest Receivable, Bad Debts and Credit Risk - 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 years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Concentrations of credit risk with respect to contributions and bequest receivable pertains to four and three pledges at June 30, 2023 and 2022, that account for approximately 61% and 50%, respectively, of the contributions and bequest receivable on those dates.

Split Interest Agreements - Generally Accepted Accounting Principles ("GAAP") requires the recording of all unconditional, irrevocable split interest agreements under which the Foundation is entitled to receive a benefit.

Gift Annuities - Gift annuities consist of contributions received subject to annuity contracts under which the Foundation is obligated to make agreed-upon periodic payments during the lives of the donors or designated beneficiaries of the donors. Upon the receipt of a gift annuity, the net present value of the actuarially determined annuity payable is recognized as a liability, and the remainder received in excess of this liability is recorded as contribution revenue. The liability for future payments is decreased by payments made to donors or to the designated beneficiaries. Annual adjustments are made based upon actuarial valuations of the obligations for future annuity payments and reflected as a change in value of split interest agreements in the statements of activities and changes in net assets. As of June 30, 2023 and 2022, the Foundation had 60 and 59 charitable gift annuity contracts outstanding with a gross gift value of $2,076,009 and $2,046,009, respectively.

The Foundation is required by state mandate to establish a reserve which amounted to $874,103 and $829,930 at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the Foundation had $2,775,668 and $2,617,468, respectively, in assets limited to use for the gift annuity contracts, which exceeds the minimum requirement.

Life Interest in Real Estate – The Foundation is the beneficiary of a real estate gift subject to a retained life estate. A life interest in real estate is a remainder interest in a personal residence where an individual irrevocably transfers title to the Foundation with a retained right to the use of the property for a term that is specified in the life estate agreement. The donor and the donor's spouse are responsible for executory costs. At the conclusion of the measuring term, all rights in the property are transferred to the Foundation and it is used in accordance with the applicable gift instrument.

At the inception of real estate gift subject to a retained life estate, the Foundation recorded a contribution equal to the fair value of the property less the estimated discounted present value of the use interest. The Foundation records the amortization of the life estate interest, initially recorded as deferred revenue, as a change in value of split interest agreements in the statements of activities and changes in net assets based upon the life expectancy of the youngest donor.

Long-Lived Assets – The Foundation evaluates all long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value and is charged to expense in the period of impairment. As of June 30, 2023 and 2022, management has determined that these assets are not impaired.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. During 2017, the Board of Trustees designated $216,431 as a general endowment fund to support the palliative care program at the Overlook Division (see Note 7). During 2019, the Board of Trustees approved the establishment of a $3,000,000 operating reserve. Included in net assets without donor restrictions are board designated net assets totaling $3,299,391 and $3,277,540 as of June 30, 2023 and 2022, respectively.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity (see Note 6).

Contributions – The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Rent **-** During the years ended June 30, 2023 and 2022, the Foundation received donated office space with an estimated fair value of $72,000. The amount reflected in the statements of activities and changes in net assets as donated rent income is offset by the same amount in occupancy expense. The value of this space is based on the square footage occupied by the Foundation at the estimated rental value per square foot.

Grants Expense **-** Grants are recognized in the period the grant is approved by the Board of Trustees, provided the grant is not subject to conditions, and are expected to be paid within one year.

Functional Allocation of Expenses **-** The cost of providing the various programs and other activities has been summarized in the statements of functional expenses, which includes all expenses incurred for the year. Accordingly, certain costs have been allocated among the program and supporting services benefited, based on usage or other equitable bases established by management. Salaries and related costs are allocated based on a time tracking module used by the staff to estimate the time spent on each of the three functional expense categories. Applying those time allocations to the salary and related costs substantiates an accurate allocation of those expenses.

Estimates and Uncertainties - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates 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 revenues and expenses during the reporting period. Actual results, as determined at a later date, could differ from those estimates.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Income Taxes – The Foundation is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code ("IRC") and has made no provision for Federal or State income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service ("IRS") not to be a “private foundation” within the meaning of section 509(a) of the IRC. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. The Foundation is required to file form 990 (Return of Organization Exempt from Income Tax) and State of New Jersey CRI-300-R, which are subject to examination by the IRS and the State of New Jersey, up to three and four years from the extended due date of the tax return, respectively. With limited exceptions, the Foundation is no longer subject to IRS and state examinations for year ends prior to June 30, 2020.

As a not-for-profit entity, the Foundation is subject to unrelated business income tax (“UBIT”), if applicable. For the tax years ended June 30, 2023 and 2022, the Foundation did not owe any UBIT.

Reclassifications – Certain prior period amounts have been reclassified for consistency with the current year presentation. These reclassifications had no impact on the change in net assets or on total net assets.

Newly Adopted Accounting Pronouncement - On July 1, 2022, the Foundation adopted ASU No. 2016-02, “Leases (Topic 842),” which replaces the existing guidance in ASC 840 – Leases. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee recognizes interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line lease expense. This ASU is effective for fiscal years beginning after December 15, 2021. The Foundation adopted the standard using the effective date method, and therefore did not adjust prior period amounts and continues to report those in accordance with historic accounting policies resulting in a balance sheet presentation that is not comparable to the prior period in the first year of adoption. With adoption, the Foundation elected the package of three practical expedients, including to retain the historical lease classification, relief from reviewing expired or existing contracts to determine if they contain leases, as well as not reviewing previously capitalized initial direct costs to see if they would qualify for capitalization under Topic 842. The Foundation also elected to not separate lease and non-lease components. The adoption of this ASU did not have an impact on the Foundation’s financial statements or require adjustment to opening net assets or changes in net assets. No leases existed as of the year ended June 30, 2023.

Recently Issued Accounting Pronouncements - In June 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* including subsequently issued ASUs, to clarify the implementation guidance in ASU 2016-13. The amendment requires a financial asset (or group of financial assets) such as trade receivables and available-for-sale debt securities, to be assessed for impairment under current expected credit loss model rather than an incurred loss model. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 will be effective for private companies’ fiscal years and interim periods beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the financial statements.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Subsequent Events **-** Management has reviewed and evaluated all events and transactions from June 30, 2023 through December 6, 2023, the date that the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the date of the statement of financial position have been recognized in the accompanying financial statements.

Note 2 - Liquidity and Availability:

Management regularly monitors the availability of resources required to meet its operating needs. The Foundation is primarily supported by donations. Because donor restrictions require resources to be used in a particular manner or in future periods, not all financial assets may be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general operations, liabilities, and other obligations require. To satisfy its objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Financial assets available for general expense, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	June 30,	
	2023	2022
Cash and equivalents	$ 14,953,163	$ 10,954,975
Investments	98,392,038	97,374,285
Gift annuity investments	2,775,668	2,617,468
Contributions and bequest receivable, net	11,218,780	12,422,316
Total financial assets	127,339,649	123,369,044
Less amounts not available to be used within one year:		
Gift annuity state reserves (Note 1)	(874,103)	(829,930)
Board-designated funds (Note 1)	(3,299,391)	(3,277,540)
Donor-restricted funds, less life interest in real estate (Note 6)	(110,725,942)	(106,606,331)
Financial assets available for general expenditure within one year	$ 12,440,213	$ 12,655,243

In addition to financial assets available to meet general expenses over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses. If the need arises, the Foundation has a $3,000,000 board-designated operating reserve as of June 30, 2023, and that can be made available for general expenditure if necessary.

Note 3 - Investments at Fair Value - Recurring:

Fair Value Measurements and Disclosures FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Note 3 - Investments at Fair Value - Recurring (continued):

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

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

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

- <u>Mutual funds, bond funds, U.S. Treasury bills, and real estate funds</u>: Valuations of mutual funds, bond funds, U.S. Treasury bills, and real estate funds are obtained from real-time quotes for transactions in active exchange markets involving identical assets (Level 1).

- <u>U.S. Treasury notes</u>: Value based on a modeled bid evaluation pricing estimate for comparable instruments (Level 2).

- <u>Retained life estate</u>: Investment is valued based upon current market values for similar assets discounted by applicable rates (Level 2).

- <u>Alternative investments:</u> Such investments are valued utilizing the NAV provided by the underlying private investment companies and/or their administrators.

The Foundation uses the NAV to determine the fair value of all the underlying investments which (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category. There have been no changes in the methodologies used at June 30, 2023 and 2022.

The preceding methods may produce a fair-value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3 - Investments at Fair Value - Recurring (continued):

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

	Assets at Fair Value as of June 30, 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Investments:				
Mutual funds	$ 65,395,706	$ -	$ -	$ 65,395,706
Bond funds	9,221,232	-	-	9,221,232
US Treasury notes	-	10,366,522	-	10,366,522
US Treasury bills	1,411,576	-	-	1,411,576
Real estate funds	1,803,093	-	-	1,803,093
	$ 77,831,607	$ 10,366,522	$ -	88,198,129
Alternative investments, measured at net asset value				10,193,909
				$ 98,392,038
Investments - gift annuities:				
Mutual funds	$ 2,775,668	$ -	$ -	$ 2,775,668
Retained life estate	$ -	$ 867,061	$ -	$ 867,061

	Assets at Fair Value as of June 30, 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
Investments:				
Mutual funds	$ 65,534,897	$ -	$ -	$ 65,534,897
Bond funds	7,642,506	-	-	7,642,506
US Treasury notes	-	7,642,802	-	7,642,802
Real estate funds	1,951,853	-	-	1,951,853
	$ 75,129,256	$ 7,642,802	$ -	82,772,058
Alternative investments, measured at net asset value				14,602,227
				$ 97,374,285
Investments - gift annuities:				
Mutual funds	$ 2,617,468	$ -	$ -	$ 2,617,468
Retained life estate	$ -	$ 793,762	$ -	$ 793,762

Transfers Between Levels - The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in the economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended June 30, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2, or 3.

Note 3 - Investments at Fair Value - Recurring (continued):

Alternative Investments/Dates	Strategy	Fair Value 6/30/23	Fair Value 6/30/22	Unfunded Commitment 6/30/23	Unfunded Commitment 6/30/22	Redemption Terms
P L Capital Group Financial Edge Fund (9/2012, 9/2013, 6/2014)	Long-term appreciation by investing in securities of banking and financial services and becoming activist owners in those firms to improve value.	$ 2,524,562	$ 6,511,403	$ -	$ -	Distributions at the discretion of the general partner but generally only upon owner's redemption of holdings in the fund. Withdrawals after one year of investment plus sixty days' notice. No fixed date for the termination of the partnership.
Angelo Gordon Growth Capital Partners I (12/2007)	Investment in distressed middle-market companies and out-of-mainstream deep-value opportunities.	$ 232,799	$ 392,574	$ -	$ -	Initial Investment term of 7 to 10 years from December 2008. Payout after the closure of the fund. The fund ceased charging management fees on 12/31/2020. Performance fees still apply. The fund has called 100% of capital contributions and notice of final distributions is pending.
Angelo Gordon Net Lease Realty Fund III (4/2014)	Investment in single-tenant, commercial real estate, generally with less-than-investment grade tenants, either existing properties or build-to-suit. Purchase and lease-back situations with net leases of 15 years or more.	$ 868,091	$ 915,988	$ 40,000	$ 40,000	No redemption of partnership interests until after the 11-year term of the partnership. Distributions after the four-year commitment period unless sooner at the discretion of the general partner from rental or investment income. After the commitment period, quarterly distributions from net cash flow from property and interim investments.
Angelo Gordon Europe Holdings (3/2015)	Purchase of sub-performing and distressed commercial real estate assets and debt, most often in the U.K. Germany, France, and the Benelux countries. Business plan is to reposition assets after capital inflow and management change.	$ 52,794	$ 210,009	$ 201,525	$ 201,525	Distributions during the four-year commitment period are at the discretion of the general partner. Thereafter, net cash flow from investments and sales may be distributed if not needed for fees or investments. Any distributions during the commitment period and any from cash flow thereafter may be recalled.

Note 3 - Investments at Fair Value - Recurring (continued):

Alternative Investments/Dates	Strategy	Fair Value 6/30/23	Fair Value 6/30/22	Unfunded Commitment 6/30/23	Unfunded Commitment 6/30/22	Redemption Terms
Angelo Gordon Europe Realty Holdings Fund III (4/2020)	Purchase of sub-performing and distressed commercial real estate assets and debt, most often in the U.K. Germany, France, and the Benelux countries. Business plan is to reposition assets after capital inflow and management change.	$ 1,414,525	$ 1,113,779	$ 785,000	$ 985,000	The term of the partnership will continue until dissolution of AG Europe III. The term of AG Europe Realty III is eight years form the final admission date. The general partner may extend the term for two, one-year terms.
GS Mt. Kellett Capital Partners Access (8/2008)	Investments in debt and equity of public and private firms, especially ones with tangible assets; bank loans and bonds; distressed investments; activist control positions in firms; stressed portfolios – all in North America, Europe, and Asia.	$ 18,417	$ 17,374	$ 43,900	$ 43,900	Term of fund or at the discretion of the general partner. Target is seven years. Distribution at least within one year after the liquidation of all assets at the discretion of the general partner. Quarterly liquidity with 60 days' notice.
GS Private Equity Partners IX Offshore (5/2011 secondary purchase of position)	Multi-strategy (turn-around, venture capital, large and middle-market buyouts, and industry-focused), direct and indirect equity investments primarily in North America and Europe.	$ 98,869	$ 183,540	$ 120,865	$ 115,992	Through the later of December 16, 2016, or one year after liquidation of fund holdings. Redemption upon fund closure. Effective July 1, 2022, management fees will not be charged, and the fund will commence dissolution and liquidation of the fund.
GS Energy Private Equity Managers (Concentrated) Offshore (7/2012 secondary purchase of position)	Pooled/direct investments in oil, gas, and coal exploration; pipelines, refining facilities; and energy/power distribution and transmission.	$ -	$ 12,065	$ -	$ 21,343	Distribution within one year of the close of the fund or at partner's discretion. Fund to close later of December 31, 2016 or one year after liquidation of the fund's Investments. This fund made its final liquidating distribution of $7,963 on June 30, 2023.

Note 3 - Investments at Fair Value – Recurring (continued):

Alternative Investments/Dates	Strategy	Fair Value 6/30/23	Fair Value 6/30/22	Unfunded Commitment 6/30/23	Unfunded Commitment 6/30/22	Redemption Terms
GS Mezzanine Partners 2006 Offshore (6/2011 secondary purchase of position)	Current returns and long-term capital appreciation through investment in mezzanine securities, principally fixed-income securities such as debt and preferred stock, that may also include an equity component such as warrants, options, common stock, or a convertible feature.	$ -	$ 9,928	$ -	$ 20,002	Term of the fund is 10 years after the commitment period with a possible one-year extension at the general partner's discretion. According to the Fund's Limited Partnership Agreement, the General Partner exercised its discretion to commence the dissolution and orderly liquidation of the Fund, effective as of December 31, 2019. The Investment Manager stopped charging the Fund a management fee effective December 31, 2019. There are no liquidation fees, however the Fund will remain responsible for paying all other Fund expenses until the Fund is liquidated, including expenses incurred to liquidate the Fund. June 28, 2023 was the final liquidation date and Overlook Foundation received its final distribution amount of $4,722.
GS Anchorage Illiquid Opportunities IV Access (1/2014)	Long-term investment exploiting dislocations in the credit and asset markets of North America, Europe, Australia, and New Zealand, especially in small to medium-sized opportunities. Also perhaps in cash and derivative instruments that are structured products linked to corporate and asset-backed credit risk.	$ 10,605	$ 45,888	$ 431,287	$ 431,287	Payments at the general partner's discretion until dissolution of the partnership. Thereafter as sale of assets permit. Five-year life to the partnership, with two optional years. The fund reached its termination date on March 31, 2021 and is in liquidation.

Note 3 - Investments at Fair Value – Recurring (continued):

Alternative Investments/Dates	Strategy	Fair Value 6/30/23	Fair Value 6/30/22	Unfunded Commitment 6/30/23	Unfunded Commitment 6/30/22	Redemption Terms
GS Private Equity Co-Investment Partners Offshore (3/2015)	Long-term compound returns through 20 to 30 investments in companies alongside other managers, primarily in middle-market buyout opportunities but also in distressed and growth companies in North America and Western Europe.	$ 1,103,639	$ 1,219,806	$ 73,036	$ 85,206	Term of the fund at the discretion of the general partner. After return of principal, limited partners will receive preferred return of 8% per year, compounded annually. Final redemption upon closure of the fund which is expected in October 2022, and subject to regulatory approval.
GS Thomas H. Lee Equity VI Access Offshore LP (3/2016 secondary purchase of position)	Create substantial capital gains by a value-added approach through purchasing, leading, and managing large growth-oriented companies, including helping companies develop sound, efficient operating strategies via active board members and teams of experts.	$ -	$ 2,862	$ -	$ 63,809	Redemption at the closure of the fund on the 10th anniversary of the first investment closing (or earlier at general partner's discretion), with three one-year extensions possible at the general partner's discretion. The final distribution was received July 28, 2022 in the amount of $188.71. The fund is closed.
Olympus Partners Growth Fund VI (3/2013)	Control middle-market leveraged buyouts or minority ownership financing in fundamentally sound businesses with potential for growth or operational improvement.	$ 899,247	$ 839,635	$ 67,883	$ 68,927	Distribution at the close of the fund or sooner at the discretion of the general partner. Four-year commitment period, with 10-year fee period and expected life of the fund. Amount and timing of distributions are at the sole discretion of the general partner.
Partners Group Real Estate Secondary 2017 (5/2017)	Investments in existing real estate-related assets, including funds, partnerships, equity, mezzanine debt, pooled investment vehicles, and similar assets and then providing management expertise.	$ 1,259,252	$ 1,271,369	$ 598,574	$ 598,574	Full redemption 10 years after the final closing, subject to three one-year extensions, with interim payments possible from exiting investments, at the general partner's discretion.

Note 3 - Investments at Fair Value – Recurring (continued):

Alternative Investments/Dates	Strategy	Fair Value 6/30/23	Fair Value 6/30/22	Unfunded Commitment 6/30/23	Unfunded Commitment 6/30/22	Redemption Terms
Avenue Aviation Opportunities Fund LP (4/2020)	Investments in in-production, ubiquitous, mid-life commercial passenger aircraft and in aviation-related hard and soft assets for the purposes of leasing to carriers, mostly international, and at the end of aircraft life the sale of viable spare parts.	$ 163,576	$ 184,692	$ -	$ -	The term of Aviation Fund I was previously set to end on December 31, 2019, when the fund utilized the GP's two additional one-year periods to December 31, 2022. After this, the fund has the option to extend for up to two additional one-year periods if agreed to by the majority in interest of the limited partners.
Avenue Aviation Opportunities Fund II (Offshore) LP (12/2017 primary purchase)	Investments in in-production, ubiquitous, mid-life commercial passenger aircraft and in aviation-related hard and soft assets for the purposes of leasing to carriers, mostly international, and at the end of aircraft life the sale of viable spare parts.	$ 1,547,533	$ 1,671,315	$ -	$ -	Fund to end on the eleventh anniversary of the final investment closing of the fund, with two, one-year extensions permitted. No distributions in the first two years but thereafter return of capital over the investment period and 8% cumulative compounded annual rate of return on the unreturned portion until the end of the fund. Nov 8, 2023 notice, Avenue Aviation Opp Partners II is exercising its right to extend the term of the partnership for up to two consecutive one-year periods to January 30, 2025.
	TOTAL	**$ 10,193,909**	**$ 14,602,227**	**$ 2,362,070**	**$ 2,675,565**	

Note 4 - Contributions and Bequest Receivable, Net:

Contributions and bequest receivable, less an appropriate allowance for uncollectable items, are recorded at their estimated fair value with amounts due later than one year at the present value of estimated future cash flows using fair value interest rates ranging from 1.3% to 5.0% and are as follows:

	June 30,	
	2023	2022
Less than one year	$ 5,520,263	$ 6,256,521
One to five years	6,427,172	6,238,642
After five years	223,400	510,000
	12,170,835	13,005,163
Less:		
Unamortized discount	(871,555)	(502,347)
Allowance for doubtful accounts	(80,500)	(80,500)
Present value of pledges receivable	$ 11,218,780	$ 12,422,316

Note 5 - Related Party Transactions:

The Foundation reimburses the Overlook Division on a monthly basis for operating costs paid on its behalf. These costs include payroll and employee fringe benefits, office equipment charges, and office supplies. In addition, the Foundation reimburses the Overlook Division for expenses incurred that meet specific donor guidelines. As of June 30, 2023 and 2022, the Foundation owed Overlook Division for the following:

	June 30,	
	2023	2022
Accounts payable and accrued expenses	$ 551,307	$ 583,153
Grants payable	32,715	32,715
Due to affiliate (non-interest bearing)	2,187,375	3,990,914
	$ 2,771,397	$ 4,606,782

Note 6 - Net Assets with Donor Restrictions:

Net assets with donor restrictions represent contributions received and income related to the following:

	June 30, 2023	June 30, 2022
Subject to specified purpose:		
Research	$ 342,213	$ 354,240
Scholarship and education	894,916	919,508
Construction and equipment	37,570,227	37,859,390
Program support services	7,606,589	5,359,650
	46,413,945	44,492,788
Subject to the passage of time:		
Pledges receivable not restricted by donors but unavailable for expenditure until due	212,165	374,766
Life interest in real estate	791,555	705,462
Gift annuities	413,980	421,243
	1,417,700	1,501,471
Total time and purpose restricted	47,831,645	45,994,259
Endowments (see Note 7):		
Subject to endowment spending policy and appropriation:		
Research grants	10,457	9,568
Scholarship and education	6,677,795	6,927,001
Construction and equipment	2,145,004	2,046,603
Program support services	21,510,681	19,327,525
Family service association	1,302,550	1,158,763
	31,646,487	29,469,460
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Research grants	1,720	1,720
Scholarship and education	5,317,715	5,293,432
Construction and equipment	5,043,070	2,042,906
Program support services	21,009,295	23,842,451
Family service association	667,565	667,565
	32,039,365	31,848,074
Endowment subtotal	63,685,852	61,317,534
Total net assets with donor restrictions	$ 111,517,497	$ 107,311,793

Note 7 - Endowment Funds:

The Foundation's endowment includes both donor-restricted endowments and endowment funds designated by the Board of Trustees to support the palliative care program at the Overlook Division (see Note 1). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the New Jersey Prudent Management of Institutional Funds Act ("NJUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) original gift of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NJUPMIFA.

In accordance with NJUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund;
(2) The purposes of the Foundation and the endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation or deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation;
(7) and the investment policy of the Foundation

Investment Objectives

The Foundation has adopted an investment policy that primarily emphasizes the preservation of the capital and secondarily maximizes the total return. Investment returns are expected to provide adequate funds to sufficiently support designated needs and preserve or enhance the real value of the Foundation.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Foundation will ensure appropriate diversification to marketable equity securities. The target investment allocation is 58% equities, 27% fixed income securities, 10% private equity and 5% cash. The targets are often influenced by market conditions and shift accordingly.

Note 7 - Endowment Funds (continued):

Spending Policy

In accordance with the standard of prudence described by NJUPMIFA, the Foundation adopted an endowment spending rate which is approved annually by the Foundation's Board of Trustees. The spending rate is determined by the balance in the endowments, plus the balance of the associated temporarily donor restricted net assets at the end of each fiscal year, net of outstanding pledges, multiplied by the approved spending rate. The spending rate adopted for fiscal years 2023 and 2022 was 4.25%.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted NJUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023 and 2022, there were no underwater endowments.

Changes in Endowment Net Assets

	June 30, 2023		
	Board-Designated	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 277,540	$ 61,317,534	$ 61,595,074
Contributions	-	191,291	191,291
Investment return, net	21,851	4,825,653	4,847,504
Appropriation for expenditure	-	(2,648,626)	(2,648,626)
Endowment net assets, end of year	$ 299,391	$ 63,685,852	$ 63,985,243

	June 30, 2022		
	Board-Designated	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 308,193	$ 70,405,832	$ 70,714,025
Contributions	-	281,177	281,177
Investment return, net	(30,653)	(6,949,746)	(6,980,399)
Appropriation for expenditure	-	(2,419,729)	(2,419,729)
Endowment net assets, end of year	$ 277,540	$ 61,317,534	$ 61,595,074

Note 8 - Pension Plan:

Employees of the Foundation are employees of Atlantic Health System/Overlook Medical Center and participate in the Employees' Cash Balance Plan of Atlantic Health System, Inc. (the "Plan"). The Plan is a non-contributory defined benefit plan. Atlantic Health System bills the Foundation a percentage of total Foundation salaries to cover pension costs and other fringe benefits and does not break out pension costs separately (see Note 5). Management receives and reviews a copy of Atlantic Health System's pension plan (administered by Empower Retirement, LLC) on an annual basis.

Effective January 1, 2014, the cash balance pension plan has been frozen to new employees hired after December 15, 2013. All employees hired after December 15, 2013 are eligible to participate in the Atlantic Health System 403(b) Retirement Savings Plan through voluntary paycheck contributions. In order to become eligible for the match and fixed non-elective contribution, the employee must have satisfied the attainment of age 21 and completed one year of service and 1,000 hours. However, the employee may contribute starting on the date of hire as deferred contributions.

Through May 21, 2022, Atlantic Health System matched the employees' contributions 100 percent up to a maximum of 1 to 6 percent of compensation, depending on years of service. Effective May 22, 2022, Atlantic Health System will match 50 percent of up to 6 percent of the employee's contributions. In addition, Atlantic Health System makes a fixed non-elective contribution to each eligible participant equal to 2 percent of compensation to the participants employed at the end of the year.