OVERLOOK FOUNDATION

FINANCIAL REPORTS
JUNE 30, 2024 AND 2023

OVERLOOK FOUNDATION

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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, 2024 and 2023, 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, 2024 and 2023, 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 13, 2024

OVERLOOK FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	June 30, 2024	June 30, 2023
ASSETS		
Cash and equivalents	$ 11,756,325	$ 14,953,163
Investments	108,526,081	98,392,038
Gift annuity investments	3,045,935	2,775,668
Contributions and bequest receivable, net	9,458,120	11,218,780
Prepaid expenses and other assets	165,783	157,814
Life interest in real estate	925,128	867,061
Total Assets	$ 133,877,372	$ 128,364,524
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 349,079	$ 642,362
Grant payable to affiliate	-	32,715
Gift annuity obligations	755,700	768,674
Deferred revenue on life interest	69,617	75,506
Due to affiliate	2,124,068	2,187,375
Total Liabilities	3,298,464	3,706,632
NET ASSETS:		
Without donor restrictions:		
Undesignated	13,153,054	9,841,004
Board-designated	3,329,975	3,299,391
	16,483,029	13,140,395
With donor restrictions:		
Purpose or time restricted	81,881,443	79,478,132
Perpetual in nature	32,214,436	32,039,365
	114,095,879	111,517,497
Total Net Assets	130,578,908	124,657,892
Total Liabilities and Net Assets	$ 133,877,372	$ 128,364,524

See accompanying notes to financial statements.

OVERLOOK FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30,							
	2024				2023			
		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	$ 1,180,539	$ 7,770,258	$ 175,071	$ 9,125,868	$ 986,293	$ 8,897,623	$ 191,291	$ 10,075,207
Donated rent	84,000	-	-	84,000	72,000	-	-	72,000
Net assets released from restrictions	12,320,737	(12,320,737)	-	-	10,160,364	(10,160,364)	-	-
Total Operating Support and Revenues	13,585,276	(4,550,479)	175,071	9,209,868	11,218,657	(1,262,741)	191,291	10,147,207
EXPENSES:								
Grants and other program expenses	12,705,601	-	-	12,705,601	11,058,756	-	-	11,058,756
Management and general expenses	1,947,195	-	-	1,947,195	1,606,536	-	-	1,606,536
Fundraising expenses	780,239	-	-	780,239	811,948	-	-	811,948
Total Expenses	15,433,035	-	-	15,433,035	13,477,240	-	-	13,477,240
Increase (decrease) in net assets from operations	(1,847,759)	(4,550,479)	175,071	(6,223,167)	(2,258,583)	(1,262,741)	191,291	(3,330,033)
NON-OPERATING REVENUES (EXPENSES):								
Investment return, net	5,225,180	6,952,216	-	12,177,396	3,959,005	5,216,844	-	9,175,849
Change in value of split interest agreements	(34,787)	1,574	-	(33,213)	(15,142)	60,310	-	45,168
Total Non-Operating Revenues (Expenses)	5,190,393	6,953,790	-	12,144,183	3,943,863	5,277,154	-	9,221,017
CHANGE IN NET ASSETS	3,342,634	2,403,311	175,071	5,921,016	1,685,280	4,014,413	191,291	5,890,984
NET ASSETS, BEGINNING 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
NET ASSETS, END OF YEAR	$ 16,483,029	$ 81,881,443	$ 32,214,436	$ 130,578,908	$ 13,140,395	$ 79,478,132	$ 32,039,365	$ 124,657,892

See accompanying notes to financial statements.

OVERLOOK FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30,							
	2024				2023			
	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	$ 12,130,438	$ -	$ -	$ 12,130,438	$ 10,269,756	$ -	$ -	$ 10,269,756
Salaries and related costs	499,617	1,419,643	516,822	2,436,082	665,606	1,150,895	522,240	2,338,741
Contract workers	-	16,167	-	16,167	-	-	-	-
Professional fees	-	197,670	18,350	216,020	-	172,309	28,594	200,903
Occupancy	21,000	42,000	21,000	84,000	18,000	36,000	18,000	72,000
Donor relations and prospect research	20,851	1,617	9,237	31,705	57,241	4,044	4	61,289
Communications and marketing expenses	23,848	10,910	26,085	60,843	33,730	12,704	46,464	92,898
Travel and entertainment	9,847	3,551	8,030	21,428	14,423	5,282	11,353	31,058
Office expenses and supplies	-	7,517	-	7,517	-	12,719	-	12,719
Office equipment rental and maintenance	-	7,340	-	7,340	-	12,239	-	12,239
Computer services and software licenses	-	59,935	-	59,935	-	57,385	-	57,385
Postage, shipping and courier services	-	4,674	6,209	10,883	-	3,609	4,532	8,141
Dues and subscriptions	-	2,304	96	2,400	-	3,071	-	3,071
Bank, credit card and other fees	-	24,973	-	24,973	-	20,425	-	20,425
Bad debt expense	-	68,805	-	68,805	-	35,752	-	35,752
Event catering and other costs	-	-	174,410	174,410	-	-	180,761	180,761
Insurance and miscellaneous expenses	-	80,089	-	80,089	-	80,102	-	80,102
	$ 12,705,601	$ 1,947,195	$ 780,239	$ 15,433,035	$ 11,058,756	$ 1,606,536	$ 811,948	$ 13,477,240

See accompanying notes to financial statements.

OVERLOOK FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2024	Year Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 5,921,016	$ 5,890,984
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized gains on investments	(7,302,008)	(4,421,893)
Realized gains on investments	(2,033,049)	(2,452,357)
Contributions restricted to endowment	(175,071)	(191,291)
Bad debt expense	68,805	35,752
Contributions receivable discount	111,166	369,208
Gift annuities discount	97,169	40,925
Life interest in real estate discount	(63,956)	(86,093)
Changes in operating assets and liabilities:		
Contributions and bequest receivable	1,580,689	798,576
Prepaid expenses and other assets	(6,218)	(57,067)
Accounts payable and accrued expenses	(293,283)	(5,781)
Grant payable to affiliate	(32,715)	-
Gift annuity obligations	25,319	98,104
Net cash flows from operating activities	(2,102,136)	19,067
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	17,516,462	32,548,589
Purchases of investments	(18,585,715)	(26,850,292)
Cash surrender value donated life insurance	(1,751)	(1,460)
Due to affiliate	(63,307)	(1,803,539)
Net cash flows from investing activities	(1,134,311)	3,893,298
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payment of annuity obligations	(135,462)	(105,468)
Contributions restricted to endowment	175,071	191,291
Net cash flows from financing activities	39,609	85,823
NET CHANGE IN CASH AND EQUIVALENTS	(3,196,838)	3,998,188
CASH AND EQUIVALENTS, BEGINNING OF YEAR	14,953,163	10,954,975
CASH AND EQUIVALENTS, END OF YEAR	$ 11,756,325	$ 14,953,163

See accompanying notes to financial statements.

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, 2024 and 2023.

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 39% and 38% of the total investments as of June 30, 2024 and 2023, 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 two and four pledges at June 30, 2024 and 2023, that account for approximately 38% and 61%, 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, 2024 and 2023, the Foundation had 61 and 60 charitable gift annuity contracts outstanding with a gross gift value of $2,126,009 and $2,076,009, respectively.

The Foundation is required by state mandate to establish a reserve which amounted to $870,430 and $874,103 at June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the Foundation had $3,045,935 and $2,775,668, 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, 2024 and 2023, 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 $3,329,975 and $3,299,391 as of June 30, 2024 and 2023, 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, 2024 and 2023, the Foundation received donated office space with an estimated fair value of $84,000 and $72,000, respectively. 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, 2021.

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, 2024 and 2023, the Foundation did not owe any UBIT.

Newly Adopted Accounting Pronouncement - Effective July 1, 2023, the Foundation adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“Topic 326”), which requires entities to use a new impairment model based on current expected credit losses (“CECL”) rather than incurred losses. Estimated credit losses under CECL consider relevant information about past events, current conditions and reasonable and supportable forecasts that affect the collectability of certain financial assets, resulting in lifetime expected credit losses at initial recognition of the related asset. The Foundation adopted Topic 326 on a modified retrospective basis which allows for any adjustments to flow through July 1, 2023, net assets. The adoption did not have a material impact to the financial statements other than expanded disclosures.

Subsequent Events **-** Management has reviewed and evaluated all events and transactions from June 30, 2024 through December 13, 2024, 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,	
	2024	2023
Cash and equivalents	$ 11,756,325	$ 14,953,163
Investments	108,526,081	98,392,038
Gift annuity investments	3,045,935	2,775,668
Contributions and bequest receivable, net	9,458,120	11,218,780
Total financial assets	132,786,461	127,339,649
Less amounts not available to be used within one year:		
Gift annuity state reserves (Note 1)	(870,430)	(874,103)
Board-designated funds (Note 1)	(3,329,975)	(3,299,391)
Donor-restricted funds, less life interest in real estate (Note 6)	(113,240,368)	(110,725,942)
Financial assets available for general expenditure within one year	$ 15,345,688	$ 12,440,213

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, 2024, 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.

- Mutual funds, bond funds, U.S. Treasury bills, and real estate funds: 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.S. Treasury notes: Value based on a modeled bid evaluation pricing estimate for comparable instruments (Level 2).

- Retained life estate: Investment is valued based upon current market values for similar assets (Level 2).

- Alternative investments: 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, 2024 and 2023.

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, 2024			
	Level 1	*Level 2*	*Level 3*	*Total*
Investments:				
Mutual funds	$ 77,616,322	$ -	$ -	$ 77,616,322
Bond funds	19,045,254	-	-	19,045,254
US Treasury notes	-	1,755,159	-	1,755,159
	$ 96,661,576	$ 1,755,159	$ -	98,416,735
Alternative investments, measured at net asset value				10,109,346
				$ 108,526,081
Investments - gift annuities:				
Mutual funds	$ 3,045,935	$ -	$ -	$ 3,045,935
Retained life estate	$ -	$ 925,128	$ -	$ 925,128

	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

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, 2024 and 2023, 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 6/30/24	Fair Value 6/30/23	Unfunded Commitment 6/30/24	Unfunded Commitment 6/30/23	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.	$ 2,900,942	$ 2,524,562	$ -	$ -	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.	$ 4,008	$ 232,799	$ -	$ -	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.	$ 876,093	$ 868,091	$ 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.	$ 31,559	$ 52,794	$ 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. One year term extension approved which will extend the termination date of the fund from March 31, 2024 to March 31, 2025.

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

Alternative Investments/Dates	Strategy	Fair Value 6/30/24	Fair Value 6/30/23	Unfunded Commitment 6/30/24	Unfunded Commitment 6/30/23	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.	$ 1,772,109	$ 1,414,525	$ 515,000	$ 785,000	The term of the partnership will continue until dissolution of AG Europe III. The term of AG Europe Realty III is eight years from 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.	$ 5,857	$ 18,417	$ 43,900	$ 43,900	Term of fund is 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. The fund reached its termination date on September 30, 2023 and is in liquidation.
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.	$ 63,971	$ 98,869	$ 120,865	$ 120,865	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 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.	$ 7,217	$ 10,605	$ 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 6/30/24	Fair Value 6/30/23	Unfunded Commitment 6/30/24	Unfunded Commitment 6/30/23	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.	$ 943,817	$ 1,103,639	$ 73,036	$ 73,036	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, and subject to regulatory approval.
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.	$ 490,441	$ 899,247	$ 67,753	$ 67,883	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. Fund may be further extended by the General Partner for a single one year period.
Olympus Partners Growth Fund AVI (2/2023)	Control middle-market leveraged buyouts or minority ownership financing in fundamentally sound businesses with potential for growth or operational improvement.	$ 69,809	$ -	$ -	$ -	Specific purpose limited partnership formed under Canadian law. The fund will dissolve in parallel agreement with the dissolution of Olympus Fund VI. Fund may be further extended by the General Partner for a single one year period.
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.	$ 1,133,523	$ 1,259,252	$ 583,574	$ 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 6/30/24	Fair Value 6/30/23	Unfunded Commitment 6/30/24	Unfunded Commitment 6/30/23	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.	$ 154,157	$ 163,576	$ -	$ -	The term of Aviation Fund I was previously set to end on December 31, 2022, when the fund utilized the GP's two additional one-year periods to December 31, 2024. The fund is now in distribution.
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.	$ 1,655,843	$ 1,547,533	$ -	$ -	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	**$ 10,109,346**	**$ 10,193,909**	**$ 2,076,940**	**$ 2,362,070**	

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 6.1% and are as follows:

	June 30,	
	2024	2023
Less than one year	$ 3,516,416	$ 5,520,263
One to five years	6,504,925	6,427,172
After five years	500,000	223,400
	10,521,341	12,170,835
Less:		
Unamortized discount	(982,721)	(871,555)
Allowance for doubtful accounts	(80,500)	(80,500)
Present value of pledges receivable	$ 9,458,120	$ 11,218,780

Note 5 - Related Party Transactions:

The Foundation reimburses the Overlook Division on a monthly basis for operating costs paid on its behalf. For the years ended June 30, 2024 and 2023, these costs included:

	Year ended June 30,	
	2024	2023
Salaries and related costs	$ 2,412,396	$ 2,318,361
Occupancy	84,000	72,000
Professional fees	44,768	9,363
Donor relations and prospect research	9,406	17,226
Office expenses and supplies and other	8,982	15,652
	$ 2,559,552	$ 2,432,602

In addition, the Foundation reimbursed the Overlook Division for expenses incurred that meet specific donor guidelines totaling $12,055,438 and $10,269,756 for the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, the Foundation owed Overlook Division for the following:

	June 30,	
	2024	2023
Accounts payable and accrued expenses	$ 327,229	$ 551,307
Grants payable	-	32,715
Due to affiliate (non-interest bearing)	2,124,068	2,187,375
	$ 2,451,297	$ 2,771,397

Note 6 – Net Assets with Donor Restrictions:

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

	June 30, 2024	June 30, 2023
Subject to specified purpose:		
Research	$ 342,213	$ 342,213
Scholarship and education	1,272,884	894,916
Construction and equipment	35,450,817	37,570,227
Program support services	7,856,949	7,606,589
	44,922,863	46,413,945
Subject to the passage of time:		
Pledges receivable not restricted by donors but unavailable for expenditure until due	217,924	212,165
Life interest in real estate	855,511	791,555
Gift annuities	608,526	413,980
	1,681,961	1,417,700
Total time and purpose restricted	46,604,824	47,831,645
Endowments (see Note 7):		
Subject to endowment spending policy and appropriation:		
Research grants	11,700	10,457
Scholarship and education	6,941,737	6,677,795
Construction and equipment	2,444,332	2,145,004
Program support services	24,375,043	21,510,681
Family service association	1,503,807	1,302,550
	35,276,619	31,646,487
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Research grants	1,720	1,720
Scholarship and education	4,378,907	5,317,715
Construction and equipment	5,043,234	5,043,070
Program support services	22,123,010	21,009,295
Family service association	667,565	667,565
	32,214,436	32,039,365
Endowment subtotal	67,491,055	63,685,852
Total net assets with donor restrictions	$ 114,095,879	$ 111,517,497

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 2024 and 2023 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, 2024 and 2023, there were no underwater endowments.

Changes in Endowment Net Assets

	June 30, 2024		
	Board-Designated	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 299,391	$ 63,685,852	$ 63,985,243
Contributions	-	175,071	175,071
Investment return, net	30,584	6,695,288	6,725,872
Appropriation for expenditure	-	(3,065,156)	(3,065,156)
Endowment net assets, end of year	$ 329,975	$ 67,491,055	$ 67,821,030

	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

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.

Atlantic Health System will match 50 percent of up to 6 percent of the employee's contributions and make 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.