

DEBORAH HOSPITAL FOUNDATION
Financial Statements
December 31, 2024 and 2023
With Independent Auditor's Report

Deborah Hospital Foundation
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December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Deborah Hospital Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deborah Hospital Foundation, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Deborah Hospital Foundation as of December 31, 2024 and 2023, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Deborah Hospital Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical responsibilities 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 Deborah Hospital Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary summary of revenues by region for the years ended December 31, 2024 and 2023 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



May 30, 2025

Deborah Hospital Foundation
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 1,077,588	\$ 3,536,636
Investments	12,340,787	12,587,171
Prepaid expenses and other assets	386,650	606,906
Assets restricted as to use		
Annuity and life income	3,672,233	3,647,318
Donor restricted	3,427,157	1,632,972
Contributions receivable	-	276,525
Property, plant and equipment, net	902,971	1,062,039
Beneficial interest in perpetual trusts	<u>6,507,173</u>	<u>6,296,368</u>
 Total assets	 <u>\$ 28,314,559</u>	 <u>\$ 29,645,935</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 28,164	\$ 41,230
Accrued expenses	128,918	138,567
Due to Deborah Heart and Lung Center	4,129,528	3,991,727
Annuity and life income reserve	<u>3,441,814</u>	<u>2,079,353</u>
Total liabilities	<u>7,728,424</u>	<u>6,250,877</u>
Net assets		
Without donor restrictions	12,156,819	15,353,578
With donor restrictions	<u>8,429,316</u>	<u>8,041,480</u>
Total net assets	<u>20,586,135</u>	<u>23,395,058</u>
 Total liabilities and net assets	 <u>\$ 28,314,559</u>	 <u>\$ 29,645,935</u>

The Notes to Financial Statements are an integral part of these statements.

Deborah Hospital Foundation
Statement of Activities
Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Public support			
Public donations	\$ 2,435,534	\$ 860,300	\$ 3,295,834
Legacies, bequests and annuities	708,511	883,938	1,592,449
Net assets released from restriction	112,139	(112,139)	-
Less: Amounts raised on behalf of others	<u>-</u>	<u>(1,455,068)</u>	<u>(1,455,068)</u>
Total public support	<u>3,256,184</u>	<u>177,031</u>	<u>3,433,215</u>
Other revenue			
Change in fair value of beneficial interest in perpetual trusts	-	210,805	210,805
Investment returns, net	<u>1,243,607</u>	<u>-</u>	<u>1,243,607</u>
Total other revenue	<u>1,243,607</u>	<u>210,805</u>	<u>1,454,412</u>
 Total revenue	 <u>4,499,791</u>	 <u>387,836</u>	 <u>4,887,627</u>
Expenses			
Program services			
Deborah Heart and Lung Center	5,000,000	-	5,000,000
Other specific purpose programs, including Children of the World	<u>223,242</u>	<u>-</u>	<u>223,242</u>
Total program services	<u>5,223,242</u>	<u>-</u>	<u>5,223,242</u>
Supporting services			
Management, administrative and general	76,938	-	76,938
Fundraising	<u>2,396,370</u>	<u>-</u>	<u>2,396,370</u>
Total supporting services	<u>2,473,308</u>	<u>-</u>	<u>2,473,308</u>
 Total expenses	 <u>7,696,550</u>	 <u>-</u>	 <u>7,696,550</u>
 Changes in net assets	 <u>(3,196,759)</u>	 <u>387,836</u>	 <u>(2,808,923)</u>
Net assets			
Beginning of year	<u>15,353,578</u>	<u>8,041,480</u>	<u>23,395,058</u>
 End of year	 <u>\$ 12,156,819</u>	 <u>\$ 8,429,316</u>	 <u>\$ 20,586,135</u>

The Notes to Financial Statements are an integral part of this statement.

Deborah Hospital Foundation
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Public support			
Public donations	\$ 3,457,616	\$ 299,219	\$ 3,756,835
Legacies, bequests and annuities	4,717,529	6,950,806	11,668,335
Net assets released from restriction	366,897	(366,897)	-
Less: Amounts raised on behalf of others	<u>-</u>	<u>(7,180,254)</u>	<u>(7,180,254)</u>
Total public support	<u>8,542,042</u>	<u>(297,126)</u>	<u>8,244,916</u>
Other revenue			
Change in fair value of beneficial interest in perpetual trusts	-	548,456	548,456
Investment returns, net	<u>1,768,909</u>	<u>-</u>	<u>1,768,909</u>
Total other revenue	<u>1,768,909</u>	<u>548,456</u>	<u>2,317,365</u>
 Total revenue	 <u>10,310,951</u>	 <u>251,330</u>	 <u>10,562,281</u>
Expenses			
Program services			
Deborah Heart and Lung Center	4,300,000	-	4,300,000
Other specific purpose programs, including Children of the World	<u>227,726</u>	<u>-</u>	<u>227,726</u>
Total program services	<u>4,527,726</u>	<u>-</u>	<u>4,527,726</u>
Supporting services			
Management, administrative and general	72,701	-	72,701
Fundraising	<u>2,119,325</u>	<u>-</u>	<u>2,119,325</u>
Total supporting services	<u>2,192,026</u>	<u>-</u>	<u>2,192,026</u>
 Total expenses	 <u>6,719,752</u>	 <u>-</u>	 <u>6,719,752</u>
 Changes in net assets	 <u>3,591,199</u>	 <u>251,330</u>	 <u>3,842,529</u>
Net assets			
Beginning of year	<u>11,762,379</u>	<u>7,790,150</u>	<u>19,552,529</u>
 End of year	 <u>\$ 15,353,578</u>	 <u>\$ 8,041,480</u>	 <u>\$ 23,395,058</u>

The Notes to Financial Statements are an integral part of this statement.

Deborah Hospital Foundation
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Changes in net assets	\$ (2,808,923)	\$ 3,842,529
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized gain on investments and assets restricted as to use	(1,004,466)	(1,483,680)
Depreciation	160,000	160,000
Change in beneficial interest in perpetual trusts	(210,805)	(548,456)
Change in unamortized discount on contributions receivable	-	(174,801)
Change in provision for uncollectible contributions	-	(71,112)
Changes in operating assets and liabilities		
Contributions receivable	276,525	614,255
Prepaid expenses and other assets	220,256	2,079,709
Accounts payable	(13,066)	21,772
Accrued expenses	(9,649)	7,731
Due to Deborah Heart and Lung Center	137,801	(2,244,769)
Annuity and life income reserve	<u>1,362,461</u>	<u>(83,405)</u>
Net cash (used in) provided by operating activities	<u>(1,889,866)</u>	<u>2,119,773</u>
Investing activities		
Capital expenditures	(932)	(1,943)
Purchases of investments and assets restricted as to use	(7,178,049)	(5,421,225)
Sales of investments and assets restricted as to use	<u>6,895,537</u>	<u>6,255,497</u>
Net cash (used in) provided by investing activities	<u>(283,444)</u>	<u>832,329</u>
 Net change in cash, cash equivalents and restricted cash	 (2,173,310)	 2,952,102
Cash, cash equivalents and restricted cash		
Beginning of year	<u>7,140,709</u>	<u>4,188,607</u>
 End of year	 <u>\$ 4,967,399</u>	 <u>\$ 7,140,709</u>
Cash, cash equivalents and restricted cash as reported within the statements of financial position		
Cash and cash equivalents	\$ 1,077,588	\$ 3,536,636
Investments	262,356	896,857
Assets restricted as to use - annuity and life income	200,298	1,074,244
Assets restricted as to use - donor restricted	<u>3,427,157</u>	<u>1,632,972</u>
Total cash, cash equivalents and restricted cash as shown in the statements of cash flows	<u>\$ 4,967,399</u>	<u>\$ 7,140,709</u>

The Notes to Financial Statements are an integral part of these statements.

**Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023**

1. ORGANIZATION

Deborah Hospital Foundation (the "Foundation") is a not-for-profit, tax-exempt corporation established to raise funds to support its charitable program services and operations, including various programs of Deborah Heart and Lung Center (the "Center"), a tax-exempt teaching and tertiary care specialty hospital located in Browns Mills, New Jersey.

The Foundation's Board of Directors currently consists of eleven (11) members. They are the Chair of the Board of the Foundation, the President and CEO of the Center and nine (9) other members. The Center does not control the Foundation, however, the Center does have an economic interest in the Foundation through entitlement of residual net assets upon dissolution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets which are defined as follows:

Net assets without donor restrictions: Net assets available for use in general operations not subject to donor-imposed stipulations.

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 resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions that are perpetual in nature at December 31, 2024 and 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The most significant management estimates and assumptions are related to the determination of allowances for receivables; useful lives of property; plant and equipment, actuarial estimates for the annuity and life income reserves; and the reported fair values of certain assets and liabilities.

Cash Equivalents

The Foundation considers all highly liquid debt instruments and certificates of deposit with an original maturity of three months or less to be cash equivalents. The Foundation elected to treat highly liquid short-term investments held in investments and assets restricted as to use as cash equivalents and therefore includes them as cash and cash equivalents on the statements of cash flows.

Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Contributions

Contributions are considered to be available for expenditure in accordance with the Foundation's bylaws unless specifically restricted by the donor and are recorded at fair value at the date of donation.

Contributions with donor restrictions include contributions and amounts raised on behalf of others. Contributions are recognized as revenue in the period received or unconditionally promised.

Contributions received where the donor designates that the gift is for a specific nonprofit agency are accounted for as agency transactions. Accordingly, such amounts raised on behalf of others are included in total public support in the accompanying financial statements and deducted prior to reporting total revenue.

Investments and Assets Restricted as to Use

Investments in debt and equity securities are measured at fair value based on quoted market prices, if available, or estimated quoted market prices for similar securities. Investment income or loss (including realized and unrealized gains and losses, and interest and dividends) is included in investment returns. Realized gains and losses for all investments are determined by the average cost method.

The Foundation's investments are managed by investment managers. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Impairment of Investments

Investments are reviewed for impairment whenever events or changes in circumstances indicate that the fair value of investments below cost will be considered other than temporary. There were no such losses reported for the years ended December 31, 2024 and 2023.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable when the promise is received. Amortization of the discount is included in revenue. Unconditional promises to give that have been stipulated by the donor, or it is clear that the donor's intention is to support the Foundation's current-period activities, have been reported as support without donor restrictions in the year of the promise. Unconditional promises to give that have been stipulated by the donor as a contribution to the capital campaign have been reported as support with donor restrictions in the year of the promise. Conditional promises to give are not included as support until such time as the conditions are substantially met. When considered necessary, an allowance is recorded based on management's estimate of collectability including such factors as prior collection history, type of contribution and the nature of the fundraising activity.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives.

The Foundation periodically evaluates property and equipment for impairment. Management believes that no revision to the remaining useful lives or write-down of long-lived assets was required at December 31, 2024 and 2023.

Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023

Repairs and maintenance costs are expensed as incurred; major renewals and betterments are capitalized. When assets are disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Beneficial Interest in Perpetual Trusts

The Foundation is an income beneficiary of perpetual trusts and has recorded its portion of the fair value of the trusts. The original corpus of the trusts cannot be violated; however, a contingent beneficiary exists in the event that the Foundation or the Children of the World Program ceases to exist. Therefore, the trusts are reported as net assets with donor restrictions, with a time restriction.

Volunteers

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Foundation's policymaking, program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Allocation of Joint Costs

The Foundation conducts activities that include requests for contributions, as well as program and management and general components. Management considers all costs of conducting these activities, other than costs directly related to program services for the Center and Children of the World, as joint costs. The allocation of these costs is in the statements of activities.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from federal and state income taxes under existing provisions of the Internal Revenue Code and the laws of the State of New Jersey.

The Foundation follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation does not believe its financial statements include any material uncertain tax positions. In addition, there has been no tax-related interest or penalties for the periods presented in these financial statements. Should any such penalties be incurred, the Foundation's policy would be to recognize them as operating expenses.

3. LIQUIDITY AND AVAILABILITY

As of December 31, 2024 and 2023, financial assets available within one year for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,077,588	\$ 3,536,636
Investments	12,340,787	12,587,171
Contributions receivable	-	164,286
	<u>\$ 13,418,375</u>	<u>\$ 16,288,093</u>

None of the financial assets listed in the table above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

The Foundation has a line of credit available to meet its short-term needs. See Note 8 for information about the line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of raising funds to support its charitable program services and operations, including various programs of the Center, to be general expenditures.

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions.

4. INVESTMENTS AND ASSETS RESTRICTED AS TO USE

Investments and assets restricted as to use consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Investments		
Cash and cash equivalents	\$ 262,356	\$ 896,857
Fixed income securities	2,721,548	1,952,032
Equity securities (including mutual funds)	9,356,883	9,708,594
Accrued interest receivable	-	29,688
	<u>\$ 12,340,787</u>	<u>\$ 12,587,171</u>
Assets restricted as to use - annuity and life income		
Cash and cash equivalents	\$ 200,298	\$ 1,074,244
Fixed income securities	2,485,129	2,358,510
Equity securities (including mutual funds)	986,806	214,564
	<u>\$ 3,672,233</u>	<u>\$ 3,647,318</u>
Assets restricted as to use - donor restricted		
Cash and cash equivalents	<u>\$ 3,427,157</u>	<u>\$ 1,632,972</u>

Assets restricted as to use - annuity and life income consist of assets acquired by the Foundation through a deferred giving program, on the condition that the Foundation binds itself to pay stipulated amounts periodically to designated individuals. Payments of such amounts terminate at a time specified in the individual agreements.

The present value of the annuities and the life income fund's future payments are recorded as a liability. At December 31, 2024 and 2023, assets acquired by the Foundation and additional discretionary contributions made to the fund by the Foundation exceeded State of New Jersey regulatory funding requirements by \$952,221 and \$762,412, respectively, for the annuity fund. In addition, the Foundation maintained \$664,103 and \$641,750 in investments in excess of the life income fund liability at December 31, 2024 and 2023, respectively.

Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023

5. FAIR VALUE MEASUREMENTS

The Foundation measures fair value as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses the market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The Foundation uses the fair value hierarchy to determine the fair value based on the following:

Level 1 - Holdings use quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 - Holdings use the following methods: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time), inputs other than quoted prices that are observable for the assets or liabilities (e.g., interest rates, yield curves volatilities, default rates) and inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Holdings use quoted market prices of the Foundation's beneficial interest in the underlying investments of the perpetual trusts.

There have been no changes in valuation techniques for these assets for the years ended December 31, 2024 and 2023.

The following tables present the fair value hierarchy for the Foundation's financial assets measured at fair value on a recurring basis as of December 31:

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 4,967,399	\$ -	\$ -	\$ 4,967,399
Fixed income securities	-	5,206,677	-	5,206,677
Equity securities (including mutual funds)	9,962,737	380,952	-	10,343,689
Beneficial interest in perpetual trusts	-	-	6,507,173	6,507,173
	<u>\$ 14,930,136</u>	<u>\$ 5,587,629</u>	<u>\$ 6,507,173</u>	<u>\$ 27,024,938</u>
<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 7,140,709	\$ -	\$ -	\$ 7,140,709
Fixed income securities	-	4,340,230	-	4,340,230
Equity securities (including mutual funds)	9,542,206	380,952	-	9,923,158
Beneficial interest in perpetual trusts	-	-	6,296,368	6,296,368
	<u>\$ 16,682,915</u>	<u>\$ 4,721,182</u>	<u>\$ 6,296,368</u>	<u>\$ 27,700,465</u>

During the years ended December 31, 2024 and 2023, there were no transfers into or out of Level 3 and there were no purchases of Level 3 assets.

**Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023**

6. CONTRIBUTIONS RECEIVABLE

Included in contributions receivable are the following unconditional promises to give at December 31, 2023:

Unrestricted to future periods	\$ 164,286
Restricted for capital campaign	<u>112,239</u>
	<u>\$ 276,525</u>

At December 31, 2023, two donors accounted for 90% (59% and 31%) of the gross unconditional promises to give.

There were no contributions receivable as of December 31, 2024.

The Foundation periodically receives indications of an intention to give from individuals through the settlement of their estates. The anticipated value of these intended gifts has not been established, nor has it been recognized as an asset in the statements of financial position.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at December 31:

	<u>Estimated Life (Years)</u>	<u>2024</u>	<u>2023</u>
Land		\$ 553,516	\$ 553,516
Land improvements	10-20	74,884	74,884
Buildings and building improvements	5-20	3,560,368	3,560,368
Furniture, fixtures and equipment	3-20	<u>614,754</u>	<u>613,822</u>
		4,803,522	4,802,590
Less: Accumulated depreciation		<u>(3,900,551)</u>	<u>(3,740,551)</u>
		<u>\$ 902,971</u>	<u>\$ 1,062,039</u>

Depreciation expense was \$160,000 for each of the years ended December 31, 2024 and 2023.

8. LONG-TERM DEBT

The Foundation has an agreement for a line of credit in the amount of \$6,425,000 for each of the years ended December 31, 2024 and 2023, with an interest rate at December 31, 2024 and 2023 of 5.95% and 6.8%, respectively. The line of credit includes one letter of credit totaling \$825,000 at December 31, 2024 which expires on July 23, 2025. At December 31, 2023, the line of credit included two letters of credit totaling \$875,000 which expired on July 23, 2024. The letters of credit are collateral for potential claims under the Center's workers' compensation insurance policy, thereby benefiting the Center. The maximum amount the Foundation can borrow against this line of credit is \$5,600,000 and \$5,550,000 at December 31, 2024 and 2023, respectively. Although the line of credit is in the Foundation's name and collateralized by up to approximately \$11,854,000 of Foundation assets, if there were an outstanding balance at December 31, 2024 the liability and related interest expense would be recorded on the Center's consolidated financial statements. However, there was no outstanding balance on the line of credit at December 31, 2024 and 2023.

Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023

9. RELATED ORGANIZATION

Contributions by the Foundation to the Center for operations amounted to \$5,000,000 and \$4,300,000 for the years ended 2024 and 2023, respectively. Funding by the Foundation to the Center for the Children of the World and other specific purpose programs amounted to \$223,242 and \$227,726 in 2024 and 2023, respectively. The Center has an interest in assets held by the Foundation related to the Foundation's interest in perpetual trusts, and donor restricted net assets, which is recorded as \$7,561,207 and \$7,198,965 at December 31, 2024 and 2023 respectively, as net assets with donor restrictions, with a time restriction. Any future contributions from the Foundation to the Center are at the discretion of the Foundation's Board of Directors. The Foundation budgeted \$5,000,000 in Center support for 2025. The Foundation has pledged to provide its resources to the Center, as necessary, to allow the Center to fund its operations. At December 31, 2024 and 2023, the Foundation owed the Center \$4,129,528 and \$3,991,727, respectively.

A summary of the Center's consolidated assets, liabilities and net assets, results of operations and changes in net assets is as follows as of and for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Assets	\$ 205,371,008	\$ 202,502,699
Liabilities	\$ 103,438,491	\$ 99,348,435
Net assets (deficit)		
Without donor restrictions		
Controlled by the Center	79,810,090	81,087,322
Attributable to non-controlling interests	<u>42,464</u>	<u>(162,003)</u>
Total without donor restrictions	79,852,554	80,925,319
With donor restrictions	<u>22,079,963</u>	<u>22,228,945</u>
Total net assets	<u>101,932,517</u>	<u>103,154,264</u>
Total liabilities and net assets	<u>\$ 205,371,008</u>	<u>\$ 202,502,699</u>
Revenue		
Net patient service revenue	\$ 229,600,477	\$ 233,097,420
Grant income	1,575,173	1,305,148
Other revenue, and realized gains and losses	<u>10,306,658</u>	<u>21,213,947</u>
Total revenue	241,482,308	255,616,515
Total expenses	<u>248,265,829</u>	<u>247,701,836</u>
(Loss) income from operations	(6,783,521)	7,914,679
Nonoperating revenue and unrealized gains	<u>2,154,422</u>	<u>6,829,968</u>

Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
(Deficiency) excess of revenue over expenses	\$ (4,629,099)	\$ 14,744,647
Other changes in net assets without donor restrictions	<u>3,556,334</u>	<u>22,500</u>
Changes in net assets without donor restrictions	(1,072,765)	14,767,147
Changes in net assets with donor restrictions	<u>(148,982)</u>	<u>3,837,655</u>
Changes in net assets	(1,221,747)	18,604,802
Net assets		
Beginning of year	<u>103,154,264</u>	<u>84,549,462</u>
End of year	<u>\$ 101,932,517</u>	<u>\$ 103,154,264</u>

10. PENSION PLANS

The Foundation's employees participate in the Center's 401(k) savings plan. Employer contributions to the 401(k) savings plan are based on a formula as defined by the 401(k) savings plan document. Expense related to the 401(k) savings plan was \$28,660 and \$23,469 for the years ended December 31, 2024 and 2023, respectively.

11. FUNCTIONAL EXPENSES

The Foundation's primary program service is to provide support for programs of the Center and other specific purpose programs, including Children of the World. Expenses reported in the functional allocation of expenses as management, administrative and general and fundraising are incurred in support of this primary program service. Certain expenses are wholly allocated to either program or management, administrative and general and fundraising because they directly support those functions. There are certain other categories of expenses that are attributable to both supporting services, so they are allocated accordingly. Those expenses include utilities, professional fees, insurance and depreciation. Those expenses are allocated based on a percentage of total direct expenses for each supporting service to total supporting services.

Expenses by functional classification for the years ended December 31, 2024 and 2023 consist of the following:

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>The Center</u>	<u>Other Specific Purpose Programs Including Children of the World</u>	<u>Management, Administrative and General</u>	<u>Fundraising</u>	
<u>2024</u>					
Salaries, wages, and benefits	\$ -	\$ -	\$ 59,173	\$ 1,030,709	\$ 1,089,882
Contributions	5,000,000	223,242	-	-	5,223,242
Supplies and other expenses	-	-	12,788	1,210,638	1,223,426
Depreciation	-	-	4,977	155,023	160,000
	<u>\$ 5,000,000</u>	<u>\$ 223,242</u>	<u>\$ 76,938</u>	<u>\$ 2,396,370</u>	<u>\$ 7,696,550</u>

Deborah Hospital Foundation
Notes to Financial Statements
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2023	Program Services		Supporting Services		Total Expenses
	The Center	Other Specific Purpose Programs Including Children of the World	Management, Administrative and General	Fundraising	
Salaries, wages, and benefits	\$ -	\$ -	\$ 60,049	\$ 967,324	\$ 1,027,373
Contributions	4,300,000	227,726	-	-	4,527,726
Supplies and other expenses	-	-	7,345	997,308	1,004,653
Depreciation	-	-	5,307	154,693	160,000
	<u>\$ 4,300,000</u>	<u>\$ 227,726</u>	<u>\$ 72,701</u>	<u>\$ 2,119,325</u>	<u>\$ 6,719,752</u>

12. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash and cash equivalents in financial institutions that regularly exceed the Federal Deposit Insurance Corporation limit. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Foundation's financial condition, results of operations and cash flows.

The Foundation routinely invests its cash in money market funds through brokers. The money market funds are generally investments in U.S. government and agency obligations. These investments are not insured or guaranteed by the U.S. government; however, insurance is maintained by investment brokers through the Securities Investor Protection Corporation ("SIPC"), which offers limited coverage up to a ceiling of \$500,000 (including a maximum of \$250,000 for claims of uninvested cash). The Foundation's investments in fixed income securities and equity securities are also insured by SIPC. The SIPC insurance does not protect against market losses on investments.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2024	2023
Subject to expenditure for specified purpose		
Deborah Heart and Lung Center	\$ 1,922,143	\$ 1,745,112
Subject to passage of time		
Beneficial interest in perpetual trusts	<u>6,507,173</u>	<u>6,296,368</u>
	<u>\$ 8,429,316</u>	<u>\$ 8,041,480</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

	2024	2023
Subject to expenditure for specified purpose		
Deborah Heart and Lung Center	<u>\$ 112,139</u>	<u>\$ 366,897</u>

14. CONTINGENCIES

The Foundation, from time to time, may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of such matters will not have a material adverse effect on the financial position of the Foundation.

**Deborah Hospital Foundation
Notes to Financial Statements
December 31, 2024 and 2023**

15. SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2024 financial statements for subsequent events through May 30, 2025, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**Deborah Hospital Foundation
Summary of Revenues by Region
Year Ended December 31, 2024**

	<u>Total</u>	<u>National</u>	<u>Pennsylvania</u>	<u>New York</u>	<u>New Jersey</u>	<u>Florida</u>
Public and chapter support						
Chapters and miscellaneous	\$ 2,343,248	\$ 2,024,989	\$ 4,722	\$ 105,022	\$ 202,855	\$ 5,660
Tree of Life	83,840	-	12,848	69,025	-	1,967
Total public and chapter support	2,427,088	2,024,989	17,570	174,047	202,855	7,627
Corporate and foundation support	868,746	700,126	-	100	168,520	-
Legacies, bequests and annuities	1,592,449	29,141	29,862	-	1,533,446	-
Less: Amounts raised on behalf of others	<u>(1,455,068)</u>	<u>(1,455,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	3,433,215	1,299,188	47,432	174,147	1,904,821	7,627
Change in fair value of beneficial interest in perpetual trusts	210,805	210,805	-	-	-	-
Investment return, net	<u>1,243,607</u>	<u>1,243,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue	<u>\$ 4,887,627</u>	<u>\$ 2,753,600</u>	<u>\$ 47,432</u>	<u>\$ 174,147</u>	<u>\$ 1,904,821</u>	<u>\$ 7,627</u>

See Independent Auditor's Report.

**Deborah Hospital Foundation
Summary of Revenues by Region
Year Ended December 31, 2023**

	<u>Total</u>	<u>National</u>	<u>Pennsylvania</u>	<u>New York</u>	<u>New Jersey</u>	<u>Florida</u>
Public and chapter support						
Chapters and miscellaneous	\$ 3,032,399	\$ 2,729,104	\$ 5,213	\$ 106,919	\$ 178,435	\$ 12,728
Tree of Life	<u>49,352</u>	<u>-</u>	<u>1,379</u>	<u>45,562</u>	<u>-</u>	<u>2,411</u>
Total public and chapter support	3,081,751	2,729,104	6,592	152,481	178,435	15,139
Corporate and foundation support	675,084	567,927	-	107,157	-	-
Legacies, bequests and annuities	11,668,335	4,156,398	28,941	-	7,482,996	-
Less: Amounts raised on behalf of others	<u>(7,180,254)</u>	<u>(7,180,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	8,244,916	273,175	35,533	259,638	7,661,431	15,139
Change in fair value of beneficial interest in perpetual trusts	548,456	548,456	-	-	-	-
Investment return, net	<u>1,768,909</u>	<u>1,768,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue	 <u>\$ 10,562,281</u>	 <u>\$ 2,590,540</u>	 <u>\$ 35,533</u>	 <u>\$ 259,638</u>	 <u>\$ 7,661,431</u>	 <u>\$ 15,139</u>

See Independent Auditor's Report.