

Obici Healthcare Foundation, Inc.

Financial Statements

March 31, 2024 and 2023



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OBICI HEALTHCARE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Obici Healthcare Foundation, Inc.
Suffolk, Virginia

Opinion

We have audited the accompanying financial statements of Obici Healthcare Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, 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 March 31, 2024 and 2023, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 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, 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.

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 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.



October 2, 2024
Glen Allen, Virginia

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Financial Position
March 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 4,890,086	\$ 3,454,584
Accounts receivable	1,680	-
Refundable excise taxes	30,505	106,889
Refundable unrelated business income taxes	62,380	-
Prepaid expenses	<u>15,859</u>	<u>23,737</u>
Total current assets	5,000,510	3,585,210
Investments	142,817,908	130,949,153
Property and equipment, net	1,133,567	1,211,671
Other assets	<u>397,669</u>	<u>397,669</u>
	<u>\$ 149,349,654</u>	<u>\$ 136,143,703</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Current portion of long-term debt	\$ 386,424	\$ 101,715
Accounts payable and accrued expenses	106,363	86,501
Unrelated business income taxes payable	-	56,431
Current portion of grants payable	<u>3,545,544</u>	<u>4,261,078</u>
Total current liabilities	4,038,331	4,505,725
Long-term debt, less current portion	-	736,422
Grants payable, less current portion	100,000	3,426,792
Deferred federal excise taxes	<u>643,126</u>	<u>480,903</u>
Total liabilities	4,781,457	9,149,842
Net assets without donor restrictions	<u>144,568,197</u>	<u>126,993,861</u>
	<u>\$ 149,349,654</u>	<u>\$ 136,143,703</u>

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Activities
Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues, gains (losses), and other support:		
Investment return (losses), net	\$ 20,257,510	\$ (3,075,074)
Grant revenue	-	25,377
Other	<u>5,025</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>20,262,535</u>	<u>(3,049,697)</u>
Expenses:		
Program services	1,790,419	13,629,510
Management and general	<u>637,174</u>	<u>681,096</u>
	2,427,593	14,310,606
Loss on disposal of property and equipment	-	601
Provision for unrelated business income tax expense	2,208	56,431
Provision for (benefit from) excise tax expense	<u>258,398</u>	<u>(27,648)</u>
Total expenses and losses	<u>2,688,199</u>	<u>14,339,990</u>
Change in net assets	17,574,336	(17,389,687)
Net assets without donor restrictions, beginning of year	<u>126,993,861</u>	<u>144,383,548</u>
Net assets without donor restrictions, end of year	<u>\$ 144,568,197</u>	<u>\$ 126,993,861</u>

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Functional Expenses
Year Ended March 31, 2024

	Program Services	Management and General	Total
Grant payments	\$ 791,215	\$ -	\$ 791,215
Program development	283,185	-	283,185
Communications	14,131	8,622	22,753
Salaries and benefits	599,839	365,996	965,835
Insurance	-	15,967	15,967
Utilities	12,119	7,395	19,514
Facility	2,275	53,526	55,801
Education and meeting	-	64,313	64,313
Office expenses	21,091	80,741	101,832
Depreciation	48,506	29,596	78,102
Interest on the building loan	18,058	11,018	29,076
	<u>\$ 1,790,419</u>	<u>\$ 637,174</u>	<u>\$ 2,427,593</u>

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Functional Expenses, Continued
Year Ended March 31, 2023

	Program Services	Management and General	Total
Grant payments	\$ 12,712,152	\$ -	\$ 12,712,152
Program development	253,789	-	253,789
Communications	14,846	9,234	24,080
Salaries and benefits	543,656	338,160	881,816
Insurance	-	15,329	15,329
Utilities	11,510	7,159	18,669
Facility	2,831	60,376	63,207
Education and meeting	-	92,065	92,065
Office expenses	19,435	114,431	133,866
Depreciation	48,940	30,441	79,381
Interest on the building loan	22,351	13,901	36,252
	<u>\$ 13,629,510</u>	<u>\$ 681,096</u>	<u>\$ 14,310,606</u>

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Cash Flows
Years Ended March 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 17,574,336	\$ (17,389,687)
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation	78,102	79,381
Loss on disposal of property and equipment	-	601
Investment (loss) return, net	(20,257,510)	3,075,074
Deferred federal excise taxes	162,223	(155,239)
Change in operating assets and liabilities:		
Accounts receivable	(1,680)	-
Grant receivable	-	8,820
Prepaid expenses	7,878	(10,925)
Refundable excise taxes	76,384	(106,889)
Refundable unrelated business income taxes	(62,380)	-
Accounts payable and accrued expenses	19,862	18,479
Unrelated business income taxes payable	(56,431)	56,431
Excise taxes payable	-	(53,978)
Grants payable	(4,042,326)	6,868,539
Net cash used in operating activities	(6,501,542)	(7,609,393)
Cash flows from investing activities:		
Purchase of investments	(16,517,948)	(18,629,453)
Proceeds from sale of investments	24,906,705	27,889,424
Purchase of property and equipment	-	(2,749)
Net cash provided by investing activities	8,388,757	9,257,222
Cash flows used in financing activities:		
Principal payments on long-term debt	(451,713)	(97,838)
Net change in cash and cash equivalents	1,435,502	1,549,991
Cash and cash equivalents, beginning of year	3,454,584	1,904,593
Cash and cash equivalents, end of year	\$ 4,890,086	\$ 3,454,584
Supplemental disclosures:		
Cash paid for interest	\$ 30,596	\$ 35,450
Cash paid for excise taxes	\$ 19,791	\$ 288,458
Cash paid for unrelated business income taxes	\$ 121,019	\$ -

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements

1. Nature of Organization:

Obici Healthcare Foundation, Inc. (the "Foundation") is a not-for-profit, nonstock health foundation incorporated in the Commonwealth of Virginia and organized as a private foundation since April 1, 2006. The Foundation provides assistance to those organizations working to meet community health needs in Suffolk, Virginia and surrounding communities, giving attention first to meeting unmet healthcare needs of the indigent and uninsured, and also including the support of programs which have the primary purpose of preventing and reducing illness and disease. These activities are supported by income from the Foundation's investment portfolio.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Basis of Presentation: The Foundation reports its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions. Such net assets are available for any purpose consistent with the Foundation's mission.

Net Assets With Donor Restrictions: Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as without donor restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they must be maintained permanently by the Foundation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

The Foundation has no net assets with donor restrictions for the years ended March 31, 2024 and 2023.

Cash and Cash Equivalents: Cash and cash equivalents consist primarily of cash held in checking accounts, money market investments, and highly liquid investments with original maturities of three months or less.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Investments: Investments in equity securities with readily determinable fair values and all investments in exchange traded funds and equity mutual funds are carried at fair value determined by quoted market prices in the accompanying statements of financial position.

Nonreadily marketable investments, consisting primarily of investments in U.S. limited partnerships and corporations, foreign investment corporations and common collective trusts, are carried at net asset value ("NAV") per share as the practical expedient estimate of fair value if a) the underlying investment manager's calculation of NAV is fair value based and b) the NAV has been calculated as of the Foundation's fiscal year end date. Accordingly, such carrying values could differ materially from the values that would have been used had a ready market for the investments existed. The NAV provided by the managers are reviewed and evaluated by Foundation personnel for reasonableness.

Gains and losses on investments are recognized in the accompanying statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations. Investment transactions are recorded on a trade-date basis. Dividends are reported on the ex-dividend date. In computing the realized and unrealized gains or losses, cost has been determined on the specific identification method.

Dividend, interest, and other investment income are reported in the period earned as increases in net assets without donor restrictions unless the use of the income received is limited by donor-imposed restrictions.

Debt Issuance Costs: Debt issuance costs, net of accumulated amortization, were reported as a direct reduction of the obligation to which such costs related. Amortization of debt issuance costs were reported as a component of interest expense and was computed using the effective interest method.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets, which range from three to forty-five years. Routine maintenance and repairs are charged to expense when incurred.

Grants Payable: Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. There were no conditional grants payable as of March 31, 2024 and 2023. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. Management determined the discount on future expected cash flows for grants payable at March 31, 2024 and 2023 was immaterial, therefore, no discount was considered necessary. Grants payable at March 31, 2024 are expected to be paid as follows: \$3,545,544 in 2025 and \$100,000 in 2026.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Contributions and Grants: The Foundation recognizes contributions and grants when cash, securities, or other assets; an unconditional promise to give; notice of a grant award; or a notification of a beneficial interest is received.

The Foundation's grant revenue is derived from a cost-reimbursable grant, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions.

Income Taxes: The Foundation has been recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and as a private foundation under Section 509(a) of the Code. In accordance with the Tax Reform Act of 1969 (the "Act"), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined by the Act. The Act also requires that certain minimum distributions be made each year. The amount of these distributions is determined in accordance with a specified formula. Deferred federal excise taxes are computed based on the temporary differences between the financial statement carrying amounts and income tax basis of assets and liabilities using enacted federal excise tax rates in effect for the years in which the differences are expected to reverse. The temporary differences primarily consist of unrealized gains and losses on investments.

The Foundation has adopted financial reporting guidance related to accounting for uncertainty in income taxes, which prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in the Foundation's financial statements. The guidance also provides criteria on derecognition, classification, interest and penalties, disclosure and transition.

The Foundation discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Foundation's position, and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Foundation's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Foundation has completed its assessment and determined that there are no tax positions which would require recognition. The Foundation is not currently under audit by any tax jurisdiction.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Functional Expense Allocation Methodology: The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include communications, salaries and benefits, utilities, facility, portions of office expenses, depreciation and amortization, and interest on building loan. The expenses are allocated based on management's estimates of time and effort which correlates to the utilization of those expense categories.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Actual results could differ from those estimates and assumptions.

Concentration of Credit Risk: Financial instruments which potentially subject the Foundation to concentrations of credit and/or market risk consist principally of cash and cash equivalents and investments. The Foundation places its temporary cash and money market accounts with creditworthy, high quality financial institutions. A significant portion of the funds are not insured by the Federal Deposit Insurance Corporation.

The Foundation has significant investments in equity securities and nonreadily marketable investments. Investments are made primarily by investment managers engaged by the Foundation, and the investments are monitored by management and the Investment/Finance Committee of the Board of Directors of the Foundation. As part of the fiduciary oversight of the investments, the Foundation's portfolio has been diversified in various investment categories in accordance with the Foundation's investment policy.

Accounts Receivable: In June 2016, FASB issued Accounting Standard Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326), which replaced the incurred loss methodology for estimating credit losses with the current expected credit loss ("CECL") model to estimate credit losses for most financial assets held at amortized cost, including accounts receivables. The new model requires entities consider a wide range of information when estimating credit losses, including historical loss information, current conditions, and reasonable and supportable forecasts. The Foundation adopted the new standard effective April 1, 2023 which did not have a material effect on the Foundation's financial statements.

Subsequent Events: Management has evaluated subsequent events through October 2, 2024, the date the financial statements were available for issuance, and has determined that there are no subsequent events that would require financial statement disclosure.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

3. Investments:

The Foundation's investments at March 31, 2024 and 2023, are as follows:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Readily marketable investments:				
Exchange traded funds	\$ 9,669,850	\$ 7,783,702	\$ 11,308,273	\$ 10,500,805
Equity mutual funds	-	-	5,069,288	4,086,156
Equity index futures	-	-	3	3
Long-term:				
Limited partnerships and corporations	75,648,775	49,438,560	65,852,949	43,931,044
Foreign investment corporations	<u>57,499,283</u>	<u>39,377,737</u>	<u>48,718,640</u>	<u>37,833,828</u>
	<u>\$142,817,908</u>	<u>\$ 96,599,999</u>	<u>\$130,949,153</u>	<u>\$ 96,351,836</u>

Change in net unrealized gains and losses included in change in net assets relating to assets held were \$11,620,592 at March 31, 2024 and (\$11,168,260) at March 31, 2023.

4. Fair Value Measurements:

Assets and liabilities recorded at fair value in the accompanying statements of financial position are categorized based upon a three-tier fair value hierarchy. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These tiers include the following:

- Level 1 Inputs to the valuation methodology are quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.
- Level 2 Quoted prices for similar instruments in active and inactive markets; model driven valuations with significant inputs and drivers derived from observable active markets; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

4. Fair Value Measurements, Continued:

The following discussion describes the valuation methodologies used for financial assets measured at fair value. Care should be exercised in deriving conclusions about the Foundation's financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and does not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Fair values of equity securities and exchange traded funds have been determined by the Foundation from observable market quotations. The Foundation's interest in the shares of common collective trusts, total partnerships and corporations and foreign investment corporations is recorded at the net asset value per share, as provided by external investment managers as the practical expedient estimate of fair value.

Certain investment managers of nonreadily marketable investments use investment strategies and techniques designed to achieve higher investment returns with lower volatility and low correlation to major market indices. These strategies and techniques, which include the use of leverage, futures and forward contracts, option agreements and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio. The Foundation had unfunded commitments related to limited partnerships and corporations currently invested in of \$12,507,551 at March 31, 2024 and \$13,732,874 at March 31, 2023, and committed to, but not invested in of \$2,365,000 at March 31, 2024 and \$1,000,000 at March 31, 2023.

Nonreadily marketable investments also contain liquidity restrictions, which are as follows at March 31, 2024 and 2023:

Limited Partnerships and Corporations: At March 31, 2024, approximately 36% of these investments are eligible for redemption either on a daily, monthly, semi-monthly, quarterly or bi-annual basis, subject to certain restrictions, which include a notice period of 48 hours to 12 months. Approximately 3% of these investments are subject up to a 2 - 3 year lock-up period, either on a rolling lock up basis or at set expiration dates. Approximately 61% of these investments cannot be redeemed during the life of the partnerships and have remaining lives ranging from 1 to 12 years. When the underlying assets are sold, the proceeds, less any incentives due to the partnerships' general partner, are to be distributed to the investors. These redemption restrictions will lapse in June 2025.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

4. Fair Value Measurements, Continued:

Limited Partnerships and Corporations, Continued: At March 31, 2023, approximately 33% of these investments are eligible for redemption either on a daily, monthly, quarterly or bi-annual basis, subject to certain restrictions, which include a notice period of 48 hours to 12 months. Approximately 4% of these investments are subject up to a 2-3 year lock-up period, either on a rolling lock up basis or at set expiration dates. Approximately 63% of these investments cannot be redeemed during the life of the partnerships and have remaining lives ranging from 1 to 10 years. When the underlying assets are sold, the proceeds, less any incentives due to the partnerships' general partner, are to be distributed to the investors. These redemption restrictions lapsed in June 2025.

Foreign Investment Partnerships and Corporations: At March 31, 2024, approximately 60% of these investments are eligible for redemption either on a monthly, quarterly, bi-annual or annual basis, subject to certain restrictions, which include a notice period of 10 to 120 days. Approximately 25% of these investments are subject to a 1 to 3 year lock-up period, either on a rolling lock up basis or at set expiration dates. Approximately 15% of these investments cannot be redeemed during the life of the partnership. The life of these investments is unknown at this time. These redemption restrictions have lapsed in September 2024.

At March 31, 2023, approximately 29% of these investments are eligible for redemption either on a monthly, quarterly or annual basis, subject to certain restrictions, which include a notice period of 45 to 90 days. Approximately 48% of these investments are subject to a 1 to 3 year lock-up period, either on a rolling lock up basis or at set expiration dates. Approximately 23% of these investments cannot be redeemed during the life of the partnership. The life of these investments is unknown at this time. These redemption restrictions will lapse in February 2026.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

4. Fair Value Measurements, Continued:

The following tables present the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2024 and 2023.

	Assets at Fair Value as of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Exchange traded funds:				
US equities	\$ 6,251,455	\$ -	\$ -	\$ 6,251,455
International equities	3,418,395	-	-	3,418,395
Total exchange traded funds	<u>9,669,850</u>	<u>-</u>	<u>-</u>	<u>9,669,850</u>
Partnerships and corporations measured at net asset value: (a)				
China-focused long-only equity	-	-	-	1,207,177
Global equity securities	-	-	-	2,017,617
Global long/short equity hedge fund	-	-	-	1,176,549
Global equity-focus trust	-	-	-	4,900,886
US equity securities	-	-	-	5,455,975
US corporate credit	-	-	-	3,401,623
US micro-cap equity securities	-	-	-	1,577,696
US opportunistic value	-	-	-	2,414,416
US investment grade government and corporate	-	-	-	11,312,761
Frontier markets equity	-	-	-	723,587
European equity	-	-	-	869,208
Private equity	-	-	-	25,650,443
Resources	-	-	-	4,624,346
Real estate	-	-	-	10,316,491
Total partnerships and corporations	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,648,775</u>
Foreign investment corporations measured at net asset value: (a)				
Brazil public/private equity	-	-	-	372,833
China long/short equity	-	-	-	2,243,875
Global long-only equity	-	-	-	7,217,017
Global distressed credit hedge	-	-	-	2,013,515
Global opportunistic hedge	-	-	-	2,262,595
Global long/short equity hedge	-	-	-	9,728,774
Global healthcare/biotechnology-focused long/short equity	-	-	-	5,536,994
Emerging markets long-only equity	-	-	-	896,904
European long-only equity	-	-	-	1,411,431
Japanese-focused long/short equity	-	-	-	3,122,047
Private equity	-	-	-	8,530,550
US long-only equity	-	-	-	7,721,108
US biotechnology-focused long/short equity	-	-	-	3,110,918
US long/short opportunistic	-	-	-	3,308,296
US credit markets	-	-	-	22,426
Total foreign investment corporations	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,499,283</u>
Total assets at fair value	<u>\$ 9,669,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,817,908</u>

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

4. Fair Value Measurements, Continued:

	Assets at Fair Value as of March 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Exchange traded funds:				
International equities	\$ 6,223,624	\$ -	\$ -	\$ 6,223,624
US equities	5,084,649	-	-	5,084,649
Total exchange traded funds	11,308,273	-	-	11,308,273
Equity mutual funds:				
US equities	5,069,288	-	-	5,069,288
Total equity mutual funds	5,069,288	-	-	5,069,288
Equity index futures:				
Global equities	-	-	-	3
Total equity index futures	-	-	-	3
Partnerships and corporations measured at net asset value: (a)				
China-focused long-only equity	-	-	-	1,507,454
Global equity securities	-	-	-	2,537,112
Global long/short equity hedge fund	-	-	-	1,112,548
US equity securities	-	-	-	5,258,233
US corporate credit	-	-	-	3,792,022
US micro-cap equity securities	-	-	-	2,071,343
US opportunistic value	-	-	-	2,852,624
US investment grade government and corporate	-	-	-	10,945,205
Frontier markets equity	-	-	-	927,400
Private equity	-	-	-	20,315,189
Resources	-	-	-	4,498,525
Real estate	-	-	-	10,035,294
Total partnerships and corporations	-	-	-	65,852,949
Foreign investment corporations measured at net asset value: (a)				
Brazil public/private equity	-	-	-	391,668
China long/short equity	-	-	-	2,565,568
Global long-only equity	-	-	-	2,176,482
Global distressed credit hedge	-	-	-	1,568,127
Global opportunistic hedge	-	-	-	1,633,829
Global long/short equity hedge	-	-	-	13,682,743
Emerging markets long-only equity	-	-	-	1,693,856
European long-only equity	-	-	-	1,891,373
Japanese-focused long/short equity	-	-	-	3,295,341
Private equity	-	-	-	8,307,843
US long-only equity	-	-	-	6,081,567
US long/short equity	-	-	-	2,313,664
US long/short opportunistic	-	-	-	3,093,725
US credit markets	-	-	-	22,854
Total foreign investment corporations	-	-	-	48,718,640
Total assets at fair value	<u>\$ 16,377,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,949,153</u>

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

4. Fair Value Measurements, Continued:

(a) In accordance with the amendments to Subtopic 820-10 from accounting standards update (“ASU”) 2015-07, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

5. Property and Equipment:

Property and equipment consist of the following at March 31:

	<u>2024</u>	<u>2023</u>
Building	\$ 1,616,468	\$ 1,616,468
Land improvements	432,748	432,748
Furniture and fixtures	195,473	195,473
Equipment	72,098	77,561
Land	102,507	102,507
Building improvements	<u>5,150</u>	<u>5,150</u>
	2,424,444	2,429,907
Less - accumulated depreciation	<u>(1,290,877)</u>	<u>(1,218,236)</u>
	<u>\$ 1,133,567</u>	<u>\$ 1,211,671</u>

Depreciation expense was \$78,102 for 2024 and \$79,381 for 2023.

6. Federal Excise and Unrelated Business Income Taxes:

In accordance with the Further Consolidated Appropriations Act (the “Act”), the Foundation pays a flat 1.39% excise tax on net investment income. A deferred federal excise tax liability is estimated based on cumulative net unrealized gains as of year-end. For 2024 and 2023, the provision for (benefit from) excise tax expense was \$258,398 and \$(27,648), respectively. Deferred federal excise taxes totaled \$643,126 and \$480,903 at March 31, 2024 and 2023, respectively.

The Foundation is also subject to unrelated business income tax (“UBIT”) on income from certain investments on both the federal and state level. Federal and state UBIT incurred was \$2,208 and \$0, respectively, for 2024. Federal and state UBIT incurred was \$43,891 and \$12,540, respectively, for 2023.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

7. Art Collection:

On April 1, 2006, Obici Health System contributed a collection of artwork to the Foundation appraised at approximately \$660,000. During 2022, the Foundation determined the artwork was impaired in accordance with ASC Topic 360. The Foundation recorded an impairment loss of \$284,571 which was included in the 2022 statement of activities. The net carrying value is included as other assets on the accompanying statements of financial position. There was no impairment recorded on the collection of artwork during 2024 and 2023.

8. Long-Term Debt:

In 2010, the Foundation issued Economic Development Authority of the City of Suffolk Revenue Bonds (Obici Healthcare Foundation Inc.) Series 2010 in the amount of \$1,850,000. In January 2016, the bonds were reissued. The revised repayment schedule consists of monthly installments of principal and interest of \$11,107 and a final payment of \$701,608 due July 1, 2024. During 2024, the Foundation elected to make additional principal payments towards the bond totaling \$350,000. The note contains a fixed interest rate of 3.92% for the term of the bond. The bond is unsecured, however, any assets of the Foundation not already encumbered must be maintained free and clear of all liens, encumbrances and pledges. The bond also contains several financial covenants with which management determined the Foundation was in compliance with as of March 31, 2024 and 2023. The bond was fully paid off on April 2, 2024.

Future principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2025	<u>\$ 386,424</u>
	386,424
Current portion	<u>(386,424)</u>
	<u><u>\$ -</u></u>

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

9. Retirement Plan:

The Foundation has a qualified employee benefit 403(b) retirement plan intended to comply with all applicable federal laws and regulations, including the Code, as amended, and the Employee Retirement Income Security Act of 1974. The Foundation makes both matching and nonmatching discretionary contributions to the individual accounts of eligible employees. Contributions are based on compensation during the calendar year. The Foundation contributed \$35,278 during 2024 and \$29,307 during 2023. These amounts are included in salaries and benefits on the accompanying statements of functional expenses.

10. Related Party Transactions:

During 2024, the Foundation awarded \$216,000 in grants to related party organizations of various members of the Foundation's Board of Directors. These amounts are included in program expense on the accompanying 2024 statement of activities. At March 31, 2024, all amounts payable to these organizations were paid in full.

During 2023, the Foundation awarded \$89,000 in grants to related party organizations of various members of the Foundation's Board of Directors. These amounts are included in program expense on the accompanying 2023 statement of activities. At March 31, 2023, all amounts payable to these organizations were paid in full.

During 2024 and 2023, the Foundation had banking and financing relationships with a financial institution for which a Board Member also served on the regional advisory board. As of March 31, 2024 and 2023, the Foundation's operating cash account and debt remained at the financial institution.

11. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure that are readily available within one year of March 31, 2024 and 2023 include:

	<u>2024</u>	<u>2023</u>
Cash	\$ 4,890,086	\$ 3,454,584
Actively traded investments	<u>9,669,850</u>	<u>16,377,564</u>
Total financial assets available within one year	<u>\$14,559,936</u>	<u>\$19,832,148</u>

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements, Continued

11. Liquidity and Availability of Financial Assets, Continued:

The Foundation must annually pay out a minimum amount of 5% of the average fair value of its investment assets for the preceding year for charitable and administrative purposes in accordance with private foundation Internal Revenue Service requirements. The Foundation investment objectives have been aligned to meet the minimum distribution requirement. Also, the Foundation has additional investments that could provide liquidity, if necessary, but has no plans to use those investments for operations in the near term.