

**DEBORAH HOSPITAL FOUNDATION**  
**Financial Statements**  
**December 31, 2021 and 2020**  
**With Independent Auditor's Report**

**Deborah Hospital Foundation**  
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**December 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Deborah Hospital Foundation:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Deborah Hospital Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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, 2021 and 2020, 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 of 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 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 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, 2021 and 2020 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 26, 2022

**Deborah Hospital Foundation  
Statements of Financial Position  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 672,983	\$ 742,589
Investments	9,532,839	9,528,204
Prepaid expenses and other assets	2,864,935	822,813
Assets restricted as to use		
Annuity and life income	4,214,581	4,195,124
Donor restricted	553,634	5,977,750
Contributions receivable, net	947,752	1,945,445
Property, plant and equipment, net	1,372,231	1,530,716
Beneficial interest in perpetual trusts	<u>7,201,255</u>	<u>6,633,100</u>
 Total assets	 <u>\$ 27,360,210</u>	 <u>\$ 31,375,741</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 30,367	\$ 22,647
Accrued expenses	126,139	125,465
Due to Deborah Heart and Lung Center	5,804,650	4,283,448
Annuity and life income reserve	<u>2,092,265</u>	<u>2,205,225</u>
Total liabilities	<u>8,053,421</u>	<u>6,636,785</u>
Net assets		
Without donor restrictions	10,757,494	10,908,172
With donor restrictions	<u>8,549,295</u>	<u>13,830,784</u>
Total net assets	<u>19,306,789</u>	<u>24,738,956</u>
 Total liabilities and net assets	 <u>\$ 27,360,210</u>	 <u>\$ 31,375,741</u>

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

**Deborah Hospital Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue</b>			
Public support			
Public donations	\$ 3,456,199	\$ 992,170	\$ 4,448,369
Legacies, bequests and annuities	1,523,489	3,214,562	4,738,051
Less: Amounts raised on behalf of others	<u>-</u>	<u>(10,056,376)</u>	<u>(10,056,376)</u>
Total public support	<u>4,979,688</u>	<u>(5,849,644)</u>	<u>(869,956)</u>
Other revenue			
Change in fair value of beneficial interest in perpetual trusts	-	568,155	568,155
Investment returns, net	<u>1,107,618</u>	<u>-</u>	<u>1,107,618</u>
Total other revenue	<u>1,107,618</u>	<u>568,155</u>	<u>1,675,773</u>
 Total revenue	 <u>6,087,306</u>	 <u>(5,281,489)</u>	 <u>805,817</u>
<b>Expenses</b>			
Program services			
Deborah Heart and Lung Center	4,000,000	-	4,000,000
Other specific purpose programs, including Children of the World	<u>212,412</u>	<u>-</u>	<u>212,412</u>
Total program services	<u>4,212,412</u>	<u>-</u>	<u>4,212,412</u>
Supporting services			
Management, administrative and general	83,220	-	83,220
Fundraising	<u>1,942,352</u>	<u>-</u>	<u>1,942,352</u>
Total supporting services	<u>2,025,572</u>	<u>-</u>	<u>2,025,572</u>
 Total expenses	 <u>6,237,984</u>	 <u>-</u>	 <u>6,237,984</u>
 <b>Changes in net assets</b>	 <u>(150,678)</u>	 <u>(5,281,489)</u>	 <u>(5,432,167)</u>
<b>Net assets</b>			
Beginning of year	<u>10,908,172</u>	<u>13,830,784</u>	<u>24,738,956</u>
End of year	<u>\$ 10,757,494</u>	<u>\$ 8,549,295</u>	<u>\$ 19,306,789</u>

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

**Deborah Hospital Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue</b>			
Public support			
Public donations	\$ 1,928,964	\$ 2,484,485	\$ 4,413,449
Legacies, bequests and annuities	2,164,027	840,428	3,004,455
Less: Amounts raised on behalf of others	<u>-</u>	<u>(4,441,451)</u>	<u>(4,441,451)</u>
Total public support	<u>4,092,991</u>	<u>(1,116,538)</u>	<u>2,976,453</u>
Other revenue			
Change in fair value of beneficial interest in perpetual trusts	-	300,594	300,594
Investment returns, net	<u>1,645,498</u>	<u>-</u>	<u>1,645,498</u>
Total other revenue	<u>1,645,498</u>	<u>300,594</u>	<u>1,946,092</u>
 Total revenue	 <u>5,738,489</u>	 <u>(815,944)</u>	 <u>4,922,545</u>
<b>Expenses</b>			
Program services			
Deborah Heart and Lung Center	4,000,000	-	4,000,000
Other specific purpose programs, including Children of the World	<u>205,746</u>	<u>-</u>	<u>205,746</u>
Total program services	<u>4,205,746</u>	<u>-</u>	<u>4,205,746</u>
Supporting services			
Management, administrative and general	84,224	-	84,224
Fundraising	<u>1,847,963</u>	<u>-</u>	<u>1,847,963</u>
Total supporting services	<u>1,932,187</u>	<u>-</u>	<u>1,932,187</u>
 Total expenses	 <u>6,137,933</u>	 <u>-</u>	 <u>6,137,933</u>
 <b>Changes in net assets</b>	 <u>(399,444)</u>	 <u>(815,944)</u>	 <u>(1,215,388)</u>
<b>Net assets</b>			
Beginning of year	<u>11,307,616</u>	<u>14,646,728</u>	<u>25,954,344</u>
 End of year	 <u>\$ 10,908,172</u>	 <u>\$ 13,830,784</u>	 <u>\$ 24,738,956</u>

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

**Deborah Hospital Foundation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating activities</b>		
Changes in net assets	\$ (5,432,167)	\$ (1,215,388)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Net realized and unrealized gain on investments and assets restricted as to use	(1,026,155)	(1,546,113)
Depreciation	158,485	160,828
Change in beneficial interest in perpetual trusts	(568,155)	(300,594)
Change in unamortized discount on contributions receivable	(28,044)	(44,082)
Change in provision for uncollectible contributions	(41,620)	(35,988)
Changes in operating assets and liabilities		
Contributions receivable	1,067,357	567,604
Prepaid expenses and other assets	(2,042,122)	(389,303)
Accounts payable	7,720	(24,007)
Accrued expenses	674	(16,370)
Due to Deborah Heart and Lung Center	1,521,202	372,038
Annuity and life income reserve	<u>(112,960)</u>	<u>(54,832)</u>
Net cash used in operating activities	<u>(6,495,785)</u>	<u>(2,526,207)</u>
<b>Investing activities</b>		
Capital expenditures	-	(1,734)
Change in investments and assets restricted as to use	<u>1,092,306</u>	<u>1,891,512</u>
Net cash provided by investing activities	<u>1,092,306</u>	<u>1,889,778</u>
 Net change in cash, cash equivalents and restricted cash	 (5,403,479)	 (636,429)
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of year	<u>7,060,176</u>	<u>7,696,605</u>
 End of year	 <u>\$ 1,656,697</u>	 <u>\$ 7,060,176</u>
<b>Cash, cash equivalents and restricted cash as reported within the statements of financial position</b>		
Cash and cash equivalents	\$ 672,983	\$ 742,589
Investments	196,173	201,108
Assets restricted as to use - annuity and life income	233,907	138,729
Assets restricted as to use - donor restricted	<u>553,634</u>	<u>5,977,750</u>
Total cash, cash equivalents and restricted cash as shown in the statements of cash flows	<u>\$ 1,656,697</u>	<u>\$ 7,060,176</u>

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



**Deborah Hospital Foundation  
Notes to Financial Statements  
December 31, 2021 and 2020**

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**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 twelve (12) members. They are the Chair of the Board of the Foundation, the President and CEO of the Center and ten (10) other members. The Chief Operating Officer of the Center serves as the Treasurer of the Foundation, without a vote.

**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, 2021 and 2020.

**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 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.

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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**Contributions**

Contributions are considered to be available for expenditure in accordance with the Foundation's by-laws 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, 2021 and 2020.

**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. For 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, 2021 and 2020.

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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**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, 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 have 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.

**Risks and Uncertainties**

Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Foundation's financial position, and results of operations the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**3. LIQUIDITY AND AVAILABILITY**

As of December 31, 2021 and 2020, financial assets available within one year for general expenditures were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 672,983	\$ 742,589
Investments	9,532,839	9,528,204
Contributions receivable	<u>10,000</u>	<u>543,107</u>
	<u>\$ 10,215,822</u>	<u>\$ 10,813,900</u>

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
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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.

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>2021</u>	<u>2020</u>
Investments		
Cash and cash equivalents	\$ 196,173	\$ 201,108
Fixed income securities	2,201,206	2,239,201
Equity securities (including mutual funds)	7,114,624	7,067,813
Accrued interest receivable	<u>20,836</u>	<u>20,082</u>
	<u>\$ 9,532,839</u>	<u>\$ 9,528,204</u>
Assets restricted as to use - annuity and life income		
Cash and cash equivalents	\$ 233,907	\$ 138,729
Fixed income securities	2,694,630	2,726,823
Equity securities (including mutual funds)	<u>1,286,044</u>	<u>1,329,572</u>
	<u>\$ 4,214,581</u>	<u>\$ 4,195,124</u>
Assets restricted as to use - donor restricted		
Cash and cash equivalents	<u>\$ 553,634</u>	<u>\$ 5,977,750</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, 2021 and 2020, 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 \$1,220,011 and \$1,092,412, respectively, for the annuity fund. In addition, the Foundation maintained \$733,402 and \$716,143 in investments in excess of the life income fund liability at December 31, 2021 and 2020, respectively.

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
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**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 non-active markets (few transactions, limited information, non-current 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, etc.), 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, 2021 and 2020.

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:

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,656,697	\$ -	\$ -	\$ 1,656,697
Fixed income securities	-	4,916,672	-	4,916,672
Equity securities (including mutual funds)	8,019,716	380,952	-	8,400,668
Beneficial interest in perpetual trusts	-	-	7,201,255	7,201,255
	\$ 9,676,413	\$ 5,297,624	\$ 7,201,255	\$ 22,175,292
<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 7,060,176	\$ -	\$ -	\$ 7,060,176
Fixed income securities	-	4,986,106	-	4,986,106
Equity securities (including mutual funds)	8,016,433	380,952	-	8,397,385
Beneficial interest in perpetual trusts	-	-	6,633,100	6,633,100
	\$ 15,076,609	\$ 5,367,058	\$ 6,633,100	\$ 27,076,767

During the years ended December 31, 2021 and 2020, 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, 2021 and 2020**

**6. CONTRIBUTIONS RECEIVABLE**

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

	<u>2021</u>	<u>2020</u>
Unrestricted to future periods	\$ 5,357,873	\$ 5,890,980
Restricted for capital campaign	<u>869,233</u>	<u>1,403,483</u>
	6,227,106	7,294,463
Less: Unamortized discount	(183,424)	(211,468)
Less: Allowance for uncollectible contributions receivable	<u>(5,095,930)</u>	<u>(5,137,550)</u>
	<u>\$ 947,752</u>	<u>\$ 1,945,445</u>
Gross amounts due in		
Less than one year	\$ 5,587,761	
One to five years	312,472	
More than five years	<u>326,873</u>	
	<u>\$ 6,227,106</u>	

The interest rate used for discounting ranged from 0.11% to 3.1% at December 31, 2021 and from 0.14% to 3.1% at December 31, 2020, which was based upon the date the pledge was received and the length of the pledge.

The Foundation periodically receives indications of an intention to give from individuals through the settlement of the individuals' 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 consists of the following at December 31:

	<u>Estimated Life (Years)</u>	<u>2021</u>	<u>2020</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>608,906</u>	<u>608,906</u>
		4,797,674	4,797,674
Less: Accumulated depreciation		<u>(3,425,443)</u>	<u>(3,266,958)</u>
		<u>\$ 1,372,231</u>	<u>\$ 1,530,716</u>

Depreciation expense was \$158,485 and \$160,828 for the years ended December 31, 2021 and 2020, respectively.

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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**8. LONG-TERM DEBT**

The Foundation has an agreement for a line of credit in the amount of \$6,353,947 and \$6,425,000 at December 31, 2021 and 2020, respectively, at an interest rate at December 31, 2021 and 2020 of 2.79% and 2.81%, respectively, which includes two letters of credit totaling \$875,000 at December 31, 2021 and 2020, which expire July 25, 2022, that are collateral for potential claims under the Center's workers' compensation insurance policy, benefiting the Center. The maximum amount the Foundation can borrow against this line of credit was \$5,478,947 and \$5,550,000 at December 31, 2021 and 2020, respectively. Although the line of credit is in the Foundation's name and collateralized by up to approximately \$9,112,000 of Foundation assets based on the outstanding balance at December 31, 2021, the liability and related interest expense are recorded on the Center's consolidated financial statements. There was no outstanding balance on the line of credit at December 31, 2021 and 2020.

**9. RELATED ORGANIZATION**

Contributions by the Foundation to the Center for operations amounted to \$4,000,000 in each of the years ended 2021 and 2020. Funding by the Foundation to the Center for the Children of the World and other specific purpose programs amounted to \$212,412 and \$205,746 in 2021 and 2020, respectively. The Center has an interest in assets held by the Foundation related to the Foundation's interest in perpetual trusts, which is recorded as \$7,543,217 and \$12,878,450 at December 31, 2021 and 2020, 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 \$4,000,000 in Center support for 2022. The Foundation has pledged to provide its resources to the Center, as necessary, to allow the Center to fund its operations. At December 31, 2021 and 2020, the Foundation owed the Center \$5,804,650 and \$4,283,448, respectively.

In 2014, a new series of bonds was issued to refund and redeem the remaining 1993 issue. The Series 2014 bonds were issued on May 13, 2014 in the amount of \$16,148,000. The principal of the bonds mature and/or sinking fund installments become due on July 1 of each year until 2023. The Series 2014 bonds were restructured in 2016 to reduce the rate of interest. Annual payments of the restructured bond principal and/or sinking fund requirements range from \$1,820,000 to \$1,963,000. The interest rate on the bonds is 2.81% and is due on January 1 and July 1 of each year. In 2016, the Center also borrowed \$14,350,000, using the proceeds to fund its pension plan with the intent to terminate the plan. The principal of this loan becomes due on July 1 of each year until 2023. Annual payments of the principal requirements range from \$2,021,734 to \$2,340,742. The interest rate on this loan is 3.68% and is due on January 1 and July 1 of each year. The Foundation provided several credit enhancements to the Center: a Subsidy Agreement related to the Series 1993 bonds and entered into a rent-free ground lease with the Center for a piece of land to be used by the Center. Under the Subsidy Agreement, the Foundation has guaranteed the principal and interest payments of the Center's bonds. The Subsidy Agreement requires that the Foundation and Center maintain a certain combined financial ratio. The Center and Foundation have complied with the financial covenants related to the Series 2014 bonds at December 31, 2021 and 2020.

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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

	<u>2021</u>	<u>2020</u>
Assets	\$ 166,129,022	\$ 162,809,440
Liabilities	\$ 81,075,903	\$ 93,595,406
Net assets		
Without donor restrictions		
Controlled by the Center	65,212,248	50,607,515
Attributable to non-controlling interests	438,731	491,515
Total without donor restrictions	65,650,979	51,099,030
With donor restrictions	19,402,140	18,115,004
Total net assets	85,053,119	69,214,034
Total liabilities and net assets	\$ 166,129,022	\$ 162,809,440
Revenue		
Net patient service revenue	\$ 206,993,928	\$ 182,845,028
Grant income	827,443	12,115,950
Other revenue, gains and losses	12,698,071	11,040,199
Total revenue	220,519,442	206,001,177
Total expenses	219,729,510	205,226,970
Income from operations	789,932	774,207
Nonoperating revenue		
Contributions from Deborah Hospital Foundation	4,000,000	4,000,000
Excess of revenue over expenses	4,789,932	4,774,207
Other changes in net assets without donor restrictions	9,717,017	922,781
Changes in net assets without donor restrictions	14,506,949	5,696,988
Changes in net assets with donor restrictions	1,287,136	2,160,824
Changes in net assets before members' contributions	15,794,085	7,857,812
Members' contributions	45,000	517,500
Changes in net assets	15,839,085	8,375,312
Net assets, beginning of year	69,214,034	60,838,722
Net assets, end of year	\$ 85,053,119	\$ 69,214,034



**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**10. PENSION PLANS**

The Foundation participated in a defined benefit noncontributory pension plan (the “Plan”) covering substantially all Foundation employees, sponsored by the Center. The Center froze the Plan as of December 31, 2005. The Foundation did not contribute to the pension plan and did not recognize pension expense for the years ended December 31, 2021 and 2020. In 2021, the Center made the decision to terminate the Plan. In September 2021, the Plan began distribution payments to the participants. The Plan was fully distributed to participants in April 2022 and the remaining balance was distributed to the Center in May 2022.

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 Plan document. Expense related to the 401(k) savings plan was \$6,549 and \$8,163 for the years ended December 31, 2021 and 2020, 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 services 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, 2021 and 2020 consists of the following:

	Program Services		Supporting Services		Total Expenses
	The Center	Other Specific Purpose Programs, Including Children of the World	Management, Administrative and General	Fundraising	
<b>2021</b>					
Salaries, wages, and benefits	\$ -	\$ -	\$ 59,173	\$ 845,704	\$ 904,877
Contributions	4,000,000	212,412	-	-	4,212,412
Supplies and other expenses	-	-	18,342	943,868	962,210
Depreciation	-	-	5,705	152,780	158,485
	<u>\$ 4,000,000</u>	<u>\$ 212,412</u>	<u>\$ 83,220</u>	<u>\$ 1,942,352</u>	<u>\$ 6,237,984</u>

	Program Services		Supporting Services		Total Expenses
	The Center	Other Specific Purpose Programs, Including Children of the World	Management, Administrative and General	Fundraising	
<b>2020</b>					
Salaries, wages, and benefits	\$ -	\$ -	\$ 59,173	\$ 853,726	\$ 912,899
Contributions	4,000,000	205,746	-	-	4,205,746
Supplies and other expenses	-	-	19,260	839,199	858,459
Depreciation	-	-	5,791	155,038	160,829
	<u>\$ 4,000,000</u>	<u>\$ 205,746</u>	<u>\$ 84,224</u>	<u>\$ 1,847,963</u>	<u>\$ 6,137,933</u>

**Deborah Hospital Foundation**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

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**12. CONCENTRATION OF CREDIT RISK**

The Foundation maintains a checking account with a local financial institution. The amount in this account exceeds Federal Deposit Insurance Corporation limits. However, management believes that the Foundation is not exposed to significant credit risk due to the financial position of the depository institution in which those deposits are held.

The Foundation 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; however, management believes that the credit risk is minimal.

**13. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Deborah Heart and Lung Center	\$ 1,348,040	\$ 7,197,070
Children of the World	-	614
Subject to passage of time		
Beneficial interest in perpetual trusts	<u>7,201,255</u>	<u>6,633,100</u>
	<u>\$ 8,549,295</u>	<u>\$ 13,830,784</u>

**14. SUBSEQUENT EVENTS**

The Foundation evaluated its December 31, 2021 financial statements for subsequent events through May 26, 2022, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

## **SUPPLEMENTARY INFORMATION**

**Deborah Hospital Foundation**  
**Summary of Revenues by Region**  
**Year Ended December 31, 2021**

	<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	\$ 3,667,128	\$ 3,290,645	\$ 10,838	\$ 130,627	\$ 232,971	\$ 2,047
Tree of Life	67,813	-	6,711	59,367	-	1,735
Total public and chapter support	3,734,941	3,290,645	17,549	189,994	232,971	3,782
Corporate and foundation support	713,428	603,043	-	250	110,135	-
Legacies, bequests and annuities	4,738,051	2,002,542	15,805	-	2,719,704	-
Less: Amounts raised on behalf of others	<u>(10,056,376)</u>	<u>(10,056,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	(869,956)	(4,160,146)	33,354	190,244	3,062,810	3,782
Change in fair value of beneficial interest in perpetual trusts	568,155	568,155	-	-	-	-
Investment return, net	<u>1,107,618</u>	<u>1,107,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 805,817</u>	<u>\$ (2,484,373)</u>	<u>\$ 33,354</u>	<u>\$ 190,244</u>	<u>\$ 3,062,810</u>	<u>\$ 3,782</u>

See Independent Auditor's Report.

**Deborah Hospital Foundation  
Summary of Revenues by Region  
Year Ended December 31, 2020**

	<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	\$ 3,716,891	\$ 3,463,643	\$ 8,048	\$ 35,984	\$ 192,953	\$ 16,263
Tree of Life	57,633	-	4,955	50,728	-	1,950
Total public and chapter support	3,774,524	3,463,643	13,003	86,712	192,953	18,213
Corporate and foundation support	638,925	575,686	-	250	62,989	-
Legacies, bequests and annuities	3,004,455	2,427	27,429	-	2,974,599	-
Less: Amounts raised on behalf of others	(4,441,451)	(4,441,451)	-	-	-	-
Total public support	2,976,453	(399,695)	40,432	86,962	3,230,541	18,213
Change in fair value of beneficial interest in perpetual trusts	300,594	300,594	-	-	-	-
Investment return, net	1,645,498	1,645,498	-	-	-	-
Total revenue	<u>\$ 4,922,545</u>	<u>\$ 1,546,397</u>	<u>\$ 40,432</u>	<u>\$ 86,962</u>	<u>\$ 3,230,541</u>	<u>\$ 18,213</u>

See Independent Auditor's Report.