

Consolidated Financial Statements,
Supplementary Information and Report
of Independent Certified Public
Accountants

Shore Memorial Health System and Affiliates

December 31, 2021 and 2020



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Shore Memorial Health System, Inc.

Opinion

We have audited the consolidated financial statements of Shore Memorial Health System, Inc. and Affiliates, (the System), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2021 and 2020, and the results of its operations 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 the System 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 System'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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

The accompanying consolidating and combining balance sheet as of December 31, 2021 and the related consolidating and combining statement of operations and changes in net assets for the year then ended are presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania
April 26, 2022

Shore Memorial Health System and Affiliates

CONSOLIDATED BALANCE SHEETS

December 31,

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,797,465	\$ 4,097,255
Assets limited as to use	16,288,932	10,225,308
Patient accounts receivable	22,184,291	21,760,184
Supplies	4,134,161	5,059,720
Prepaid expenses and other current assets	8,917,875	4,167,929
Total current assets	60,322,724	45,310,396
Assets limited as to use:		
Internally designated by Board of Trustees	151,913,866	140,086,599
Externally designated by donor	1,071,577	1,076,572
Property and equipment, net	109,422,753	116,484,043
Other assets	6,023,479	4,428,102
Beneficial interest in perpetual trust	2,273,323	2,114,916
Total assets	\$ 331,027,722	\$ 309,500,628
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	\$ 4,035,000	\$ 4,630,000
Accounts payable, accrued expenses, and other current liabilities	32,133,721	24,725,130
Accrued vacation, holiday, and sick pay	5,002,015	5,168,072
Current portion of accrued retirement benefits	1,225,298	1,272,804
Estimated settlements due to third-party payors	19,680,586	16,848,724
Total current liabilities	62,076,620	52,644,730
Estimated settlements due to third-party payors, less current portion	-	16,204,656
Accrued retirement benefits, less current portion	49,808,406	85,392,172
Reserve for insurance claims, less current portion	3,498,624	3,478,725
Other long-term liabilities	6,424,616	6,517,482
Long-term debt, less current portion	35,361,767	39,325,504
Total liabilities	157,170,033	203,563,269
Net assets		
Without donor restrictions	170,002,075	102,369,684
With donor restrictions	3,855,614	3,567,675
Total net assets	173,857,689	105,937,359
Total liabilities and net assets	\$ 331,027,722	\$ 309,500,628

The accompanying notes are an integral part of these consolidated financial statements.

Shore Memorial Health System and Affiliates

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended December 31,

	2021	2020
Net assets without donor restrictions		
Revenues:		
Patient service revenue	\$ 245,977,884	\$ 195,311,079
Other revenue	19,710,105	23,949,912
Total revenues	265,687,989	219,260,991
Expenses:		
Salaries and wages	76,557,483	69,653,794
Physician salaries and fees	29,171,081	24,787,601
Employee benefits	18,976,692	16,491,604
Contracted services	46,648,646	39,725,846
Supplies and other expenses	49,219,894	36,605,621
Interest	444,156	996,313
Depreciation and amortization	10,822,415	11,197,649
Total expenses	231,840,367	199,458,428
Operating income	33,847,622	19,802,563
Nonoperating gains (losses):		
Investment return, net	4,124,345	8,650,034
Other accrued retirement (costs) credit	(175,754)	702,252
Other	(128,153)	(524,851)
Total nonoperating gains, net	3,820,438	8,827,435
Excess of revenues and gains over expenses and losses	37,668,060	28,629,998
Other changes in net assets without donor restrictions:		
Other changes in accrued retirement benefits	29,964,331	(16,400,494)
Increase in net assets without donor restrictions	67,632,391	12,229,504
Net assets with donor restrictions		
Investment return, net	(4,995)	134,339
Other	134,527	90,709
Change in beneficial interest in perpetual trust	158,407	175,851
Increase in net assets with donor restrictions	287,939	400,899
Increase in net assets	67,920,330	12,630,403
Net assets, beginning of year	105,937,359	93,306,956
Net assets, end of year	\$ 173,857,689	\$ 105,937,359

The accompanying notes are an integral part of these consolidated financial statements.

Shore Memorial Health System and Affiliates
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 67,920,330	\$ 12,630,403
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Other changes in accrued retirement benefits	(29,964,331)	16,400,494
Depreciation, amortization and other	10,893,678	11,281,807
Loss on disposal and impairment of property and equipment	69,622	84,652
Change in beneficial interest in perpetual trust	(158,407)	(175,851)
Net realized and unrealized (gains) and losses on investments	(1,811,473)	(8,002,829)
Loan forgiveness - Paycheck protection program	(2,780,000)	-
Changes in assets and liabilities:		
Patient accounts receivable	(424,107)	196,419
Supplies	925,559	(1,893,984)
Prepaid and other assets	(4,757,181)	1,723,535
Accounts payable, accrued expenses, and other liabilities	7,536,687	(5,507,486)
Accrued vacation, holiday, and sick pay	(166,057)	412,135
Estimated settlements due to third-party payors	(172,794)	(102,898)
Accrued retirement benefits	(5,666,941)	(9,823,319)
Reserve for insurance claims	(201,063)	(467,534)
Net cash provided by operating activities	41,243,522	16,755,544
Cash flows from investing activities:		
Net purchases of assets limited as to use	(16,074,423)	(27,514,422)
Cash received on disposal of property and equipment	205,000	19,551
Additions to property and equipment	(5,623,889)	(6,175,714)
Net cash used in investing activities	(21,493,312)	(33,670,585)
Cash flows from financing activities:		
Estimated settlements due to third-party payors - Paycheck protection program		2,780,000
Estimated settlements due to third-party payors - Medicare advances	(10,420,000)	26,430,000
Principal payments on long-term debt	(4,630,000)	(11,554,820)
Net cash (used in) provided by financing activities	(15,050,000)	17,655,180
Increase in cash and cash equivalents	4,700,210	740,139
Cash and cash equivalents, beginning of year	4,097,255	3,357,116
Cash and cash equivalents, end of year	\$ 8,797,465	\$ 4,097,255
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 372,893	\$ 996,315

The accompanying notes are an integral part of these consolidated financial statements.

Shore Memorial Health System and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Shore Memorial Health System and its affiliates (collectively the System): Shore Memorial Hospital d/b/a Shore Medical Center, Shore Health Services Corporation, Brighton Bay LLC, Shore Memorial Physicians Group, P.C., Shore Urgent Care, P.A., Shore Hospitalists Associates, P.A., Shore Specialty Consultants, P.A., Shore Pathology Associates, P.C., Shore Quality Partners LLC, Shore Quality Partners ACO, LLC, and Shore Health Enterprises, Inc.

Shore Memorial Hospital d/b/a Shore Medical Center (the Medical Center) is a 203-bed not-for-profit, acute-care, tax-exempt hospital located in Somers Point, New Jersey. The Medical Center provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, obstetrical, gynecological, pediatric, emergency, and ambulatory care.

Shore Health Services Corporation (Health Services), is a not-for-profit, tax-exempt controlled affiliate of the Medical Center, and maintains certain property for future development.

Brighton Bay LLC (Brighton Bay), a controlled affiliate of the Medical Center, is a for-profit limited liability corporation established to hold title and manage a medical office building.

Shore Memorial Physicians Group, P.C. (the Physicians Group), a controlled affiliate of the Medical Center, is a for-profit professional corporation established for the purpose of developing an employed physician network. The Physicians Group is designed to achieve a more integrated approach to the delivery of medical care for the community served by the Medical Center.

Shore Urgent Care, P.A. (Urgent Care), a controlled affiliate of the Physicians Group, is a for-profit professional corporation established for the purpose of operating urgent care centers in the community served by the Medical Center.

Shore Pathology Associates, P.C. (the Pathology Group), a controlled affiliate of the Medical Center, is a for-profit professional corporation established for the purpose of employing pathologists that work at the Medical Center.

Shore Specialty Consultants, P.A. (the Specialists Group), a controlled affiliate of the Medical Center, is a for-profit professional association established for the purpose of developing an employed specialty physician network to service the medical needs of the community.

Shore Hospitalists Associates, P.A. (the Hospitalists Group), a controlled affiliate of the Medical Center, is a for-profit professional association established for the purpose of developing an employed physician network to service inpatients at the Medical Center.

Shore Quality Partners LLC (Quality Partners), a controlled affiliate of the Medical Center, is a for-profit limited liability corporation established for the purpose of developing an integrated physician network that does not employ physicians.

Shore Quality Partners ACO, LLC (SQP ACO) a controlled affiliate of the Medical Center, is a for-profit limited liability corporation established in order to participate in the Medicare Shared Savings program

Shore Health Enterprises, Inc. (Enterprises) is a for-profit corporation and is a Management Services Organization (MSO) that provides services to the Physicians Group.

Shore Memorial Health System (the Parent), a not-for-profit, tax-exempt corporation, functions as the parent corporation and provides leadership and coordination activities for its affiliates.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingencies at the date of and during the reporting period of the consolidated financial statements. Actual results could differ from those estimates. The most significant management estimates and assumptions are used in recording patient accounts receivable and patient service revenue, settlements with third-party payors, useful lives of property and equipment, actuarial estimates for the postretirement benefit plans, self-insured reserves and the reported fair values of certain assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly-liquid debt instruments with original maturities of three months or less, other than amounts classified as assets limited as to use.

Patient Accounts Receivable

The System recognizes a receivable when there is an unconditional right to payment, subject only to the passage of time. Patient accounts receivable, including billed accounts and unbilled accounts, which have the unconditional right to payment, and estimated amounts due from third-party payors for retroactive adjustments, are recorded as receivables since the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The estimated uncollectible amounts are generally considered implicit price concessions that are recorded as a direct reduction to patient accounts receivable.

Supplies

Supplies are stated at the lower of cost, determined by the average cost method, or market.

Assets Limited as to Use

Assets internally designated by the Board of Trustees are resources over which the Board of Trustees retains control and that have been designated for future acquisition of property and equipment, deferred compensation plans, and other purposes, determined at the discretion of the Board of Trustees.

Assets externally designated by donor are permanent trusts to be held by the System, with the income to be used in accordance with the donor intentions.

Amounts required to meet current liabilities have been classified as current assets in the consolidated balance sheets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Fair values are based on quoted market prices. Investment income and realized and unrealized gains and losses are recorded as nonoperating gains and losses.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at their fair value at the date of donation. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	15-40 years
Building improvements	10-15 years
Fixed equipment	10-20 years
Major movable equipment	3-10 years

Beneficial Interest in Perpetual Trust

Beneficial interest in perpetual trust (Craven Estate) is stated at fair value. The trust is perpetual in nature, and the original corpus cannot be expended. The trust and changes in the System's beneficial interest are reported within net assets with donor restrictions.

Reserve for Insurance Claims

The System maintains a claims-made malpractice insurance coverage through a commercial insurance carrier and participates in a group trust for workers' compensation coverage. Estimated liabilities relating to asserted and unasserted claims are recorded by the System as reserve for insurance claims in the accompanying consolidated balance sheets. The estimate for unreported incidents and losses is actuarially determined based on System-specific and industry-experience data. Receivables for expected insurance recoveries are included in other assets on the accompanying consolidated balance sheets.

Advertising Costs

The System expenses advertising costs as incurred. For the years ended December 31, 2021 and 2020, advertising costs are \$602,045 and \$682,212, respectively, which is included in contracted services on the accompanying consolidated statements of operations and changes in net assets.

Net Assets with Donor Restrictions

Certain net assets are temporarily restricted and whose use by the System has been limited by donors to a specific time period or purpose. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified into net assets without donor restrictions and reported as net assets released from restrictions.

Certain net assets have been permanently restricted by donors to be maintained by the System or outside trustees in perpetuity. As specified by donor, the income earned on these investments is expendable for nursing scholarships and capital acquisitions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions if for operating purposes and as other changes in net assets without donor restrictions if for capital purposes in the consolidated statements of operations and changes in net assets.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Patient Service Revenue

Patient service revenue is reported at the amounts that reflect the consideration to which the System is expected to be entitled to in exchange for providing patient care for both the Medical Center and any employed physicians. These amounts are due from patients, third-party payors (including managed care organizations and government programs, i.e., Medicare and Medicaid) and others and they include variable consideration for retroactive adjustments due to settlement of future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Generally, patients and third-party payors are billed several days after the services are performed or shortly after discharge. Patient service revenue is recognized in the period in which the performance obligations are satisfied under contracts by transferring services to patients.

Performance obligations are determined based on the nature of the services provided. The System recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The System believes that this method provides an appropriate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. Generally, performance obligations are satisfied over time related to patients receiving inpatient acute care services. The System measures performance obligations from admission to the point when there are no further services required for the patient, which is generally the time of discharge. The System recognizes revenues for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when: (1) services are provided; and (2) when it is believed the patient does not require additional services.

The System has agreements with third-party payors that provide for payments to the System at amounts different from established charges. Inpatient acute care services for Medicare and Medicaid beneficiaries and outpatient services for Medicare beneficiaries are paid primarily at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors.

Certain outpatient services for Medicaid beneficiaries are paid based on a cost-reimbursement methodology, subject to certain limitations. The System is reimbursed for cost reimbursable and other items at a tentative rate, with final settlement determined after submission of annual cost reports by the System and audits thereof, by the programs' fiscal intermediary. Provisions for estimated adjustments resulting from audit and final settlements have been recorded. Differences between the estimated adjustments and the amounts settled are recorded in the year of settlement. The System's cost reports have not been settled by the fiscal intermediaries for the years ended December 31, 2018 through December 31, 2021.

In the opinion of management, adequate provision has been made in the accompanying consolidated financial statements for any adjustments that may result from the final settlement of the System's cost reports. For the years ended December 31, 2021 and 2020, patient service revenue includes revenue of approximately \$1,307,000 and \$557,000, respectively, related to final settlements of prior year cost reports.

Revenues from the Medicare and Medicaid programs accounted for approximately 36% and 12% and 37% and 7% of the System's patient service revenue for the years ended December 31, 2021 and 2020, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material adverse effect on the accompanying consolidated financial statements. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretations as well as

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. These agreements have retrospective audit clauses allowing the payor to review and adjust claims subsequent to initial payment.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of the contractual rates for the services rendered. For uninsured patients that do not qualify for the State Charity Care Assistance program, the System recognizes revenue on the basis of discounted rates under the Uninsured Self Pay Patient Discount Policy. Under this policy, uninsured patients that are ineligible for any government assistance program are billed at reduced charges comparable to the cost of providing care based upon the System-specific Medicare cost to charge ratio. The impact of this Uninsured Self Pay Discount Policy on the consolidated financial statements is lower patient service revenue, as the discount is considered a pricing constraint.

Patient service revenue for years ended December 31, 2021 and 2020, is 96% and 95%, respectively, from third-party payors and is 4% and 5%, respectively, from self-pay based on primary insurance designation.

Deductibles and copayments under third-party payment programs within the third-party payor amounts above are the patients' responsibility, and the System considers these amounts in its determination of the implicit price concessions based on collection experience.

Excess of Revenues and Gains Over Expenses and Losses

The accompanying consolidated statements of operations and changes in net assets include the excess of revenues and gains over expenses and losses as the performance indicator. Changes in unrestricted net assets, which are excluded from the excess of revenues and gains over expenses and losses, include other changes in accrued retirement benefit liabilities.

Income Taxes

The Parent, the Medical Center and the Health Services are not-for-profit corporations and have been recognized as tax-exempt for federal income tax purposes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Parent, the Medical Center and the Health Services are also exempt from state income taxes. Brighton Bay, the Physicians Group, Urgent Care, the Pathology Group, the Specialists Group, the Hospitalists Group, Quality Partners, SQP ACO, and Enterprises are taxable entities. The System 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 System does not believe its consolidated financial statements include any uncertain tax positions.

Reclassifications

Certain reclassifications were made to the 2020 consolidated financial statements to conform to the 2021 presentation. The reclassifications had no effect on the excess of revenues over expenses, or the increase in total net assets as previously reported.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Pending Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. ASU 2016-02 as amended is effective for fiscal years beginning after December 15, 2021. An entity is required to apply the amendments in ASU 2016-02 under the modified retrospective transition approach. This approach includes a number of optional practice expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize, on the balance sheet, leased assets and liabilities for operating leases at each reporting date.

Reference Rate Reform

In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform*, in response to concerns about the structural risks of interbank offered rates, and particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR). This guidance adds implementation guidance to clarify that the contract modification relief may be applied to certain derivative instruments that are affected by the discounting transition. This guidance will be required to be adopted when LIBOR is discontinued.

The System is evaluating the impact of ASU 2016-02 and 2021-01 and the potential impact of adoption.

NOTE C - IMPACT OF THE COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a pandemic, which started to and continues to spread throughout the United States of America. As a result of the COVID-19 pandemic, the System experienced a decline in patient visits, admissions, and medical procedures performed. Elective medical procedures were suspended by state and local governments at varying time periods beginning in mid-March through late May 2020, contributing to a significant decline in patient service revenue due to COVID-19 when compared to historic and forecasted results for that period. Additionally, in response to the pandemic, the System incurred additional costs for testing, personal protective equipment, third-party contract services and other operating costs associated with ensuring employee and patient safety while operating during a pandemic. Since late May 2020, the System has begun to see increases in its patient visits, admissions, and medical procedures; however, volumes have not returned to pre-pandemic levels. Management is actively monitoring operating revenues, and expenses and based on the continuing uncertainties of COVID-19 and is unable to determine if it will have a material impact on its operations for the year ending December 31, 2022.

The System received grant payments, which are considered nonexchange transactions, from the federal government distributed under the Coronavirus Aid, Recovery and Economic Security (CARES) Act. For the years ended December 31, 2021 and 2020, the System received total payments of \$750,000 and \$14,615,000, respectively. During the year ended December 31, 2021, the System also received grant payments totaling \$2,450,000 from the Federal Emergency Management Agency (FEMA). The System believes it has met the conditions to retain these payments and has included them as a component of other revenue in the consolidated statements of operations and changes in net assets. The CARES Act and FEMA payments are subject to audit and compliance with federal regulations and future grant payments are uncertain at this time.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The CARES Act also provided for an expansion of the Medicare Accelerated and Advance Payment Program (Medicare Advances) for patient services. Under the program, the System received \$26,430,000 in April 2020, and recorded these payments in estimated settlements due to third-party payors in the consolidated balance sheet at December 31, 2020. The recoupment period began in April 2021 as amounts billed to Medicare for services provided are offset against the advance payments received until the advance is fully recouped by the Medicare program. During the year ended December 31, 2021, Medicare recouped \$10,420,000, which resulted in \$16,010,000 included in estimated settlements due to third-party payors in the consolidated balance sheet at December 31, 2021. The System will have until September 2022, to offset future claims against the advance. If the advance has not been entirely offset by claims at the end of this period, the System will be required to repay the remaining amount.

In 2020, the System obtained a \$2,780,000 loan with an interest rate of 1%, through a bank for the Small Business Administration Paycheck Protection Program. This loan was designed to provide a direct incentive for small businesses to keep their workers on payroll and could be used to pay for mortgage interest, rent, utilities, worker protection costs related to the effect of the COVID-19 pandemic. During 2021, the System received notice that the loan was forgiven and recorded its forgiveness in other revenue in the consolidated statement of operations for the year ended December 31, 2021.

NOTE D - LIQUIDITY AND AVAILABILITY

As of December 31, 2021 and 2020, the adjusted working capital was \$150,159,970 and \$116,547,573, respectively, and the adjusted average days of cash on hand was 265 and 249 days, respectively, both of which include the internally designated assets limited as to use, excluding the Medicare Advances (Note C) of \$16,288,932 and \$26,430,000, respectively, as these amounts need to be offset by future Medicare reimbursements.

Financial assets available for general expenditure within one year of the consolidated balance sheet date consist of the following:

	December 31,	
	2021	2020
Cash	\$ 8,797,465	\$ 4,097,255
Patient accounts receivable	22,184,291	21,760,184
Assets limited as to use, internally designated by Board of Trustees	151,913,866	123,881,907
	182,895,622	149,739,346
Available line of credit	22,000,000	17,000,000
	\$ 204,895,622	\$ 166,739,346

Assets limited as to use excludes Medicare Advances (Note C).

Excess cash is invested in accordance with the Board of Trustees' investment policy and there are no investments with purchase commitments at December 31, 2021.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE E - UNCOMPENSATED CARE

The System provides charity care to patients who meet certain financial criteria established by the State of New Jersey. The cost of services provided and supplies furnished under its charity care policy is estimated using internal data and is calculated based on the System's cost to charge ratio. The total direct and indirect amount of charity care provided, determined on the basis of cost, was approximately \$1,312,000 and \$1,285,000 for the years ended December 31, 2021 and 2020, respectively.

The System's patient acceptance policy is based on its mission statement and is charitable purposes. Accordingly, the System accepts all patients regardless of their ability to pay. This policy results in the assumption of higher-than-normal patient accounts receivable credit risks. To the extent the System realizes additional losses resulting from such higher credit risk or patients who are not identified or do not meet the previously described charity definition, such additional losses are considered implicit price concessions.

Additionally, the System sponsors certain other charitable programs, which provide substantial benefit to the broader community. Such programs include services to needy and elderly populations that require special support, as well as health promotion and education for the general community welfare.

The New Jersey Health Care Reform Act of 1992, Chapter 160, established the Health Care Subsidy Fund to provide a mechanism and funding source to compensate certain hospitals for charity care. For the years ended December 31, 2021 and 2020, the System recognized \$159,903 and \$114,409, respectively, as subsidies for charity care, which is included in patient service revenue. The Health Care Subsidy Fund amounts are subject to change from year to year based on available state budget amounts and allocation methodologies.

NOTE F - ASSETS LIMITED AS TO USE

The composition of assets limited as to use is set forth in the following table. Investments are stated at fair value.

	December 31,	
	2021	2020
Internally designated by Board of Trustees:		
Cash and cash equivalents	\$ 94,647,977	\$ 80,699,362
Certificates of deposit	16,572,181	16,585,089
Equity mutual funds	55,435,167	51,074,483
Fixed income mutual funds	717,329	748,252
U.S. equity securities	656,602	1,036,233
Insurance contracts	173,542	168,488
	168,202,798	150,311,907
Less current portion	(16,288,932)	(10,225,308)
	\$ 151,913,866	\$ 140,086,599
Externally designated by donor:		
Cash and cash equivalents	\$ 3,233	\$ 3,227
Certificates of deposit	57,165	57,165
Equity mutual funds	1,011,179	1,016,180
	\$ 1,071,577	\$ 1,076,572

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Investment income, gains and losses for assets limited as to use are comprised of the following:

	Year ended December 31,	
	2021	2020
Nonoperating investment return, net:		
Interest and dividend income	\$ 2,312,872	\$ 647,205
Net realized gains on sales of investments	589,683	1,936,243
Change in unrealized gains and losses on investments	1,221,790	6,066,586
	<u>\$ 4,124,345</u>	<u>\$ 8,650,034</u>

NOTE G - FAIR VALUE MEASUREMENTS

Fair value is defined 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. A valuation framework has been outlined that creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures.

The System uses the fair value hierarchy as its valuation methodology and it is broken down into three levels based on the source of inputs as follows:

Level 1 - Valuations are based on unadjusted quoted market prices for identical assets.

Level 2 - Valuations are based on observable inputs and quoted market prices for similarly structured assets and liabilities.

Level 3 - Valuations are based on unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

A financial instrument categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

In determining fair value, the System uses quoted prices and observable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. The fair values of perpetual trusts were determined based on the System's beneficial interest in the investments held in the trust which are measured at fair value. Fair value for pooled separate accounts and collective fund trusts within the defined benefit plan assets (Note J) is based upon the net asset value (NAV) per share of the investment.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The following fair value hierarchy tables present information about each major category of the System's financial assets, excluding assets invested in the System's defined benefit plan (see Note J), measured at fair value on a recurring basis as of:

<u>December 31, 2021</u>	Fair Value Measurements at Reporting Date Using			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Cash and cash equivalents	\$ 103,448,675	\$ 103,448,675	\$ -	\$ -
Certificates of deposit	16,629,346	16,629,346	-	-
Equity mutual funds	56,446,346	56,446,346	-	-
Fixed income mutual funds	717,329	717,329	-	-
U.S. equity securities	656,602	656,602	-	-
Insurance contracts	173,542	-	173,542	-
Beneficial interest in perpetual trust	2,273,323	-	-	2,273,323
	<u>\$ 180,345,163</u>	<u>\$ 177,898,298</u>	<u>\$ 173,542</u>	<u>\$ 2,273,323</u>

<u>December 31, 2020</u>	Fair Value Measurements at Reporting Date Using			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Cash and cash equivalents	\$ 84,799,844	\$ 84,799,844	\$ -	\$ -
Certificates of deposit	16,642,254	16,642,254	-	-
Equity mutual funds	52,090,663	52,090,663	-	-
Fixed income mutual funds	748,252	748,252	-	-
U.S. equity securities	1,036,233	1,036,233	-	-
Insurance contracts	168,488	-	168,488	-
Beneficial interest in perpetual trust	2,114,916	-	-	2,114,916
	<u>\$ 157,600,650</u>	<u>\$ 155,317,246</u>	<u>\$ 168,488</u>	<u>\$ 2,114,916</u>

The following table sets forth the change in the fair value of the beneficial interest in perpetual trust measured using unobservable inputs (Level 3):

At December 31, 2019	\$ 1,939,065
Net unrealized gain	<u>175,851</u>
At December 31, 2020	2,114,916
Net unrealized gain	<u>158,407</u>
At December 31, 2021	<u>\$ 2,273,323</u>

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE H - PROPERTY AND EQUIPMENT

	December 31,	
	2021	2020
Land	\$ 6,686,840	\$ 7,940,231
Land improvements	1,393,096	1,399,571
Buildings and improvements	214,837,876	214,791,126
Fixed equipment	29,741,028	29,412,305
Major movable equipment	133,503,431	129,772,834
	386,162,272	383,316,067
Less accumulated depreciation and amortization	(278,382,385)	(267,706,595)
	107,779,887	115,609,472
Construction in progress	1,642,866	874,571
	\$ 109,422,753	\$ 116,484,043

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was \$10,822,415 and \$11,197,645, respectively. Included in depreciation and amortization expense are amounts related to assets under capital leases of \$1,306,373 for the year ended December 31, 2020.

Other assets in the consolidated balance sheets include \$2,831,795 and \$1,243,653 of commercial property held for sale on December 31, 2021 and 2020, respectively.

NOTE I - LONG-TERM DEBT

	December 31,	
	2021	2020
New Jersey Health Care Facilities Financing Authority		
Revenue Bonds - Series 2019	\$ 39,880,000	\$ 44,510,000
Less current portion of long-term debt	(4,035,000)	(4,630,000)
Less deferred financing costs, net	(483,233)	(554,496)
	\$ 35,361,767	\$ 39,325,504

Pursuant to the Master Trust Indenture (MTI), the Medical Center is the sole member of an Obligated Group.

In December 2019, the Medical Center issued \$49,075,000 of tax-exempt revenue bonds (2019 Bonds) through the New Jersey Health Care Facilities Financing Authority as a bank qualified private placement issue with a financial institution. The proceeds of the 2019 Bonds were used to: (i) refinance the Series 2009, 2010, 2011, and 2013 Bonds; and (ii) pay certain costs incidental to the issuance of the 2019 Bonds. The 2019 Bonds bear interest at 0.79% of the 30-day LIBOR rate plus 83 basis points, due monthly. The interest rate was 0.96% and 2.21% at December 31, 2021 and 2020, respectively. Monthly principal payments range from \$105,000 to \$1,100,000 through 2039. The 2019 Bonds are callable by the financial institution in 2029.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The 2019 Bonds are secured by the mortgaged properties and all revenues of the Obligated Group, as well as certain deposits with a trustee. The MTI also places limits on the occurrence of additional borrowings and requires the Obligated Group to satisfy certain measures of financial performance as long as the Bonds are outstanding. At December 31, 2021 and 2020, the Obligated Group has complied with the financial covenants related to the 2019 Bonds.

The System uses quoted market prices and other valuation considerations in estimating the fair value for the 2019 Bonds carrying amounts approximate fair value and is classified in Level 2 of the fair value hierarchy.

At December 31, 2021, principal payments on long-term debt during the next five years and thereafter are as follows:

2022	\$ 4,035,000
2023	3,415,000
2024	1,415,000
2025	1,470,000
2026	1,525,000
Thereafter	28,020,000
	<hr/>
	\$ 39,880,000

Line of Credit

The Medical Center has a revolving line of credit for \$20,000,000 and \$15,000,000 at December 31, 2021 and 2020, respectively, with an interest rate of LIBOR plus 1.25% (1.35% and 3.0% at December 31, 2021 and 2020, respectively) that expires on March 31, 2023. At December 31, 2021 and 2020, no amounts were outstanding.

The Medical Center has an additional revolving line of credit for \$2,000,000 at December 31, 2021 and 2020, with an interest rate fixed by the bank at the time plus 1.75%, adjusted based upon the type of assets borrowed under sub-notes, as defined, that expires on January 31, 2023. At December 31, 2021 and 2020, no amounts were outstanding or sub-notes executed.

NOTE J - PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The System, through the Medical Center, has a noncontributory defined benefit pension plan covering employees who meet prescribed eligibility requirements and also sponsors a supplemental executive retirement plan. In addition, the Medical Center sponsors a defined benefit health care plan (the Plan) that provides postretirement medical benefits to full-time employees who have worked 15 years and attain age 62 while employed with the Medical Center (collectively, the Plans). Employees hired after January 1, 1995 are not eligible for the postretirement medical benefits.

The Plan contains cost-sharing features such as deductibles, coinsurance, and retiree contributions. The accounting for the Plan anticipates future cost-sharing changes to the Plan that are consistent with the Medical Center's expressed intent to increase the retiree contribution rate annually for the expected general inflation rate for that year. The Medical Center's policy is to fund the cost of medical benefits on a pay-as-you-go basis.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The mortality table used for projecting the benefit obligations for both years is the Pri-2012, modified with the annual updates for projected improvements to the MP-2020 and RP-2014 Generational Mortality Tables for December 31, 2021 and 2020, respectively.

Included in accrued retirement benefits are amounts related to the defined benefit pension plan, the other postretirement benefit plan, the supplemental executive retirement plan, and a deferred compensation plan.

The following table presents a reconciliation of the beginning and ending balances of the projected obligations, the fair value of plan assets, and the funded status of the Plans:

	Pension Benefits		Other Benefits	
	December 31,			
	2021	2020	2021	2020
Accumulated benefit obligation	\$ 217,515,572	\$ 232,166,586	N/A	N/A
Change in benefit obligations				
Benefit obligation at beginning of year:	\$ 232,542,029	\$ 217,827,009	\$ 22,696,101	\$ 21,310,975
Service cost	977,046	852,855	544,085	522,163
Interest cost	5,010,078	6,439,041	432,511	575,242
Actuarial (gain) loss	(10,440,414)	22,419,608	(2,809,113)	1,374,604
Contributions by participants	-	-	610,507	570,749
Benefits paid	(9,884,544)	(14,996,484)	(1,651,471)	(1,657,632)
Benefit obligation at end of year	\$ 218,204,195	\$ 232,542,029	\$ 19,822,620	\$ 22,696,101

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

	Pension Benefits		Other Benefits	
	December 31,			
	2021	2020	2021	2020
Changes in plan assets				
Fair value of plan assets at beginning of year:	\$ 169,693,537	\$ 160,013,768	\$ -	\$ -
Actual return on plan assets	21,981,639	15,110,253	-	-
Contributions by participants	-	-	610,507	570,749
Contributions by the Medical Center	6,000,000	9,566,000	1,040,964	1,086,883
Benefits paid	(9,884,544)	(14,996,484)	(1,651,471)	(1,657,632)
Fair value of plan assets at end of year	187,790,632	169,693,537	-	-
	\$ (30,413,563)	\$ (62,848,492)	\$ (19,822,620)	\$ (22,696,101)
Amount recognized in consolidated balance sheets consist of:				
Current liability	\$ -	\$ -	\$ (1,225,298)	\$ (1,272,804)
Noncurrent liability	(30,413,563)	(62,848,492)	(18,597,322)	(21,423,297)
Amount recognized end of year	\$ (30,413,563)	\$ (62,848,492)	\$ (19,822,620)	\$ (22,696,101)
Amounts recognized in other changes in net assets without donor restrictions consist of:				
Net actuarial loss	\$ 59,591,421	\$ 89,267,819	\$ 1,437,427	\$ 4,339,455
Prior service (credit) cost	(7,956,963)	(10,589,999)	-	18,941
	\$ 51,634,458	\$ 78,677,820	\$ 1,437,427	\$ 4,358,396

The actuarial loss and prior service (credit) cost included in other changes in net assets without donor restriction at December 31, 2021 and expected to be recognized in net periodic pension cost (credit) during the year ending December 31, 2022 are as follows:

	Pension Benefits	Other Benefits
Unrecognized actuarial loss	\$ 7,485,000	\$ 677,652
Unrecognized prior service (credit) cost	(2,649,000)	18,941

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The following table sets forth the components of net periodic benefit cost (credit) for both the defined benefit plan and other postretirement benefit plan:

	Pension Benefits		Other Benefits	
	Year ended December 31,			
	2021	2020	2021	2020
Components of net periodic benefit cost recognized in employee benefits:				
Service cost	\$ 977,046	\$ 852,855	\$ 544,085	\$ 522,163
Components of net periodic benefit cost recognized in nonoperating gains and losses:				
Interest cost	5,010,078	6,439,041	432,511	575,242
Expected return on assets	(10,082,040)	(11,285,013)		
Amortization of:				
Unrecognized net loss	7,352,450	5,998,559	586,322	161,820
Unrecognized prior service (credit) cost	(2,649,101)	(2,647,428)	(474,466)	55,527
	<u>(368,613)</u>	<u>(1,494,841)</u>	<u>544,367</u>	<u>792,589</u>
Net periodic benefit cost (credit)	608,433	(641,986)	1,088,452	1,314,752
Other changes in accrued retirement benefits recorded in net assets without donor restrictions consist of:				
Current-year actuarial (gain) loss	(29,692,463)	12,595,809	(2,303,455)	1,212,784
Amortization of prior-service credit (cost)	2,649,101	2,647,428	(617,514)	(55,527)
Total recorded in net assets without donor restrictions	<u>(27,043,362)</u>	<u>15,243,237</u>	<u>(2,920,969)</u>	<u>1,157,257</u>
Total recognized as net benefit cost (credit) and recorded in net assets without donor restrictions	<u>\$ (26,434,929)</u>	<u>\$ 14,601,251</u>	<u>\$ (1,832,517)</u>	<u>\$ 2,472,009</u>

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Weighted-average assumptions used to determine benefit obligations were:

	Pension Benefits		Other Benefits	
	Year ended December 31,			
	2021	2020	2021	2020
Discount rate	2.58%	2.19%	2.44%	2.01%
Rate of compensation increase	0.75%	0.75%	0.75%	0.75%
Measurement date	December 31	December 31	December 31	December 31

Weighted-average assumptions used to determine net periodic benefit cost were:

	Pension Benefits		Other Benefits	
	Year ended December 31,			
	2021	2020	2021	2020
Discount rate	2.19%	3.01%	2.01%	2.87%
Expected long-term return on plan assets	6.00%	7.10%	N/A	N/A
Rate of compensation increase	0.75%	0.75%	0.75%	0.75%

To develop the expected long-term rate of return on assets assumption, the Medical Center considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

Health care rate trends are 6.50% for 2021 and reflect plan provisions limiting costs to the January 1, 2021 costs.

Plan Assets

The defined benefit plan's weighted-average asset allocations by asset category are as follows:

Asset Category	Target Allocation	December 31,	
		2021	2020
Equity securities	30% - 70%	58%	53%
Fixed income	30% - 60%	40	39
Real estate	0% - 15%	2	8
		100%	100%

The investment policy and strategy for the defined benefit plan assets have established guidelines for an asset mix that provides diversification to absorb risk while not sacrificing investment returns. The guidelines are developed as ranges for each asset class.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Cash Flows

Contributions

Based on the funded status of the defined benefit plan as of December 31, 2021, the Medical Center expects to contribute \$6,951,000 for the year ending December 31, 2022. This will be evaluated on a quarterly basis and is subject to change.

The Medical Center expects to contribute \$1,225,298 to the other benefits for the year ending December 31, 2022.

Estimated Future Benefit Payments

The following benefit payments which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Other Benefits
2022	\$ 10,502,965	\$ 1,225,298
2023	11,059,606	1,241,218
2024	11,547,827	1,657,983
2025	11,824,255	1,633,316
2026	11,967,590	1,601,457
2027-2031	60,795,091	7,414,372

The following tables set forth the plan assets in the defined benefit pension plan measured at fair value and those plan assets at NAV, which is used as a practical expedient to estimate fair value by input level as defined in Note G, excluding plan assets at NAV, at December 31, 2021 and 2020:

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,726,709	\$ 2,726,709	\$ -	\$ -
Certificates of deposit	5,719,811	5,719,811	-	-
Insurance contracts	9,098,742	-	9,098,742	-
	17,545,262	\$ 8,446,520	\$ 9,098,742	\$ -
Pooled separate accounts and collective fund trusts (at NAV):				
U.S. equity securities	86,904,441			
International equity securities	21,488,211			
Corporate debt obligations	58,609,460			
Real estate	3,243,258			
	\$ 187,790,632			

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,046,758	\$ 2,046,758	\$ -	\$ -
Certificates of deposit	5,723,955	5,723,955	-	-
Insurance contracts	8,812,187	-	8,812,187	-
	16,582,900	<u>\$ 7,770,713</u>	<u>\$ 8,812,187</u>	<u>\$ -</u>
Pooled separate accounts and collective fund trusts (at NAV):				
U.S. equity securities	71,843,603			
International equity securities	18,233,855			
Corporate debt obligations	49,548,856			
Real estate	13,484,323			
				<u>\$ 169,693,537</u>

Defined Contribution

The System also offers a 401(k) defined contribution savings plan to all full-time and part-time employees. The System matches participant contributions for active participants as of December 31 who have completed at least 1,000 hours of service during the calendar year. The match is 50% of the first 6% of compensation for non-union employees and union employees hired prior to October 2020. In addition to the match, the System makes a discretionary Non-Elective Contribution (NEC) of 2.5% of compensation to all eligible employees, as defined (non-union employees had to be hired prior to January 1, 2007 and union employees had to be hired prior to October 5, 2020) annually. Effective October 2020, the ratified union contract increased, for new union hires only, the match to 50% of the first 8% of compensation. Also, these new union employees will no longer participate in the NEC. The System's expense for this plan for the years ended December 31, 2021 and 2020 was \$1,330,191 and \$1,184,223, respectively.

Also included in the balance of accrued retirement benefits is deferred compensation of \$797,521 and \$1,120,383 at December 31, 2021 and 2020, respectively.

NOTE K - CONTINGENCIES

Litigation

The System is a defendant in civil actions for alleged medical malpractice and general liability. These actions are being defended by the System's medical malpractice insurance carrier. In the opinion of management, the System's potential liability in these actions is within the limits of its medical malpractice liability and comprehensive general liability insurance.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Lease and Other Agreements

The System acts as lessor for certain office space under operating lease agreements with initial lease terms expiring at various dates through 2027. In addition, the leases generally contain renewal options that give the lessees the right to extend the leases for varying additional periods. The System has received lease prepayments related to two leases that are recorded as deferred revenue for \$2,306,359 and \$2,745,140 as of December 31, 2021 and 2020, respectively, and are included in other current and long-term liabilities in the consolidated balance sheets. Revenue will be recognized over the lease term. Rental revenue under operating leases where the System acts as lessor for the years ended December 31, 2021 and 2020 was \$630,953 and \$613,762, respectively, and is recorded as other revenue in the consolidated statements of operations and changes in net assets.

The five-year future minimum rental income and amortization of the rental prepayment are as follows for the years ended December 31:

	<u>Prepaid Leases</u>	<u>Other Leases</u>	<u>Total</u>
2022	\$ 438,781	\$ 188,651	\$ 627,432
2023	438,781	103,664	542,445
2024	438,781	87,659	526,440
2025	438,781	-	438,781
2026	330,004	-	330,004

During 2015, the System entered into an agreement with an area health system. The agreement provides the other health system with the right of first refusal for future affiliations or mergers of the System for seven years through August 2022. In exchange, the System received \$5,000,000. The payment is recorded as deferred revenue and is included in other long-term liabilities in the consolidated balance sheets.

NOTE L - FUNCTIONAL EXPENSES

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended December 31:

<u>2021</u>	<u>Healthcare Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 61,154,117	\$ 15,403,366	\$ 76,557,483
Physician salaries and fees	23,301,860	5,869,221	29,171,081
Employee benefits	15,158,582	3,818,110	18,976,692
Contracted services	37,262,938	9,385,708	46,648,646
Supplies and other expenses	39,316,851	9,903,043	49,219,894
Interest	354,792	89,364	444,156
Depreciation and amortization	8,644,945	2,177,470	10,822,415
	<u>\$ 185,194,084</u>	<u>\$ 46,646,283</u>	<u>\$ 231,840,367</u>

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

2020	Healthcare Services	General and Administrative	Total
Salaries and wages	\$ 56,154,889	\$ 13,498,905	\$ 69,653,794
Physician salaries and fees	19,980,945	4,806,656	24,787,601
Employee benefits	13,295,531	3,196,073	16,491,604
Contracted services	32,026,977	7,698,869	39,725,846
Supplies and other expenses	29,511,450	7,094,171	36,605,621
Interest	735,380	176,775	912,155
Depreciation and amortization	9,095,391	2,186,416	11,281,807
	<u>\$ 160,800,563</u>	<u>\$ 38,657,865</u>	<u>\$ 199,458,428</u>

The consolidated financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest, and other occupancy costs, are allocated to a function based on a square footage basis.

NOTE M - CONCENTRATIONS OF CREDIT RISK

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors was as follows:

	December 31,	
	2021	2020
Medicare and Medicaid	55%	47%
Commercial and managed care	14	15
Blue Cross	19	29
Other third-party payors	8	7
Self pay	4	2
	<u>100%</u>	<u>100%</u>

In addition, the System invests its cash and cash equivalents primarily with banks and financial institutions. These deposits may be in excess of federally insured limits. Management believes that the credit risk related to these deposits is minimal.

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE N - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	December 31,	
	2021	2020
Subject to expenditure for specific purpose:		
Purchase of property and equipment	\$ 510,714	\$ 376,187
Investment in perpetuity whose income is expendable to support:		
Scholarships and other	3,344,900	3,191,488
	\$ 3,855,614	\$ 3,567,675

The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in New Jersey as they relate to its endowments. Prior to the enactment of UPMIFA, the System followed the requirements of the Uniform Management of Institutional Funds Act. The System's endowments consist of two individual funds established for the above-mentioned purposes and consist solely of donor-restricted endowment funds. As required by the U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The System has interpreted UPMIFA, which did not have a significant effect on the endowment policies prior to the enactment, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the System classifies as permanently restricted net assets: (1) the original value of gifts donated to the permanent endowment; (2) the original value of subsequent gifts to the permanent endowment; and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the System and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the System
- The investment policies of the System

Shore Memorial Health System and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The System has adopted investment policies for its endowment assets that are consistent with the policies and objectives of their overall investments. The assets are invested in a manner that is intended to produce a positive rate of return while assuming a low level of risk.

The following table sets forth the changes to assets as they relate to the System's endowments for the years ended December 31, 2021 and 2020:

Endowment net assets, December 31, 2019	\$ 942,234
Investment return, net	(7,880)
Change in unrealized gains and losses	<u>142,218</u>
Endowment net assets, December 31, 2020	1,076,572
Investment return, net	(179,183)
Change in unrealized gains and losses	<u>174,188</u>
Endowment net assets, December 31, 2021	<u>\$ 1,071,577</u>

NOTE O - SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

Shore Memorial Health System and Affiliates

CONSOLIDATING BALANCE SHEET

December 31, 2021

	Shore Medical Center	Shore Health Services Corporation	Brighton Bay	Shore Memorial Physician Services Combined	Shore Memorial Health System	Total before Eliminations	Eliminating Entries	Total
ASSETS								
Current assets								
Cash and cash equivalents	\$ 2,859,605	\$ -	\$ -	\$ 5,937,860	\$ -	\$ 8,797,465	\$ -	\$ 8,797,465
Assets limited as to use	15,628,550	-	-	660,382	-	16,288,932	-	16,288,932
Patient accounts receivable	19,793,222	-	-	2,391,069	-	22,184,291	-	22,184,291
Supplies	4,134,161	-	-	-	-	4,134,161	-	4,134,161
Prepaid expenses and other current assets	7,489,310	-	156,731	1,252,880	18,954	8,917,875	-	8,917,875
Total current assets	49,904,848	-	156,731	10,242,191	18,954	60,322,724	-	60,322,724
Assets limited as to use:								
Internally designated by Board of Trustees	151,913,866	-	-	-	-	151,913,866	-	151,913,866
Externally designated by donor	1,071,577	-	-	-	-	1,071,577	-	1,071,577
Investment in affiliates	(6,497,958)	-	-	-	(2,173,828)	(8,671,786)	8,671,786	-
Due from affiliates	18,961,047	-	-	-	-	18,961,047	(18,961,047)	-
Property and equipment, net	102,394,865	1,200,000	3,962,775	1,731,113	134,000	109,422,753	-	109,422,753
Other assets	3,834,879	-	153,495	2,035,105	-	6,023,479	-	6,023,479
Beneficial interest in perpetual trust	2,273,323	-	-	-	-	2,273,323	-	2,273,323
Total assets	<u>\$ 323,856,447</u>	<u>\$ 1,200,000</u>	<u>\$ 4,273,001</u>	<u>\$ 14,008,409</u>	<u>\$ (2,020,874)</u>	<u>\$ 341,316,983</u>	<u>\$ (10,289,261)</u>	<u>\$ 331,027,722</u>
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion of long-term debt	\$ 4,035,000	\$ -	\$ -	\$ -	\$ -	\$ 4,035,000	\$ -	\$ 4,035,000
Accounts payable, accrued expenses, and other current liabilities	23,563,707	6,400	51,255	7,996,569	515,790	32,133,721	-	32,133,721
Accrued vacation, holiday, and sick pay	5,002,015	-	-	-	-	5,002,015	-	5,002,015
Current portion of accrued retirement benefits	1,225,298	-	-	-	-	1,225,298	-	1,225,298
Estimated settlements due to third-party payors	19,020,203	-	-	660,383	-	19,680,586	-	19,680,586
Due to affiliates	-	1,795,029	1,373,991	14,553,123	1,238,904	18,961,047	(18,961,047)	-
Total current liabilities	52,846,223	1,801,429	1,425,246	23,210,075	1,754,694	81,037,667	(18,961,047)	62,076,620
Accrued retirement benefits, less current portion	49,808,406	-	-	-	-	49,808,406	-	49,808,406
Reserve for insurance claims, less current portion	3,498,624	-	-	-	-	3,498,624	-	3,498,624
Other long-term liabilities	4,118,257	-	2,306,359	-	-	6,424,616	-	6,424,616
Long-term debt, less current portion	35,361,767	-	-	-	-	35,361,767	-	35,361,767
Total liabilities	145,633,277	1,801,429	3,731,605	23,210,075	1,754,694	176,131,080	(18,961,047)	157,170,033
Shareholder's equity (deficit)								
Common stock	-	-	-	500	-	500	(500)	-
Additional paid-in capital	-	-	624,479	108,686,734	-	109,311,213	(109,311,213)	-
Retained (deficit) earnings	-	(601,429)	(83,083)	(117,888,900)	-	(118,573,412)	118,573,412	-
Total shareholder's equity (deficit)	-	(601,429)	541,396	(9,201,666)	-	(9,261,699)	9,261,699	-
Net assets								
Without donor restrictions	174,367,556	-	-	-	(3,775,568)	170,591,988	(589,913)	170,002,075
With donor restrictions	3,855,614	-	-	-	-	3,855,614	-	3,855,614
Total net assets	178,223,170	-	-	-	(3,775,568)	174,447,602	(589,913)	173,857,689
Total liabilities and net assets	<u>\$ 323,856,447</u>	<u>\$ 1,200,000</u>	<u>\$ 4,273,001</u>	<u>\$ 14,008,409</u>	<u>\$ (2,020,874)</u>	<u>\$ 341,316,983</u>	<u>\$ (10,289,261)</u>	<u>\$ 331,027,722</u>

Shore Memorial Physician Services

COMBINING BALANCE SHEET

December 31, 2021

	Shore Memorial Physicians Group	Shore Urgent Care	Shore Pathology Associates	Shore Specialty Consultants	Shore Hospitalists Associates	Shore Quality Partners	Shore Quality Partners ACO	Shore Health Enterprises	Shore Memorial Physician Services Combined
ASSETS									
Current assets									
Cash and cash equivalents	\$ 191,875	\$ 39,742	\$ -	\$ (147,577)	\$ (47,494)	\$ 4,708,144	\$ 1,147,360	\$ 45,810	\$ 5,937,860
Assets limited as to use	380,423	-	-	212,189	67,770	-	-	-	660,382
Patient accounts receivable	286,556	321,111	49,159	999,527	734,716	-	-	-	2,391,069
Supplies	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	623,139	-	-	-	-	72,000	440,438	117,303	1,252,880
Total current assets	1,481,993	360,853	49,159	1,064,139	754,992	4,780,144	1,587,798	163,113	10,242,191
Assets limited as to use:									
Internally designated by Board of Trustees	-	-	-	-	-	-	-	-	-
Externally designated by donor	-	-	-	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Property and equipment, net	-	-	-	-	-	2,519	-	1,728,594	1,731,113
Other assets	-	-	-	-	-	-	-	2,035,105	2,035,105
Beneficial interest in perpetual trust	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,481,993</u>	<u>\$ 360,853</u>	<u>\$ 49,159</u>	<u>\$ 1,064,139</u>	<u>\$ 754,992</u>	<u>\$ 4,782,663</u>	<u>\$ 1,587,798</u>	<u>\$ 3,926,812</u>	<u>\$ 14,008,409</u>
LIABILITIES AND NET ASSETS									
Current liabilities									
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable, accrued expenses, and other current liabilities	3,373,885	-	-	-	-	3,766,493	835,799	20,392	7,996,569
Accrued vacation, holiday, and sick pay	-	-	-	-	-	-	-	-	-
Current portion of accrued retirement benefits	-	-	-	-	-	-	-	-	-
Estimated settlements due to third-party payors	380,424	-	-	212,189	67,770	-	-	-	660,383
Due to affiliates	(58,275,462)	6,360,646	3,806,159	35,995,664	16,956,265	2,877,600	752,000	6,080,251	14,553,123
Total current liabilities	(54,521,153)	6,360,646	3,806,159	36,207,853	17,024,035	6,644,093	1,587,799	6,100,643	23,210,075
Accrued retirement benefits, less current portion	-	-	-	-	-	-	-	-	-
Reserve for insurance claims, less current portion	-	-	-	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	-	-	-	-
Long-term debt, less current portion	-	-	-	-	-	-	-	-	-
Total liabilities	(54,521,153)	6,360,646	3,806,159	36,207,853	17,024,035	6,644,093	1,587,799	6,100,643	23,210,075
Shareholder's equity (deficit)									
Common stock	-	-	-	-	-	-	-	500	500
Additional paid-in capital	100,953,163	484,071	-	-	-	-	-	7,249,500	108,686,734
Retained deficit	(44,950,017)	(6,483,864)	(3,757,000)	(35,143,714)	(16,269,043)	(1,861,430)	(1)	(9,423,831)	(117,888,900)
Total shareholder's equity (deficit)	56,003,146	(5,999,793)	(3,757,000)	(35,143,714)	(16,269,043)	(1,861,430)	(1)	(2,173,831)	(9,201,666)
Net assets									
Without donor restrictions	-	-	-	-	-	-	-	-	-
With donor restrictions	-	-	-	-	-	-	-	-	-
Total net assets	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	<u>\$ 1,481,993</u>	<u>\$ 360,853</u>	<u>\$ 49,159</u>	<u>\$ 1,064,139</u>	<u>\$ 754,992</u>	<u>\$ 4,782,663</u>	<u>\$ 1,587,798</u>	<u>\$ 3,926,812</u>	<u>\$ 14,008,409</u>

Shore Memorial Health System and Affiliates

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2021

	Shore Medical Center	Shore Health Services Corporation	Brighton Bay	Shore Memorial Physician Services Combined	Shore Memorial Health System	Totals before Eliminations	Eliminating Entries	Totals
Net assets without donor restrictions								
Revenues:								
Patient service revenue	\$ 223,530,611	\$ -	\$ -	\$ 22,447,273	\$ -	\$ 245,977,884	\$ -	\$ 245,977,884
Other revenue	2,395,362	-	630,953	8,071,926	75,070	11,173,311	8,536,794	19,710,105
Total revenues	225,925,973	-	630,953	30,519,199	75,070	257,151,195	8,536,794	265,687,989
Expenses:								
Salaries and wages	69,033,806	2,400	-	7,468,991	52,286	76,557,483	-	76,557,483
Physician salaries and fees	10,266,285	-	-	20,209,819	-	30,476,104	(1,305,023)	29,171,081
Employee benefits	15,862,223	594	-	3,106,021	7,854	18,976,692	-	18,976,692
Contracted services	39,985,844	1,950	23,166	6,886,562	171,200	47,068,722	(420,076)	46,648,646
Supplies and other expenses	46,257,743	-	2,002	2,972,524	-	49,232,269	(12,375)	49,219,894
Interest	462,518	-	-	(18,362)	-	444,156	-	444,156
Depreciation and amortization	10,066,967	-	310,541	889,148	-	11,266,656	(444,241)	10,822,415
Total expenses	191,935,386	4,944	335,709	41,514,703	231,340	234,022,082	(2,181,715)	231,840,367
Operating income (loss)	33,990,587	(4,944)	295,244	(10,995,504)	(156,270)	23,129,113	10,718,509	33,847,622
Nonoperating gains and (losses):								
Investment return, net	4,442,187	-	-	(317,842)	(313,383)	3,810,962	313,383	4,124,345
Other accrued retirement cost	(175,754)	-	-	-	-	(175,754)	-	(175,754)
Other	(114,360)	-	-	(13,793)	-	(128,153)	-	(128,153)
Total nonoperating gains (losses), net	4,152,073	-	-	(331,635)	(313,383)	3,507,055	313,383	3,820,438
Excess of (deficiency in) revenues and gains over expenses and lo	38,142,660	(4,944)	295,244	(11,327,139)	(469,653)	26,636,168	11,031,892	37,668,060
Other changes in net assets without donor restrictions								
Transfers (to) from affiliates	-	-	-	10,900,000	-	10,900,000	(10,900,000)	-
Other changes in accrued retirement benefits	29,964,331	-	-	-	-	29,964,331	-	29,964,331
Increase (decrease) in net assets without donor restrictions	68,106,991	(4,944)	295,244	(427,139)	(469,653)	67,500,499	131,892	67,632,391
Net assets with donor restrictions								
Investment return, net	(4,995)	-	-	-	-	(4,995)	-	(4,995)
Other	134,527	-	-	-	-	134,527	-	134,527
Change in beneficial interest in perpetual trust	158,407	-	-	-	-	158,407	-	158,407
Increase in net assets with donor restrictions	287,939	-	-	-	-	287,939	-	287,939
Increase (decrease) in net assets	68,394,930	(4,944)	295,244	(427,139)	(469,653)	67,788,438	131,892	67,920,330
Net assets, beginning of year	109,828,240	(596,485)	246,152	(8,774,527)	(3,305,915)	97,397,465	8,539,894	105,937,359
Net assets, end of year	\$ 178,223,170	\$ (601,429)	\$ 541,396	\$ (9,201,666)	\$ (3,775,568)	\$ 165,185,903	\$ 8,671,786	\$ 173,857,689

Shore Memorial Physician Services

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2021

	Shore Memorial Physicians Group	Shore Urgent Care	Shore Pathology Associates	Shore Specialty Consultants	Shore Hospitalists Associates	Shore Quality Partners	Shore Quality Partners ACO	Shore Health Enterprises	Shore Memorial Physician Services Combined
Net assets without donor restrictions									
Revenues:									
Patient service revenue	\$ 6,647,667	\$ 2,799,042	\$ 496,069	\$ 9,413,255	\$ 3,091,240	\$ -	\$ -	\$ -	\$ 22,447,273
Other revenue	3,546,322	64,502	-	1,277,889	12,034	2,398,221	-	772,958	8,071,926
Total revenues	10,193,989	2,863,544	496,069	10,691,144	3,103,274	2,398,221	-	772,958	30,519,199
Expenses:									
Salaries and wages	5,088,563	4,596	-	2,154,938	46,525	174,369	-	-	7,468,991
Physician salaries and fees	3,587,414	1,639,243	674,326	9,728,271	4,580,565	-	-	-	20,209,819
Employee benefits	2,414,756	-	41,531	447,534	188,284	13,916	-	-	3,106,021
Contracted services	(1,275,370)	490,188	206,733	4,747,818	994,436	1,402,874	-	319,883	6,886,562
Supplies and other expenses	716,078	258,783	14,499	1,843,409	126,823	556	1	12,375	2,972,524
Interest	(18,362)	-	-	-	-	-	-	-	(18,362)
Depreciation and amortization	368,692	10,899	-	64,519	-	797	-	444,241	889,148
Total expenses	10,881,771	2,403,709	937,089	18,986,489	5,936,633	1,592,512	1	776,499	41,514,703
Operating (loss) income	(687,782)	459,835	(441,020)	(8,295,345)	(2,833,359)	805,709	(1)	(3,541)	(10,995,504)
Nonoperating gains and (losses):									
Investment return, net	-	(2,000)	(2,000)	(2,000)	(2,000)	-	-	(309,842)	(317,842)
Other accrued retirement cost	-	-	-	-	-	-	-	-	-
Other	(13,793)	-	-	-	-	-	-	-	(13,793)
Total nonoperating losses, net	(13,793)	(2,000)	(2,000)	(2,000)	(2,000)	-	-	(309,842)	(331,635)
Deficiency in revenues and gains over expenses and losses	(701,575)	457,835	(443,020)	(8,297,345)	(2,835,359)	805,709	(1)	(313,383)	(11,327,139)
Other changes in net assets without donor restrictions:									
Transfers from affiliates	10,900,000	-	-	-	-	-	-	-	10,900,000
Other changes in pension and other postretirement benefits	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	10,198,425	457,835	(443,020)	(8,297,345)	(2,835,359)	805,709	(1)	(313,383)	(427,139)
Net assets with donor restrictions									
Investment return, net	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Change in beneficial interest in perpetual trust	-	-	-	-	-	-	-	-	-
Decrease in net assets with donor restrictions	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets	10,198,425	457,835	(443,020)	(8,297,345)	(2,835,359)	805,709	(1)	(313,383)	(427,139)
Net assets, beginning of year	45,804,721	(6,457,628)	(3,313,980)	(26,846,369)	(13,433,684)	(2,667,139)	-	(1,860,448)	(8,774,527)
Net assets, end of year	\$ 56,003,146	\$ (5,999,793)	\$ (3,757,000)	\$ (35,143,714)	\$ (16,269,043)	\$ (1,861,430)	\$ (1)	\$ (2,173,831)	\$ (9,201,666)