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

Shore Memorial Health System and Affiliates

December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Shore Memorial Health System

Opinion

We have audited the consolidated financial statements of Shore Memorial Health System and Affiliates, (the System), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of matter

As discussed in Note B to the consolidated financial statements, in 2022 the System adopted Accounting Standard Update 2016-02, *Leases*, as amended. Our opinion is not modified with respect to this matter.

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, 2022 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

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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 25, 2023

Shore Memorial Health System and Affiliates

CONSOLIDATED BALANCE SHEETS

December 31,

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,487,968	$ 8,797,465
Assets limited as to use	124,007	16,288,932
Patient accounts receivable	28,450,129	22,184,291
Supplies	4,598,613	4,134,161
Prepaid expenses and other current assets	11,183,369	8,917,875
Total current assets	51,844,086	60,322,724
Assets limited as to use:		
Internally designated by Board of Trustees	159,602,909	151,913,866
Externally designated by donor	888,989	1,071,577
Right of use assets - operating Leases	5,960,706	-
Property and equipment, net	111,531,595	109,422,753
Other assets	4,613,977	6,023,479
Beneficial interest in perpetual trust	1,812,194	2,273,323
Total assets	$ 336,254,456	$ 331,027,722
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	$ 3,415,000	$ 4,035,000
Current portion of lease liability	788,706	-
Accounts payable, accrued expenses, and other current liabilities	34,992,250	32,133,721
Accrued vacation, holiday, and sick pay	4,483,745	5,002,015
Current portion of accrued retirement benefits	889,182	1,225,298
Estimated settlements due to third-party payors	3,885,483	19,680,586
Total current liabilities	48,454,366	62,076,620
Accrued retirement benefits, less current portion	23,153,978	49,808,406
Reserve for insurance claims, less current portion	3,577,107	3,498,624
Other long-term liabilities	1,676,959	6,424,616
Lease liability, less current portion	5,241,179	-
Long-term debt, less current portion	28,010,952	35,361,767
Total liabilities	110,114,541	157,170,033
Net assets		
Without donor restrictions	222,952,328	170,002,075
With donor restrictions	3,187,587	3,855,614
Total net assets	226,139,915	173,857,689
Total liabilities and net assets	$ 336,254,456	$ 331,027,722

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,

	2022	2021
Net assets without donor restrictions		
Revenues:		
Patient service revenue	$ 272,151,572	$ 245,977,884
Other revenue	19,144,461	19,710,105
Total revenues	291,296,033	265,687,989
Expenses:		
Salaries and wages	78,993,283	76,557,483
Physician salaries and fees	30,439,137	29,171,081
Employee benefits	19,713,601	18,976,692
Contracted services	49,438,252	46,648,646
Supplies and other expenses	54,561,858	49,219,894
Interest	845,307	444,156
Depreciation and amortization	8,885,760	10,822,415
Total expenses	242,877,198	231,840,367
Operating income	48,418,835	33,847,622
Nonoperating (losses) gains:		
Investment return, net	(11,525,467)	4,124,345
Other accrued retirement costs	(742,802)	(175,754)
Other	(945,106)	(128,153)
Total nonoperating (losses) gains, net	(13,213,375)	3,820,438
Excess of revenues and gains over expenses and losses	35,205,460	37,668,060
Other changes in net assets without donor restrictions:		
Other changes in accrued retirement benefits	17,744,793	29,964,331
Increase in net assets without donor restrictions	52,950,253	67,632,391
Net assets with donor restrictions		
Investment return, net	(182,588)	(4,995)
Other	(24,310)	134,527
Change in beneficial interest in perpetual trust	(461,129)	158,407
(Decrease) increase in net assets with donor restrictions	(668,027)	287,939
INCREASE IN NET ASSETS	52,282,226	67,920,330
Net assets, beginning of year	173,857,689	105,937,359
Net assets, end of year	$ 226,139,915	$ 173,857,689

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,

	2022	2021
Cash flows from operating activities:		
Increase in net assets	$ 52,282,226	$ 67,920,330
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Other changes in accrued retirement benefits	(17,744,793)	(29,964,331)
Depreciation, amortization and other	8,949,945	10,893,678
Loss on disposal and impairment of property and equipment	1,091,855	69,622
Change in beneficial interest in perpetual trust	461,129	(158,407)
Net realized and unrealized on investments	11,840,446	(1,811,473)
Loan forgiveness - Paycheck protection program	-	(2,780,000)
Changes in assets and liabilities:		
Patient accounts receivable	(6,265,838)	(424,107)
Supplies	(464,452)	925,559
Prepaid and other assets	(1,947,787)	(4,757,181)
Right of use assets - operating leases, net	69,179	-
Accounts payable, accrued expenses, and other liabilities	(1,867,999)	7,536,687
Accrued vacation, holiday, and sick pay	(518,270)	(166,057)
Estimated settlements due to third-party payors	214,897	(172,794)
Accrued retirement benefits	(9,245,751)	(5,666,941)
Reserve for insurance claims	57,354	(201,063)
Net cash provided by operating activities	36,912,141	41,243,522
Cash flows from investing activities:		
Net purchases of assets limited as to use	(3,181,976)	(16,074,423)
Cash received on disposal of property and equipment	-	205,000
Additions to property and equipment	(10,994,662)	(5,623,889)
Net cash used in investing activities	(14,176,638)	(21,493,312)
Cash flows from financing activities:		
Estimated settlements due to third-party payors - Medicare advances	(16,010,000)	(10,420,000)
Principal payments on long-term debt	(8,035,000)	(4,630,000)
Net cash used in financing activities	(24,045,000)	(15,050,000)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,309,497)	4,700,210
Cash and cash equivalents, beginning of year	8,797,465	4,097,255
Cash and cash equivalents, end of year	$ 7,487,968	$ 8,797,465
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 700,216	$ 378,618

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

NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

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. The consolidated financial statements include the accounts of Shore Memorial Health System and its affiliates (collectively the System) as follows:

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.

Principles of Consolidation

The consolidated financial statements include the accounts of the System and its affiliates. All significant intercompany balances and transactions have been eliminated.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016 02, *Leases*, as amended, which requires (1) most leases to be recognized on the balance sheet and (2) disclosure about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021. The new standard establishes a right of use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations.

The System adopted the new standard on January 1, 2022 and elected the option to apply the transition requirements in the standard. Consequently, financial information will not be updated, and the disclosures required under the standard will not be provided, for dates and periods before January 1, 2022.

The new standard provides a number of optional practical expedients in transition. The System has elected the “package of practical expedients,” which permits entities to not reassess conclusions prior to the implementation of the new standard about lease identification, lease classification and initial direct costs.

The most significant effects on the System’s consolidated financial statements relate to: (1) the recognition of new ROU assets and lease liabilities on the consolidated balance sheet for existing real estate operating leases; and (2) providing significant new disclosures about leasing activities. The impact on the January 1, 2022, consolidated balance sheet is the recognition of the ROU assets and corresponding lease liabilities of $6,770,385 based on the present value of the remaining minimum rental payments for existing operating leases.

The new standard also provides practical expedients for an entity’s ongoing accounting. The System has elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the System will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (US 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, imputed interest on leases, 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 (losses) and gains.

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

Leases

Arrangements are determined if they are a lease at inception of the contract. Right of use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the System's obligation to make lease payments arising from the leases. Right of use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. An estimated incremental borrowing rate, which is derived from information available at the lease commencement date, is used in determining the present value of lease payments. The System determines this rate based on information obtained from its bankers, its secured debt fair value and publicly available data for instruments with similar characteristics.

The operating leases are primarily for real estate, including off-campus outpatient facilities and medical office buildings, The real estate lease agreements typically have initial terms of five to ten years, and equipment lease agreements typically have initial terms of three to five years. Leases with an initial term of 12 months or less ("short-term leases") are not recorded in the consolidated balance sheets.

Real estate leases may include one or more options to renew, with renewals that typically can extend the lease term from five to ten years. The exercise of lease renewal options is at the System's sole discretion. In general, these renewal options are not considered to be reasonably likely to be exercised, therefore, renewal options are generally not recognized as part of right of use assets and lease liabilities. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses. These variable lease payments are recognized in other operating expenses, net, but are not included in the right-of-use asset or liability balances. The lease agreements do not contain any material residual value guarantees, restrictions or covenants.

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, 2022 and 2021, advertising costs are $524,506 and $602,045, respectively, which are 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.

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 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 relate 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.

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.

Pending Accounting Pronouncement

<u>Reference Rate Reform</u>

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 prior to December 31, 2024. The System is evaluating the impact of ASU 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. Management is actively monitoring operating revenues and expenses and based on the continuing uncertainties of COVID-19 is unable to determine if it will have a material impact on its operations for the year ending December 31, 2023.

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 year ended December 31, 2021, the System received total payments of $750,000. During the years ended December 31, 2022 and 2021, the System also received grant payments totaling $1,815,000 and $2,450,000 respectively from the Federal Emergency Management Agency (FEMA). The System believes it has met the conditions to retain these payments and has included the payments 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.

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. The recoupment period began in April 2021 as amounts billed to Medicare for services provided were offset against the advance payments which were fully recouped by the Medicare program during 2022. During the years ended December 31, 2022 and 2021, Medicare recouped $16,010,000 and $10,420,000, respectively.

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

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

	December 31,	
	2022	2021
Cash and cash equivalents	$ 7,487,968	$ 8,797,465
Patient accounts receivable	28,450,129	22,184,291
Assets limited as to use, internally designated by Board of Trustees	159,602,909	151,913,866
	195,541,006	182,895,622
Available line of credit	22,000,000	22,000,000
	$ 217,541,006	$ 204,895,622

Excess cash is invested in accordance with the Board of Trustees' investment policy and there are no investments with purchase commitments at December 31, 2022.

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 $1,549,000 and $1,312,000 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the System recognized $286,121 and $159,903, 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 - PATIENT SERVICE REVENUE

The System disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Tables providing details of these factors are presented below.

The composition of patient care service revenues by primary payor is as follows:

	Year Ended December 31,	
	2022	2021
Medicare and Medicaid	45%	45%
Blue Cross	29	29
Comprehensive and managed care	17	16
Other third-party payors	5	5
Self-pay	4	5
	100%	100%

Revenues from patients' deductibles and coinsurance are included in the categories presented above based on the primary payor. The composition of patient care service revenues by type of service is as follows:

	Year Ended December 31,	
	2022	2021
Inpatient	39%	39%
Outpatient	51	50
Physician services	10	11
	100%	100%

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 been audited and settled by the fiscal intermediaries for Medicare through December 31, 2018 and for Medicaid through December 31, 2020.

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, 2022 and 2021, patient service revenue includes revenue of approximately $8,072,000 and $1,307,000, respectively, related to favorable final settlements of prior year cost reports and other changes in estimates.

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

The System has 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.

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.

The System is also eligible to receive additional Medicaid funding under the New Jersey County Option Hospital Fee Program. This program is administered through the New Jersey Department of Human Services-Division of Medical Assistance and Health Services and went into effect in Atlantic County, New Jersey during 2021. The program requires that participating hospitals pay quarterly assessed fees based on estimated Medicaid utilization data within the county, and such payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as State Directed Payments. The State Directed Payments are subject to an annual settlement based on actual Medicaid utilization data and other factors. For the years ended December 31, 2022 and 2021, the System paid assessments of $4,640,322 and $2,320,161, which are included in supplies and other expenses in the consolidated statements of operations and changes in net assets and received Medicaid State Directed Payments of $14,208,471 and $5,850,223, which are included in patient service revenue in the consolidated statements of operations and changes in net assets.

NOTE G - 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, 2022	December 31, 2021
Internally designated by Board of Trustees:		
Cash and cash equivalents	$ 99,869,550	$ 94,647,977
Certificates of deposit	14,711,668	16,572,181
Equity mutual funds	44,019,417	55,435,167
Fixed income mutual funds	141,792	717,329
U.S. equity securities	805,755	656,602
Insurance contracts	178,734	173,542
	159,726,916	168,202,798
Less: current portion	(124,007)	(16,288,932)
	$ 159,602,909	$ 151,913,866
Externally designated by donor:		
Cash and cash equivalents	$ 3,979	$ 3,233
Certificates of deposit	57,165	57,165
Equity mutual funds	827,845	1,011,179
	$ 888,989	$ 1,071,577

Investment income, return, net for assets limited as to use, included in nonoperating (losses) gains are comprised of the following:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Investment return, net:		
Interest and dividend income	$ 132,391	$ 2,312,872
Net realized gains on sales of investments	614,670	589,683
Change in unrealized (losses) and gains on investments	(12,272,528)	1,221,790
	$ (11,525,467)	$ 4,124,345

NOTE H - 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 L) is based upon the net asset value (NAV) per share of the investment.

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 L), measured at fair value on a recurring basis as of:

	Fair Value Measurements at Reporting Date Using			
December 31, 2022	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 107,361,497	$ 107,361,497	$ -	$ -
Certificates of deposit	14,768,833	14,768,833	-	-
Equity mutual funds	44,847,262	44,847,262	-	-
Fixed income mutual funds	141,792	141,792	-	-
U.S. equity securities	805,755	805,755	-	-
Insurance contracts	178,734	-	178,734	-
Beneficial interest in perpetual trust	1,812,194	-	-	1,812,194
	$ 169,916,067	$167,925,139	$ 178,734	$ 1,812,194

	Fair Value Measurements at Reporting Date Using			
December 31, 2021	Total	Level 1	Level 2	Level 3
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
	$ 180,345,163	$ 177,898,298	$ 173,542	$ 2,273,323

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, 2020	$ 2,114,916
Net unrealized gain	158,407
At December 31, 2021	2,273,323
Net unrealized loss	(461,129)
At December 31, 2022	$ 1,812,194

NOTE I - PROPERTY AND EQUIPMENT

	December 31,	
	2022	2021
Land	$ 6,712,070	$ 6,686,840
Land improvements	1,388,506	1,393,096
Buildings and improvements	216,342,637	214,837,876
Fixed equipment	30,980,572	29,741,028
Major movable equipment	139,992,197	133,503,431
	395,415,982	386,162,272
Less: accumulated depreciation and amortization	(287,162,586)	(278,382,385)
	108,253,396	107,779,887
Construction in progress	3,278,199	1,642,866
	$ 111,531,595	$ 109,422,753

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was $8,885,760 and $10,822,415, respectively.

Other assets in the consolidated balance sheets include $1,740,000 and $2,831,795 of commercial property held for sale on December 31, 2022 and 2021, respectively.

NOTE J - LONG-TERM DEBT

	December 31, 2022	December 31, 2021
New Jersey Health Care Facilities Financing Authority Revenue Bonds - Series 2019	$ 31,845,000	$ 39,880,000
Less: current portion of long-term debt	(3,415,000)	(4,035,000)
Less: deferred financing costs, net	(419,048)	(483,233)
	$ 28,010,952	$ 35,361,767

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 4.09% and 0.96% at December 31, 2022 and 2021, respectively. Monthly principal payments range from $105,000 to $420,000, originally through 2039. The 2019 Bonds are callable by the financial institution in 2029. The Medical Center voluntarily made advance payments of $4,000,000 in September 2022 and a total of $8,000,000 in January and February 2023, that was applied to the end of the loan shortening the final principal payment to 2035.

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, 2022 and 2021, 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.

Principal payments on long-term debt during the next five years and thereafter are as follows:

2023	$ 3,415,000
2024	1,415,000
2025	1,470,000
2026	1,525,000
2027	1,620,000
Thereafter (excludes $8,000,000 of advance payments made in 2023)	14,400,000
	$ 23,845,000

Lines of Credit

The Medical Center has a revolving line of credit for $20,000,000 at December 31, 2022 and 2021 with an interest rate of LIBOR plus 1.25% (5.61% and 1.35% at December 31, 2022 and 2021, respectively) which expires on March 31, 2025. At December 31, 2022 and 2021, no amounts were outstanding.

The Medical Center has an additional revolving line of credit for $2,000,000 at December 31, 2022 and 2021, 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 November 1, 2024. At December 31, 2022 and 2021, no amounts were outstanding or sub-notes executed.

NOTE K - LEASES

The following table presents the components of the System's right of use assets and liabilities related to leases and their classification as follows:

Component of Lease Balances	Classification in Consolidated Balance Sheet	December 31, 2022
Assets		
Operating lease assets	Right of use assets – operating leases	$ 5,960,706
Liabilities		
Operating lease liabilities		
Current	Current portion of lease liability	$ 788,706
Long-term	Lease liability, less current portion	5,241,179
		$ 6,029,885

The following table presents the components of lease expense and their classification in the consolidated statement of operations and changes in net assets as follows:

Component of Lease Balances	Classification in Consolidated Statement of Operations and Changes in Net Assets	Year Ended December 31, 2022
Operating lease expense	Supplies and other	$ 1,067,023

The weighted-average lease terms and discount rates for operating and finance leases is as follows:

	December 31, 2022
Weighted-average remaining lease term (years)	
Operating leases	7.50 years
Weighted-average discount rate	
Operating leases	4.0%

Cash flow related to leases is as follows:

	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	$ 997,844

The future minimum rental commitments for all noncancelable operating leases are as follows:

Years Ending December 31,	
2023	$ 1,015,553
2024	1,031,037
2025	964,220
2026	953,408
2027	972,750
Thereafter	1,997,974
	6,934,943
Less: Imputed interest	(905,058)
	$ 6,029,885

Prior to the adoption of ASU 2016-02, *Leases*, rent expense for operating lease agreements for the year ended December 31, 2021 totaled $998,000.

NOTE L - PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The System, through the Medical Center, has a noncontributory defined benefit pension plan (DB 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 that provides postretirement medical benefits (OPEB) to full-time employees who have worked 15 years and attain age 62 while employed with the Medical Center. Employees hired after January 1, 1995 are not eligible for the postretirement medical benefits. The Medical Center also has a supplemental executive retirement plan (SERP) for certain executives, as defined (collectively, the Plans).

During 2022, the System had a partial annuitization of the DB Plan resulting in a total lump-sum distributions of $11,038,087. As a result of the partial annuitization, the System recognized a settlement loss of $3,112,355.

The OPEB contains cost-sharing features such as deductibles, coinsurance, and retiree contributions. The accounting for the OPEB anticipates future cost-sharing changes to the OPEB 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.

The mortality table used for projecting the benefit obligations of the DB Plan for both years is the Pri-2012, modified with the annual updates for projected improvements to the MP-2021 Generational Mortality Tables for December 31, 2022 and 2021.

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 tables (Pension Benefits includes the DB Plan, Other Benefits includes the OPEB and SERP) present 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,			
	2022	2021	2022	2021
Accumulated benefit obligation	$ 158,789,681	$ 217,515,572	N/A	N/A
Change in projected benefit obligation:				
Benefit obligation at beginning of year	$ 218,204,195	$ 232,542,029	$ 19,822,620	$ 22,696,101
Service cost	903,160	977,046	421,316	544,085
Interest cost	5,570,922	5,010,078	436,778	432,511
Actuarial gain	(43,988,836)	(10,440,414)	(5,483,765)	(2,809,113)
Settlements	(11,038,387)	-	-	-
Contributions by participants	-	-	557,728	610,507
Benefits paid	(10,084,664)	(9,884,544)	(1,573,954)	(1,651,471)
Benefit obligation at end of year	159,566,390	218,204,195	14,180,723	19,822,620
Change in plan assets:				
Fair value of plan assets at beginning of year	187,790,632	169,693,537	-	-
Actual return on plan assets	(26,462,910)	21,981,639	-	-
Contributions by participants	-	-	557,728	610,507
Settlement	(11,038,087)	-	-	-
Contributions by the Medical Center	10,000,000	6,000,000	1,016,226	1,040,964
Benefits paid	(10,084,664)	(9,884,544)	(1,573,954)	(1,651,471)
Fair value of plan assets at end of year	150,204,671	187,790,632	-	-
Funded status of the plan at end of year	$ (9,361,719)	$ (30,413,563)	$ (14,180,723)	$ (19,822,620)
Amount recognized in consolidated balance sheets consist of:				
Current liability	$ -	$ -	$ (889,182)	$ (1,225,298)
Noncurrent liability	(9,361,719)	(30,413,563)	(13,291,541)	(18,597,322)
Amount recognized end of year	$ (9,361,719)	$ (30,413,563)	$ (14,180,723)	$ (19,822,620)

	Pension Benefits		Other Benefits	
	December 31,			
	2022	2021	2022	2021
Amounts recognized in other changes in net assets without donor restrictions consist of:				
Net actuarial loss (gain)	$ 44,990,928	$ 59,591,421	$ (4,355,974)	$ 1,437,427
Prior service credit	(5,307,862)	(7,956,963)	-	-
	$ 39,683,066	$ 51,634,458	$ (4,355,974)	$ 1,437,427

The actuarial loss (gain) and prior service credit included in other changes in net assets without donor restriction at December 31, 2022 and expected to be recognized in net periodic pension cost during the year ending December 31, 2023 are as follows:

	Pension Benefits	Other Benefits
Unrecognized actuarial loss (gain)	$ 3,616,000	$ (1,380,047)
Unrecognized prior service credit	(2,649,000)	-

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

	Pension Benefits		Other Benefits	
	Year Ended December 31,			
	2022	2021	2022	2021
Components of net periodic benefit cost recognized in employee benefits:				
Service cost	$ 903,160	$ 977,046	$ 421,316	$ 544,085
Components of net periodic benefit (credit) cost recognized in nonoperating losses and gains:				
Interest cost	5,570,922	5,010,078	436,778	432,511
Expected return on assets	(10,801,436)	(10,082,040)	-	-
Settlement loss	3,112,355	-	-	-
Amortization of:				
Unrecognized net loss	4,763,648	7,352,450	309,636	586,322
Unrecognized prior service credit	(2,649,101)	(2,649,101)	-	(474,466)
	(3,612)	(368,613)	746,414	544,367
Net periodic benefit cost	899,548	608,433	1,167,730	1,088,452
Other changes in accrued retirement benefits recorded in net assets without donor restrictions consist of:				
Current-year actuarial gain	(14,600,493)	(29,692,463)	(5,793,401)	(3,395,429)
Amortization of prior-service credit	2,649,101	2,649,101	-	474,466
Total recorded in net assets without donor restrictions	(11,951,392)	(27,043,362)	(5,793,401)	(2,920,969)
Total recognized as net benefit cost and recorded in net assets without donor restrictions	$ (11,051,844)	$ (26,434,929)	$ (4,625,671)	$ (1,832,517)

Weighted-average assumptions used to determine benefit obligations were:

	Pension Benefits		Other Benefits	
	Year Ended December 31,			
	2022	2021	2022	2021
Discount rate	4.94%	2.58%	4.88%	2.44%
Rate of compensation increase	2.00%	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,			
	2022	2021	2022	2021
Discount rate	2.58%	2.19%	2.44%	2.01%
Expected long-term return on plan assets	5.75%	6.00%	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 6.25% and 6.50% for 2022 and 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:

	Target	December 31,	
Asset Category	Allocation	2022	2021
Cash and cash equivalents	0% - 5%	3%	4%
Equity securities	30% - 70%	55	58
Fixed income	30% - 60%	40	36
Real estate	0% - 15%	2	2
		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.

Cash Flows

Contributions

Based on the funded status of the DB Plan as of December 31, 2022, the Medical Center expects to contribute $6,000,000 for the year ending December 31, 2023. This will be evaluated on a quarterly basis and is subject to change.

The Medical Center expects to contribute $889,182 to the other benefits for the year ending December 31, 2023.

Estimated Future Benefit Payments

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

	Pension Benefits	Other Benefits
2023	$ 10,320,265	$ 889,182
2024	10,807,311	1,358,217
2025	11,073,381	1,382,571
2026	11,254,255	1,401,255
2027	11,462,188	1,410,901
2028-2032	57,610,251	6,985,744

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 H, excluding plan assets at NAV, at December 31, 2022 and 2021:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 2,029,165	$ 2,029,165	$ -	$ -
Certificate of deposit	2,194,518	2,194,518	-	-
US Treasury	3,303,683	3,303,683		
Insurance contracts	9,386,594	-	9,386,594	-
	16,913,960	$ 7,527,366	$ 9,386,594	$ -
Pooled separate accounts and collective fund trusts (at NAV):				
U.S. equity securities	65,570,039			
International equity securities	16,905,730			
Corporate debt obligations	47,520,049			
Real estate	3,294,893			
	$ 150,204,671			

	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			

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, 2022 and 2021 was $1,401,292 and $1,330,191, respectively.

Also included in the balance of accrued retirement benefits is deferred compensation of $500,718 and $797,521 at December 31, 2022 and 2021, respectively.

NOTE M - 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.

Lessor 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 $1,867,578 and $2,306,359 as of December 31, 2022 and 2021, 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 for these leases where the System acts as lessor for the years ended December 31, 2022 and 2021 was $607,436 and $630,953, 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:

	Prepaid Leases	Other Leases	Total
2023	$ 438,781	$ 103,664	$ 542,445
2024	438,781	87,659	526,440
2025	438,781	-	438,781
2026	330,004	-	330,004
2027	221,231	-	221,231

During 2015, the System entered into an agreement with an area health system. The agreement provided 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 was recorded as deferred revenue and included in other long-term liabilities in the consolidated balance sheet at December 31, 2021. In August 2022, the deferred revenue was recognized as other revenue in the consolidated statement of operations and changes in net assets for the year ended December 31, 2022.

NOTE N - FUNCTIONAL EXPENSES

The System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

Year Ended December 31, 2022	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 64,363,727	$ 14,629,556	$ 78,993,283
Physician salaries and fees	24,801,808	5,637,329	30,439,137
Employee benefits	16,062,642	3,650,959	19,713,601
Contracted services	40,282,288	9,155,964	49,438,252
Supplies and other expenses	44,457,002	10,104,856	54,561,858
Interest	688,756	156,551	845,307
Depreciation and amortization	7,240,117	1,645,643	8,885,760
	$ 197,896,340	$ 44,980,858	$ 242,877,198

Year Ended December 31, 2021	Healthcare Services	General and Administrative	Total
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
	$ 185,194,085	$ 46,646,282	$ 231,840,367

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 O - 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,	
	2022	2021
Medicare and Medicaid	53%	55%
Commercial and managed care	14	14
Blue Cross	21	19
Other third-party payors	8	8
Self-pay	4	4
	100%	100%

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.

NOTE P - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2022	December 31, 2021
Subject to expenditure for specific purpose:		
Purchase of property and equipment	$ 486,404	$ 510,714
Investment in perpetuity whose income is expendable to support:		
Scholarships and other	2,701,183	3,344,900
	$ 3,187,587	$ 3,855,614

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 US 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

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, 2022 and 2021:

Endowment net assets, December 31, 2020	$ 1,076,572
Investment return, net	(179,183)
Change in unrealized gains and losses	174,188
Endowment net assets, December 31, 2021	1,071,577
Investment return, net	(8,890)
Change in unrealized gains and losses	(173,698)
Endowment net assets, December 31, 2022	$ 888,989

NOTE Q - SUBSEQUENT EVENTS

The System evaluated its December 31, 2022 consolidated financial statements for subsequent events through April 25, 2023, 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, except as disclosed elsewhere.

SUPPLEMENTARY INFORMATION

Shore Memorial Health System and Affiliates

CONSOLIDATING BALANCE SHEET

December 31, 2022

	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	$ 6,106,082	$ -	$ -	$ 1,381,886	$ -	$ 7,487,968	$ -	$ 7,487,968
Assets limited as to use	90,970	-	-	33,037	-	124,007	-	124,007
Patient accounts receivable	25,227,999	-	-	3,222,130	-	28,450,129	-	28,450,129
Supplies	4,598,613	-	-	-	-	4,598,613	-	4,598,613
Prepaid expenses and other current assets	10,318,280	-	98,979	747,035	19,075	11,183,369	-	11,183,369
Total current assets	46,341,944	-	98,979	5,384,088	19,075	51,844,086	-	51,844,086
Assets limited as to use:								
Internally designated by Board of Trustees	159,635,946	-	-	(33,037)	-	159,602,909	-	159,602,909
Externally designated by donor	888,989	-	-	-	-	888,989	-	888,989
Investment in affiliates	(7,355,920)	-	-	-	(3,492,674)	(10,848,594)	10,848,594	-
Due from affiliates	19,237,245	-	-	-	-	19,237,245	(19,237,245)	-
Right of use assets - operating leases	-	-	-	5,960,706	-	5,960,706	-	5,960,706
Property and equipment, net	105,022,494	1,200,000	3,674,372	1,500,729	134,000	111,531,595	-	111,531,595
Other assets	3,390,480	-	133,498	1,089,999	-	4,613,977	-	4,613,977
Beneficial interest in perpetual trust	1,812,194	-	-	-	-	1,812,194	-	1,812,194
Total assets	$ 328,973,372	$ 1,200,000	$ 3,906,849	$ 13,902,485	$ (3,339,599)	$ 344,643,107	$ (8,388,651)	$ 336,254,456
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion of long-term debt	$ 3,415,000	$ -	$ -	$ -	$ -	$ 3,415,000	$ -	$ 3,415,000
Current portion of lease liability	-	-	-	788,706		788,706	-	788,706
Accounts payable, accrued expenses, and other current liabilities	28,965,028	4,450	478,555	5,008,426	535,791	34,992,250	-	34,992,250
Accrued vacation, holiday, and sick pay	4,483,745	-	-	-	-	4,483,745	-	4,483,745
Current portion of accrued retirement benefits	889,182	-	-	-	-	889,182	-	889,182
Estimated settlements due to third-party payors	3,852,446	-	-	33,037	-	3,885,483	-	3,885,483
Due to affiliates	-	1,801,857	1,167,468	14,500,243	1,767,677	19,237,245	(19,237,245)	-
Total current liabilities	41,605,401	1,806,307	1,646,023	20,330,412	2,303,468	67,691,611	(19,237,245)	48,454,366
Accrued retirement benefits, less current portion	23,153,978	-	-	-	-	23,153,978	-	23,153,978
Reserve for insurance claims, less current portion	3,577,107	-	-	-	-	3,577,107	-	3,577,107
Other long-term liabilities	248,162	-	1,428,797	-	-	1,676,959	-	1,676,959
Lease liability, less current portion	-	-	-	5,241,179	-	5,241,179	-	5,241,179
Long-term debt, less current portion	28,010,952	-	-	-	-	28,010,952	-	28,010,952
Total liabilities	96,595,600	1,806,307	3,074,820	25,571,591	2,303,468	129,351,786	(19,237,245)	110,114,541
Shareholder's equity (deficit)						-		
Common stock	-	-	-	500	-	500	(500)	-
Additional paid-in capital	-	-	624,479	122,986,734	-	123,611,213	(123,611,213)	-
Retained (deficit) earnings	-	(606,307)	207,550	(134,656,340)	-	(135,055,097)	135,055,097	-
Total shareholder's equity (deficit)	-	(606,307)	832,029	(11,669,106)	-	(11,443,384)	11,443,384	-
Net assets							-	
Without donor restrictions	229,190,185	-	-	-	(5,643,067)	223,547,118	(594,790)	222,952,328
With donor restrictions	3,187,587	-	-	-	-	3,187,587	-	3,187,587
Total net assets	232,377,772	-	-	-	(5,643,067)	226,734,705	(594,790)	226,139,915
Total liabilities and net assets	$ 328,973,372	$ 1,200,000	$ 3,906,849	$ 13,902,485	$ (3,339,599)	$ 344,643,107	$ (8,388,651)	$ 336,254,456

Shore Memorial Physician Services

COMBINING BALANCE SHEET

December 31, 2022

	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	$ 258,513	$ 16,993	$ -	$ 43,746	$ 14,572	$ 452,611	$ 560,687	$ 34,764	$ 1,381,886
Assets limited as to use	-	-	-	33,037	-	-	-	-	33,037
Patient accounts receivable	422,400	306,799	50,124	1,578,943	863,864	-	-	-	3,222,130
Supplies	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	564,080	-	-	-	-	69,000	(333)	114,288	747,035
Total current assets	1,244,993	323,792	50,124	1,655,726	878,436	521,611	560,354	149,052	5,384,088
Assets limited as to use:									
Internally designated by Board of Trustees	-	-	-	(33,037)	-	-	-	-	(33,037)
Externally designated by donor	-	-	-	-	-	-	-	-	-
Investment in affiliates	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Right of use assets - operating leases	3,422,477	725,208	-	-	-	-	-	1,813,021	5,960,706
Property and equipment, net	-	-	-	-	-	1,825	-	1,498,904	1,500,729
Other assets	-	-	-	-	-	-	-	1,089,999	1,089,999
Beneficial interest in perpetual trust	-	-	-	-	-	-	-	-	-
Total assets	$ 4,667,470	$ 1,049,000	$ 50,124	$ 1,622,689	$ 878,436	$ 523,436	$ 560,354	$ 4,550,976	$ 13,902,485
LIABILITIES AND NET ASSETS									
Current liabilities									
Current portion of long-term debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Current portion of lease liability	493,341	84,390	-	-	-	-	-	210,975	788,706
Accounts payable, accrued expenses, and other current liabilities	3,788,522	-	-	-	-	869,527	329,985	20,392	5,008,426
Accrued vacation, holiday, and sick pay	-	-	-	-	-	-	-	-	-
Current portion of accrued retirement benefits	-	-	-	-	-	-	-	-	-
Estimated settlements due to third-party payors	-	-	-	33,037	-	-	-	-	33,037
Due to affiliates	(69,396,738)	6,335,237	4,299,466	45,283,481	20,132,874	1,000,972	659,907	6,185,044	14,500,243
Total current liabilities	(65,114,875)	6,419,627	4,299,466	45,316,518	20,132,874	1,870,499	989,892	6,416,411	20,330,412
Accrued retirement benefits, less current portion	-	-	-	-	-	-	-	-	-
Reserve for insurance claims, less current portion	-	-	-	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	-	-	-	-
Lease liability, less current portion	2,963,042	650,896	-	-	-	-	-	1,627,241	5,241,179
Long-term debt, less current portion	-	-	-	-	-	-	-	-	-
Total liabilities	(62,151,833)	7,070,523	4,299,466	45,316,518	20,132,874	1,870,499	989,892	8,043,652	25,571,591
Shareholder's equity (deficit)									
Common stock	-	-	-	-	-	-	-	500	500
Additional paid-in capital	115,253,163	484,071	-	-	-	-	-	7,249,500	122,986,734
Retained deficit	(48,433,860)	(6,505,594)	(4,249,342)	(43,693,829)	(19,254,438)	(1,347,063)	(429,538)	(10,742,676)	(134,656,340)
Total shareholder's equity (deficit)	66,819,303	(6,021,523)	(4,249,342)	(43,693,829)	(19,254,438)	(1,347,063)	(429,538)	(3,492,676)	(11,669,106)
Net assets									
Without donor restrictions	-	-	-	-	-	-	-	-	-
With donor restrictions	-	-	-	-	-	-	-	-	-
Total net assets	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	$ 4,667,470	$ 1,049,000	$ 50,124	$ 1,622,689	$ 878,436	$ 523,436	$ 560,354	$ 4,550,976	$ 13,902,485

Shore Memorial Health System and Affiliates

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2022

	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	$ 249,833,249	$ -	$ -	$ 22,318,323	$ -	$ 272,151,572	$ -	$ 272,151,572
Other revenue	(714,087)	-	607,436	6,423,687	46,587	6,363,623	12,780,838	19,144,461
Total revenues	249,119,162	-	607,436	28,742,010	46,587	278,515,195	12,780,838	291,296,033
Expenses:								
Salaries and wages	70,641,440	2,400	-	8,294,100	55,343	78,993,283	-	78,993,283
Physician salaries and fees	11,055,482	-	-	20,870,847	-	31,926,329	(1,487,192)	30,439,137
Employee benefits	16,587,027	528	-	3,118,407	7,920	19,713,882	(281)	19,713,601
Contracted services	41,272,832	1,950	26,658	8,052,373	561,326	49,915,139	(476,887)	49,438,252
Supplies and other expenses	51,584,917	-	1,742	2,975,239	-	54,561,898	(40)	54,561,858
Interest	845,307	-	-	-	-	845,307	-	845,307
Depreciation and amortization	8,153,440	-	288,403	885,988	-	9,327,831	(442,071)	8,885,760
Total expenses	200,140,445	4,878	316,803	44,196,954	624,589	245,283,669	(2,406,471)	242,877,198
Operating income (loss)	48,978,717	(4,878)	290,633	(15,454,944)	(578,002)	33,231,526	15,187,309	48,418,835
Nonoperating gains and (losses):								
Investment return, net	(11,158,077)	-	-	(367,390)	(344,390)	(11,869,857)	344,390	(11,525,467)
Other accrued retirement cost	(742,802)	-	-	-	-	(742,802)	-	(742,802)
Other	-	-	-	(945,106)	(945,106)	(1,890,212)	945,106	(945,106)
Total nonoperating gains (losses), net	(11,900,879)	-	-	(1,312,496)	(1,289,496)	(14,502,871)	1,289,496	(13,213,375)
Excess of (deficiency in) revenues and gains over expenses and losses	37,077,838	(4,878)	290,633	(16,767,440)	(1,867,498)	18,728,655	16,476,805	35,205,460
Other changes in net assets without donor restrictions								
Transfers (to) from affiliates	-	-	-	14,300,000	-	14,300,000	(14,300,000)	-
Other changes in accrued retirement benefits	17,744,793	-	-	-	-	17,744,793	-	17,744,793
Increase (decrease) in net assets without donor restrictions	54,822,631	(4,878)	290,633	(2,467,440)	(1,867,498)	50,773,448	2,176,805	52,950,253
Net assets with donor restrictions								
Investment return, net	(182,588)	-	-	-	-	(182,588)	-	(182,588)
Other	(24,310)	-	-	-	-	(24,310)	-	(24,310)
Change in beneficial interest in perpetual trust	(461,129)	-	-	-	-	(461,129)	-	(461,129)
Increase in net assets with donor restrictions	(668,027)	-	-	-	-	(668,027)	-	(668,027)
INCREASE (DECREASE) IN NET ASSETS	54,154,604	(4,878)	290,633	(2,467,440)	(1,867,498)	50,105,421	2,176,805	52,282,226
Net assets, beginning of year	178,223,170	(601,429)	541,396	(9,201,666)	(3,775,568)	165,185,903	8,671,786	173,857,689
Net assets, end of year	$ 232,377,774	$ (606,307)	$ 832,029	$ (11,669,106)	$ (5,643,066)	$ 215,291,324	$ 10,848,591	$ 226,139,915

Shore Memorial Health System and Affiliates

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31, 2022

	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	$ 6,172,940	$ 2,345,804	$ 483,630	$ 10,014,832	$ 3,301,117	$ -	$ -	$ -	$ 22,318,323
Other revenue	2,022,773	13,385	-	1,411,650	3	2,151,619	36,463	787,794	6,423,687
Total revenues	8,195,713	2,359,189	483,630	11,426,482	3,301,120	2,151,619	36,463	787,794	28,742,010
Expenses:									
Salaries and wages	5,502,134	-	-	2,586,231	6,822	198,913	-	-	8,294,100
Physician salaries and fees	3,402,047	1,634,952	737,269	10,138,593	4,957,986	-	-	-	20,870,847
Employee benefits	2,390,368	-	27,626	498,537	185,618	15,977	-	281	3,118,407
Contracted services	(794,745)	541,030	193,333	4,851,213	999,161	1,421,630	466,000	374,751	8,052,373
Supplies and other expenses	813,545	193,093	15,745	1,817,850	134,928	38	-	40	2,975,239
Interest	-	-	-	-	-	-	-	-	-
Depreciation and amortization	351,207	9,844	-	82,172	-	694	-	442,071	885,988
Total expenses	11,664,556	2,378,919	973,973	19,974,596	6,284,515	1,637,252	466,000	817,143	44,196,954
Operating (loss) income	(3,468,843)	(19,730)	(490,343)	(8,548,114)	(2,983,395)	514,367	(429,537)	(29,349)	(15,454,944)
Nonoperating gains and (losses):									
Investment return, net	(15,000)	(2,000)	(2,000)	(2,000)	(2,000)	-	-	(344,390)	(367,390)
Other accrued retirement cost	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	(945,106)	(945,106)
Total nonoperating losses, net	(15,000)	(2,000)	(2,000)	(2,000)	(2,000)	-	-	(1,289,496)	(1,312,496)
Deficiency in revenues and gains over expenses and losses	(3,483,843)	(21,730)	(492,343)	(8,550,114)	(2,985,395)	514,367	(429,537)	(1,318,845)	(16,767,440)
Other changes in net assets without donor restrictions:									
Transfers from affiliates	14,300,000	-	-	-	-	-	-	-	14,300,000
Other changes in pension and other postretirement benefits	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	10,816,157	(21,730)	(492,343)	(8,550,114)	(2,985,395)	514,367	(429,537)	(1,318,845)	(2,467,440)
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	10,816,157	(21,730)	(492,343)	(8,550,114)	(2,985,395)	514,367	(429,537)	(1,318,845)	(2,467,440)
Net assets, beginning of year	56,003,146	(5,999,793)	(3,756,999)	(35,143,715)	(16,269,043)	(1,861,430)	(1)	(2,173,831)	(9,201,666)
Net assets, end of year	$ 66,819,303	$ (6,021,523)	$ (4,249,342)	$ (43,693,829)	$ (19,254,438)	$ (1,347,063)	$ (429,538)	$ (3,492,676)	$ (11,669,106)