

**New York State Health Foundation
D/B/A New York Health Foundation**

Financial Statements

December 31, 2023 and 2022

Independent Auditors' Report

**To the Board of Directors of
New York State Health Foundation D/B/A New York Health Foundation**

Opinion

We have audited the accompanying financial statements of New York State Health Foundation D/B/A New York Health Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

May 20, 2024

**New York State Health Foundation
D/B/A New York Health Foundation**

Statements of Financial Position

	December 31	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 53,148,713	\$ 26,629,638
Prepaid federal excise tax	127,514	135,313
Investments	271,300,869	261,822,987
Deposits and other assets	71,566	113,707
Property and equipment, net	54,718	78,650
Right of use assets - operating leases, net	1,270,032	1,770,190
	\$ 325,973,412	\$ 290,550,485
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 364,514	\$ 320,644
Grants payable, net	4,385,704	5,660,506
Leases payable	1,472,061	2,060,214
Deferred federal excise tax	1,611,012	1,105,372
Total Liabilities	7,833,291	9,146,736
Net assets without donor restrictions	318,140,121	281,403,749
	\$ 325,973,412	\$ 290,550,485

See notes to financial statements

**New York State Health Foundation
D/B/A New York Health Foundation**

Statements of Activities

	Year Ended December 31	
	2023	2022
REVENUE AND SUPPORT		
Investment Return		
Interest and dividends	\$ 4,626,748	\$ 3,263,289
Net realized gain (loss) from sale of investments	11,119,858	(662,963)
Unrealized gain (loss) on investments	36,377,661	(60,909,505)
(Less) direct investment expenses	(600,428)	(548,649)
Total Investment Return	51,523,839	(58,857,828)
Other income - PRI recovery	210,463	-
Rental income	133,892	108,636
Total Revenue and Support, net of Investment Return	51,868,194	(58,749,192)
EXPENSES		
Program Services		
Grants authorized, net of rescinded/refunded amounts of \$106,591 and \$49,881, and change in present value discount of (\$3,610) and \$8,785	9,098,172	9,875,058
Program support, planning and development	4,580,023	4,211,737
Total Program Services	13,678,195	14,086,795
Operations and governance	790,188	854,752
Federal excise tax expense (benefit)	663,439	(676,484)
Total Expenses	15,131,822	14,265,063
Change in Net Assets	36,736,372	(73,014,255)
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	281,403,749	354,418,004
End of year	\$ 318,140,121	\$ 281,403,749

See notes to financial statements

**New York State Health Foundation
D/B/A New York Health Foundation**

Statements of Cash Flows

	Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 36,736,372	\$ (73,014,255)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	30,028	21,281
Amortization of right of use assets - operating leases	500,158	542,520
Realized (gain) loss from sale of investments	(11,119,858)	662,963
Unrealized (gain) loss on investments	(36,377,661)	60,909,505
Deferred federal excise tax	505,640	(846,551)
Discount on grants payable	(3,610)	8,785
Changes in operating assets and liabilities		
Prepaid federal excise tax	7,799	(29,933)
Deposits and other assets	42,141	(62,070)
Accounts payable and accrued expenses	43,870	39,351
Grants payable	(1,271,192)	564,731
Leases payable	(588,153)	(634,106)
Net Cash From Operating Activities	(11,494,466)	(11,837,779)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,096)	(24,310)
Proceeds from sale of investments	38,019,637	31,840,179
Purchase of investments	-	(7,600,000)
Net Cash From Investing Activities	38,013,541	24,215,869
Net Change in Cash and Cash Equivalents	26,519,075	12,378,090
CASH AND CASH EQUIVALENTS		
Beginning of year	26,629,638	14,251,548
End of year	\$ 53,148,713	\$ 26,629,638
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Federal excise taxes paid	\$ 150,000	\$ 200,000

See notes to financial statements

**New York State Health Foundation
D/B/A New York Health Foundation**

Notes to Financial Statements
December 31, 2023 and 2022

1. Organization

New York State Health Foundation D/B/A New York Health Foundation, formerly The New York Charitable Asset Foundation, (the “Foundation”) is a New York not-for-profit corporation organized on October 25, 2002 to pursue tax-exempt charitable purposes. The Foundation was formed as part of the conversion of Empire HealthChoice, Inc. (doing business as Empire Blue Cross & Blue Shield) (“Empire”) to a for-profit corporation. Pursuant to the legislation authorizing the conversion, the Foundation received five percent of the stock of WellChoice, the holding company for Empire. The Foundation provides funding and grants for the health care related needs of residents of the State of New York (“NYS”), including without limitation, (i) expansion of access to health care by extending health insurance coverage to NYS residents who cannot afford to purchase their own coverage or who have coverage that is inadequate to meet their needs, (ii) expansion and enhancement of access to health care by augmenting and creating health care programs that deliver services to populations that are unable to access health care or that improve public health, (iii) augmentation of its other program priorities by supporting programs that inform and educate NYS residents about public health issues and empower communities to address the issues by becoming more effective at identifying and articulating health care needs and implementing solutions, and (iv) conducting any and all lawful activities which may be useful in accomplishing the foregoing purposes.

Assets, liabilities and net assets of the New York State Health Foundation Trust (the “Trust”), a revocable trust, are included in the accompanying financial statements. The Foundation is the sole trustee and beneficiary of the Trust.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequent issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through net income.

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Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements (continued)

Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023, did not have a material effect on the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts. The Foundation considers all highly liquid debt instruments available for current use with a maturity date of three months or less at the date of purchase to be cash equivalents.

Fair Value of Financial Instruments

The Foundation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Foundation follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Investment Valuation and Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Direct Investment Expenses

Investment expense on the statements of activities consists of fees paid directly to the Foundation's investment advisor as well as an allocation of direct internal costs that the Foundation incurs in the generation of investment return. These costs include salaries, benefits, travel and other costs associated with the officers and staff responsible for the development and execution of the Foundation's investment strategy as well as allocable costs associated with the internal investment management, supervising, selecting and monitoring of external investment management firms.

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Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of assets, which range from 3 to 5 years. Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease. Physical assets acquired with costs in excess of \$1,000 and having a period of benefit in excess of one year are capitalized.

Grants

The liability for grants is recognized when specific grants are authorized by the Board of Directors and the recipients have been notified in an award letter. Discounts are provided on amounts due in more than one year from the date of the award.

Net Asset Presentation

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use is limited by donors to a specific time period or purpose or are limited by donors in perpetuity. As of December 31, 2023 and 2022 all net assets were without donor restrictions.

Functional Allocation of Expenses

The statements of activities present the expenses of the Foundation by certain classification. Refer to Note 9 for the classification of expenses by their functional allocation and policy for allocating such expenses.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

Leases

The Foundation leases office space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets – operating leases (“ROU assets”) and leases payable on the accompanying statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and leases payable represent the obligation to make lease payments arising from the lease.

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Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The leases do not provide an implicit borrowing rate. The Foundation uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease. These option terms are included when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Foundation has lease agreements with lease and non-lease components, which are generally accounted for separately. Variable lease components in these leases are common area maintenance, utilities, and real estate taxes and are recognized in operating expenses in the period in which the obligation is incurred.

3. Concentrations of Credit Risk

The Foundation maintains cash in bank accounts which at times may exceed federally insured limits. This potentially subjects the Foundation to a concentration of credit risk. The Foundation invests its assets in a variety of securities such as exchange traded funds and alternative investments. The Foundation routinely assess the diversification and financial strength of its cash and investment portfolio. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times balances may exceed the FDIC and/or the SIPC limit. As of December 31, 2023 and 2022, the Foundation's uninsured cash equivalents on deposits totaled approximately \$52,899,000 and \$26,380,000. As of December 31, 2023 and 2022, the Foundation's uninsured investment holdings totaled approximately \$270,801,000 and \$261,323,000.

**New York State Health Foundation
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Notes to Financial Statements
December 31, 2023 and 2022

4. Property and Equipment

Property and equipment consists of the following as of December 31:

	2023	2022
Furniture and equipment	\$ 493,751	\$ 490,422
Leasehold improvements	187,181	187,181
	680,932	677,603
Less: accumulated depreciation	626,214	598,953
	\$ 54,718	\$ 78,650

Fully depreciated assets of \$2,767 and \$75,642 were written off during 2023 and 2022.

5. Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by fair value hierarchy for those investments subject to categorization within such hierarchy:

	2023		
	Investments Measured at Net		
	Level 1	Asset Value (*)	Total
Exchange Traded Funds			
Equity fund	\$ 36,926,209	\$ -	\$ 36,926,209
Fixed income fund	67,430,450	-	67,430,450
Alternative Investments			
Collective trust funds	-	166,944,210	166,944,210
	\$ 104,356,659	\$ 166,944,210	\$ 271,300,869
	2022		
	Investments Measured at Net		
	Level 1	Asset Value (*)	Total
Exchange Traded Funds			
Equity fund	\$ 29,641,216	\$ -	\$ 29,641,216
Fixed income fund	84,323,106	-	84,323,106
Alternative Investments			
Collective trust funds	-	147,858,665	147,858,665
	\$ 113,964,322	\$ 147,858,665	\$ 261,822,987

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

**New York State Health Foundation
D/B/A New York Health Foundation**

Notes to Financial Statements
December 31, 2023 and 2022

5. Investments (continued)

Information regarding investments valued using NAV as practical expedient at December 31, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Collective trust funds (see "a" below)	\$ 166,944,210	\$ -	Daily	3 Days

- a. These assets are in a vehicle organized as a collective trust fund and the value of the Foundation's interest in this investment is reported by its respective fund manager. The fund is an index fund for domestic equities using the Russell 1000.

Investments organized as collective trust funds are considered alternative investments for financial reporting purposes. The Foundation believes that there is little risk regarding the valuation of these assets: all of the underlying investments comprise publicly traded securities where market values are readily available and have no restrictions on redemption by the Foundation. All of the investments may be redeemed daily.

As of December 31, 2023, three individual investments represented approximately 61%, 25% and 14% of total investments. As of December 31, 2022, three individual investments represented approximately 56%, 32% and 11% of total investments. All of these investments were in broadly diversified index funds.

6. Federal Excise Tax

The Foundation is exempt from federal income taxes under Section 501(c)(3) and 509(a) of the Internal Revenue Code and has been further classified as a "private foundation."

The Foundation is subject to excise tax of 1.39% on its net investment income, as defined, for tax purposes.

Deferred taxes principally arise from the differences between the cost and fair value of investments. The Foundation provides for deferred federal excise tax on the net unrealized appreciation of the fair value of investments at the rate applicable for the following year. The rate used for 2023 and 2022 is 1.39%.

7. Grants Payable

The Foundation has entered into grant commitments with certain organizations. Payments to these organizations at December 31, are to be made as follows:

	2023	2022
Less than one year	\$ 3,242,338	\$ 4,039,277
One to three years	1,228,683	1,702,936
	4,471,021	5,742,213
Less: present value discount	85,317	81,707
Grants payable, net	\$ 4,385,704	\$ 5,660,506

**New York State Health Foundation
D/B/A New York Health Foundation**

Notes to Financial Statements
December 31, 2023 and 2022

7. Grants Payable (continued)

To reflect the time value of money, grants payable as of December 31, 2023 and 2022 were discounted to the present value using the Kansas City Federal Reserve outstanding fixed-rate loans rate of 5.884% and 4.532%.

8. Liquidity and Availability of Financial Assets

The following reflect the Foundation's financial assets available as of December 31, 2023 and 2022 to meet cash needs for general expenditures within one year of the date of the statement of financial position:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 53,148,713	\$ 26,629,638
Investments	<u>271,300,869</u>	<u>261,822,987</u>
Total Financial Assets Available Within One Year	<u>\$324,449,582</u>	<u>\$288,452,625</u>

The Foundation's working capital and cash flows are driven by its investment portfolio and investment return. As part of the Foundation's liquidity management strategy, the Foundation seeks to maintain adequate liquidity to meet its obligations, including planned expenditures as approved by the Board. The Foundation structures its financial assets to be available as its grant payments and other general liabilities come due. The Foundation's Chief Investment Officer coordinates with Foundation staff to anticipate liquidity needs.

Funds are withdrawn from the investment account as needed based on grants to be disbursed and other general operating expenses. None of the Foundation's financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position.

**New York State Health Foundation
D/B/A New York Health Foundation**

Notes to Financial Statements
December 31, 2023 and 2022

9. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall mission of the Foundation. Expenses are applied directly to a classification or allocated on a reasonable basis that is consistently applied. Salaries, benefits and payroll taxes are allocated according to employees' time spent on various activities related to each category. Other expenses that are allocated on the basis of time and effort are office expenses, insurance and occupancy. Expenses for the year ended December 31, 2023, consisted of the following:

	Program Services	Operations and Governance	Federal Excise Tax Expense	Total
Grants authorized, net	\$ 9,098,172	\$ -	\$ -	\$ 9,098,172
Salaries and wages	2,655,315	406,002	-	3,061,317
Payroll taxes and employee benefits	871,135	133,198	-	1,004,333
Legal fees	-	8,876	-	8,876
Accounting fees	-	44,282	-	44,282
Other professional fees	87,017	2,936	-	89,953
Depreciation	24,058	3,595	-	27,653
Occupancy	630,218	111,447	-	741,665
Travel and meetings	69,154	42,959	-	112,113
Printing and design	12,847	1,100	-	13,947
Office expenses and IT	119,067	16,931	-	135,998
Insurance	44,090	6,588	-	50,678
Outreach and public events	66,142	-	-	66,142
Miscellaneous	980	12,274	-	13,254
Current federal excise tax	-	-	157,799	157,799
Deferred federal excise tax	-	-	505,640	505,640
Total	<u>\$ 13,678,195</u>	<u>\$ 790,188</u>	<u>\$ 663,439</u>	<u>\$ 15,131,822</u>

Expenses for the year ended December 31, 2022, consisted of the following:

	Program Services	Operations and Governance	Federal Excise Tax Expense (Benefit)	Total
Grants authorized, net	\$ 9,875,058	\$ -	\$ -	\$ 9,875,058
Salaries and wages	2,467,137	386,355	-	2,853,492
Payroll taxes and employee benefits	760,127	119,036	-	879,163
Legal fees	-	3,127	-	3,127
Accounting fees	-	41,401	-	41,401
Other professional fees	98,770	130,104	-	228,874
Depreciation	16,730	2,724	-	19,454
Occupancy	588,844	95,858	-	684,702
Travel and meetings	45,412	27,721	-	73,133
Printing and design	14,845	6,689	-	21,534
Office expenses and IT	161,741	21,690	-	183,431
Insurance	44,443	7,235	-	51,678
Outreach and public events	13,478	1,200	-	14,678
Miscellaneous	210	11,612	-	11,822
Current federal excise tax	-	-	170,067	170,067
Deferred federal excise tax (benefit)	-	-	(846,551)	(846,551)
Total	<u>\$ 14,086,795</u>	<u>\$ 854,752</u>	<u>\$ (676,484)</u>	<u>\$ 14,265,063</u>

**New York State Health Foundation
D/B/A New York Health Foundation**

Notes to Financial Statements
December 31, 2023 and 2022

10. Retirement Plans

The Foundation maintains a 403(b) defined contribution plan, which covers all employees that meet eligibility requirements. The Foundation made contributions totaling \$380,581 and \$349,178 to the plan for 2023 and 2022. The Foundation also maintains a 457(b) plan that is limited to senior level management employees. The Foundation does not make contributions to the 457(b) plan.

11. Commitments

Lease Commitments

The Foundation has a lease for its office space in New York City expiring in March 2026. The lease contains escalation clauses that provide for increase in payments resulting from increases in real estate taxes and certain other building expenses in excess of the base period amounts. The Foundation amortizes the operating lease right-of-use assets over the life of the lease agreements. Right-of-use assets consist of the following at December 31, 2023 and 2022:

	2023	2022
Right of use assets - operating lease	\$ 2,312,710	\$ 2,312,710
Less: accumulated amortization	(1,042,678)	(542,520)
	\$ 1,270,032	\$ 1,770,190

The future minimum rental payments under the lease agreement are:

2024	\$ 663,000
2025	663,000
2026	165,750
Less: present value discount	(19,689)
	\$ 1,472,061

Cash paid for operating leases totaled to \$663,000 annually for both 2023 and 2022. The variable lease components, including common area maintenance, utilities and real estate taxes totaled to \$185,018 and \$135,821 for 2023 and 2022. Rent expense totaled to \$575,005 and \$571,414 for 2023 and 2022.

The weighted-average discount rate used for operating leases is 1.23%. The weighted-average lease term in years for operating leases is 2.25 years.

**New York State Health Foundation
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Notes to Financial Statements
December 31, 2023 and 2022

11. Commitments (continued)

Rental Income

The Foundation leases part of this space to a third party. The lease agreement was renewed on February 1, 2023, expiring on January 31, 2024. This lease was subsequently renewed on February 1, 2024, expiring on January 31, 2025. The future minimum rental payments to be received under this lease agreement are:

2024	\$ 139,904
2025	<u>11,687</u>
	<u>\$ 151,591</u>

12. Program Related Investments

In February 2022, the Foundation awarded a program related investment (“PRI”) for \$264,799 to New York State Association for Rural Health (“NYSARH”) as a loan that is non-interest bearing. The PRI was made to support the Rural Health Care Access Development and Rural Health Network Development programs. The funding enabled NYSARH to rapidly execute subcontracts with 76 rural access hospitals and rural health networks while awaiting reimbursement from the NYS Department of Health. The PRI was repaid in full to the Foundation in September 2022. During 2015 and 2016 the Foundation wrote-off a PRI to Freelancers Union, Inc. when Freelancers ceased operations and later was dissolved by the NYS Department of Financial Services (DFS). Subsequently, the Foundation received \$210,463 from DFS towards the PRI in March 2023 which is recorded as other income on the 2023 statement of activities.

13. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is May 20, 2024.

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**New York State Health Foundation
D/B/A New York Health Foundation**

Supplementary Information

For the Year Ended December 31, 2023
(With Summarized Totals for the Year
December 31, 2022)

**New York State Health Foundation
D/B/A New York Health Foundation**

**Schedule of Expenses
Year Ended December 31, 2023
(with summarized totals for the year ended December 31, 2022)**

	Program Services	Operations and Governance	Federal Excise Tax (Benefit)	Investment	2023 Total	2022 Total
Grants authorized, net	\$ 9,098,172	\$ -	\$ -	\$ -	\$ 9,098,172	\$ 9,875,058
Allocated Expenses						
Salaries and wages	2,655,315	406,002	-	262,916	3,324,233	3,121,513
Payroll taxes and employee benefits	871,135	133,198	-	48,511	1,052,844	927,967
Manager fees	-	-	-	92,013	92,013	98,585
Legal fees	-	8,876	-	-	8,876	3,127
Accounting fees	-	44,282	-	-	44,282	41,401
Other professional fees	87,017	2,936	-	111,604	201,557	278,874
Depreciation	24,058	3,595	-	2,375	30,028	21,281
Occupancy	630,218	111,447	-	71,254	812,919	749,014
Travel and meetings	69,154	42,959	-	366	112,479	73,133
Printing and design	12,847	1,100	-	-	13,947	21,534
Office expenses and IT	119,067	16,931	-	11,389	147,387	200,531
Insurance	44,090	6,588	-	-	50,678	51,678
Outreach, events, conferences	66,142	-	-	-	66,142	14,678
Miscellaneous	980	12,274	-	-	13,254	11,822
Current federal excise tax	-	-	157,799	-	157,799	170,067
Deferred federal excise tax (benefit)	-	-	505,640	-	505,640	(846,551)
Total	\$ 13,678,195	\$ 790,188	\$ 663,439	\$ 600,428	\$ 15,732,250	\$ 14,813,712

See independent auditors' report