THE EAST HAMPTON
HEALTHCARE FOUNDATION

Financial Statements

for the years ended
December 31, 2023 and 2022

THE EAST HAMPTON HEALTHCARE FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The East Hampton Healthcare Foundation

Opinion

We have audited the accompanying financial statements of The East Hampton Healthcare Foundation (a nonprofit organization) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The East Hampton Healthcare 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 East Hampton Healthcare Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes 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 East Hampton Healthcare Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 East Hampton Healthcare 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Summarized Comparative Information

We have previously audited the East Hampton Healthcare Foundation's financial statements 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which is has been derived.

Sabel and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

April 5, 2024

THE EAST HAMPTON HEALTHCARE FOUNDATION

Statements of Financial Position

	December 31	
	2023	2022
Assets		
Current Assets		
Cash and cash equivalents		
Without donor restrictions	$ 717,120	$ 943,588
With donor restrictions	16,250	36,769
Investments	1,450,759	1,279,945
Accounts receivable	8,295	4,318
Pledges receivable	109,808	120,000
Prepaid expenses	6,337	8,789
Total Current Assets	2,308,569	2,393,409
Property and Equipment, net	2,958,726	3,490,066
Other Assets		
Investments with donor restrictions	2,000,000	1,863,182
Restricted cash - tenant escrow	17,011	17,007
Rent security – Urgent Care	-	23,265
Right of use assets	7,924	-
Pledges receivable, long-term portion	-	35,873
Total Other Assets	2,024,935	1,939,327
Total Assets	$ 7,292,230	$ 7,822,802
Liabilities and Net Assets		
Current Liabilities		
Grants payable	$ -	$ 346,000
Accrued expenses payable	29,321	48,138
Lease liability – short-term	2,268	-
Deferred revenue - rent	1,897	1,408
Total Current Liabilities	33,486	395,546
Other Liabilities		
Lease liability – long-term	5,656	-
Tenant security deposits payable	17,011	17,009
Total Long-term Liabilities	22,667	17,009
Total Liabilities	56,153	412,555
Net Assets		
Without donor restrictions		
Undesignated	3,267,857	3,646,532
Board designated	1,842,163	1,723,411
With donor restrictions	2,126,057	2,040,304
Total Net Assets	7,236,077	7,410,247
Total Liabilities and Net Assets	$ 7,292,230	$ 7,822,802

THE EAST HAMPTON HEALTHCARE FOUNDATION

Statements of Activities

for the years ended

	Without Donor Restrictions: Undesignated	Without Donor Restrictions: Designated	With Donor Restrictions	December 31 2023	December 31 2022
Revenues					
Contributions	$ 465,161	$ -	$ 115,075	$ 580,236	$ 421,950
In-kind donations	2,183	-	49,925	52,108	46,829
Rental income	517,556	-	-	517,556	567,201
Investment income (losses) net of fees	1,018	55,218	40,741	96,977	70,829
Investment gains/(losses):					
Unrealized	-	56,219	172,094	228,313	(354,165)
Realized	(765)	564	1,359	1,158	(1,157)
Released from restrictions	286,690	6,751	(293,441)	-	-
Total Revenues	1,271,843	118,752	85,753	1,476,348	751,487
Expenses					
Rental expenses, net of reimbursements	337,028	-	-	337,028	341,431
Program expenses	822,980	-	-	822,980	2,755,787
Supporting Services:					
General and administrative	69,646	-	-	69,646	142,115
Fundraising	4,821	-	-	4,821	33,282
Total Expenses	1,234,475	-	-	1,234,475	3,272,615
Change in Net assets before Loss on Disposals	37,368	118,752	85,753	241,873	-
Loss on disposal of fixed assets	(416,043)	-	-	(416,043)	-
Changes in Net Assets	(378,675)	118,752	85,753	(174,170)	(2,521,128)
Net assets, beginning of year	3,646,532	1,723,411	2,040,304	7,410,247	9,931,375
Net assets, end of year	$ 3,267,857	$ 1,842,163	$ 2,126,057	$ 7,236,077	$ 7,410,247

See Independent Auditors' Report and
Notes to Financial Statements

THE EAST HAMPTON HEALTHCARE FOUNDATION

Statements of Functional Expenses

for the years ended

Expense	Net Rental Expenses	Program	General & Administrative	Fundraising	December 31 2023	December 31 2022
Net rental expenses	$ 337,028	$ -	$ -	$ -	$ 337,028	$ 341,431
Program director	-	120,000	-	-	120,000	120,000
Salaries and wages	-	62,862	3,200	-	66,062	62,307
Employee benefits	-	3,517	-	-	3,517	3,839
Payroll taxes	-	5,435	-	-	5,435	5,204
Grant expense	-	562,553	-	-	562,553	2,569,342
Professional fees:						
Accounting	-	-	19,066	-	19,066	16,600
Legal	-	-	10,850	-	10,850	8,316
Public relations consultant	-	21,800	-	-	21,800	20,500
Advertising and promotion	-	5,600	-	-	5,600	5,193
Office expenses	-	-	23,047	-	23,047	24,261
Miscellaneous expenses	-	-	-	-	-	17,287
Insurance	-	789	3,051	-	3,840	3,863
Health fairs and symposiums	-	731	-	-	731	232
Fundraising	-	-	-	4,821	4,821	15,995
Foundation administrative expenses	-	-	10,432	-	10,432	-
Advisory Council	-	2,000	-	-	2,000	1,700
UCC Reimbursables, net	-	30,618	-	-	30,618	25,710
Bad debt	-	2,176	-	-	2,176	10,000
Depreciation expense - UCC	-	4,899	-	-	4,899	20,835
Total Expenses	$ 337,028	$ 822,980	$ 69,646	$ 4,821	$ 1,234,475	$ 3,272,615

See Independent Auditors' Report and
Notes to Financial Statements

THE EAST HAMPTON HEALTHCARE FOUNDATION

Statements of Cash Flows

	December 31 2023	December 31 2022
Cash Flows from Operating Activities:		
Changes in net assets	$ (174,170)	$ (2,521,128)
Adjustments to reconcile the changes in net assets to net cash (used) provided by operating activities:		
Depreciation	135,991	142,840
(Gains)losses on investments:		
Unrealized	(228,313)	354,165
Realized	(1,158)	1,157
Loss on fixed asset disposal	416,043	-
(Increase) Decrease in:		
Accounts receivable	(3,977)	(4,318)
Pledges receivable	46,065	162,274
Prepaid expenses	2,452	19,244
Right of use asset	(7,924)	-
Rent security – Urgent Care	23,265	-
Increase (Decrease) in:		
Grant payable	(346,000)	346,000
Accrued expenses	(18,817)	(8,556)
Deferred revenue - rent	489	1,408
Lease liability	7,924	-
Tenant security deposits payable	(2)	(152)
Net Cash (Used) Provided by Operating Activities	(148,132)	(1,507,066)
Cash Flows from Investing Activities:		
Investment proceeds	58,051	31,721
Investment purchases	(86,207)	(78,913)
Expenditures for property and equipment	(70,695)	(70,659)
Net Cash (Used) by Investing Activities	(98,851)	(117,851)
Net (Decrease) Increase in Cash	(246,983)	(1,624,917)
Cash and Cash Equivalents, beginning of year	997,364	2,622,281
Cash and Cash Equivalents, end of year	$ 750,381	$ 997,364
Supplementary Information:		
In-kind donations – marketable securities	$ 52,108	$ 46,829

See Independent Auditors' Report and
Notes to Financial Statements

Note 1 - Purpose of the Foundation

The East Hampton Healthcare Foundation (the Foundation) is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Founded in 1998, the mission of the East Hampton Healthcare Foundation is to improve the quality and availability of healthcare for all citizens of the Town of East Hampton, including the uninsured and underinsured, with one standard of care for all. The Foundation will also conduct research regarding the availability and quality of healthcare services in the community, educate the general public regarding the same, stimulate community participation and encourage public interest in a system of healthcare that will promote prevention, treatment and wellness.

Note 2 - Date of Management's Review

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition of disclosure through April 5, 2024, the date that the financial statements were available to be issued.

Note 3 - Significant Accounting Policies

The summary of significant accounting policies of The East Hampton Healthcare Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who are responsible for their integrity and objectivity.

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation
The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Note 3 - Continued

Net assets with donor restrictions*:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management may make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the revenue and expenses during the reported periods. Accordingly, actual results could differ from those estimates.

Revenue and Revenue Recognition

The organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that ae bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Organization received only stock donations of $52,108 and $46,829 respectively for the years ended December 31, 2023 and 2022 and were immediately sold. The stock donations were as follows:

Note 3 - Continued

	December 31	
	2023	2022
General and unrestricted	$ 2,183	$ 19,254
Donor Restricted:		
Satellite Emergency Department	49,925	27,575
Total In-Kind Donations	$ 52,108	$ 46,829

Please note that $50,000 in in-kind donations received in 2022 related to pledges that were accrued in prior years and therefore are not included in the above total. The Statements of Cash Flows Supplementary Information shows the total in-kind donations received during the year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with original maturity of three months or less to be cash equivalents. The cash accounts are as follows:

	December 31	
	2023	2022
Without Donor Restrictions:		
Operating	$ 247,241	$ 500,122
Ross Endowment	-	-
Subtotal	247,241	500,122
Board Designated:		
Depreciation reserve	232,889	215,412
Program development	-	1,583
Board designated	236,990	226,471
Subtotal	469,879	443,466
Total Without Donor Restrictions	717,120	943,588
With Donor Restrictions:		
Operating	16,250	36,250
Restricted Ross endowment	-	519
Total With Donor Restrictions	16,250	36,769
Restricted Escrow Accounts	17,011	17,007
Total Cash and Cash Equivalents	$ 750,381	$ 997,364

Note 3 - Continued

Concentration of Credit Risk

The Foundation's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Foundation deposits its cash and cash equivalents with what it believes to be quality financial institutions, and at times during the year the balances have exceeded the federally insured limits. The Foundation believes no significant concentration of credit risk exists with respect to its cash and cash equivalents.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as unrealized gains and losses in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Pledges Receivable

Unconditional pledges expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable pledges is calculated based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges are written off when deemed uncollectable. At December 31, 2023 and 2022, there were no allowances as no amounts were deemed to be uncollectable, however one pledge was written off for $10,000 in 2022.

Note 3 - Continued

Property, Equipment and Depreciation

Expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over estimated useful lives of the assets, ranging from five years to thirty-nine years. Depreciation expense for the years ending December 31, 2023 and 2022 are $135,991 and $142,840 respectively.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Following is a summary as of:

	December 31	
	2023	2022
Land	$ 721,489	$ 721,489
Building and improvements	4,165,693	4,123,645
Leasehold improvements – Urgent Care	-	768,530
Equipment	184,188	160,641
Equipment – Urgent Care	-	204,647
Furnishings	56,408	56,408
Less: Accumulated depreciation	(2,169,052)	(2,545,294)
Net Property and Equipment	2,958,726	3,490,066

The Urgent Care Center lease was discontinued in 2023 and the undepreciated leasehold improvements was $466,043. The Urgent Care Center equipment valued at $50,000 was fully depreciated and was donated to a medical office in 2023. The total loss showing on the Statement of Activities is the combination of the loss on the undepreciated leasehold improvements of $466,043 and the gain on donation of equipment of $50,000, which nets to $416,043.

Contributed Services

A number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising campaigns. The value of this contributed time is not reported in these statements as it does not meet the criteria for recognition. The Foundation also provides office space to other not-for-profit medical organizations at no cost.

Management estimates the non-revenue program cost to the Foundation to be approximately $20,000 and $5,200 for the years ended December 31, 2023 and 2022 respectively.

Note 3 - Continued

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Expenses that are allocated include the following:

Expense	Method of Allocation
Program director	Percentage of time spent
Salaries, benefits and taxes	Percentage of time spent
Public relations consultant	Percentage of time spent
Professional services	Percentage of time spent
Office and related	Percentage of time spent
Insurance	Percentage of time spent
Other	Percentage of time spent

Advertising

The organization uses advertising to promote its programs. These costs are expensed as incurred and totaled $5,600 and $5,193 for the years ended December 31, 2023 and 2022 respectively.

Note 4 - Availability and Liquidity

The following represents the organization's financial assets:

	December 31	
	2023	2022
Financial assets at year end:		
Cash and cash equivalents	$ 750,381	$ 997,364
Investments	3,450,759	3,143,127
Accounts receivable	8,295	4,318
Pledges receivable	109,808	120,000
Total Financial Assets	$ 4,319,243	$ 4,264,809
Less financial assets not available to be used within one year:		
Tenant security	(17,011)	(17,007)
Net assets with donor restrictions	(2,126,057)	(2,055,304)
Endowments established by the board	(1,842,163)	(1,723,411)
Financial assets not available to be used	(3,985,231)	(3,795,722)

See Independent Auditors' Report

Note 5 - Continued

Financial assets available to meet the cash needs for general expenditures within one year	$ 334,012	$ 469,087

The organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is invested in short-term investments, including money market accounts, certificates of deposits, mutual funds and publicly traded securities. The Foundation's board has designated funds of $1,842,163 to assist with future fixed asset purchases, program development and other future mission related cash needs.

Note 5 - Investments – Fair Value

The Organization invests in ETF's and mutual funds. Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the year ended December 31, 2023. The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended December 31, 2023.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 5 - Continued

Investments consist of the following at December 31, 2023:

	FMV- All Level 1	Carrying Value
Mutual funds	$2,455,796	$2,016,486
ETF's	994,963	803,066
Total	$3,450,759	$2,819,552

The relationship between carrying values and fair values of investments as of December 31, 2022, is as follows:

	Carrying Value	Fair Value	Unrealized Gain (Loss)
Balance, beginning of year	$ 2,740,233	$ 3,143,127	$ 402,894
Balance, end of year	2,819,552	3,450,759	631,207
Change in unrealized gains/(losses)			$ 228,313

Fair value investments at the end of the year consist of the following:

	December 31	
	2023	2022
Investments with donor restrictions	$ 2,000,000	$ 1,863,182
Investments without donor restrictions:		
Undesignated	78,475	-
Board designated	1,372,284	1,279,945
Total Fair Value	$ 3,450,759	$ 3,143,127

Note 6 - Net Assets

Net assets with donor restrictions are as follows:

	December 31	
	2023	2022
Specific Purpose:		
Pediatric grants and donations	$ 11,250	$ 11,250
Satellite Emergency Department	-	10,000
Pledges – Satellite Emergency Dept.	109,807	155,872
Donations for future years	5,000	-
Endowment	2,000,000	1,863,182
Total	$ 2,126,057	$ 2,040,304

Note 6 - Continued

The A & J C Ross Endowment Fund represents a gift from the Estate of Arthur Ross to establish an endowment. The spending allowed is the greater of the fund's net income or 4% of the fund which are valued annually. The principal is to remain in perpetuity and the earnings are to be used at the discretion of the Foundation's Board of Trustees to support the mission of the Foundation.

From time to time, the donor-restricted endowment fund may a have fair value that is less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022 the endowment value was $136,818 less than the original gift value due to declines in the stock market, however, at December 31, 2023 it was $78,475 over the original endowment contribution.

Changes in endowment net assets are as follows:

	December 31	
	2023	2022
Endowment net assets, beginning of year	$ 1,863,182	$ 2,000,000
Investment income, net	41,840	34,809
Gains/(losses):		
Unrealized	172,094	(169,535)
Realized	1,359	(2,092)
Amounts appropriated for expenditure	-	-
Endowment net assets, end of year	$ 2,078,475	$ 1,863,182

Net assets without donor restrictions are as follows:

	December 31	
	2023	2022
Undesignated	$ 3,267,857	$ 3,646,532
Board designated:		
Fixed assets	232,889	215,412
Development	1,372,284	1,281,528
General	236,990	226,471
Total Board Designated	$ 1,842,163	$ 1,723,411

The Foundation's designated funds are to assist with future fixed asset purchases, program development and other future mission related cash needs. The board must pass a resolution in order to use the designated funds.

Note 6 - Continued

Net assets released from net assets with donor restrictions are as follows:

	December 31 2023	December 31 2022
Specific Purpose:		
Pediatric grants and donations	$ -	$ 25,000
Satellite Emergency Department	80,000	1,525,651
Miscellaneous grants	-	-
Pledges	147,500	157,500
Investments earnings	65,941	177,244
Total	$ 293,441	$ 1,885,395

Note 7 - Tax Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) .

There was no unrelated business income for the years ended December 31, 2023 and 2022. Accordingly, no provision for Federal or State income taxes is required. As of December 31, 2023, no amounts have been recognized for uncertain income tax positions. The Organization’s tax returns for the year 2020 and forward are subject to the usual review by the appropriate taxing authorities.

Note 8 - Leases

Recently adopted accounting standards

For the year ended December 31, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases,* which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period December 31, 2022. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of $7,924 and lease liabilities totaling $7,924 in its statements of financial position as of December 31, 2023. The adoption did not result in an adjustment on amounts reported in the statements of activities for the year ended December 31, 2023.

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the organization's right to use underlying assets for the lease term, and the lease liabilities represent the organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2023, was 3.66%.

The Organization's operating leases consists of an equipment lease. For the year ended December 31, 2023, total operating lease cost was $8,316, and total short-term lease cost was approximately $2,268. As of December 31, 2023, the weighted-average remaining lease term for the Organization's operating leases was approximately 4 years. Cash paid for operating leases for the year ended December 31, 2023 was $2,268. There were no noncash investing and financing transactions related to leasing.

The future minimum equipment lease payments are as follows for the years ended December 31:

Year	Amount
2024	$ 2,268
2025	2,268
2026	2,268
2027	1,512
Subtotal	$ 8,316
Less present value discount	(392)
Net Future Lease Payments	$ 7,924

Note 9 - Lease - Tenant Rentals

The Foundation is renting office space to provide medical services to the community. The individual leases are annual, with annual escalations of rent and maintenance charges. The annual rental expenses include depreciation expense of $131,092.

The projected future minimum tenant rentals are as follows:

Year	Amount
2024	$ 419,849
2025	432,444
2026	445,417
2027	458,780
2028	472,543
Total	$2,229,033

Note 10 - Lease - Urgent Care Facility

The Foundation entered into a net lease for the urgent care facility on January 1, 2008. The lease was for ten (10) years with a five (5) year option to renew, which was renewed an additional five years. The property was sublet commencing 2012 at the same terms and conditions. The lease expired December 31, 2022 and was renewed for only two months. See Note 3, Property, Equipment and Depreciation for details on the related disposals and loss on disposal.

Note 11 - Summarized Financial Information for 2022

The financial statements include prior year summarized comparative information in total but not by net asset class and functional class in the Statement of Activities and Functional Expenses respectively. Such information does not include sufficient detail to constitute a presentation in conformity with United States generally accepted accounting principles. Accordingly, such information should only be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

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To the Board of Trustees
The East Hampton Healthcare Foundation
East Hampton, New York 11937

In planning and performing our audit of the financial statements of The East Hampton Healthcare Foundation as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in the internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use by management of The East Hampton Healthcare Foundation and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sabel and Oplinger

Sabel & Oplinger, CPA, PC
Southampton, New York

April 5, 2024