

Lighthouse Guild International, Inc. and Affiliates

**Consolidated Financial Statements
and Supplemental Schedules**
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Lighthouse Guild International, Inc. and Affiliates

Consolidated Financial Statements and Supplemental Schedules
Years Ended December 31, 2023 and 2022

Lighthouse Guild International, Inc. and Affiliates

Contents

Independent Auditor's Report	3-5
Consolidated Financial Statements	
Consolidated Balance Sheets as of December 31, 2023 and 2022	6
Consolidated Statements of Operations and Changes in Net Assets for the Years Ended December 31, 2023 and 2022	7
Consolidated Statements of Cash Flows for the Years Ended December 31, 2023 and 2022	8
Notes to Consolidated Financial Statements	9-42
Supplemental Schedules	
Consolidating Balance Sheet as of December 31, 2023	44
Consolidating Schedule of Operations and Changes in Net Assets for the Year Ended December 31, 2023	45
Consolidating Schedule of Operations and Change in Net Assets by Program for the Year Ended December 31, 2023	46



Independent Auditor's Report

The Board of Directors
Lighthouse Guild International, Inc. and Affiliates
New York, New York

Opinion

We have audited the consolidated financial statements of Lighthouse Guild International, Inc. and Affiliates (LGI), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 LGI 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 (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 LGI 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 Matters

Adoption of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842)

As discussed in Notes 3 and 8 to the consolidated financial statements, LGI has changed its method for accounting for leases in 2022 due to the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Discontinued Operations

As described in Note 1 to the consolidated financial statements, GuildNet, Inc. ceased operations effective January 1, 2019. Detailed in Note 2 to the consolidated financial statements, are the certain assets and liabilities of GuildNet Inc.'s discontinued operations, as of December 31, 2023 and 2022. Additionally, detailed in Note 2 are the major classes of revenues and expenses from discontinued operations for the years ended December 31, 2023 and 2022.

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 LGI's ability to continue as a going concern within one year after the date that the consolidated 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 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 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 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 consolidated 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 LGI'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 LGI'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

We have audited the consolidated financial statements of LGI as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated June 12, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet as of December 31, 2023, consolidating schedule of operations and changes in net assets for the year ended December 31, 2023 and the consolidating schedule of operations and changes in net assets by program for the year ended December 31, 2023, are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, P.C.

June 12, 2024

Lighthouse Guild International, Inc. and Affiliates

Consolidated Balance Sheets (in thousands)

<i>December 31,</i>	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,475	\$ 15,537
Investments, current portion (Notes 3 and 5)	277,798	267,890
Accounts receivable, net of allowance for credit losses of \$2,840 and \$5,203, respectively (Note 3)	1,936	3,573
Prepaid expenses and other current assets	6,544	3,158
Total Current Assets	295,753	290,158
Endowment Investments (Notes 5, 9, and 10)	23,949	24,077
Beneficial Interest in Perpetual Trusts (Notes 3, 5, and 16)	12,999	11,911
Investments, net of current portion (Notes 3 and 5)	84,698	90,722
Fixed Assets, Net (Notes 3 and 6)	20,004	20,384
Right-of-Use Assets - Finance Leases, Net (Notes 3 and 8)	83,922	86,718
Right-of-Use Assets - Operating Leases, Net (Notes 3 and 8)	5,169	6,701
Other Assets	11,227	6,114
Total Assets	\$ 537,721	\$ 536,785
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,737	\$ 6,523
Accrued salaries and related expenses	2,333	2,036
Due to third-party payors, net (Notes 3 and 11)	15,954	18,882
Current portion of notes payable (Note 7)	-	5,000
Current portion of finance leases payable (Notes 3 and 8)	1,592	1,314
Current portion of operating leases payable (Notes 3 and 8)	2,618	2,691
Current portion of accrued pension and postretirement medical benefits (Notes 12 and 13)	72	76
Current portion of annuity obligations (Note 17)	204	267
Other current liabilities	808	939
Total Current Liabilities	29,318	37,728
Notes Payable, net of current portion (Note 7)	53,700	74,300
Finance Leases Payable, net of current portion (Notes 3 and 8)	108,175	109,006
Operating Leases Payable, net of current portion (Notes 3 and 8)	6,599	9,210
Accrued Pension and Postretirement Medical Benefits, net of current portion (Notes 12 and 13)	7,986	12,997
Annuity Obligations, net of current portion (Note 17)	890	1,132
Total Liabilities	206,668	244,373
Commitments and Contingencies (Notes 7, 8, 9, 10, 11, 12, 13, 14, 15, and 17)		
Net Assets (Notes 9 and 10)		
Without donor restrictions	277,713	242,838
With donor restrictions	53,340	49,574
Total Net Assets	331,053	292,412
Total Liabilities and Net Assets	\$ 537,721	\$ 536,785

See accompanying notes to consolidated financial statements.

Lighthouse Guild International, Inc. and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
(in thousands)

Year ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support from Operations						
Program revenue	\$ 2,884	\$ -	\$ 2,884	\$ 2,901	\$ -	\$ 2,901
Capitation retrospective premiums	-	-	-	1,120	-	1,120
Net patient service revenue	7,566	-	7,566	6,670	-	6,670
Other revenue	3,981	-	3,981	3,275	-	3,275
Net assets released from restrictions	4,403	(4,403)	-	1,813	(1,813)	-
Total Revenue and Other Support from Operations	18,834	(4,403)	14,431	15,779	(1,813)	13,966
Operating Expenses						
Program services:						
Provider services	16,258	-	16,258	14,028	-	14,028
Total Program Services	16,258	-	16,258	14,028	-	14,028
Supporting services:						
Management and general	29,738	-	29,738	27,299	-	27,299
Total Operating Expenses	45,996	-	45,996	41,327	-	41,327
Deficiency of Revenue and Other Support from Operations Under Expense	(27,162)	(4,403)	(31,565)	(25,548)	(1,813)	(27,361)
Non-Operating Revenue, Gains, and Losses						
Contributions and grants	1,418	894	2,312	2,498	678	3,176
Special events, net of direct benefit to donors of \$320 and \$241, respectively	537	-	537	453	-	453
Legacies and bequests	13,580	-	13,580	7,182	-	7,182
Interest and dividend income, net	5,561	466	6,027	6,863	356	7,219
Net realized and unrealized gains (losses) on investments	32,096	2,542	34,638	(41,536)	(3,285)	(44,821)
Distributions from perpetual trusts	626	-	626	615	-	615
Change in value of annuity obligations	85	-	85	(189)	-	(189)
Change in value of beneficial interest in trusts	-	4,267	4,267	-	(4,193)	(4,193)
Pension and postretirement benefit changes other than net periodic benefit cost	5,345	-	5,345	(6,599)	-	(6,599)
Change in management's estimate	2,920	-	2,920	1,017	-	1,017
Contribution expense (Note 10)	(131)	-	(131)	-	-	-
Cumulative effect of change in accounting principle (Note 8)	-	-	-	3,903	-	3,903
Non-Operating Revenue, Gains, and Losses, Net	62,037	8,169	70,206	(25,793)	(6,444)	(32,237)
Change in Net Assets	34,875	3,766	38,641	(51,341)	(8,257)	(59,598)
Net Assets, beginning of year	242,838	49,574	292,412	294,179	57,831	352,010
Net Assets, end of year	\$ 277,713	\$ 53,340	\$ 331,053	\$ 242,838	\$ 49,574	\$ 292,412

See accompanying notes to consolidated financial statements.

Lighthouse Guild International, Inc. and Affiliates

Consolidated Statements of Cash Flows (in thousands)

<i>Year ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 38,641	\$ (59,598)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,874	4,662
Provision for credit loss expense	1,128	-
Pension and postretirement benefit changes other than net periodic benefit cost	(5,345)	6,599
Net realized and unrealized (gains) losses on investments	(34,638)	44,821
Change in value of annuity obligations	(85)	189
Change in value of beneficial interest in irrevocable trusts	(3,179)	1,169
Change in value of beneficial interest in perpetual trusts	(1,088)	3,024
Distributions received from irrevocable trust	996	-
Non-cash lease expense	1,537	1,584
Change in management's estimate	-	(1,017)
Gain on change in accounting principle	-	(7,907)
Impairment of right-of-use assets - finance lease	-	2,882
Impairment of right-of-use assets - operating lease	-	1,122
Change in operating assets and liabilities:		
Accounts receivables, net	509	(1,721)
Prepaid expenses, other current assets, and other assets	(6,316)	(2,030)
Accounts payable and accrued expenses	(786)	1,510
Accrued claims payable	-	(5,099)
Accrued salaries and related expenses	297	37
Accrued pension and postretirement medical benefits	330	(2,423)
Due to third-party payors	(2,928)	(7,166)
Other current liabilities	(131)	139
Principal reduction in operating leases payable	(2,689)	(2,642)
Net Cash Used in Operating Activities	(8,873)	(21,865)
Cash Flows from Investing Activities		
Purchases of fixed assets	(874)	(460)
Statutory reserve investments transferred	-	8,893
Proceeds from sales of investments	169,129	121,645
Purchases of investments	(138,247)	(109,199)
Net Cash Provided by Investing Activities	30,008	20,879
Cash Flows from Financing Activities		
Principal payments made on notes payable	(25,600)	-
Principal payments made on finance leases	(1,377)	(1,195)
Payments of annuity obligations	(220)	(245)
Net Cash Used in Financing Activities	(27,197)	(1,440)
Net Decrease in Cash and Cash Equivalents	(6,062)	(2,426)
Cash and Cash Equivalents, beginning of year	15,537	17,963
Cash and Cash Equivalents, end of year	\$ 9,475	\$ 15,537
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 8,220	\$ 5,872
Right-of-use assets acquired through finance leases	824	-
Right-of-use assets acquired through operating leases	5	1,840

See accompanying notes to consolidated financial statements.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

1. Nature of Organization

Lighthouse Guild International, Inc. (Lighthouse Guild) was incorporated on November 7, 2013 to improve the operational effectiveness of the Jewish Guild for the Blind (JGB) and Lighthouse International (the Lighthouse) by providing administrative and consulting services, as well as funding to promote the good health and well-being of visually impaired and other persons in need.

LGI Services, LLC and LGI Programs, LLC were both formed to advance and support the charitable, educational, and scientific purposes of JGB, the Lighthouse, and Lighthouse Guild. They are considered disregarded entities for federal income tax purposes. LGI Services, LLC's sole member is JGB. LGI Programs, LLC's sole member is Lighthouse Guild.

The Lighthouse, founded in 1905, helps people of all ages overcome the challenges of vision loss. Through its various programs and services, education, research, and advocacy, the Lighthouse assists people with low vision and blindness to enjoy safe, independent, and productive lives. The Lighthouse's primary sources of revenue are government and foundation grants.

JGB was incorporated on October 23, 1916 and provides services to visually impaired persons. In 2012, JGB filed a certificate of assumed name in order to do business as Jewish Guild Healthcare. JGB's primary sources of revenue are grants and contributions from the general public.

JGB's affiliates include GuildNet, Inc. (GuildNet), J.G.B. Health Facilities Corporation (H.F.C.), J.G.B. Rehabilitation Corporation (Rehab), J.G.B. Education Services (EDS), Greater Boston Guild for the Blind, Inc. (GBGB), J.G.B. Mental Health and Mental Retardation Services, Inc. (MHS), and National Association of Parents of Children with Visual Impairments, Inc. (NAPVI) (collectively, the Guild or Affiliates).

Lighthouse Guild and its affiliates, the Guild, and the Lighthouse (collectively, LGI), are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code) and have been classified as organizations that are not private foundations under Section 509(a) of the Code.

GuildNet operated three health plans, Partially Capitated Medicaid Managed Long-Term Care (MLTC), Medicaid Advantage Plus (MAP), and Fully Integrated Dual Advantage Plan (FIDA). During 2018, GuildNet requested and received approval from the New York State Department of Health (NYSDOH) to cease providing MLTC services in all counties of New York City effective January 1, 2019, and all members have transferred to other MLTC plans. GuildNet also received approval from Centers for Medicare & Medicaid Services (CMS) to cease providing services effective January 1, 2019.

Nature of Affiliates

H.F.C. was incorporated on September 18, 1979 and operated adult day healthcare programs in New York City, Buffalo, Albany, and Niagara Falls through September 27, 2017. Rehab requested and received approval from NYSDOH to take over the operation of the four adult day healthcare programs run by H.F.C. commencing on September 28, 2017. H.F.C.'s mission is serviced by other programs within LGI and is in the process of closing the corporate entity.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Rehab was incorporated on June 23, 1987 and operates a diagnostic and treatment center, an optical dispensary, and four adult day healthcare programs in New York City, Buffalo, Albany, and Niagara Falls beginning September 28, 2017. Rehab's primary sources of revenue are reimbursements from Medicaid, Medicare, other third-party payors, and clients.

EDS provided functional, academic, sensory motor, and prevocational training for visually impaired children with additional disabilities. During 2018, EDS requested and received approval from the New York City Department of Education (NYCDOE) to cease providing services effective December 31, 2018 and all students have transferred to other schools. EDS's mission is serviced by other programs within LGI and is in the process of closing the corporate entity.

GBGB provided programs and materials designed to provide blind and visually impaired people with help and support that will enhance their physical, emotional, and intellectual functioning. GBGB's mission is serviced by other programs within the organization and LGI is in the process of closing the corporate entity.

MHS was incorporated on April 22, 2004. MHS commenced operations July 1, 2004 and operates a mental health clinic for individuals with vision loss. MHS's primary sources of revenue are reimbursement for services rendered from Medicaid, Medicare, and private insurance companies.

NAPVI is a nonprofit membership organization whose purpose is to provide support to parents and families of visually impaired children. NAPVI's mission is serviced by other programs within the organization and LGI is in the process of closing the corporate entity.

The remainder of this page intentionally left blank.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

2. Discontinued Operations

As described in Note 1, GuildNet ceased operations effective January 1, 2019. The following tables detail the certain assets and liabilities and major classes of revenues and expenses from GuildNet's discontinued operations.

December 31,

	2023		2022	
	Current	Long-Term	Current	Long-Term
Carrying amounts of major classes of assets included as part of discontinued operations:				
Cash and cash equivalents	\$ 197	\$ -	\$ 7,354	\$ -
Investments	7,739	-	-	-
Accounts receivable, net	-	-	729	-
Total Major Classes of Assets of the Discontinued Operation	\$ 7,936	\$ -	\$ 8,083	\$ -
Carrying amounts of major classes of liabilities included as part of discontinued operations:				
Accounts payable and accrued expenses	\$ 71	\$ -	\$ 178	\$ -
Due to third-party payors, net	15,792	-	18,711	-
Subordinated surplus note (due to parent)	-	47,089	-	47,089
Subordinated surplus note - interest payable (due to parent)	-	19,415	-	15,043
Due to Affiliates	-	37,805	-	36,166
Total Major Classes of Liabilities of the Discontinued Operation	\$ 15,863	\$ 104,309	\$ 18,889	\$ 98,298

Year ended December 31,

	2023	2022
Major classes of line items constituting deficiency of revenues under expenses of discontinued operations:		
Capitation retrospective premiums	\$ -	\$ 1,120
Interest and dividend income	134	-
Net investment income (loss)	5	(4)
Other revenue	11	3
Major classes of line items constituting non-operating revenue, gains, and losses of discontinued operations:		
Change in management's estimate	2,920	1,017
Total Revenues from Discontinued Operations	3,070	2,136
Less: management and general	6,202	3,735
Total Expenses from Discontinued Operations	6,202	3,735
Deficiency of Revenues Over Expenses of Discontinued Operations Related to Major Classes of Line Items	\$ (3,132)	\$ (1,599)

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

GuildNet reported a deficit of revenues over expenses of discontinued operations of \$(3,132) for the year ended December 31, 2023 and a net deficit of \$(58,614) at December 31, 2023, which does not meet the New York State contingent reserve surplus reserve requirement. As discussed in Note 3, the subordinated surplus note and related interest reflects a payable to JGB. As such, these amounts are eliminated in LGI's consolidated financial statements.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include Lighthouse Guild and its affiliates, the Guild, and the Lighthouse. All significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP). In the consolidated balance sheets, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of LGI's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—net assets without donor restrictions and net assets with donor restrictions—be displayed in a balance sheet and that the amounts of change in each of those classes of net assets be displayed in a statement of operations and changes in net assets.

These classes are defined as follows:

Net Assets Without Donor Restrictions - This class consists of the part of net assets that is not subject to donor-imposed stipulations and, therefore, is available for the general operations of LGI and net assets set aside to meet regulatory requirements for GuildNet (statutorily restricted).

Net Assets with Donor Restrictions - These net assets include resources for use limited by donor-imposed time and/or purpose restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of LGI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that 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 consolidated statements of operations and changes in net assets. Donor-restricted contributions whose restrictions are met in the same reporting period have been reported as without donor restrictions in the consolidated statements of operations and changes in net assets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Income from investment gains and losses, including unrealized gains and losses, dividends, and interest, are reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions. Net investment income is presented net of direct external expenses when incurred. For the years ended December 31, 2023 and 2022, investment management fees totaling \$1,042 and \$1,145, respectively, are included in interest and dividend income, net, in the consolidated statements of operations and changes in net assets.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, LGI considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash in bank accounts, certificate of deposits, and money market accounts.

Investments and Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, provides for 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LGI 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 other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Accounts Receivable, Net of Current Expected Credit Losses

LGI records receivables based on established rates or contracts for services provided and do not bear interest. Billings for services are included in revenue, net of allowances for contractual discounts and implicit price concessions for differences between the amounts billed and estimated price concessions for differences between the amounts billed and estimated program payment amounts. Adjustments to the estimated payment amounts that are expected to be received upon final settlement with the payors are reviewed at the end of each reporting period and upon final settlement and are recorded as adjustments to revenue.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Accounts receivable balances are further reduced by an allowance for current expected credit losses. LGI has adopted the ASC 326, *Financial Instruments - Credit Losses*, model in its consolidated financial statements for the year ended December 31, 2023. LGI provides patients with medical services and bills third-party insurers within days of the service being provided, and typically expects to receive payment within 60 days of the service being provided.

LGI reviews its accounts receivables on a regular basis and analyzes these balances for potential credit losses based on a “roll-rate” methodology. Under a “roll-rate” methodology, loss rates for each aging bucket take into account the migration of each balance through the various aging buckets to determine the appropriate credit loss rate for each bucket. LGI considers other available external data and management’s reasonable outlook for business and economic conditions over the life of the receivables. In accordance with ASC 326-20-30-2, LGI determined that similar risk characteristics existed for receivables with similar days outstanding, regardless of payor class, so the pools for the allowance for credit losses was calculated based on aging buckets. This is consistent with LGI’s previous methodology for calculating its allowance for doubtful accounts.

Management anticipates that historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to their methodology or inputs are required. Management applies these forecasts to create the following credit loss matrix to calculate the allowance for credit losses:

December 31, 2023

Balance, beginning of period	\$	5,203
Adjustments to expected credit losses for the current period		(3,491)
Write-offs charged against the allowance		1,128
Balance, end of period	\$	2,840

Contributions Receivable and Special Events

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions receivable are reported net of an allowance for doubtful accounts. Factors used to determine whether an allowance for doubtful accounts should be recorded include the age of the receivable, historical collection experience and write-offs, and a review of payments subsequent to year-end. Contributions receivable are reported within prepaid expenses and other current assets.

Statutory Reserve Assets

Statutory reserve assets represent the escrow deposit required for New York State’s statutory reserve requirement. GuildNet invests its escrow deposit funds in money market funds. See Note 14 for further discussion over statutory reserve assets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Fixed Assets, Net

Fixed assets are stated at cost. Capital acquisitions, leasehold improvements, and computer equipment, which have a cost of \$1,000 or more and an estimated useful life of greater than one year, are subject to capitalization.

Depreciation and amortization of fixed assets are provided on the straight-line method over their estimated useful lives, as follows:

Asset Category	Estimated Useful Lives (Years)
Buildings and building improvements	5-50
Furniture and equipment	3-15
Computer equipment	3-15

Leasehold improvements are amortized over the lesser of the term of the lease or the estimated useful lives of the improvements.

Impairment of Long-Lived Assets

ASC 360, *Property, Plant, and Equipment*, provides a single accounting model for long-lived assets to be disposed of. ASC 360 also changes the criteria for classifying an asset as held-for-sale and broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations.

In accordance with ASC 360, long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future net cash flows expected to be generated by the asset.

If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets. For the years ended December 31, 2023 and 2022, there were impairment losses of \$0 and \$4,004, respectively, related to right-of-use assets. See Note 8 for further discussion.

Split-Interest Agreements

LGI holds assets under split-interest agreements consisting of charitable remainder trusts and charitable gift annuities for which LGI serves as the trustee. Such agreements provide for payments to the donors, or their stipulated beneficiaries of either income earned on related investments or specified annuity amounts.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Assets held under these agreements are reported as prepaid expenses and other current assets on the consolidated balance sheets. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes and has been recognized as a contribution at the date of gift. When the terms of the gift instrument have been met, the remaining amount of the gift may be used for general or specific purposes as stipulated by the respective donor.

Under LGI's charitable remainder trusts and charitable gift annuities programs where LGI is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or beneficiaries, as long as they live, after which time the remaining assets, if any, are available for the unrestricted use of LGI unless otherwise stipulated by the donor. Under LGI's pooled life income funds program, the difference between the fair value of the assets when received and the revenue recognized is recorded as an obligation, representing the amount of the discount for future interest, on the consolidated balance sheets. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to LGI. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as part of the change in value of beneficial interest in trusts on the consolidated statements operations and changes in net assets in the period the changes occur.

Beneficial Interest in Trusts Held by Others

Donors have established and funded trusts, which are administered by organizations other than LGI. Under the terms of these trusts, LGI has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. LGI does not control the assets held by outside trusts. The value of the beneficial interest is estimated by discounting the estimated future cash flows using a risk-adjusted interest rate.

Program and Net Patient Service Revenue

Program and net patient service revenue include premium capitation, outpatient fees, and fee-for-service reimbursements that are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Laws and regulations governing the programs and services provided 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. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from the Medicare and Medicaid programs. Program revenue includes state-funded initiatives provided to the customers of LGI of \$2,884 and \$2,901 for the years ended December 31, 2023 and 2022, respectively. Net patient service revenue includes third-party payors of \$7,488 and \$6,484 and self-pay of \$78 and \$186 for the years ended December 31, 2023 and 2022, respectively.

Ambulatory Patient Groups is a patient classification system designed to characterize the amount and type of resources used in an ambulatory care visit for patients with similar clinical characteristics. Rehab's Article 28 Diagnostic and Treatment Center and MHS's freestanding Article 31 Mental Health Clinic are reimbursed based on this methodology.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, LGI has elected to apply the optional exemption provided in ASC 606, *Revenue from Contracts with Customers (Topic 606)*, and therefore, is not required to disclose the aggregate amount of the revenues and receivables.

As a practical expedient, LGI utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. LGI accounts for the fee-for-service arrangements within each portfolio collectively, rather than individually, based on each revenue stream. LGI considers the similar nature and characteristics of the fee-for-service arrangement and payors in using the portfolio approach. LGI believes that the use of the portfolio approach to analyze fee-for-service arrangements will not differ materially than if they were analyzed individually.

The following table shows LGI's fee-for-services revenue disaggregated by payor:

<i>Year ended December 31,</i>	2023 (%)	2022 (%)
Medicare	5	12
Medicaid	45	39
Private/other	50	49

The following table shows LGI's mix of receivables disaggregated by payor:

<i>December 31,</i>	2023 (%)	2022 (%)
Medicare	2	10
Medicaid	22	15
Private/other	76	75

Concentrations of Credit Risk

Financial instruments that potentially subject LGI to concentration of credit risk consist primarily of cash and cash equivalents. At various times, LGI has cash deposits at financial institutions, which exceed the Federal Depository Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. None of LGI's deposits are held in financial institutions that have experienced liquidity issues.

Measure of Operations

LGI includes in its definition of operations all revenue and expenses associated with its program services. Excluded from operations are contributions and grants; special events (net of direct benefit to donors); legacies and bequests; investment income, net; distributions from perpetual trusts; change in value of annuity obligations; change in value of beneficial interest in trusts; pension and postretirement benefit changes other than net periodic benefit cost; change in management's estimate; contribution expense; and cumulative effect of a change in accounting principle.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Grants

Grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Grant revenues are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right-of-return of assets transferred or a right-of-release of a funder's obligation to transfer the assets. Grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Grant funds received in excess of revenue earned are recorded as deferred revenue. As of December 31, 2023 and 2022, LGI did not have any deferred revenue balances on the consolidated balance sheets that were related to grants. Grants are included in contributions and grants in the consolidated statements of operations and changes in net assets.

Subordinated Surplus Note

During 2016, GuildNet issued a subordinated surplus note (the Surplus Note) to JGB, made under and governed by the laws of the state of New York, in the aggregate amount of \$47,089. The unpaid, outstanding principal amount of the Surplus Note bears interest at a variable annual rate equal to the Prime Rate plus 1%. As of December 31, 2023 and 2022, the interest payable associated with the Surplus Note amounted to \$19,415 and \$15,043, respectively. The Surplus Note is repayable, subject to the approval of the Commissioner of NYSDOH, in whole or in part, only if such payment will not reduce GuildNet's surplus below the applicable NYSDOH regulatory minimum contingent reserve requirement in effect at the time of such payment.

Use of Estimates

The preparation of consolidated financial statements, in conformity with U.S. GAAP, requires management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Lighthouse Guild and its affiliates, JGB and Affiliates d/b/a Jewish Guild Healthcare and Affiliates and the Lighthouse, qualify as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Code and as non-profit corporations in New York State. Accordingly, no provision for federal or state income taxes is required. All entities have been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code. Unrelated business income for 2023 and 2022 was \$2,069 and \$662, respectively. Unrelated business income taxes for 2023 and 2022 were \$434 and \$139, respectively.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

LGI adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on LGI's consolidated financial statements. LGI does not believe there are any material uncertain tax positions. LGI has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, LGI has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the years ended December 31, 2023 and 2022, interest and penalties recorded and included in the consolidated statements of operations and changes in net assets for 2023 and 2022 were \$6 and \$0, respectively. LGI is subject to routine audits by taxing authorities. As of December 31, 2023, LGI was not subject to any examination by a taxing authority.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. LGI adopted Topic 326 on January 1, 2023, utilizing the modified retrospective approach. The adoption of this standard did not have a material impact on LGI's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with effective dates deferred for all entities by ASU 2019-10, and further deferred for nonpublic entities by ASU 2020-05. The core principle of ASU 2016-02 is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for LGI's fiscal years beginning after December 15, 2021. LGI adopted Topic 842 on January 1, 2022, utilizing the modified retrospective approach. See Note 8 for further discussion.

4. Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted. As part of the CARES Act, LGI qualified for an Employee Retention Credit (ERC). Under the CARES Act, the ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees from March 13, 2020 to December 31, 2021. Qualified wages are limited to \$10,000 per employee per calendar quarter in 2021. LGI qualified for a total ERC of \$1,577 for the year ended December 31, 2023 and is included in other revenue in the accompanying consolidated statements of operations and changes in net assets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

5. Fair Value Financial Assets and Instruments

LGI's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 3 for the discussion of LGI's policies regarding this hierarchy. A description of the valuation techniques applied to LGI's major categories of assets measured at fair value is as follows. There have been no changes in the methodologies utilized for December 31, 2023 or 2022.

Cash Equivalents, Money Market Mutual Funds, Equity Securities, Mutual Funds, and Exchange-Traded Funds - These assets are valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Government Securities, U.S. Corporate Bonds, Municipal Bond, and International Corporate Bond - These assets are valued based on prices obtained from independent pricing services.

Beneficial Interest in Perpetual Trusts and Common Collective Trusts - This asset is valued using the fair values of the underlying assets held by the trusts. See Note 16 for further discussion of the beneficial interest in perpetual trusts.

Alternative Investments - These assets are investments made in equity hedge, multi-strategy hedge, and private equity, all of which are valued based on the net asset value (NAV) of the interest owned by LGI at year-end.

Given the absence of market quotations, their fair value is estimated using information provided to LGI by the investment advisor. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose LGI to the effects of securities lending; short sales of securities; and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments entail varying degrees of risk, LGI's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus LGI's commitment to provide additional funding, as described later in the footnote. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. LGI does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the different funds, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Investments are made under the authority and oversight of an Investment Committee in consultation with an outside consultant. Together, they have established investment guidelines and developed a diversified asset allocation structure, which includes high-cap equities, low-cap equities, international equities, fixed-income securities, and alternative investments. LGI engages individual managers who specialize in each asset category, and each manager is monitored for compliance with guidelines, and performance is evaluated against appropriate benchmarks.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Investments, including endowments, and beneficial interest in perpetual trusts consist of the following:

December 31, 2023

	Total	Level 1	Level 2	Level 3
Assets				
Investments, including endowments				
Cash and cash equivalents	\$ 24,799	\$ 24,799	\$ -	\$ -
Money market mutual funds	55	55	-	-
Mutual funds	144,996	144,988	8	-
Exchange-traded funds	87,911	87,911	-	-
Total Investments, measured at fair value	257,761	\$ 257,753	\$ 8	\$ -
Alternative Investments at NAV*	128,684			
Total Investments, including endowments	\$ 386,445			
Beneficial Interest in Perpetual Trusts	\$ 12,999	\$ -	\$ -	\$ 12,999

December 31, 2022

	Total	Level 1	Level 2	Level 3
Assets				
Investments, including endowments				
Cash and cash equivalents	\$ 25,919	\$ 25,919	\$ -	\$ -
Money market mutual funds	82	82	-	-
Mutual funds	125,892	125,884	8	-
Exchange-traded funds	83,950	83,950	-	-
Total Investments, measured at fair value	235,843	\$ 235,835	\$ 8	\$ -
Alternative Investments at NAV*	146,846			
Total Investments, including endowments	\$ 382,689			
Beneficial Interest in Perpetual Trusts	\$ 11,911	\$ -	\$ -	\$ 11,911

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

LGI uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing the alternative investments within its investment portfolio, as detailed below.

Year ended December 31, 2023

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Equity hedge ^(a)	\$ 2,780	\$ -	1-3 years	60-65
Equity hedge ^(a)	20,464	-	Monthly/quarterly	15-365
Multi-strategy hedge ^(b)	11,533	-	Semi-annually	120
Private equity ^(c)	83,897	7,392	Private/illiquid	N/A
Private credit ^(d)	10,010	-	Quarterly	35
Total Funds	\$ 128,684	\$ 7,392		

Year ended December 31, 2022

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Equity hedge ^(a)	\$ 1,988	\$ -	1-3 years	60-65
Equity hedge ^(a)	41,762	-	Monthly/quarterly	15-180
Multi-strategy hedge ^(b)	13,191	-	Semi-annually	120
Private equity ^(c)	89,905	9,955	Private/illiquid	N/A
Total Funds	\$ 146,846	\$ 9,955		

^(a) *Equity Hedge* - Hedged equity investments are focused on managers that have the ability to purchase companies long, as well as sell short. The primary role of these investments is to complement the traditional equity investments by providing access to a growth-oriented return stream with a reduced dependence on upwardly trending equity markets and lower volatility.

^(b) *Multi-Strategy Hedge* - Investments are typically focused in credit, market-neutral, global macro, and arbitrage strategies. In combination, these strategies are designed to produce a consistent return stream with volatility modestly higher than a diversified core, high-quality, and fixed-income portfolio. Multi-strategy funds would, therefore, be utilized primarily as a complement to the traditional fixed-income allocation.

^(c) *Private Equity* - Private equity consists of investments directly into private companies, or buyouts of public companies that result in a delisting of public equity. Other strategies involve investing in the secondary markets and co-investing into private companies. Private equity is not quoted on a public exchange and is illiquid in nature. These agreements expire in 13 years.

^(d) *Private Credit* - Private credit consists of loans, bonds, and other credit instruments issued in private offerings, and is not traded in the public markets. The asset class incorporates a wide range of strategies that lend across the capital structure to a variety of counterparties, as well as buying and selling existing credit assets. It is usually viewed as an extension to existing fixed-income allocations, serving as an income enhancer, diversifier, and as an alternative to public markets - leveraged loans and/or high-yield markets.

Investments with redemption provisions greater than one year have been classified as non-current assets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

6. Fixed Assets, Net

Fixed assets are summarized as follows:

<i>December 31,</i>	2023	2022
Buildings and building improvements	\$ 29	\$ 29
Furniture and equipment	7,847	7,595
Leasehold improvements	27,362	24,532
Computer equipment	2,338	2,338
	37,576	34,494
Less: accumulated depreciation and amortization	(17,572)	(16,336)
	20,004	18,158
Project-in-progress	-	2,226
	\$ 20,004	\$ 20,384

Projects in progress at December 31, 2022 represent costs associated with projects intended to restore and repair façade outside the building at 80 West End Avenue, which is jointly leased by LGI. This project was completed during the year ended December 31, 2023.

7. Notes Payable

LGI entered into an \$80,000 multiple disbursement note agreement with a financial institution on June 28, 2016 secured by LGI's investment portfolio. The note bears interest at 0.65% above the London Interbank Offered Rate (LIBOR) 30-day rate. The term of the note is six years, for which interest-only payments commenced on August 1, 2016, with a balloon payment of the amount advanced and outstanding due on July 1, 2022. On August 16, 2022, the note was renewed in the amount of \$74,300 for a term of five years, for which interest-only payments commenced on September 1, 2022 with any remaining outstanding principal and interest due on the maturity date of July 1, 2027. LGI may request a five-year extension at such time. The note now bears interest at 0.75% above the Daily Simple Secure Overnight Financing Rate. As of December 31, 2023 and 2022, respectively, \$74,300 of principal has been drawn on the loan, of which \$30,000 was used to purchase five leasehold condominium units at 80 West End Avenue, New York City for a new office facility and \$44,300 was used to fund the construction of the new office facility. During the year ended December 31, 2023, \$20,600 of the note was paid down. The balance at December 31, 2023 was \$53,700.

On June 28, 2016, LGI also entered into a \$35,000 revolving note with the same financial institution, bearing interest at 0.65% above the LIBOR 30-day rate. The amount of the revolving note was reduced to \$5,000 upon renewal on July 1, 2020. The revolving note expired on June 30, 2023 and was paid off in full on August 28, 2023. The note was not renewed upon expiration. The note bore interest at 0.75% above the Daily Simple Secure Overnight Financing Rate.

Interest expense associated with the notes payable for the years ended December 31, 2023 and 2022 was \$4,484 and \$1,944, respectively, and is included in management and general expenses on the consolidated statements of operations and changes in net assets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

8. Leases

LGI adopted the provisions of ASU 2016-02 effective January 1, 2022. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and the criteria included in ASC 842, *Leases*. As of December 31, 2023, LGI is the lessee in property leases in New York and office equipment leases. LGI's leases are accounted for as operating and finance leases. Additionally, LGI is a sublessor of certain of its property leases in New York. The property leases for which LGI is a sublessor are accounted for as operating leases under the lessor accounting model.

Policy Elections

Under ASC 842, an entity may elect various practical expedients that were inserted into the lease accounting standard to make the new standard easier to adopt. A practical expedient is a practical application of an exception to a rule that makes the transition to the new lease accounting standard more expedient. LGI's practical expedient and policy elections for adoption of the new standard are as follows:

Lease Components - LGI has elected to not separate the non-lease components from the associated lease components.

Contracts - LGI has elected to not reassess whether any expired or existing contracts contain leases.

Lease Classification - LGI has elected to not reassess the lease classification for any expired or existing leases.

Discount Rate - A lessee is required to measure and record a lease liability equal to the present value of the remaining lease payments, discounted using the rate implicit in the lease (or if the rate cannot be readily determined, the lessee's incremental borrowing rate). A lessee that is not a public business entity is permitted to use a risk-free discount rate for the lease, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. As none of LGI's property leases have an interest rate implicit in the lease, LGI elected to use the risk-free rate for all property leases. LGI utilized the rate implicit in the lease for its equipment lease.

Short-Term Leases - The standard practical expedient for short-term leases allows entities that have leases with terms of 12 months or less to be excluded from presentation on the balance sheet. LGI has elected the short-term practical expedient for its office copier leases.

Operating Leases - Lessee

LGI leases space at four locations in Manhattan (57th Street), Buffalo, Albany, and Niagara Falls. Additionally, LGI leases equipment, including a postage meter and various office copiers. LGI accounted for the leases on the above locations and the postage meter as operating leases and recognized a right-of-use asset and liability on its consolidated balance sheets, measured at the present value of the minimum lease payments.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

In 2019, GuildNet ceased use of the leased facility at 57th Street in Manhattan. The remaining lease obligation was recorded as rental expense and liability in 2019. In April 2020, LGI signed a seven-year agreement to sublet a portion of the space at 57th Street. Upon adoption of ASC 842, a right-of-use asset was recorded, and the previous liability was reversed, resulting in a gain on change in accounting principle of \$7,567 for the year ended December 31, 2022. As this property is sublet, an impairment test was performed. The impairment test determined that the undiscounted cash flows to be received in sublease rental income was less than the carrying value of the right-of-use asset at the adoption date, resulting in an impairment of \$1,122 for the year ended December 31, 2022. The gain on change in accounting principle and the impairment of the right-of-use asset are included in gain on change in accounting principle in the consolidated statements of operations and changes in net assets for the year ended December 31, 2022.

The Buffalo, Albany, and Niagara Falls leases include multiple optional renewal periods. Generally, LGI does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could be identified within the same trade areas with comparable lease rates.

Operating lease right-of-use assets are recorded in right-of-use assets - operating leases, net, and operating lease liabilities are recorded in operating leases payable in the consolidated balance sheets.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the consolidated balance sheets at December 31, 2023:

Year ending December 31,

2024	\$	2,700
2025		2,703
2026		2,691
2027		1,140
2028		151
		9,385
Less: interest		(168)
		9,217
Less: current portion		(2,618)
	\$	6,599

Finance Leases - Lessee

In February 2016, LGI acquired the leasehold interests in five leasehold condominium units and some common space, located at 64th Street in Manhattan, from an unrelated not-for-profit entity for a purchase price of \$30,000, plus rental payments for the remainder of the lease term. As part of the agreement for the units it acquired, LGI assumed all rights and obligations of the unrelated not-for-profit entity under the lease it has with the owner of the property. The unrelated not-for-profit entity was the sole leasehold interest in the property and had a 30-year lease with the landlord. LGI is jointly and severally liable with the not-for-profit entity under the lease agreement. Pursuant to an impairment analysis, the balance of the purchase price of \$30,000 was impaired in 2018.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

On February 28, 2019, LGI agreed to sell two leasehold condominium units to an unrelated third party. Actual transactions occurred in May and October 2019 for the fifth floor and second floor, respectively. As a result of the transactions, values of right-of-use assets and lease payable were adjusted. The lease will expire May 31, 2047, with the option to extend it to May 31, 2055.

LGI accounted for the three remaining leasehold condominium units as a finance lease and recognized a right-of-use asset and liability on its consolidated balance sheets, measured at the present value of the minimum lease payments. The leasehold condominium leases include optional renewal periods. Generally, LGI does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could be identified within the same trade areas with comparable lease rates.

In July 2017, LGI signed a ten-year agreement to sublet a portion of the space at 64th Street. Upon adoption of ASC 842, LGI made a policy election to not reassess the lease classification for any existing leases. However, as this property is sublet, upon adoption, the right-of-use asset previously recorded was evaluated for impairment. An impairment test was performed, which determined that the undiscounted cash flows to be received in sublease rental income were less than the carrying value of the right-of-use asset related to the sublet space, resulting in an impairment of \$2,882 for the year ended December 31, 2022. The impairment of the right-of-use asset is included in gain on change in accounting principle in the consolidated statements of operations and changes in net assets for the year ended December 31, 2022.

Finance lease right-of-use assets are recorded in right-of-use assets - finance leases, net, and finance lease liabilities are recorded in finance leases payable in the consolidated balance sheets.

The following table reconciles the undiscounted finance lease payments to the lease liabilities recorded on the consolidated balance sheet at December 31, 2023:

Year ending December 31,

2024	\$	5,318
2025		5,475
2026		5,627
2027		5,736
2028		5,771
Thereafter		138,088
		166,015
Less: interest		(56,248)
		109,767
Less: current portion		(1,592)
	\$	108,175

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Other Lessee Disclosures

The following tables summarize information related to the lease assets and liabilities:

Year ended December 31, 2023

Lease costs:		
Finance lease cost:		
Amortization of right-of-use assets	\$	3,620
Interest on lease liabilities		3,758
Operating lease cost		1,537
Total Lease Costs	\$	8,915

December 31, 2023

Right-of-use assets and liabilities:		
Right-of-use assets - finance lease, net	\$	83,922
Right-of-use assets - operating leases, net		5,169
Finance lease payable		109,767
Operating leases payable		9,217

Year ended December 31, 2023

Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	2,689
Financing cash flows from finance leases		1,377
Weighted-average remaining lease term - finance leases (in years)		23.29
Weighted-average discount rate - finance leases (%)		3.42
Weighted-average remaining lease term - operating leases (in years)		3.52
Weighted-average discount rate - operating leases (%)		1.06

Lessor Disclosures

As noted above, in July 2017, LGI signed a ten-year agreement to sublet a portion of the space at 64th Street to an unrelated not-for-profit entity with rent commencing July 1, 2017 and expiring June 30, 2027, with the option to extend it to June 30, 2032. As also noted above, in April 2020, LGI signed a seven-year agreement to sublet a portion of the space at 57th Street to an unrelated Delaware limited liability company with rent commencing January 1, 2021.

LGI's subleases are accounted for as operating leases under the lessor accounting model. For a sublease that has been classified as an operating lease under ASC 842, a sub-lessor would recognize the lease payments as income in profit or loss over the sub-lease term on a straight-line basis unless another systematic and rational basis is more representative of the pattern in which benefit is expected to be derived from the use of the underlying asset. LGI followed the guidance in ASC 842 and recognized the lease payments as income on a straight-line basis. Sublease rental income for the years ended December 31, 2023 and 2022 was \$1,705 and is included in other revenue in the consolidated statements of operations and changes in net assets.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

The following is a schedule of future undiscounted lease payments to be received from subleases:

Year ending December 31,

2024	\$	1,655
2025		1,734
2026		1,813
2027		801
	\$	6,003

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

<i>December 31,</i>	2023	2022
Subject to expenditure for a specified purpose or period:		
Scholarships	\$ 6,684	\$ 6,609
Research	2,447	2,441
Purchase of equipment	183	183
Other purposes	2,145	1,558
Time restricted	4,933	2,795
Total Subject to Expenditure for a Specified Purpose or Period	16,392	13,586
Held as endowed assets to generate income to be used for specified purposes:		
Patient care	1,055	1,055
Education	1,483	1,483
Research	181	181
Awards	3,123	3,123
Scholarships	1,346	1,343
Rehabilitation and youth services	500	500
Various projects	16,261	16,392
Total Held as Endowed Fund Corpus	23,949	24,077
Beneficial interest in fair value of trust funds held in perpetuity by others	12,999	11,911
Total Net Assets with Donor Restrictions	\$ 53,340	\$ 49,574

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors, as follows:

<i>Year ended December 31,</i>	2023	2022
Scholarships	\$ 578	\$ 150
Research	82	478
Other purposes	2,702	1,111
Time restricted	1,041	74
	\$ 4,403	\$ 1,813

10. Endowment Funds

General

LGI's endowments consist of individual perpetual endowment funds established to support activities of LGI. As required by U.S. GAAP, net assets associated with perpetual endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law - New York

On September 17, 2010, New York State adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The NYPMIFA spending policy defines typical prudent management to include a standard maximum prudent spending limit of 7% of the average of its previous five years' balances. As a result, LGI classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 accumulated earnings is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Interpretation of Relevant Law - Massachusetts

The state of Massachusetts adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 2, 2009, effective June 30, 2009. The Board of Directors of GBGB has interpreted UPMIFA as requiring preservation of the fair value of a gift as of the gift date of the perpetual endowment funds (historic dollar value), absent explicit donor stipulations to the contrary. As a result, and in accordance with the direction of the original donor gift instruments, GBGB classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of any subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 accumulated earnings is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate perpetual endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the perpetual endowment fund, (3) general economic conditions, (4) the possible effects of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of the organization.

Return Objectives, Strategies Employed, and Spending Policy

LGI aims to maintain the principal of perpetual endowment funds at the original amount designated by donors while generating income for the specified programs. The investment policy is designed to achieve this objective. Investment earnings, in relation to the perpetual endowment funds, are recorded as donor-restricted income and released from restriction upon expenditure for the program for which the perpetual endowment fund was established.

LGI relies on a total return strategy in which active equity managers/funds are expected to achieve an annualized total rate of return over a five-year period, which exceeds an agreed-upon benchmark rate of return, net of costs and fees. Total return is defined as dividend and interest income plus realized and unrealized capital appreciation or depreciation. Active fixed-income managers are expected to exceed appropriate market indices, net of costs and fees. When index funds are used, the return should closely track the appropriate index.

The Board-approved spending rate for the years ended December 31, 2023 and 2022 is up to 7%, not to exceed actual or accumulated earnings.

Funds with Deficiencies

The fair value of assets associated with perpetual endowment funds may fall below the value of the initial and subsequent donor gift amounts. LGI does not have any funds with deficiencies as of December 31, 2023 and 2022.

Changes in Endowment Net Assets

Year ended December 31, 2023

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
Endowment Net Assets , beginning of year	\$ 1,671	\$ 24,077	\$ 25,748
Investment income, net	2,462	-	2,462
Endowment contribution	-	3	3
Contribution to MAB Community Services, Inc.	-	(131)	(131)
Appropriation of endowment assets for expenditure	(1,673)	-	(1,673)
Endowment Net Assets , end of year	\$ 2,460	\$ 23,949	\$ 26,409

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Year ended December 31, 2022

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
Endowment Net Assets, beginning of year	\$ 4,069	\$ 24,038	\$ 28,107
Investment loss, net	(2,398)	-	(2,398)
Endowment contribution	-	39	39
Endowment Net Assets, end of year	\$ 1,671	\$ 24,077	\$ 25,748

Contribution Expense - Greater Boston Guild for the Blind

LGI filed a complaint for the voluntary dissolution of GBGB with the Supreme Court for Suffolk County, Massachusetts (the Court) on January 17, 2023, requesting that the Court enter an order to transfer assets of GBGB, an affiliate of LGI, to MAB Community Services, Inc. and dissolve GBGB. MAB Community Services, Inc. is a Massachusetts State not-for-profit charitable corporation exempt from federal income tax under IRC Section 501(c)(3). The verified petition was approved by the Court, as so ordered, on April 18, 2023. During April 2023, LGI transferred net assets totaling \$131 to MAB Community Services, Inc. This transaction is reported as contribution expense in the consolidated statements of operations and changes in net assets.

11. Retrospective Adjustments and Contingent Liabilities

GuildNet has recorded a contingent liability related to its network Licensed Home Care Service Agencies providers for minimum wage recoupments and Fair Labor Standards Act and Health Recruitment and Retention payments. Management recorded a change in estimate of \$2,920 to reduce the contingent liability based on actual results during the year ended December 31, 2023. The contingent liability recorded amounted to \$15,792 and \$18,711 as of December 31, 2023 and 2022, respectively, and is included in due to third-party payors in the accompanying consolidated balance sheets.

12. Pension Plans

Defined-Benefit Plans

LGI has three defined-benefit pension plans: The Jewish Guild for the Blind Bargaining Unit Employees' Pension Plan (Bargaining), The Jewish Guild for the Blind Non-Bargaining Unit Employees' Pension Plan (Non-Bargaining), and Retirement Plan for Employees of Lighthouse International (Lighthouse Retirement Plan) (collectively, the Plans). No contributions are required from employees. The Plans cover all eligible employees and were frozen as of June 30, 2011, 2010, and 2007, respectively.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

The following tables set forth the Plans' funded status under U.S. GAAP and amounts recognized in the consolidated balance sheets:

Year ended December 31, 2023

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan
Projected benefit obligation	\$ (20,544)	\$ (20,714)	\$ (31,019)
Plan assets at fair value	19,623	17,970	27,565
Funded Status Recognized in Consolidated Balance Sheets	\$ (921)	\$ (2,744)	\$ (3,454)
Pension cost	\$ 331	\$ 456	\$ 358
Employer contributions	692	-	-
Benefits paid	1,882	1,856	3,716
Increase recognized in other changes in net assets without donor restrictions:			
Net actuarial	\$ 1,481	\$ 616	\$ 2,705
Amortization of net actuarial loss	192	204	260
	\$ 1,673	\$ 820	\$ 2,965
Amounts recognized in accumulated net assets without donor restrictions:			
Actuarial loss	\$ (6,045)	\$ (6,970)	\$ (5,606)

Year ended December 31, 2022

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan
Projected benefit obligation	\$ (20,969)	\$ (20,865)	\$ (33,317)
Plan assets at fair value	18,014	17,755	27,256
Funded Status Recognized in Consolidated Balance Sheets	\$ (2,955)	\$ (3,110)	\$ (6,061)
Pension cost (income)	\$ (389)	\$ 338	\$ (873)
Employer contributions	692	-	-
Benefits paid	1,430	1,149	3,112
Increase recognized in other changes in net assets without donor restrictions:			
Net actuarial	\$ (1,669)	\$ (2,644)	\$ (2,693)
Amortization of net actuarial loss	117	103	115
	\$ (1,552)	\$ (2,541)	\$ (2,578)
Amounts recognized in accumulated net assets without donor restrictions:			
Actuarial loss	\$ (7,718)	\$ (7,790)	\$ (8,571)

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

The net actuarial loss for the Plans that will be amortized from accumulated net assets without donor restrictions into net periodic pension cost in 2024 is as follows:

Bargaining	\$	140
Non-Bargaining		179
Lighthouse Retirement Plan		151

The net actuarial loss for the Plans that will be amortized from accumulated net assets without donor restrictions into net periodic pension cost in 2023 is as follows:

Bargaining	\$	192
Non-Bargaining		204
Lighthouse Retirement Plan		260

The following tables set forth the key actuarial assumptions used by the Plans:

Year ended December 31, 2023

	Bargaining (%)	Non-Bargaining (%)	Lighthouse Retirement Plan (%)
Weighted-average assumptions used for net pension cost:			
Discount rate	5.20	5.15	5.15
Expected return on plan assets	7.25	6.25	7.25
Rate of compensation increase	N/A	N/A	N/A
Weighted-average assumptions used for pension obligations:			
Discount rate	4.95	4.95	4.95
Expected return on plan assets	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A

Year ended December 31, 2022

	Bargaining (%)	Non-Bargaining (%)	Lighthouse Retirement Plan (%)
Weighted-average assumptions used for net pension cost:			
Discount rate	2.55	2.50	2.60
Expected return on plan assets	6.75	5.75	6.75
Rate of compensation increase	N/A	N/A	N/A
Weighted-average assumptions used for pension obligations:			
Discount rate	5.20	5.15	5.15
Expected return on plan assets	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

The following tables present the Plans' assets, including the level in the fair value hierarchy for assets measured at fair value on a recurring basis:

December 31,

	2023		2022	
	Total	Level 2	Total	Level 2
Bargaining Plan Assets				
Common collective trust	\$ 19,612	\$ 19,612	\$ 17,992	\$ 17,992
Total Investments , measured at fair value	19,612	<u>\$ 19,612</u>	17,992	<u>\$ 17,992</u>
Alternative investments measured at NAV (or equivalent)	20		22	
Net accrued (expenses) income	<u>(9)</u>		<u>-</u>	
Bargaining Plan Total	<u>\$ 19,623</u>		<u>\$ 18,014</u>	

December 31,

	2023		2022	
	Total	Level 2	Total	Level 2
Non-Bargaining Plan Assets				
Common collective trust	\$ 17,946	\$ 17,946	\$ 17,720	\$ 17,720
Total Investments , measured at fair value	17,946	<u>\$ 17,946</u>	17,720	<u>\$ 17,720</u>
Alternative investments measured at NAV (or equivalent)	33		35	
Net accrued (expenses) income	<u>(9)</u>		<u>-</u>	
Non-Bargaining Plan Total	<u>\$ 17,970</u>		<u>\$ 17,755</u>	

December 31, 2023

	Total	Level 1	Level 2
Lighthouse Retirement Plan Assets			
Equity securities	\$ 27,597	\$ 1	\$ 27,596
Common collective trust	-	-	-
Total Investments , measured at fair value	27,597	<u>\$ 1</u>	<u>\$ 27,596</u>
Alternative investments measured at NAV (or equivalent)	-		
Net accrued expenses	<u>(32)</u>		
Total	<u>\$ 27,565</u>		

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

December 31, 2022

	Total	Level 1	Level 2
Lighthouse Retirement Plan Assets			
Equity securities	\$ 3	\$ 3	\$ -
Common collective trust	27,266	-	27,266
Total Investments, measured at fair value	27,269	\$ 3	\$ 27,266
Alternative investments measured at NAV (or equivalent)	-		
Net accrued income and expenses	(13)		
Total	\$ 27,256		

Plans' Assets - Alternative Investments

December 31, 2023

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan	Redemption Frequency	Redemption Notice Period (Days)
Private equity ^(a)	\$ 20	\$ 33	\$ -	Semi-annually	90
Total	\$ 20	\$ 33	\$ -		

December 31, 2022

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan	Redemption Frequency	Redemption Notice Period (Days)
Private equity ^(a)	\$ 22	\$ 35	\$ -	Semi-annually	90
Total	\$ 22	\$ 35	\$ -		

(a) *Private Equity* - Private equity consists of investments directly into private companies, or buyouts of public companies that result in a delisting of public equity. Other strategies involve investing in the secondary markets and coinvesting into private companies. Private equity is not quoted on a public exchange and is illiquid in nature.

There are no unfunded commitments as of December 31, 2023 or 2022.

JGB's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants of the Bargaining and Non-Bargaining plans. JGB formulates its investment portfolio at the discretion of the Investment Committee in conjunction with actuaries and investment advisors, taking into account long-term expectations for future returns, investment strategy, and cash demands on the plans. Amounts are compared to historical averages for reasonableness. JGB's target plan assets allocations are 60% equity, 32% fixed income, and 8% alternative investments.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

The Lighthouse's investment policies are designed to improve the Lighthouse Retirement Plan's funded status and to mitigate funded status volatility. The Lighthouse sets target allocations of assets at the discretion of the Investment Committee in conjunction with investment advisors to achieve this goal. Amounts are compared to benchmarks of the funds in the portfolio for reasonableness. The Lighthouse's target plan assets allocations are 37% equity, 60% fixed income, and 3% alternative investments.

Cash Flows

Contribution

The Bargaining and Non-Bargaining pension plans are on a June 30 fiscal year-end. The Lighthouse Retirement Plan is on a December 31 calendar year-end.

Estimated Future Benefit Payments

Benefit payments are expected to be paid as follows:

Year ending December 31,

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan
2024	\$ 2,006	\$ 1,854	\$ 3,009
2025	1,506	1,493	2,938
2026	1,530	1,681	2,887
2027	1,521	1,800	2,789
2028	1,549	1,768	2,698
2029-2033	7,456	7,612	11,884

Defined-Contribution Plan

LGI has a defined-contribution 403(b) plan for all eligible employees. The expense for the years ended December 31, 2023 and 2022 was \$902 and \$866, respectively.

The remainder of this page intentionally left blank.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

13. Postretirement Medical Benefit Plans

JGB has noncontributory postretirement medical benefit plans for Non-Bargaining Unit employees hired prior to November 1994 and Bargaining Unit employees who are members of 1199 SEIU United Healthcare Workers East. The following table sets forth the two plans' combined unfunded status and amounts recognized in the consolidated balance sheets:

<i>December 31,</i>	2023		2022	
Benefit obligation	\$	(939)	\$	(947)
Fair value of plan assets		-		-
Unfunded Status	\$	(939)	\$	(947)
Amounts recognized in the consolidated balance sheets:				
Current liability	\$	(72)	\$	(76)
Long-term liability		(867)		(871)
	\$	(939)	\$	(947)
Net periodic benefit expense	\$	(43)	\$	(51)
Employer contributions		79		80
Benefits paid		79		80
Increase (decrease) recognized in other changes				
in net assets without donor restrictions:				
Net actuarial income (loss)	\$	(14)	\$	165
Prior-service credit		(26)		31
Amortization of net actuarial gain		(73)		(64)
	\$	(113)	\$	132
Amounts recognized in accumulated net assets without				
donor restrictions:				
Prior-service credit	\$	4	\$	31
Actuarial gain		716		803
	\$	720	\$	834

The net actuarial gain and prior-service credit that will be amortized from net assets without donor restrictions into net periodic benefit cost in 2024 are \$(37) and \$20, respectively.

During 2023 and 2022, there were no active participants that were terminated from the Bargaining Unit plan prior to being eligible for postretirement health care benefits; therefore, there were variances in expected future working lifetime and benefit obligations for the years ended December 31, 2023 and 2022.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Weighted-average assumptions are as follows:

<i>December 31,</i>	<i>2023 (%)</i>	<i>2022 (%)</i>
Discount rate:		
Used for benefit obligation, Bargaining	5.00	5.20
Used for benefit obligation, Non-Bargaining	4.90	5.10
Used for net benefit cost, Bargaining	5.20	2.70
Used for net benefit cost, Non-Bargaining	5.10	2.55
Healthcare cost trend assumed for next year	5.60	4.50

The healthcare cost trend rate is assumed to change annually until the ultimate rate of 3.90% is reached in 2074 for the Non-Bargaining plan.

Benefit payments expected to be paid are as follows:

<i>Year ending December 31,</i>	
2024	\$ 74
2025	73
2026	73
2027	72
2028	74
2029-2033	363

14. Regulatory Requirements

New York State Regulatory Requirements

GuildNet is required to maintain an escrow account for the protection of enrollees. The escrow account shall be adjusted annually by the last day of March of each calendar year and shall be equal to the greater of 5% of the unaudited management projections of medical expenses for the subsequent year or \$100,000. NYSDOH requires the escrow deposit to be invested in accordance with Section 1404(a) of the New York Insurance Law. GuildNet has requested and is approved for withdrawal of certain escrow funds to meet obligations during the wind-down process. As of December 31, 2023, GuildNet is not maintaining an escrow account as there are no projected medical expenses.

CMS Regulatory Requirements

Organizations contracting with CMS for Medicare Advantage and certain other programs are required to satisfy all applicable state licensure and state and CMS fiscal soundness requirements. Those requirements help protect Medicare beneficiaries from potential harm and make sure that organizations contracting with CMS are financially viable. CMS monitors an organization's compliance with fiscal soundness requirements.

The following specific condition results in a "does not meet" fiscal soundness review: a negative net income (loss), which is greater than ½ of the entity's net worth. GuildNet is not in compliance with this condition.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

During 2018, GuildNet requested and received approval from NYSDOH to cease providing MLTC Plan services in all counties of New York City, effective January 1, 2019, and all members have transferred to other MLTC plans. GuildNet also received approval from CMS to cease providing services, effective January 1, 2019.

15. Commitments and Contingencies

Litigation

LGI is subject to various legal proceedings and claims that arise in the ordinary course of business, inclusive of failure to timely or appropriately pay or administer claims and minimum wage distributions. However, based upon available information, management believes that ultimately, they will not have a material adverse impact on the financial position.

Letter of Credit

LGI has a letter of credit of \$1,093 with City National Bank that expires on July 31, 2027. As of December 31, 2023 and 2022, this letter of credit remained undrawn.

16. Beneficial Interest in Trusts

LGI has irrevocable remainder interests in various trust agreements established by donors. The assets are under the control of third-party trustees who act as a fiduciary of the assets and, upon the death of the annuitants or income beneficiaries, distribute the assets to LGI and other named beneficiaries. Using the age of the surviving beneficiaries, actuarial life expectancy tables, the assets in the trusts and conservative investment return, and discount rate assumption of 2.0%, LGI determined the present value of its future irrevocable interest in these trusts to be \$4,569 and \$2,386 at December 31, 2023 and 2022, respectively. The amounts are recorded in other assets on the consolidated balance sheets.

The Guild and the Lighthouse are income beneficiaries of various trust funds held in perpetuity by others. As a result, the Guild and the Lighthouse have recorded assets based upon their respective percentage interest in the fair value of the underlying assets of the trusts, which, at the trust level, are predominantly Level 3 investments. See Note 3 for the discussion of LGI's policies regarding the fair value hierarchy, in accordance with ASC 820. Changes to the estimated net present value of income to be received are recognized as gains or losses in net assets with donor restrictions in the accompanying consolidated statements of operations and changes in net assets. During the years ended December 31, 2023 and 2022, the change in present value and unrealized gain or loss on the beneficial interest in perpetual trusts amounted to \$1,088 and \$(3,024), respectively. The present value of the trust funds as of December 31, 2023 and 2022 is \$12,999 and \$11,911, respectively, and is recorded in beneficial interest in perpetual trusts.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

17. Split-Interest Agreements

LGI has numerous split-interest agreements, which include various charitable gift annuities and beneficial interests in trusts. The interest rates used to determine the discount range from 2.0% to 7.25%. The consolidated statements of operations and changes in net assets and the consolidated balance sheets include the various split-interest agreements at fair market value, as follows:

December 31, 2023

	Charitable Gift Annuities - Net Assets Without Donor Restrictions	Trusts - Net Assets with Donor Restrictions
Consolidated statements of operations and changes in net assets:		
Change in value of annuity obligations	\$ 85	\$ -
Actuarial gain on beneficial interest in trusts	-	3,179
Consolidated balance sheets:		
Investments	\$ 4,907	\$ -
Beneficial interest in irrevocable trusts (other assets)	-	4,569
Annuity obligations	1,094	-

December 31, 2022

	Charitable Gift Annuities - Net Assets Without Donor Restrictions	Trusts - Net Assets with Donor Restrictions
Consolidated statements of operations and changes in net assets:		
Change in value of annuity obligations	\$ (189)	\$ -
Actuarial loss on beneficial interest in trusts	-	(1,169)
Consolidated balance sheets:		
Investments	\$ 4,537	\$ -
Beneficial interest in irrevocable trusts (other assets)	-	2,386
Annuity obligations	1,399	-

The remainder of this page intentionally left blank.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

18. Liquidity and Availability of Resources

The tables below include the financial assets and liquidity resources available to fund general expenditures due within one year for GuildNet on a stand-alone basis, and all other LGI operations.

December 31, 2023

	LGI, Excluding GuildNet	GuildNet	Total
Cash and cash equivalents	\$ 9,278	\$ 197	\$ 9,475
Investments, current portion	270,059	7,739	277,798
Accounts receivable, net of allowance for credit losses	1,936	-	1,936
	281,273	7,936	289,209
Amounts unavailable for general expenditures within one year, due to:			
Net assets with donor restrictions	(16,392)	-	(16,392)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 264,881	\$ 7,936	\$ 272,817

December 31, 2022

	LGI, Excluding GuildNet	GuildNet	Total
Cash and cash equivalents	\$ 8,183	\$ 7,354	\$ 15,537
Investments, current portion	269,385	-	269,385
Accounts receivable, net of allowance for credit losses	2,844	729	3,573
	280,412	8,083	288,495
Amounts unavailable for general expenditures within one year, due to:			
Net assets with donor restrictions	(13,586)	-	(13,586)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 266,826	\$ 8,083	\$ 274,909

LGI and GuildNet manage their liquidity by developing and adopting annual operating and capital budgets that provide funds for general expenditures. Cash in excess of daily requirements is invested in current investments. Cash and cash equivalents, investments, and current receivables are the primary liquid resources. \$8,893 in escrow funds were released to GuildNet in February 2022. In addition, LGI has investments of \$83,408 classified as long-term assets that, although not traded on public markets, a private buyer could be identified should the funds be required for operations.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

19. Functional Expenses

The costs of providing the various program services and other activities have been summarized below. Managed care includes GuildNet. Provider services include Rehab and MHS. Expenses directly attributable to a specific functional area of LGI (e.g., managed care or provider services) are reported as expenses of those functional areas. Most expenses are directly identified with the program or supporting services to which they relate and are charged accordingly. Other direct expenses have been allocated to the programs based on square footage of office space occupied, time reports, and other bases determined by the management of LGI. Expenses by functional classification consist of the following:

Year ended December 31, 2023

	Program Services	Management and General	Total
Salaries and benefits	\$ 10,523	\$ 11,685	\$ 22,208
Purchased services and other	3,952	4,143	8,095
Rent and occupancy	926	1,775	2,701
Depreciation and amortization	144	4,730	4,874
Interest	713	7,529	8,242
Taxes	-	(124)	(124)
Total	\$ 16,258	\$ 29,738	\$ 45,996

Year ended December 31, 2022

	Program Services	Management and General	Total
Salaries and benefits	\$ 10,076	\$ 8,916	\$ 18,992
Purchased services and other	2,206	4,648	6,854
Rent and occupancy	1,118	1,842	2,960
Depreciation and amortization	77	4,585	4,662
Interest	551	5,035	5,586
Taxes	-	2,273	2,273
Total	\$ 14,028	\$ 27,299	\$ 41,327

20. Subsequent Events

LGI's management has performed subsequent event procedures through June 12, 2024, which is the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

Supplemental Schedules

Lighthouse Guild International, Inc. and Affiliates

Consolidating Balance Sheet (in thousands)

December 31, 2023

	Lighthouse Guild International, Inc.	Jewish Guild Healthcare and Affiliates	Lighthouse International	GuildNet, Inc.	J.G.B. Rehabilitation Corporation	J.G.B. Mental Health and Mental Retardation Services, Inc.	Greater Boston Guild for the Blind, Inc. and Affiliate	80 WEA Leasehold Condominium	Eliminations	Total
Assets										
Current Assets										
Cash and cash equivalents	\$ 6,393	\$ (161)	\$ 447	\$ 197	\$ 1,209	\$ 487	\$ -	\$ 903	\$ -	\$ 9,475
Investments, current portion	261,126	7,069	1,864	7,739	-	-	-	-	-	277,798
Accounts receivable, net of allowance for credit losses	-	1,314	143	-	432	75	-	(28)	-	1,936
Prepaid expenses and other current assets	6,278	115	8	-	137	6	-	-	-	6,544
Due from LGI endowment investment pool	-	8,332	15,574	-	-	-	-	-	(23,906)	-
Total Current Assets	273,797	16,669	18,036	7,936	1,778	568	-	875	(23,906)	295,753
Endowment Investments	23,949	-	-	-	-	-	-	-	-	23,949
Beneficial Interest in Perpetual Trusts	-	618	12,381	-	-	-	-	-	-	12,999
Investment, net of current portion	84,218	104	376	-	-	-	-	-	-	84,698
Fixed Assets, Net	18,911	49	7	-	955	82	-	-	-	20,004
Right-of-Use Assets - Finance Lease, Net	83,168	-	-	-	754	-	-	-	-	83,922
Right-of-Use Assets - Operating Leases, Net	4,149	-	-	-	1,020	-	-	-	-	5,169
Other Assets	5,426	2,176	3,625	-	-	-	-	-	-	11,227
Total Assets	\$ 493,618	\$ 19,616	\$ 34,425	\$ 7,936	\$ 4,507	\$ 650	\$ -	\$ 875	\$ (23,906)	\$ 537,721
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Accounts payable and accrued expenses	\$ 3,696	\$ 548	\$ 1,086	\$ 71	\$ 234	\$ 14	\$ -	\$ 88	\$ -	\$ 5,737
Accrued salaries and related expenses	963	1,370	-	-	-	-	-	-	-	2,333
Due to third-party payors, net	2	-	2	15,792	80	78	-	-	-	15,954
Current portion of finance lease payable	1,438	-	-	-	154	-	-	-	-	1,592
Current portion of operating leases payable	2,306	-	-	-	312	-	-	-	-	2,618
Current portion of accrued pension and postretirement medical benefits	-	72	-	-	-	-	-	-	-	72
Current portion of annuity obligations	-	146	58	-	-	-	-	-	-	204
Other current liabilities	391	165	7	-	-	245	-	-	-	808
Due to JGB and the Lighthouse endowment fund	23,906	-	-	-	-	-	-	-	(23,906)	-
Total Current Liabilities	32,702	2,301	1,153	15,863	780	337	-	88	(23,906)	29,318
Notes Payable	53,700	-	-	-	-	-	-	-	-	53,700
Finance Leases Payable, net of current portion	107,568	-	-	-	607	-	-	-	-	108,175
Operating Leases Payable, net of current portion	5,668	-	-	-	931	-	-	-	-	6,599
Accrued Pension and Postretirement Medical Benefits, net of current portion	-	4,532	3,454	-	-	-	-	-	-	7,986
Annuity Obligations, net of current portion	-	528	362	-	-	-	-	-	-	890
Subordinated Surplus Note	-	-	-	47,089	-	-	-	-	(47,089)	-
Subordinated Surplus Note Interest Payable	-	-	-	19,415	-	-	-	-	(19,415)	-
Due to (from) Affiliates	175,334	(40,496)	(34,641)	37,805	106,784	35,072	-	787	(280,645)	-
Total Liabilities	374,972	(33,135)	(29,672)	120,172	109,102	35,409	-	875	(371,055)	206,668
Net Assets (Deficit)	118,646	52,751	64,097	(112,236)	(104,595)	(34,759)	-	-	347,149	331,053
Total Liabilities and Net Assets (Deficit)	\$ 493,618	\$ 19,616	\$ 34,425	\$ 7,936	\$ 4,507	\$ 650	\$ -	\$ 875	\$ (23,906)	\$ 537,721

See accompanying independent auditor's report.

Lighthouse Guild International, Inc. and Affiliates
Consolidating Schedule of Operations and Changes in Net Assets
(in thousands)

Year ended December 31, 2023

	Lighthouse Guild International, Inc.	Jewish Guild Healthcare and Affiliates	Lighthouse International	GuildNet, Inc.	J.G.B. Rehabilitation Corporation	J.G.B. Mental Health and Mental Retardation Services, Inc.	Greater Boston Guild for the Blind, Inc. and Affiliate	80 WEA Leasehold Condominium	Eliminations	Total
Revenue and Other Support from Operations										
Program revenue	\$ -	\$ 2,459	\$ 425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,884
Net patient service revenue	-	-	1	-	6,106	1,459	-	-	-	7,566
Other revenue	4,928	4,372	1	11	618	20	-	-	(5,969)	3,981
Total Revenue and Other Support from Operations	4,928	6,831	427	11	6,724	1,479	-	-	(5,969)	14,431
Operating Expenses										
Program services:										
Provider services	213	4,036	513	-	8,681	2,815	-	-	-	16,258
Total Program Services	213	4,036	513	-	8,681	2,815	-	-	-	16,258
Supporting services:										
Management and general	20,032	1,300	98	6,202	6,980	1,095	-	-	(5,969)	29,738
Total Operating Expenses	20,245	5,336	611	6,202	15,661	3,910	-	-	(5,969)	45,996
(Deficiency) Excess of Revenue and Other Support from Operations Over (Under) Expense	(15,317)	1,495	(184)	(6,191)	(8,937)	(2,431)	-	-	-	(31,565)
Non-Operating Revenues, Gains, and Losses										
Contributions and grants	1,622	319	125	-	246	-	-	-	-	2,312
Special events, net of direct benefit to donors	537	-	-	-	-	-	-	-	-	537
Legacies and bequests	8,524	4,815	241	-	-	-	-	-	-	13,580
Interest and dividend income, net	5,358	270	255	134	10	-	-	-	-	6,027
Net realized and unrealized gains on investments	31,610	1,518	1,505	5	-	-	-	-	-	34,638
Distributions from perpetual trusts	-	25	601	-	-	-	-	-	-	626
Change in value of annuity obligations	-	93	(8)	-	-	-	-	-	-	85
Change in value of beneficial interest in trusts	-	905	3,362	-	-	-	-	-	-	4,267
Pension and postretirement benefit changes other than net periodic benefit cost	-	2,738	2,607	-	-	-	-	-	-	5,345
Contribution expense	-	-	-	-	-	-	(131)	-	-	(131)
Change in management's estimate	-	-	-	2,920	-	-	-	-	-	2,920
Reserve for affiliates	(6,121)	(11,892)	-	-	-	-	-	-	18,013	-
Intercompany program support	(15,197)	2,370	1,902	-	8,315	2,610	-	-	-	-
Total Non-Operating Revenue, Gains, and Losses	26,333	1,161	10,590	3,059	8,571	2,610	(131)	-	18,013	70,206
Change in Net Assets (Deficit)	11,016	2,656	10,406	(3,132)	(366)	179	(131)	-	18,013	38,641
Net Assets (Deficit), beginning of year	107,630	50,095	53,691	(109,104)	(104,229)	(34,938)	131	-	329,136	292,412
Net Assets (Deficit), end of year	\$ 118,646	\$ 52,751	\$ 64,097	\$ (112,236)	\$ (104,595)	\$ (34,759)	\$ -	\$ -	\$ 347,149	\$ 331,053

See accompanying independent auditor's report.

Lighthouse Guild International, Inc. and Affiliates
Consolidating Schedule of Operations and Change in Net Assets by Program
(in thousands)

Year ended December 31, 2023

	GuildCare		Health Center		Rehabilitation		Behavioral Health		Total Lighthouse Guild Vision and Health		Lighthouse Guild Research Awards & Technology		Corporate and Endowment		Total	
Revenue																
Program revenue	\$	5,006	\$	1,198	\$	2,635	\$	1,287	\$	10,126	\$	3	\$	20	\$	10,149
Contributions and grants		10		235		341		-		586		418		3,072		4,076
Legacies and gifts		-		-		-		-		-		-		13,580		13,580
Investment income		-		-		-		-		-		-		40,805		40,805
Intercompany program support		2,637		5,678		2,372		2,610		13,297		1,900		(15,197)		-
Total Revenue		7,653		7,111		5,348		3,897		24,009		2,321		42,280		68,610
Expenses																
Direct expenses		4,836		3,010		3,127		2,191		13,164		1,529		2,554		17,247
Rent expense		1,277		1,280		557		444		3,558		140		9,976		13,674
Support services		1,975		2,336		1,282		1,095		6,688		257		4,965		11,910
Total Expenses		8,088		6,626		4,966		3,730		23,410		1,926		17,495		42,831
Total Surplus (Loss)		(435)		485		382		167		599		395		24,785		25,779
GuildNet		-		-		-		-		-		-		2,696		2,696
Employee Retention Credit		-		-		-		-		-		-		1,473		1,473
Change in value of annuity and trust obligations		-		-		-		-		-		-		3,193		3,193
Pension and postretirement benefit changes other than net periodic benefit cost		-		-		-		-		-		-		5,345		5,345
2022 audit adjustment		-		-		-		-		-		-		155		155
Change in Net Assets	\$	(435)	\$	485	\$	382	\$	167	\$	599	\$	395	\$	37,647	\$	38,641

See accompanying independent auditor's report.