

Lighthouse Guild International, Inc. and Affiliates

Consolidated Financial Statements
and Supplemental Schedules
Years Ended December 31, 2022 and 2021

Lighthouse Guild International, Inc. and Affiliates

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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 (collectively, LGI), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, and the changes in their net assets and their 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 Consolidated 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, 2022 and 2021. Additionally, detailed in Note 2 are the major classes of revenues and expenses from discontinued operations for the years ended December 31, 2022 and 2021.



Responsibilities of Management for the Consolidated 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 issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated statements as a whole. The accompanying supplementary consolidating balance sheet as of December 31, 2022, consolidating schedule of operations and changes in net assets for the year ended December 31, 2022 and consolidating schedule of operations and changes in net assets by program for the year ended December 31, 2022, are presented for purposes of additional analysis and are not required parts 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 audit of the consolidated financial statements and to 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, LLP

June 9, 2023

Lighthouse Guild International, Inc. and Affiliates

Consolidated Balance Sheets (in thousands)

<i>December 31,</i>	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,537	\$ 16,896
Asset limited as to use (Notes 3 and 5)	-	1,067
Investments, current portion (Notes 3 and 5)	269,385	325,413
Accounts receivable, net (Note 3)	3,573	1,852
Prepaid expenses and other current assets	3,158	2,844
Statutory reserve assets (Notes 5 and 14)	-	8,893
Total Current Assets	291,653	356,965
Endowment Investments (Notes 5, 9 and 10)	24,077	24,038
Beneficial Interest in Perpetual Trusts (Notes 3, 5 and 16)	11,911	14,935
Investments, net of current portion (Notes 3 and 5)	89,227	90,505
Fixed Assets, Net (Notes 3 and 6)	20,384	21,034
Right-of-Use Assets - Finance Lease, Net (Notes 3 and 8)	86,718	93,152
Right-of-Use Assets - Operating Lease, Net (Notes 3 and 8)	6,701	-
Other Assets	6,114	5,567
Total Assets	\$ 536,785	\$ 606,196
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,523	\$ 18,056
Claims payable (Notes 3 and 18)	-	6,116
Accrued salaries and related expenses	2,036	1,999
Due to third-party payors, net (Notes 3 and 11)	18,882	26,048
Current portion of notes payable (Note 7)	5,000	79,300
Current portion of finance lease payable (Notes 3 and 8)	1,314	1,194
Current portion of operating lease payable (Notes 3 and 8)	2,691	-
Current portion of accrued pension and postretirement medical benefits (Notes 12 and 13)	76	74
Current portion of annuity obligations (Note 17)	267	300
Other current liabilities	939	800
Total Current Liabilities	37,728	133,887
Long-Term Liabilities		
Notes payable, net of current portion (Note 7)	74,300	-
Finance lease payable, net of current portion (Notes 3 and 8)	109,006	110,321
Operating lease payable, net of current portion (Notes 3 and 8)	9,210	-
Accrued pension and postretirement medical benefits, net of current portion (Notes 12 and 13)	12,997	8,823
Annuity obligations, net of current portion (Note 17)	1,132	1,155
Total Liabilities	244,373	254,186
Commitments and Contingencies (Notes 7, 8, 9, 10, 11, 12, 13, 14, 15 and 18)		
Net Assets (Notes 9 and 10)		
Without donor restrictions	242,838	294,179
With donor restrictions	49,574	57,831
Total Net Assets	292,412	352,010
Total Liabilities and Net Assets	\$ 536,785	\$ 606,196

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,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support from Operations						
Program revenue	\$ 2,901	\$ -	\$ 2,901	\$ 2,820	\$ -	\$ 2,820
Capitation retrospective premiums	1,120	-	1,120	7,694	-	7,694
Net patient service revenue	6,670	-	6,670	4,636	-	4,636
Other revenue	3,275	-	3,275	3,690	-	3,690
Net assets released from restrictions	1,813	(1,813)	-	3,324	(3,324)	-
Total Revenue and Other Support from Operations	15,779	(1,813)	13,966	22,164	(3,324)	18,840
Operating Expenses						
Program services:						
Provider services	14,028	-	14,028	11,769	-	11,769
Total Program Services	14,028	-	14,028	11,769	-	11,769
Supporting services:						
Management and general	27,299	-	27,299	23,298	-	23,298
Total Operating Expenses	41,327	-	41,327	35,067	-	35,067
Deficiency of Revenue and Other Support from Operations Under Expense	(25,548)	(1,813)	(27,361)	(12,903)	(3,324)	(16,227)
Non-Operating Revenue, Gains, and Losses						
Contributions and grants	2,498	678	3,176	1,984	798	2,782
Special events, net	453	-	453	199	-	199
Legacies and bequests	7,182	-	7,182	5,273	4,550	9,823
Interest and dividend income, net	6,863	356	7,219	7,339	497	7,836
Net realized and unrealized (loss) gain on investments	(41,536)	(3,285)	(44,821)	55,539	3,402	58,941
Distributions from perpetual trusts	615	-	615	453	-	453
Loss on disposal of fixed assets	-	-	-	(64)	-	(64)
Change in value of annuity obligations	(189)	-	(189)	80	-	80
Change in value of beneficial interest in trusts	-	(4,193)	(4,193)	-	1,538	1,538
Pension and postretirement benefit changes other than net periodic benefit cost	(6,599)	-	(6,599)	6,173	-	6,173
Gain on forgiveness of debt	-	-	-	3,345	-	3,345
Change in management's estimate	1,017	-	1,017	55	-	55
Contribution expense (Note 11)	-	-	-	-	(6,458)	(6,458)
Cumulative effect of a change in accounting principle (Note 8)	3,903	-	3,903	-	-	-
Total Non-Operating Revenue, Gains, and Losses, Net	(25,793)	(6,444)	(32,237)	80,376	4,327	84,703
Change in Net Assets	(51,341)	(8,257)	(59,598)	67,473	1,003	68,476
Net Assets, beginning of year	294,179	57,831	352,010	226,706	56,828	283,534
Net Assets, end of year	\$ 242,838	\$ 49,574	\$ 292,412	\$ 294,179	\$ 57,831	\$ 352,010

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>	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (59,598)	\$ 68,476
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,662	4,956
Provision for bad debts	-	633
Pension and postretirement benefit changes other than net periodic benefit cost	6,599	(6,173)
Net realized and unrealized loss (gain) on investments	44,821	(58,941)
Loss on disposal of fixed assets	-	64
Change in value of annuity obligations	189	(80)
Change in value of beneficial interest in irrevocable trusts	1,169	(326)
Change in value of beneficial interest in perpetual trusts	3,024	(1,212)
Change in management's estimate	(1,017)	(55)
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	-
Gain on forgiveness of debt - PPP loan	-	(3,345)
Non-cash lease expense	1,584	-
Change in operating assets and liabilities:		
Accounts receivables, net	(1,721)	(824)
Prepaid expenses, other current assets, and other assets	(2,030)	4,602
Accounts payable and accrued expenses	1,510	(4,697)
Accrued claims payable	(5,099)	55
Accrued salaries and related expenses	37	(228)
Accrued pension and postretirement medical benefits	(2,423)	(8,214)
Due to third-party payors	(7,166)	(6,897)
Other current liabilities	139	(656)
Principal reduction in operating lease payable	(2,642)	-
Net Cash Used in Operating Activities	(21,865)	(12,862)
Cash Flows from Investing Activities		
Purchases of fixed assets	(460)	(1,720)
Statutory reserve investments transferred	8,893	-
Proceeds from sales of investments	121,645	143,599
Purchases of investments	(109,199)	(130,296)
Net Cash Provided by Investing Activities	20,879	11,583
Cash Flows from Financing Activities		
Payments on finance leases	(1,195)	(748)
Payments of annuity obligations	(245)	(237)
Net Cash Used in Financing Activities	(1,440)	(985)
Net Decrease in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(2,426)	(2,264)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year	17,963	20,227
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year	\$ 15,537	\$ 17,963
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 5,872	\$ 4,516
Right-of-use assets acquired through operating leases	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, the 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.

The JGB 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, JGB and Affiliates d/b/a Jewish Guild Healthcare and Affiliates 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.

JGB is the sole member of GuildNet. Lighthouse Guild is the sole member of the Guild. The financial statements of GuildNet are included in these consolidated financial statements.

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.

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Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

2. Discontinued Operations

As described in Note 1 to the consolidated financial statements, 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,

	2022		2021	
	Current	Long-Term	Current	Long-Term
Carrying amounts of major classes of assets included as part of discontinued operations:				
Cash and cash equivalents	\$ 7,354	\$ -	\$ 9,442	\$ -
Asset limited to use	-	-	1,067	-
Due from third-party payors and other, net	729	-	-	-
Prepaid expenses and other current assets	-	-	10	-
Statutory reserve assets	-	-	8,893	-
Total Major Classes of Assets of the Discontinued Operation	\$ 8,083	\$ -	\$ 19,412	\$ -

Carrying amounts of major classes of liabilities included as part of discontinued operations:				
Accounts payable and accrued expenses	\$ 178	\$ -	\$ 234	\$ -
Claims payable	-	-	6,116	-
Due to third-party payors, net	18,711	-	25,809	-
Subordinated surplus note (due to parent)	-	47,089	-	47,089
Subordinated surplus note - interest payable (due to parent)	-	15,043	-	12,278
Due to affiliates	-	36,166	-	35,391
Total Major Classes of Liabilities of the Discontinued Operation	\$ 18,889	\$ 98,298	\$ 32,159	\$ 94,758

	2022	2021
Year ended December 31,		
Major classes of line items constituting deficiency of revenues under expenses of discontinued operations:		
Capitation retrospective premiums	\$ 1,120	\$ 7,694
Net investment (loss)	(4)	(38)
Other revenue	3	5
Major classes of line items constituting non-operating revenue, gains and losses of discontinued operations:		
Change in management's estimate	1,017	55
Total Revenues from Discontinued Operations	2,136	7,716
Less:		
Management and general	3,735	2,506
Total Expenses from Discontinued Operations	3,735	2,506
Excess of Revenues (Under) Over Expenses of Discontinued Operations Related to Major Classes of Line Items	\$ (1,599)	\$ 5,210

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 \$(1,599) for the year ended December 31, 2022 and a net deficit of \$(58,242) at December 31, 2022, 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 International, Inc. and its affiliates, JGB and 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 and conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of LGI. 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 are 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 the consolidated balance sheets and that the amounts of change in each of those classes of net assets be displayed in the consolidated statements 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, 2022 and 2021, investment management fees totaling \$1,145 and \$1,163, respectively, are included in interest and dividend income, net in the consolidated statements of operations and changes in net assets.

Cash, Cash Equivalents, Restricted Cash and Restricted 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.

At December 31, 2021, GuildNet segregated out cash funds due to a cancellation of a letter of credit. See Note 18 for further discussion.

Cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following:

<i>December 31,</i>		2022		2021
Cash and cash equivalents	\$	15,537	\$	16,896
Assets limited as to use		-		1,067
	\$	15,537	\$	17,963

Investments and Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as LGI would use in pricing LGI's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of LGI are traded. LGI estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

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.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

- 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 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Accounts Receivable, Net

LGI records receivables based on established rates or contracts for services provided and do not bear interest. Factors used to determine whether an allowance should be recorded include the age of the receivable, historical collection experience and write-offs, and a review of payments subsequent to year-end.

Periodically, past-due receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, doubtful accounts are written off as they are deemed by management to be uncollectible. For the year ended December 31, 2022 there were no write offs to bad debt expense. For the year ended December 31, 2021, LGI wrote off to bad debt expense \$633 of accounts receivable that were deemed to be uncollectible.

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.

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.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

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, 2022 and 2021, there were impairment losses of \$4,004 and \$0, respectively, related to right-of-use assets. See Note 8 for further discussion.

Due to/from Third-Party Payors

Due to/from third-party payors represents amounts due to/from NYSDOH and CMS for capitation payments, retroactive rate adjustments, quality incentive payments, Health Recruitment and Retention funds, high-cost/high-needs pool, payable for minimum loss ratio requirement, minimum wage adjustments, and the NYSDOH's independent Office of the Medicaid Inspector General (OMIG) estimated settlements. Also included are amounts due to/from NYCDOE. As the above amounts are estimates, it is at least reasonably possible that a change in the estimate will occur in the near term.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Claims Payable

GuildNet contracted with various healthcare providers for the provision of certain medical care services to its enrollees. Unpaid claims and unpaid claims adjustment expenses include reported claims and claims incurred but not reported (IBNR) to GuildNet. The estimated expense of processing these claims is included in accounts payable and accrued expenses. The liabilities are estimated based upon assumptions and estimates developed from prior claims experience. Although there is variability in such estimates, management believes that the unpaid claims and unpaid claims adjustment expense liabilities are adequate. The estimates are continually reviewed and adjusted as experience develops or new information becomes known.

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.

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 change in value of split-interest agreements 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

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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 \$2,901 and \$2,820 for the years ended December 31, 2022 and 2021, respectively. Net patient service revenue includes third-party payors of \$6,484 and \$4,623 and self-pay of \$186 and \$13 for the years ended December 31, 2022 and 2021, 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.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, LGI has elected, as part of their adoption of the new revenue standard, to apply the optional exemption provided in Accounting Standards Update (ASU) 2014-09, *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>	2022 (%)	2021 (%)
Medicare	12	4
Medicaid	39	67
Private/other	49	29

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

<i>December 31,</i>	2022 (%)	2021 (%)
Medicare	10	4
Medicaid	15	16
Private/other	75	80

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

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Notes to Consolidated Financial Statements (in thousands)

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.

Leases

In February 2016, the Financial Accounting Standards Board (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 (ROU) 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.

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 expenses), legacies and bequests, investment income, net, distributions from perpetual trusts, loss on disposal of fixed assets, 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, gain on forgiveness of debt change in management's estimate, contribution expense, and cumulative effect of a change in accounting principle.

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, 2022 and 2021, 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 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, 2022 and 2021, the interest payable associated with the Surplus Note amounted to \$15,043 and \$12,278, respectively. The Surplus Note is repayable, subject to the approval of the Commissioner of NYSDOH, in whole or in part, only if such payment

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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 International, Inc. 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 2022 and 2021 was \$4,289 and \$6,174, respectively. Unrelated business income taxes for 2022 and 2021 were \$901 and \$1,297, respectively.

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, 2022 and 2021, interest and penalties recorded and included in the consolidated statements of operations and changes in net assets for 2022 and 2021 were \$0 and \$76, respectively. LGI is subject to routine audits by taxing authorities. As of December 31, 2022, LGI was not subject to any examination by a taxing authority.

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. The CARES Act, among other things, has apportioned funds for the United States Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. In April 2020, LGI received a PPP loan in the amount of \$3,345 which was fully forgiven by the SBA in September 2021.

As part of the CARES Act, the Health Care Enhancement Act, enacted on April 24, 2020, provided \$175 billion in funding to be distributed to eligible providers through the Public Health and Social Services Emergency Fund (the Provider Relief Fund or PRF). The Department of Health and Human Services (HHS) has allocated the Provider Relief Fund among eligible health care providers through multiple phases of general distributions and a number of targeted distributions which began in April 2020.

During the years ended December 31, 2022 and 2021, LGI received \$30 and \$1,545, respectively, from the Provider Relief Fund program and has recorded it as other revenue within the consolidated

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Notes to Consolidated Financial Statements (in thousands)

statements of operations and changes in net assets. As part of the terms and conditions of the Provider Relief Fund program, LGI must adhere to certain reporting requirements associated with payments received from the Provider Relief Fund. Recipients must report to HHS on their use of Provider Relief Fund payments by specified deadlines; these deadlines differ depending on when the payments were received by the recipient. LGI has adhered with these reporting requirements established by HHS.

The recognition of amounts received is conditioned upon the provision of care for individuals with possible or actual cases of COVID-19 after January 31, 2020, certification that payment will be used to prevent, prepare for and respond to the coronavirus and shall reimburse the recipient only for healthcare related expenses or lost revenues that are attributable to COVID-19. These monies have been recognized following the grant accounting model, recognizing income over the applicable reporting period as management becomes reasonably assured of meeting the required criteria. LGI has utilized and accounted for all such funds as of December 31, 2022 and 2021.

Additionally, LGI qualified for an Employee Retention Credit (ERC) under the CARES Act. 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 \$242 for the year ended December 31, 2022 and is included in other revenue in the accompanying consolidated statements of operations and changes in net assets.

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 are as follows. There have been no changes in the methodologies utilized for December 31, 2022 or 2021.

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.

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Notes to Consolidated Financial Statements (in thousands)

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.

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Notes to Consolidated Financial Statements (in thousands)

Investments, assets limited as to use, statutory reserve assets, and beneficial interest in perpetual trusts consist of the following:

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:				
Fixed income	31,915	31,915	-	-
U.S. small/mid-cap	446	446	-	-
U.S. large-cap equity	60,020	60,020	-	-
International equity	18,885	18,885	-	-
Real estate and infrastructure	62	62	-	-
Balanced/asset allocation	230	230	-	-
Government obligations	8	-	8	-
Alternatives	6,404	6,404	-	-
Equities	7,922	7,922	-	-
Total Mutual Funds	125,892	125,884	8	-
Exchange-traded funds:				
Commodities	9,150	9,150	-	-
Government obligations	2,614	2,614	-	-
U.S. large-cap equity	11,740	11,740	-	-
U.S. small/mid-cap equity	18,030	18,030	-	-
Emerging markets	7,959	7,959	-	-
International	19,095	19,095	-	-
Fixed income	3,391	3,391	-	-
Equities	11,971	11,971	-	-
Total 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 sheet.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

December 31, 2021

	Total	Level 1	Level 2	Level 3
Assets				
Investments, including endowments				
Cash and cash equivalents	\$ 23,852	\$ 23,852	\$ -	\$ -
Money market mutual funds	64	64	-	-
Equity securities:				
International	251	251	-	-
Real estate and infrastructure	39	39	-	-
U.S. small/mid-cap	104	104	-	-
U.S. large-cap	286	286	-	-
Total Equity Securities	680	680	-	-
Mutual funds:				
Fixed income	31,643	31,643	-	-
U.S. small/mid-cap	489	489	-	-
U.S. large-cap equity	62,031	62,031	-	-
International equity	22,167	22,167	-	-
Real estate and infrastructure	42	42	-	-
Balanced/asset allocation	292	292	-	-
Government obligations	4	-	4	-
Alternatives	6,154	6,154	-	-
Equities	20,951	20,951	-	-
Total Mutual Funds	143,773	143,769	4	-
Exchange-traded funds:				
Commodities	5,231	5,231	-	-
Government obligations	9,299	9,299	-	-
U.S. large-cap equity	19,494	19,494	-	-
U.S. small/mid-cap equity	22,562	22,562	-	-
Emerging markets	18,157	18,157	-	-
International	26,332	26,332	-	-
Fixed income	3,296	3,296	-	-
Equities	16,771	16,771	-	-
Total Exchange-Traded Funds	121,142	121,142	-	-
Fixed income:				
Municipal bond	583	-	583	-
Total Fixed Income	583	-	583	-
Total Investments, measured at fair value	290,094	\$ 289,507	\$ 587	\$ -
Alternative Investments at NAV*	149,862			
Total Investments, including endowments	\$ 439,956			
Assets Limited as to Use and Statutory Reserve Assets				
Money market mutual funds	\$ 9,960	\$ 9,960	\$ -	\$ -
Beneficial Interest in Perpetual Trusts	14,935	-	-	14,935
	\$ 24,895	\$ 9,960	\$ -	\$ 14,935

* 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, 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		

Year ended December 31, 2021

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Equity hedge ^(a)	\$ 3,350	\$ -	1-3 years	60-65
Equity hedge ^(a)	41,554	-	Monthly/quarterly	15-180
Multi-strategy hedge ^(b)	152	-	Monthly/quarterly/ biennial/semi-annually	0-92
Multi-strategy hedge ^(b)	16,404	-	Semi-annually	120
Private equity ^(c)	88,402	14,877	Private/illiquid	N/A
Total Funds	\$ 149,862	\$ 14,877		

^(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.

Investments with redemption provisions greater than one year have been classified as noncurrent assets.

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Notes to Consolidated Financial Statements (in thousands)

6. Fixed Assets, Net

Fixed assets are summarized as follows:

<i>December 31,</i>	2022	2021
Buildings and building improvements	\$ 29	\$ 29
Furniture and equipment	7,595	7,543
Leasehold improvements	24,532	24,505
Computer software	2,338	2,335
	34,494	34,412
Less: accumulated depreciation and amortization	(16,336)	(15,296)
	18,158	19,116
Project in progress	2,226	1,918
	\$ 20,384	\$ 21,034

Projects in progress at December 31, 2022 and 2021 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. The estimated additional costs to complete this project is approximately \$200 as of December 31, 2022.

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, 2022 and 2021, respectively, \$74,300 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.

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, 2022 and was renewed for another year, expiring on July 1, 2023. The note now bears interest at 0.75% above the Daily Simple Secure Overnight Financing Rate. The total outstanding balance of the revolving note as of December 31, 2022 and 2021 was \$5,000. Borrowing up to \$5,000 is secured by LGI's investment portfolio.

Interest expense for the years ended December 31, 2022 and 2021 was \$1,944 and \$689, respectively, and is included in management and general expenses on the consolidated statements of operations and changes in net assets.

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8. Leases

As detailed in Note 3, 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, 2022, 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 which 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 standards 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.

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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 lease, net and operating lease liabilities are recorded in operating lease payable in the consolidated balance sheet.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the consolidated balance sheets at December 31, 2022:

Year ending December 31,

2023	\$	2,801
2024		2,700
2025		2,703
2026		2,691
2027		1,140
Thereafter		145
		<hr/>
		12,180
Less: interest		(279)
		<hr/>
		11,901
Less: current portion		(2,691)
		<hr/>
	\$	9,210

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 United Cerebral Palsy of New York City, Inc. Actual transactions occurred in May and October 2019 for the 5th floor and 2nd 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 was 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 lease, net and finance lease liabilities are recorded in finance lease payable in the consolidated balance sheet.

The following table reconciles the undiscounted finance lease payments to the lease liabilities recorded on the consolidated balance sheet at December 31, 2022:

Year ending December 31,

2023	\$	5,058
2024		5,136
2025		5,293
2026		5,445
2027		5,554
Thereafter		143,753
		170,239
Less: interest		(59,919)
		110,320
Less: current portion		(1,314)
	\$	109,006

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 as of and for the year ended December 31, 2022:

Year ended December 31, 2022

Lease costs:

Finance lease cost:		
Amortization of right of use assets	\$	3,552
Interest on lease liabilities		3,787
Operating lease cost		1,584
Total Lease Cost	\$	8,923

December 31, 2022

Right-of-use assets and liabilities:

Right-of-use assets - finance lease, net	\$	86,718
Right-of-use assets - operating lease, net		6,701
Finance lease payable		110,320
Operating lease payable		11,901

Year ended December 31, 2022

Other information:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	2,642
Financing cash flows from finance leases		1,195

Weighted-average remaining lease term - finance leases	24.22 years
Weighted-average discount rate - finance leases	3.41%
Weighted-average remaining lease term - operating leases	4.47 years
Weighted-average discount rate - operating leases	1.07%

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 an operating lease under the lessor accounting model. For a sublease which 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 during calendar year 2022 on a straight-line basis.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Sublease rental income for the year ended December 31, 2022 was \$1,705 and is included in other revenue in the consolidated statements of operations and changes in net assets.

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

Year ending December 31,

2023	\$	1,643
2024		1,655
2025		1,734
2026		1,813
2027		801
	\$	7,646

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are for the following:

<i>December 31,</i>	2022	2021
Subject to expenditure for a specified purpose or period:		
Scholarships	\$ 6,609	\$ 7,394
Research	2,441	2,885
Purchase of equipment	183	183
Other purposes	1,558	4,182
Time restricted	2,795	4,214
Total Subject to Expenditure for Specified Purpose or Period	13,586	18,858
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	1,343	1,304
Rehabilitation and youth services	500	500
Various projects	16,392	16,392
Total Held as Endowed Fund Corpus	24,077	24,038
Beneficial interest in fair value of trust funds held in perpetuity by others	11,911	14,935
Total Net Assets with Donor Restrictions	\$ 49,574	\$ 57,831

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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>	2022	2021
Scholarships	\$ 150	\$ 602
Research	478	383
Other purposes	1,111	2,263
Time restricted	74	76
	\$ 1,813	\$ 3,324

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 both the years ended December 31, 2022 and 2021 of 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, 2022 and 2021.

Changes in Endowment Net Assets

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

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Year ended December 31, 2021

	Restricted for a Specific Purpose	Restricted in Perpetuity	Total
Endowment Net Assets , beginning of year	\$ 3,313	\$ 25,316	\$ 28,629
Investment income, net	3,102	-	3,102
Endowment contribution	-	4,344	4,344
Contribution to the Music School	(836)	(5,622)	(6,458)
Appropriation of endowment assets for expenditure	(1,510)	-	(1,510)
Endowment Net Assets , end of year	\$ 4,069	\$ 24,038	\$ 28,107

Contribution Expense - the Music School

LGI filed a verified petition with the Supreme Court of the State of New York (the Court) dated July 14, 2021 that sought approval from the Court to transfer endowment and restricted funds used in operating a music school for the visually impaired to the Filomen M. D'Acostino Greenberg Music School, Inc. (the Music School). The Music School is a New York State not-for-profit charitable corporation exempt from federal income tax under IRC Section 501(c)(3). LGI sought no consideration for the transfer. The verified petition stated that LGI no longer operated a music school and that the Music School provides music education for the visually impaired and currently carried out school programs previously conducted by LGI. The original donors of the endowment and restricted funds consented and had no objection to the Court for the transfer. The verified petition was approved by the Court, as so ordered, on July 30, 2021. During August 2021, LGI transferred net assets totaling \$6,458 to the Music School. This transaction is reported as contribution expense in the consolidated statements of operations and changes in net assets.

11. Due to/from Third-Party Payors, Due to Providers, Other Contingencies, and Capitation Payments

GuildNet is responsible to report to various governmental third parties, among which are CMS and NYSDOH. These agencies, as well as the New York State Office of Attorney General's Medicaid Fraud Control Unit, the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, OMIG, and other agencies, have the right to audit fiscal, as well as programmatic compliance, clinical documentation, and other areas. As a result of revision to the capitation rates and other changes in estimates, GuildNet recognized a liability of \$18,711 and \$25,809 in due to third party payors for MLTCP, FIDA and MAP at December 31, 2022 and 2021.

Capitation Payments for Managed, Long-Term Care Plans (including Partial MLTC, FIDA, and MAP)

During the year ended December 31, 2022 and 2021, NYSDOH issued revision to rates for years ended on or prior to December 31, 2018. These premium rates retrospectively adjusted premium revenue recognized in prior year statutory basis financial statements and are reflected on both the 2022 and 2021 statutory basis financial statements as retrospective premiums. The rates included adjustments to include, among others, minimum wage funding and high-cost, high-need (HCHN) pool. GuildNet recorded a favorable adjustment as retrospective adjusted premiums of \$1,120 and \$7,694 reflected in the consolidated statements of operations and changes in net assets for the years ended December 31, 2022 and 2021.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

OMIG Audits

OMIG conducts audits of GuildNet's members for capitation paid for retroactively disenrolled members, deceased members, non-eligible members, and other erroneous payments made to GuildNet. A liability related to the OMIG audits in the amount of \$2,327 was paid to New York State in April 2022.

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. Each plan covers all of its eligible employees and were frozen as of June 30, 2011, 2010, and 2007, respectively.

The following table sets forth the Plans' funded status under U.S. GAAP and amounts recognized in the consolidated balance sheets as of and for the 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)

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	\$ 117
Non-Bargaining	103
Lighthouse Retirement Plan	115

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

The following table sets forth the key actuarial assumptions used by the Plans as of and for the 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

The following table sets forth the Plans' funded status under U.S. GAAP and amounts recognized in the consolidated balance sheets as of and for the year ended December 31, 2021:

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan
Projected benefit obligation	\$ (25,629)	\$ (23,828)	\$ (41,661)
Plan assets at fair value	23,144	22,922	37,306
Funded Status Recognized in Consolidated Balance Sheet	\$ (2,485)	\$ (906)	\$ (4,355)
Pension cost (income)	\$ (98)	\$ 330	\$ (694)
Employer contributions	2,302	-	1,157
Benefits paid	962	944	3,182
Increase recognized in other changes in net assets without donor restrictions:			
Net actuarial gain	\$ 1,552	\$ 547	\$ 3,253
Impact of settlements and curtailments	84	258	-
Amortization of net actuarial loss	151	120	302
	\$ 1,787	\$ 925	\$ 3,555
Amounts recognized in accumulated net assets without donor restrictions:			
Actuarial loss	\$ (6,166)	\$ (5,249)	\$ (5,993)

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 2022 is as follows:

Bargaining	\$	151
Non-Bargaining		120
Lighthouse Retirement Plan		302

The following table sets forth the key actuarial assumptions used by the Plans as of and for the year ended December 31, 2021:

	Bargaining (%)	Non-Bargaining (%)	Lighthouse Retirement Plan (%)
Weighted-average assumptions used for net pension cost:			
Discount rate	2.10	2.05	2.20
Expected return on plan assets	6.75	5.75	6.75
Rate of compensation increase	N/A	N/A	N/A
Discount rate used to calculate the effect of plan settlement as of			
December 31, 2021	2.45	2.70	N/A
Weighted-average assumptions used for pension obligations:			
Discount rate	2.55	2.50	2.60
Expected return on plan assets	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A

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,

	2022		2021	
	Total	Level 2	Total	Level 2
Bargaining Plan Assets				
Common collective trust	\$ 17,992	\$ 17,992	\$ 23,108	\$ 23,108
Total Investments , measured at fair value		<u>\$ 17,992</u>	23,108	<u>\$ 23,108</u>
Alternative investments measured at NAV (or equivalent)	22		48	
Net accrued income and expenses	-		(12)	
Bargaining Plan Total	<u>\$ 18,014</u>		<u>\$ 23,144</u>	

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

December 31,

	2022		2021	
	Total	Level 2	Total	Level 2
Non-Bargaining Plan Assets				
Common collective trust	\$ 17,720	\$ 17,720	\$ 22,844	\$ 22,844
Total Investments , measured at fair value		\$ 17,720	22,844	\$ 22,844
Alternative investments measured at NAV (or equivalent)	35		90	
Net accrued income and expenses	-		(12)	
Non-Bargaining Plan Total	\$ 17,755		\$ 22,922	

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		

December 31, 2021

	Total	Level 1	Level 2
Lighthouse Retirement Plan Assets			
Cash and cash equivalents	\$ 1	\$ 1	\$ -
Equity securities	3	3	-
Common collective trust	37,324	-	37,324
Total Investments , measured at fair value	37,328	\$ 4	\$ 37,324
Alternative investments measured at NAV (or equivalent)	-		
Net accrued income and expenses	(22)		
Total	\$ 37,306		

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Plans' Assets - Alternative Investments

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	\$ -		

December 31, 2021

	Bargaining	Non-Bargaining	Lighthouse Retirement Plan	Redemption Frequency	Redemption Notice Period (Days)
Multi-strategy hedge ^(b)	\$ 27	\$ 55	\$ -	Semi-annually	90
Limited partnership ^(c)	21	35	-	Quarterly	0-60
Total	\$ 48	\$ 90	\$ -		

There are no unfunded commitments as of December 31, 2022 or 2021.

- (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.
- (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 as a complement to the traditional fixed-income allocation.
- (c) *Limited Partnership* - Investments are primarily in marketable equity securities; debt instruments, convertible securities; options, warrants, futures, swaps, and other derivatives; and nonpublic securities for the benefit of tax-exempt U.S. persons.

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.

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.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

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
2023	\$ 2,047	\$ 1,842	\$ 3,165
2024	1,464	1,426	3,102
2025	1,477	1,477	3,019
2026	1,499	1,672	2,957
2027	1,512	1,795	2,848
2028-2032	7,465	7,912	12,654

Defined-Contribution Plan

LGI has a defined-contribution 403(b) plan, for all eligible employees. The expense for the years ended December 31, 2022 and 2021 was \$866 and \$762, respectively.

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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>	2022		2021	
Benefit obligation	\$	(947)	\$	(1,151)
Fair value of plan assets		-		-
Unfunded Status	\$	(947)	\$	(1,151)
Amounts recognized in the consolidated balance sheets:				
Current liability	\$	(76)	\$	(74)
Long-term liability		(871)		(1,077)
	\$	(947)	\$	(1,151)
Net periodic benefit expense	\$	(51)	\$	(54)
Employer contributions		80		76
Benefits paid		80		76
Decrease recognized in other changes in net assets without donor restrictions:				
Net actuarial loss	\$	165	\$	(4)
Prior service credit		31		60
Amortization of net actuarial gain		(64)		(58)
	\$	132	\$	(2)
Amounts recognized in accumulated net assets without donor restrictions:				
Prior service credit	\$	31	\$	60
Actuarial gain		803		702
	\$	834	\$	762

The net actuarial gain and prior-service credit that will be amortized from net assets without donor restrictions into net periodic benefit cost in 2023 are \$106 and \$64, respectively.

During 2022 and 2021, 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 obligation for the years ended December 31, 2022 and 2021.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

Weighted-average assumptions are as follows:

<i>December 31,</i>	2022 (%)	2021 (%)
Discount rate:		
Used for benefit obligation, bargaining	5.20	2.70
Used for benefit obligation, non-bargaining	5.10	2.55
Used for net benefit cost, bargaining	2.70	2.40
Used for net benefit cost, non-bargaining	2.55	2.10
Healthcare cost trend assumed for next year	4.50	4.70

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>		
2023	\$	78
2024		78
2025		76
2026		75
2027		73
2028-2032		365

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 such, an escrow deposit in the amount of \$8,888 was released to GuildNet in February 2022.

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 MLTCP 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, 2022 and 2021, 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 \$2,386 and \$3,591 at December 31, 2022 and 2021, 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, 2022 and 2021, the change in present value and unrealized gain or loss on the beneficial interest in perpetual trusts amounted to \$(3,024) and \$1,212, respectively. The present value of the trust funds as of December 31, 2022 and 2021 is \$11,911 and \$14,935, respectively, and is recorded in beneficial interest in perpetual trusts.

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%.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

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, 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 gain 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	-

December 31, 2021

	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	\$ 80	\$ -
Actuarial gain on beneficial interest in trusts	-	326
Consolidated balance sheets:		
Investments	\$ 5,436	\$ -
Beneficial interest in irrevocable trusts (other assets)	-	3,591
Annuity obligations	1,455	-

18. Claims Payable

GuildNet has discontinued operations from all service areas, effective January 1, 2019. As of December 31, 2022, GuildNet has settled all claims payable. During the year ended December 31, 2022, GuildNet did not incur any expense related to prior year nor current year claim activity and no claims were submitted for payment. There were no significant changes in methodologies or assumptions used in the calculation of the liability for the year ended December 31, 2022.

Claims payable at December 31, 2021 included a \$5,099 settlement with EmblemHealth, Inc. (Emblem) that was finalized in October 2019, for years 2018 and prior. Emblem was paid in February 2022. In addition, as part of the settlement with Emblem, GuildNet segregated out \$1,067 in cash funds due to a cancellation of a letter of credit with Emblem that is limited as to use. The letter of credit was released to Guildnet in March 2022.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

19. 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, 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	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

December 31, 2021

	LGI, Excluding GuildNet	GuildNet	Total
Cash and cash equivalents	\$ 7,454	\$ 9,442	\$ 16,896
Investments, current portion	325,415	-	325,415
Accounts receivable, net	1,852	-	1,852
Statutory reserve assets	-	8,893	8,893
	334,721	18,335	353,056
Amounts unavailable for general expenditures within one year, due to:			
Net assets with donor restrictions	(18,858)	-	(18,858)
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 315,863	\$ 18,335	\$ 334,198

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 \$88,518 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)

20. 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, EDS, MHS, NAPVI, and GBGB. 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, 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

Year ended December 31, 2021

	Program Services	Management and General	Total
Salaries and benefits	\$ 7,959	\$ 10,216	\$ 18,175
Purchased services and other	2,352	3,688	6,040
Rent and occupancy	942	567	1,509
Depreciation and amortization	49	4,907	4,956
Interest	467	3,920	4,387
Total	\$ 11,769	\$ 23,298	\$ 35,067

21. Subsequent Events

LGI's management has performed subsequent event procedures through June 9, 2023, which is the date the consolidated financial statements were available to be issued. Other than events disclosed below, there were no other subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

Lighthouse Guild International, Inc. and Affiliates

Notes to Consolidated Financial Statements (in thousands)

In February 2023, Guildnet received notification from the centers for Medicare and Medicaid Services (CMS) of \$729 owed to the organization upon final reconciliation of its 2017 and 2018 Medicare Advantage FIDA contract. The money was received on March 1, 2023 and was recognized as capitation retrospective premiums in LGI's consolidated statements of operations and changes in net assets for the period ended December 31, 2022.

In April 2023, GBGB received approval from the Attorney General of the Commonwealth of Massachusetts to release \$131 of endowment funds from their restriction in perpetuity to an unrelated third-party in Massachusetts who will meet the original purpose of the restriction.

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 employer pays to employees after March 12, 2020 through December 31, 2021. LGI qualified for a total ERC of \$1,473. In April 2023, LGI received an ERC in the amount of \$1,473.

Supplemental Schedules

Lighthouse Guild International, Inc. and Affiliates

Consolidating Balance Sheet (in thousands)

	Lighthouse Guild International, Inc.	Jewish Guild Healthcare and Affiliates	Lighthouse International	GuildNet, Inc.	J.G.B. Rehabilitation Corporation	J.G.B. Mental Health & Mental Retardation Services, Inc.	Greater Boston Guild for the Blind, Inc. & Affiliate	80 WEA Leasehold Condominium	Eliminations	Total
Assets										
Current Assets										
Cash and cash equivalents	\$ 6,393	\$ 199	\$ 628	\$ 7,354	\$ 272	\$ 343	\$ -	\$ 348	\$ -	\$ 15,537
Investments, current portion	260,913	6,824	1,648	-	-	-	-	-	-	269,385
Accounts receivable, net	-	893	105	729	1,064	308	-	474	-	3,573
Prepaid expenses and other current assets	2,711	188	8	-	248	3	-	-	-	3,158
Due from LGI endowment investment pool	-	8,332	15,574	-	-	-	131	-	(24,037)	-
Total Current Assets	270,017	16,436	17,963	8,083	1,584	654	131	822	(24,037)	291,653
Endowment Investments	24,077	-	-	-	-	-	-	-	-	24,077
Beneficial Interest in Perpetual Trusts	-	560	11,351	-	-	-	-	-	-	11,911
Investment, net of current portion	88,678	86	463	-	-	-	-	-	-	89,227
Fixed Assets, Net	19,228	59	9	-	1,005	83	-	-	-	20,384
Right-of-Use Assets - Finance Lease, Net	86,718	-	-	-	-	-	-	-	-	86,718
Right-of-Use Assets - Operating Lease, Net	5,313	-	-	-	1,388	-	-	-	-	6,701
Other Assets	2,500	1,347	2,267	-	-	-	-	-	-	6,114
Total Assets	\$ 496,531	\$ 18,488	\$ 32,053	\$ 8,083	\$ 3,977	\$ 737	\$ 131	\$ 822	\$ (24,037)	\$ 536,785
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Accounts payable and accrued expenses	\$ 3,721	\$ 543	\$ 1,094	\$ 178	\$ 217	\$ 676	\$ -	\$ 94	\$ -	\$ 6,523
Accrued salaries and related expenses	673	1,363	-	-	-	-	-	-	-	2,036
Due to third-party payers, net	-	2	2	18,711	81	86	-	-	-	18,882
Current portion of notes payable	5,000	-	-	-	-	-	-	-	-	5,000
Current portion of finance lease payable	1,314	-	-	-	-	-	-	-	-	1,314
Current portion of operating lease payable	2,286	-	-	-	405	-	-	-	-	2,691
Current portion of accrued pension and postretirement medical benefits	-	76	-	-	-	-	-	-	-	76
Current portion of annuity obligations	-	204	63	-	-	-	-	-	-	267
Other current liabilities	467	202	7	-	-	263	-	-	-	939
Due to JGB and the Lighthouse endowment fund	24,037	-	-	-	-	-	-	-	(24,037)	-
Total Current Liabilities	37,498	2,390	1,166	18,889	703	1,025	-	94	(24,037)	37,728
Long-Term Liabilities										
Notes payable, net of current portion	74,300	-	-	-	-	-	-	-	-	74,300
Finance lease payable, net of current portion	109,006	-	-	-	-	-	-	-	-	109,006
Operating lease payable, net of current portion	7,973	-	-	-	1,237	-	-	-	-	9,210
Accrued pension and postretirement medical benefits, net of current portion	-	6,936	6,061	-	-	-	-	-	-	12,997
Annuity obligations, net of current portion	-	736	396	-	-	-	-	-	-	1,132
Subordinated surplus note	-	-	-	47,089	-	-	-	-	(47,089)	-
Subordinated surplus note interest payable	-	-	-	15,043	-	-	-	-	(15,043)	-
Due to (from) affiliates	160,124	(41,669)	(29,261)	36,166	106,266	34,650	-	728	(267,004)	-
Total Liabilities	388,901	(31,607)	(21,638)	117,187	108,206	35,675	-	822	(353,173)	244,373
Net Assets (Deficit)	107,630	50,095	53,691	(109,104)	(104,229)	(34,938)	131	-	329,136	292,412
Total Liabilities and Net Assets (Deficit)	\$ 496,531	\$ 18,488	\$ 32,053	\$ 8,083	\$ 3,977	\$ 737	\$ 131	\$ 822	\$ (24,037)	\$ 536,785

See accompanying independent auditors report.

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

Year ended December 31, 2022

	Lighthouse Guild International, Inc.	Jewish Guild Healthcare and Affiliates	Lighthouse International	GuildNet, Inc.	J.G.B. Rehabilitation Corporation	J.G.B. Mental Health & Mental Retardation Services, Inc.	Greater Boston Guild for the Blind, Inc. & Affiliate	80 WEA Leasehold Condominium	Eliminations	Total
Revenue and Other Support from Operations										
Program revenue	\$ -	\$ 2,641	\$ 260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,901
Capitation retrospective premiums	-	-	-	1,120	-	-	-	-	-	1,120
Net patient service revenue	-	-	2	-	5,435	1,233	-	-	-	6,670
Other revenue	3,143	2,765	1	3	857	48	-	-	(3,542)	3,275
Total Revenue and Other Support from Operations	3,143	5,406	263	1,123	6,292	1,281	-	-	(3,542)	13,966
Operating Expenses										
Program services:										
Provider services	198	3,945	481	-	6,870	2,534	-	-	-	14,028
Total Program Services	198	3,945	481	-	6,870	2,534	-	-	-	14,028
Supporting services:										
Management and general	18,049	1,272	79	3,735	6,620	1,086	-	-	(3,542)	27,299
Total Operating Expenses	18,247	5,217	560	3,735	13,490	3,620	-	-	(3,542)	41,327
(Deficiency) Excess of Revenue and Other Support from Operations Over (Under) Expense	(15,104)	189	(297)	(2,612)	(7,198)	(2,339)	-	-	-	(27,361)
Nonoperating Revenues, Gains and Losses										
Contributions and grants	2,399	128	159	-	448	42	-	-	-	3,176
Special events, net	453	-	-	-	-	-	-	-	-	453
Legacies and bequests	4,886	765	1,531	-	-	-	-	-	-	7,182
Interest and dividend income, net	6,828	187	206	(4)	2	-	-	-	-	7,219
Net realized and unrealized loss on investments	(40,643)	(1,786)	(2,392)	-	-	-	-	-	-	(44,821)
Distributions from perpetual trusts	-	45	570	-	-	-	-	-	-	615
Change in value of annuity obligations	-	(149)	(40)	-	-	-	-	-	-	(189)
Change in value of beneficial interest in trusts	-	(212)	(3,981)	-	-	-	-	-	-	(4,193)
Pension and postretirement benefit changes other than net periodic benefit cost	-	(4,893)	(1,706)	-	-	-	-	-	-	(6,599)
Change in management's estimate	-	-	-	1,017	-	-	-	-	-	1,017
Cumulative effect of a change in accounting principle	3,903	-	-	-	-	-	-	-	-	3,903
Reserve for affiliates	(12,338)	(7,985)	-	-	-	-	-	-	20,323	-
Intercompany program support	(15,172)	2,917	2,170	-	6,804	3,281	-	-	-	-
Total Non-Operating Revenue, Gains and Losses	(49,684)	(10,983)	(3,483)	1,013	7,254	3,323	-	-	20,323	(32,237)
Change in Net Assets	(64,788)	(10,794)	(3,780)	(1,599)	56	984	-	-	20,323	(59,598)
Net Assets (Deficit), beginning of year	172,418	60,889	57,471	(107,505)	(104,285)	(35,922)	131	-	308,813	352,010
Net Assets (Deficit), end of year	\$ 107,630	\$ 50,095	\$ 53,691	\$ (109,104)	\$ (104,229)	\$ (34,938)	\$ 131	\$ -	\$ 329,136	\$ 292,412

See accompanying independent auditors report.

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

Year ended December 31, 2022

	GuildCare	Health Center	Rehabilitation	Behavioral Health	Total Lighthouse Guild Vision and Health	Lighthouse Guild Research Awards & Technology	Corporate and Endowment	Total
Revenue								
Program revenue	\$ 4,904	\$ 1,354	\$ 2,760	\$ 1,995	\$ 11,013	\$ -	\$ -	\$ 11,013
Contributions and grants	40	408	199	42	689	274	4,008	4,971
Legacies and gifts	-	-	-	-	-	-	7,182	7,182
Investment income	-	-	-	-	-	-	(39,875)	(39,875)
Intercompany program support	815	5,989	2,919	3,281	13,004	2,168	(15,172)	-
Total Revenue	5,759	7,751	5,878	5,318	24,706	2,442	(43,857)	(16,709)
Expenses								
Direct expenses	4,344	2,787	3,050	2,144	12,325	1,502	687	14,514
Rent expense	1,245	1,246	568	433	3,492	99	7,998	11,589
Support services	1,802	2,047	1,235	1,087	6,171	244	5,511	11,926
Total Expenses	7,391	6,080	4,853	3,664	21,988	1,845	14,196	38,029
Total (Loss) Surplus	(1,632)	1,671	1,025	1,654	2,718	597	(58,053)	(54,738)
GuildNet	-	-	-	-	-	-	1,947	1,947
Federal stimulus payment	-	-	-	30	30	-	-	30
Employee Retention Credit	-	-	-	-	-	-	242	242
Change in value of annuity and trust obligations	-	-	-	-	-	-	(4,383)	(4,383)
Pension and postretirement benefit changes other than net periodic benefit cost	-	-	-	-	-	-	(6,599)	(6,599)
Cumulative effect of a change in accounting principle	-	-	-	-	-	-	3,903	3,903
Change in Net Assets	\$ (1,632)	\$ 1,671	\$ 1,025	\$ 1,684	\$ 2,748	\$ 597	\$ (62,943)	\$ (59,598)