The Animal Medical Center D/B/A Stephen & Christine Schwarzman Animal Medical Center

Financial Statements

December 31, 2023

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees
The Animal Medical Center D/B/A Stephen & Christine Schwarzman Animal Medical Center

Opinion

We have audited the accompanying financial statements of The Animal Medical Center d/b/a Stephen & Christine Schwarzman Animal Medical Center ("AMC"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited AMC's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

April 8, 2024

The Animal Medical Center
d/b/a Stephen & Christine Schwarzman Animal Medical Center

Statement of Financial Position
December 31, 2023
(with comparative amounts at December 31, 2022)

	2023	2022
ASSETS		
Cash	$ 3,417,311	$ 4,120,519
Accounts receivable, net	1,418,802	1,304,762
Contributions and pledges receivable, net	11,198,250	16,405,323
Prepaid expenses and other assets	1,718,328	1,424,590
Investments	58,069,318	69,489,935
Split-interest agreements - charitable remainder trusts	2,009,968	1,908,054
Right of use assets - operating leases, net	282,386	564,456
Right of use asset - finance lease, net	1,537,856	-
Property and equipment, net	132,318,565	97,407,689
Split-interest agreements - perpetual trusts	999,393	931,780
Restricted investments	7,595,649	7,595,649
	$ 220,565,826	$ 201,152,757
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 12,431,629	$ 11,682,758
Construction retainage payable	5,454,239	3,318,426
Deferred revenue	87,518	96,933
Operating lease liabilities	289,692	571,298
Finance lease liability	1,545,841	-
Mortgage loan payable, net	8,679,496	8,924,216
Total Liabilities	28,488,415	24,593,631
Net Assets		
Without Donor Restrictions		
Operating	15,502,953	41,858,209
Investment in property and equipment	123,639,069	88,483,473
Total Net Assets Without Donor Restrictions	139,142,022	130,341,682
With donor restrictions	52,935,389	46,217,444
Total Net Assets	192,077,411	176,559,126
	$ 220,565,826	$ 201,152,757

See notes to financial statements

The Animal Medical Center
d/b/a Stephen & Christine Schwarzman Animal Medical Center

Statement of Activities
Year Ended December 31, 2023
(with summarized totals for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING REVENUE AND SUPPORT				
Professional services revenue, net	$ 65,392,495	$ -	$ 65,392,495	$ 60,394,000
Restricted contributions	-	3,432,465	3,432,465	4,188,792
Investment return (loss)	-	1,395,955	1,395,955	(1,671,214)
Donated goods	81,202	-	81,202	94,404
Housing revenue	1,583,719	-	1,583,719	1,588,353
Other income	366,045	-	366,045	144,823
Net assets released from restrictions	8,280,600	(8,280,600)	-	-
Total Operating Revenue and Support	75,704,061	(3,452,180)	72,251,881	64,739,158
OPERATING EXPENSES				
Program Expenses				
Professional care, education and research	54,986,651	-	54,986,651	48,593,277
Housing expenses	1,822,237	-	1,822,237	1,738,226
Management and General				
General services	9,967,364	-	9,967,364	8,488,944
Fiscal services	4,201,957	-	4,201,957	3,795,905
Administrative services	3,420,043	-	3,420,043	3,085,824
Total Operating Expenses	74,398,252	-	74,398,252	65,702,176
Income (Loss) from Operations Before Depreciation and Amortization	1,305,809	(3,452,180)	(2,146,371)	(963,018)
Depreciation and amortization	4,515,944	-	4,515,944	3,240,396
Income (Loss) from Operations	(3,210,135)	(3,452,180)	(6,662,315)	(4,203,414)
NONOPERATING REVENUE AND EXPENSES				
Contributions and bequests	5,558,742	10,000,598	15,559,340	29,662,577
Changes in split-interest agreements	-	169,527	169,527	(567,848)
Special event revenue, net of costs with direct benefit to donors of $547,581 and $492,508	1,661,785	-	1,661,785	1,971,054
Investment return (loss)	6,424,424	-	6,424,424	(6,531,840)
Fundraising expenses	(1,634,476)	-	(1,634,476)	(1,586,117)
Change in Net Assets	8,800,340	6,717,945	15,518,285	18,744,412
NET ASSETS				
Beginning of the year	130,341,682	46,217,444	176,559,126	157,814,714
End of the year	$ 139,142,022	$ 52,935,389	$ 192,077,411	$ 176,559,126

See notes to financial statements

The Animal Medical Center
d/b/a Stephen & Christine Schwarzman Animal Medical Center

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

	Professional Care, Education and Research	Housing Expenses	General Services	Fiscal Services	Administrative Services	Fundraising	2023 Total	2022 Total
Salaries and benefits	$ 41,042,205	$ 260,779	$ 6,478,108	$ 2,405,417	$ 2,471,146	$ 1,044,661	$ 53,702,316	$ 47,325,761
Purchased services	3,163,693	433,241	1,397,374	734,101	188,014	119,901	6,036,324	5,382,001
Supplies	6,938,239	10,598	194,064	47,394	49,750	2,815	7,242,860	6,333,013
Utilities	593,368	294,936	370,855	111,257	74,171	37,086	1,481,673	1,870,475
Repairs and maintenance	790,074	210,339	432,478	184,802	86,644	1,056	1,705,393	1,361,266
Leases	139,805	-	41,254	123,539	67,000	54,857	426,455	286,650
Cost of special events	-	-	-	-	-	547,581	547,581	492,508
Bank and credit card fees	1,572,706	-	-	-	-	40,327	1,613,033	1,472,944
Computers and printers	1,618	-	125	491,439	-	-	493,182	413,193
Interest	-	295,381	-	-	-	-	295,381	303,597
Real estate taxes	-	268,561	-	-	-	-	268,561	214,796
Other	744,943	48,402	1,053,106	104,008	483,318	328,203	2,761,980	2,319,027
Subtotal	54,986,651	1,822,237	9,967,364	4,201,957	3,420,043	2,176,487	76,574,739	67,775,231
Less: cost of special events	-	-	-	-	-	(547,581)	(547,581)	(492,508)
Total Expenses Before Depreciation and Amortization	54,986,651	1,822,237	9,967,364	4,201,957	3,420,043	1,628,906	76,027,158	67,282,723
Depreciation and amortization	1,586,898	687,269	2,088,492	136,660	16,625	5,570	4,521,514	3,245,966
Total Expenses	$ 56,573,549	$ 2,509,506	$ 12,055,856	$ 4,338,617	$ 3,436,668	$ 1,634,476	$ 80,548,672	$ 70,528,689

See notes to financial statements

The Animal Medical Center
d/b/a Stephen & Christine Schwarzman Animal Medical Center

Statement of Cash Flows
Year Ended December 31, 2023
(with comparative amounts for the year ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 15,518,285	$ 18,744,412
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	4,521,514	3,245,966
Amortization of debt issuance costs	5,300	5,300
Net realized and unrealized loss (gain) on investments	(5,850,354)	8,852,440
Allowance for credit losses	276,681	-
Provision for uncollectible accounts	-	263,347
Changes in fair value of split-interest agreements	(227,568)	510,218
Change in present value discount of pledges receivable	(263,297)	475,664
Cash received for capital campaign	(16,211,096)	(20,092,669)
Amortization of right of use assets - operating leases	282,070	279,189
Amortization of right of use asset - finance lease	139,805	-
Changes in operating assets and liabilities		
Accounts receivable	(390,721)	(316,325)
Contributions and pledges receivable	5,470,370	(7,478,564)
Prepaid expenses and other assets	(293,738)	(97,420)
Accounts payable and accrued expenses	748,871	2,325,339
Operating lease liabilities	(281,606)	(272,347)
Deferred revenue	(9,415)	-
Net Cash from Operating Activities	3,435,101	6,444,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	146,575,206	135,221,376
Purchase of investments	(129,304,235)	(122,145,918)
Acquisition of property and equipment	(39,432,390)	(43,771,306)
Construction retainage payable	2,135,813	2,799,216
Redemptions of split-interest agreements	58,041	57,630
Net Cash from Investing Activities	(19,967,565)	(27,839,002)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage loan payable	(250,020)	(241,805)
Payments on finance lease liability	(131,820)	-
Cash restricted for capital campaign	16,211,096	20,092,669
Net Cash from Financing Activities	15,829,256	19,850,864
Change in Cash	(703,208)	(1,543,588)
CASH		
Beginning of year	4,120,519	5,664,107
End of year	$ 3,417,311	$ 4,120,519
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 312,265	$ 303,597
Construction costs included in accounts payable and accrued expenses	2,402,504	2,969,178
Finance right of use asset recognized in exchange for lease liability	1,677,661	-

See notes to financial statements

1. Organization and Tax Status

The Animal Medical Center d/b/a Stephen & Christine Schwarzman Animal Medical Center ("AMC") is a not-for-profit hospital for animals and an institute for veterinary education and research.

AMC is qualified as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, is not subject to federal income taxes under Section 501(a) of the Code. AMC has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Policy

Credit Losses (Topic 326)

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023 expanded AMC's required disclosures for its expected credit losses for accounts receivable but did not have a material effect on its financial statements.

2. Summary of Significant Accounting Policies *(continued)*

Accounts Receivable and Allowance for Credit Losses

Accounts receivable result from professional care services provided by AMC to animals in the surrounding New York area. Accounts receivable are 100% related to self-pay customers. Prior to January 1, 2023, accounts receivable were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of accounts receivable and corresponding allowance for doubtful accounts were presented on the statement of financial position. Receivable balances were assessed at every reporting date for impairment and an allowance was recorded if the receivable was considered impaired. Subsequent to January 1, 2023 , accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The amount of accounts receivable and corresponding allowance for credit losses are presented on the statement of financial position. AMC maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. AMC recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with uncollectible accounts, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future. AMC's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

AMC records a provision for expected credit losses using a historical loss-rate method based on the ratio of its historical write-offs to its average trade accounts receivable. At each reporting period, AMC assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, AMC may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables. The allowance for credit losses was $300,000 at December 31, 2023, and the allowance for doubtful accounts was $300,000 at December 31, 2022.

Contributions and Pledges Receivable

Unconditional contributions and pledges receivable that are expected to be collected in future years are discounted to their net realizable value. The discount is amortized and reflected within contribution income in the statement of activities over the period in which the pledge is expected to be collected. The allowance for doubtful accounts is based upon a combination of management's assessment of historical collections, aging analysis and any specific known doubtful account.

Inventories

AMC values its inventories at the lower of cost or net realizable value using the FIFO (first-in, first-out) method. Inventories are reported within prepaid expenses and other assets in the accompanying statements of financial position.

2. Summary of Significant Accounting Policies *(continued)*

Fair Value of Financial Instruments

AMC employs a three-level fair value hierarchy, based upon the valuation inputs and assumptions used, to measure the fair value of its financial assets. These levels are defined as follows:

- Level 1 measurements have the highest reliability and are related to assets with unadjusted quoted prices in active markets.
- Level 2 measurements relate to assets with other-than-quoted prices in active markets, which may include quoted prices for similar assets or liabilities or other inputs that can be corroborated by observable market data.
- Level 3 measurements make use of unobservable inputs and are used to the extent that observable inputs do not exist.

The level in the fair value hierarchy within which a fair value measurement falls in its entirety is based on the lowest level input that is significant to the fair value measurement.

Investments Valuation

Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a *"Practical Expedient"* for estimating fair value of alternative investments.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the NAV per share as a practical expedient are not categorized within the fair value hierarchy.

Debt Issuance Costs

Debt issuance costs are reported on the statement of financial position as a direct deduction from the face amount of the mortgage loan payable. Amortization of these costs is provided using the straight-line method, which does not differ materially from the effective interest method, over the 10 year life of the related debt and are included within interest expense.

AMC recognized deferred debt issuance costs of $53,000 on the refinanced mortgage obtained in 2016. For each of the years ended December 31, 2023 and 2022, amortization expense related to the debt issuance costs was $5,300.

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to ten years for computer hardware and software and furniture and equipment and ten to thirty years for buildings and improvements. Leasehold improvements are amortized over the shorter of their useful lives or the term of the lease.

If contributions are received and used to acquire or construct long-lived assets, AMC uses the placed-in-service approach to recognize the expirations of donor-imposed restrictions, unless donors specify otherwise.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the years ended December 31, 2023 and 2022.

Leases

AMC accounts for leases under Accounting Standards Update (ASU) No. 2016-02, *Leases.* AMC determines if an arrangement is a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statements of financial position. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which AMC made the short-term lease election.

Operating and finance lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. AMC has made an accounting policy election to use a risk-free rate, determined using a period comparable with that of the lease term, to discount future lease payments.

ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using AMC's risk-free rate. Operating and finance lease cost is recognized on a straight-line basis over the lease term within leases expense in the accompanying statements of functional expenses. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease. When it is reasonably certain that AMC will exercise that option, such amounts are included in the ROU assets and lease liabilities.

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses

The statement of functional expenses presents the expenses of AMC by nature and program or supporting functional category. AMC program expenses include costs of professional care, education and research, and housing. Administrative services include costs associated with the following operational areas: administration, finance, information technology, legal, external affairs and human resources. Fundraising expenses include those costs associated with donor interaction. Utilities and insurance are allocated to each department in AMC based on square footage. Other departmental expenses are then allocated to the functional categories based on estimates of time and effort and/or costs which are directly charged to a functional category.

Net Asset Presentation

AMC's financial statements distinguish between net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objective of AMC.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations that will be met either by passage of time or by actions of AMC. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restrictions.

Operating Measure

The statement of activities separately reports changes in net assets from operating and nonoperating activities. AMC includes in its definition of operations all revenue, support and expenses that are an integral part of its programs and supporting activities. Contributions specifically restricted by donors for operating purposes are included in operating revenue and support. Investment income earned on certain contributions retained in perpetuity is reported as operating revenue.

Nonoperating activities consist of contributions without donor restriction, bequests and restricted contributions for the purchase of equipment and capital improvements, changes in split-interest agreements, net special event revenue and fundraising expenses, investment return, net of amounts appropriated for operating purposes.

2. Summary of Significant Accounting Policies *(continued)*

Professional Services Revenue

Professional services revenue is recorded at established rates when veterinary services are performed. As a matter of policy, AMC provides charity care to animals of certain clients. Professional services receivables included in accounts receivable are as follows at December 31:

	2023	2022	2021
Professional services receivables	$ 1,418,802	$ 1,304,762	$ 1,251,784

AMC also provides discounts, primarily to non-profit organizations, governmental agencies, and employees. Such amounts are recognized as reductions in revenue in the periods the services are provided.

Contributions and Bequests

Contributions are recorded at their realizable value when they are received unconditionally. Conditional contributions are recognized as support when the conditions on which they depend have been substantially met. Bequests are measured at their fair value when they are received unconditionally.

Contributions and bequests are restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. Contributions and bequests are recorded net of related discounts.

Donated Goods

AMC records contributions of pet food donated by a major pet food manufacturer. Food received is recorded at fair value at the date of donation and is held in inventory until used, at which time the value of the contributed pet food is recorded within supplies as professional care, education and research expense. Fair value is estimated using market value of similar goods available for purchase by AMC. During 2023 and 2022, AMC received contributions of pet food valued at $81,202 and $94,404, and used $81,644 and $91,598 during the same periods. There were no donor-imposed restrictions associated with the donated goods.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets.

2. Summary of Significant Accounting Policies *(continued)*

Research

Research activities are expensed as incurred. Research costs charged to operations totaled $261,548 and $263,185 in 2023 and 2022.

2022 Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or by natural and functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S GAAP. Accordingly, such information should be read in conjunction with AMC's financial statements as of and for the year ended December 31, 2022 from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

AMC recognizes the effect of income tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Management has determined that there are no uncertain tax positions that would require financial statement recognition or disclosure. AMC is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 8, 2024.

3. Concentration of Credit Risk

Financial instruments that potentially subject AMC to concentrations of credit risk consist principally of cash and investments with major financial institutions. At times, the cash balance may be in excess of the federally insured limits. Investments are diversified by type and industry concentrations so that no individual or group of investments represents a significant concentration of credit risk. At December 31, 2023 and 2022, approximately $3,167,000 and $3,871,000 of cash was maintained with an institution in excess of FDIC limits.

Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities and individuals composing AMC's client and donor base. AMC performs ongoing credit evaluations and provides an allowance for credit losses in accordance with U.S. GAAP.

4. Contributions and Pledges Receivable

Contributions and pledges receivable from donors that are due within one year are considered current. Contributions and pledges receivable as of December 31, 2023 with payments to be received after December 31, 2024 are discounted to their present value using an interest rate of 3 - 4%. The interest rate has been calculated using discount factors that approximate the risk and expected timing of future contribution payments. The receivables are due as follows:

	2023	2022
Due within:		
Up to one year	$ 6,853,141	$ 8,246,355
One to five years	5,716,666	9,793,822
	12,569,807	18,040,177
Discount to present value	(371,550)	(634,847)
Allowance for doubtful accounts	(1,000,007)	(1,000,007)
Contributions and pledges receivable, net	$ 11,198,250	$ 16,405,323

5. Fair Value Measurements

The following are major categories of assets and liabilities at December 31, measured at fair value and grouped by the fair value hierarchy on a recurring basis:

	2023			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 16,428,068	$ -	$ -	$ 16,428,068
Mutual funds	38,216,362	-	-	38,216,362
Fixed income securities	-	9,764,205	-	9,764,205
Subtotal	$ 54,644,430	$ 9,764,205	$ -	64,408,635
Alternative investments (1)				1,256,332
Total Investments at Fair Value				$ 65,664,967
Split-interest agreements	$ -	$ -	$ 3,009,361	$ 3,009,361

5. Fair Value Measurements *(continued)*

	2022			
	Level 1	Level 2	Level 3	Total
Investments				
Money market funds	$ 33,213,570	$ -	$ -	$ 33,213,570
Mutual funds	28,958,025	-	-	28,958,025
Fixed income securities	-	13,445,585	-	13,445,585
Subtotal	$ 62,171,595	$ 13,445,585	$ -	75,617,180
Alternative investments (1)				1,468,404
Total Investments at Fair Value				$ 77,085,584
Split-interest agreements	$ -	$ -	$ 2,839,834	$ 2,839,834

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

During 2023 and 2022, there were no transfers between levels 1, 2 or 3 of the fair value hierarchy.

Information regarding alternative investments measured at NAV at December 31 is as follows:

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge fund (see "a" below)	$ 1,256,332	$ 231,018	**	**

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge fund (see "a" below)	$ 1,468,404	$ 257,170	**	**

a. This category includes an investment in four partnerships that are designed to aggregate private equity, private lending and real estate offerings into a single vehicle. The market strategy for these partnerships are illiquid and seek high absolute returns, both in terms of internal rate of return and multiple of invested capital. The investment horizon tends to be about twelve years.

** The investments measured at NAV at December 31, 2023 and 2022 were subject to lock-up or other liquidity restrictions.

5. Fair Value Measurements *(continued)*

The following is a reconciliation of the beginning and ending balances for Level 3 assets during 2023 and 2022:

	Balance, January 1, 2023	Purchases/ Additions	Change in Fair Value	Redemptions	Balance, December 31, 2023
Split-interest agreements	$ 2,839,834	$ -	$ 227,568	$ (58,041)	$ 3,009,361

	Balance, January 1, 2022	Purchases/ Additions	Change in Fair Value	Redemptions	Balance, December 31, 2022
Split-interest agreements	$ 3,407,682	$ -	$ (510,218)	$ (57,630)	$ 2,839,834

6. Split-Interest Agreements

AMC has the following split-interest agreements with donors:

Charitable remainder trusts – AMC is a beneficiary in a number of charitable remainder trusts established by donors. Under the provisions of these trusts, AMC may receive income generated from donated assets controlled by third parties and may share this income with the donor or the donor's designee until such time as stated in the arrangement (usually upon the death of the donor or the donor's designee) at which time the remaining assets are generally available for AMC's use. AMC reports these trusts as an asset and revenue with donor restrictions at the present value of the estimated future benefits to be received. Adjustments to the asset to reflect amortization of the discount and changes in actuarial assumptions are recognized in the nonoperating section of the statement of activities as changes in value of split-interest agreements.

Perpetual trusts – Interests in perpetual trusts are recognized as contributions retained in perpetuity at the present value of estimated future cash receipts from the trust, which generally has been determined to approximate the fair value of AMC’s portion of the trust assets. Subsequent changes in the value of perpetual trusts are recorded as nonoperating support. Income received from the trusts is recorded as revenue without donor restrictions, unless specifically restricted by the donor.

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Land	$ 1,676,075	$ 1,676,075
Buildings and building improvements	123,761,040	64,351,810
Furniture and equipment	16,521,417	15,943,012
Computer hardware and software	4,390,862	4,307,884
Leasehold improvements	171,875	171,875
	146,521,269	86,450,656
Accumulated depreciation	(58,285,434)	(53,798,295)
Amortization of leasehold improvements	(131,771)	(97,396)
	88,104,064	32,554,965
Capital projects in process	44,214,501	64,852,724
	$ 132,318,565	$ 97,407,689

Depreciation and amortization expense was $4,521,514 and $3,245,969 for 2023 and 2022.

Included in capital projects in progress are expenditures relating to AMC's "Gift of Love" capital campaign. This capital campaign supports a 37,000 square foot expansion and renovation of the hospital including new, state of the art operating rooms, an expanded emergency room, intensive care unit, special care unit, a new outdoor dog run and park, a renovated first floor lobby and a new education and conference center. This building renovation and expansion is expected to be completed in mid-2025. In connection with this, AMC is committed to various construction contracts totaling $109,635,735. As of December 31, 2023, AMC has incurred $86,129,972 of professional development and construction costs related to the capital campaign, which have been recorded as capital projects in progress until placed into service.

8. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, are comprised of the following at December 31:

	2023	2022
Financial assets at year end:		
Cash	$ 3,417,311	$ 4,120,519
Accounts receivable, net	1,418,802	1,304,762
Contributions and pledges receivable, net	11,198,250	16,405,323
Investments	58,069,318	69,489,935
Total Financial Assets	74,103,681	91,320,539
Less amounts unavailable for general expenditure:		
Contributions and pledges receivable with donor restricted purposes	9,547,302	15,442,173
Donor restricted amounts held in cash and investments	5,054,047	20,292,412
Non-liquid investments	1,256,332	1,468,404
	15,857,681	37,202,989
Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year	$ 58,246,000	$ 54,117,550

As part of its plan to manage liquid assets, AMC either invests excess cash according to its investment mandate, or earmarks it for specific projects and invests it conservatively in money market funds or U.S. Treasuries to attain the highest yield possible, while still preserving capital.

9. Mortgage Loan Payable

AMC has a mortgage with JPMorgan Chase, in the original amount of $10,377,797 with a maturity date to June 16, 2026, and a fixed interest rate of 3.3%.

Future annual principal payments are payable as follows for the years ending December 31:

2024	$ 257,702
2025	267,270
2026	8,167,554
Total	$ 8,692,526

Interest expense on the mortgage amounted to $295,381 and $303,597 for the years ended December 31, 2023 and 2022.

9. Mortgage Loan Payable *(continued)*

As discussed in Note 2, debt issuance costs are shown as deductions from the mortgage loan payable. At December 31, mortgage loan payable and debt issuance costs are as follows:

	2023	2022
Mortgage loan payable	$ 8,692,526	$ 8,942,546
Less unamortized debt issuance costs	(13,030)	(18,330)
Mortgage Loan Payable, net	$ 8,679,496	$ 8,924,216

10. Defined Contribution Plan

AMC has adopted a defined contribution plan for all eligible employees. The defined contribution plan is funded with employee and matching employer contributions. For the years ended December 31, 2023 and 2022, AMC recognized an expense of $242,071 and $226,651 for the employer match.

11. Endowment Funds

Interpretation of Law

AMC has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and except in those cases where the law allows appropriation for spending of the original gift amounts.

As a result of this interpretation, AMC retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by AMC in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

AMC’s endowment investment policy is to invest in a multi-asset class portfolio based on an asset allocation to satisfy overall endowment financial and investment objectives such as to preserve the principal, protect against inflation, receive stable returns and achieve long term growth. AMC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

11. Endowment Fund (*continued)*

Spending Policy

AMC uses a spend rate to determine the annual maximum amount to appropriate from its endowment funds, including those endowment funds deemed to be underwater. The spend rate, approved and adjusted from time to time by the Board of Trustees, is 5% of the fair value of the aggregate endowment balance at December 31 of the prior year. When establishing the spend rate, the Board of Trustees considers the long-term expected return on the endowment balance, with the objective of maintaining its purchasing power over time.

The following is a reconciliation of the activity in the donor-restricted endowment funds under the Board of Trustees' control for the years ended December 31:

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Endowment Funds	Total
Balance, December 31, 2021	$ -	$ 1,907,211	$ 7,595,649	$ 9,502,860
Investment income	-	66,370	-	66,370
Capital (depreciation)	-	(1,378,003)	-	(1,378,003)
Appropriations for operations	475,143	(475,143)	-	-
Expenditures for operations	(475,143)	-	-	(475,143)
Balance, December 31, 2022	-	120,435	7,595,649	7,716,084
Investment income	-	112,560	-	112,560
Capital appreciation	-	983,678	-	983,678
Balance, December 31, 2023	$ -	$ 1,216,673	$ 7,595,649	$ 8,812,322

AMC's split interest agreements are not displayed above since those funds are held by third parties and the Board of Trustees has no discretion over those funds.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). AMC has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Should the value of the endowment fall below the corpus of the gift, the shortfall will be offset with available funds until such time that the value exceeds the corpus. There were no underwater endowment funds at December 31, 2023 and 2022.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2023	2022
Subject to expenditure for a specified purpose:		
Charity care	$ 1,310,188	$ 1,078,729
Research/case studies	5,019,879	4,778,786
Building improvements and equipment	30,250,458	26,681,261
Education and other	2,313,161	1,202,821
Unappropriated endowment earnings	1,216,673	120,435
	40,110,359	33,862,032
Subject to the passage of time:		
For periods after December 31	4,229,988	3,827,983
Held as endowment in perpetuity:		
Donor restricted endowment	7,595,649	7,595,649
Split interest agreement - perpetual trust	999,393	931,780
	8,595,042	8,527,429
Total Net Assets with Donor Restrictions	$ 52,935,389	$ 46,217,444

Net assets were released from donor restrictions which satisfied the following restrictions for the years ended December 31:

	2023	2022
Program restrictions accomplished:		
Charity care	$ 1,661,422	$ 1,199,717
Research/case studies	60,897	74,502
Building improvements and equipment	6,431,403	35,650,339
Education and other	30,927	728,167
	8,184,649	37,652,725
Time restrictions expired	95,951	380,529
Total Restrictions Released	$ 8,280,600	$ 38,033,254

13. Commitments

AMC leases space at 504 East 63rd Street under a noncancelable operating lease agreement. The lease commenced in 2020 and expires in 2025. In addition, AMC leases space at 425 East 61st Street under a noncancelable operating lease agreement. The lease commenced in 2021 and expires in 2024.

Effective August 2023, AMC entered into a finance lease agreement for an MRI machine for a term of 5 years terminating on July 2028, with an option to purchase asset at the end of the term.

AMC amortizes the right-of-use assets over the life of the lease agreements. Right-of-use assets consist of the following at December 31:

	2023	2022
Right of use assets - operating leases	$ 843,645	$ 843,645
Less: accumulated amortization	(561,259)	(279,189)
	$ 282,386	$ 564,456
Right of use asset - finance lease	$ 1,677,661	$ -
Less: accumulated amortization	(139,805)	-
	$ 1,537,856	$ -
Weighted average remaining lease term (years)		
Operating leases	1.10	2.04
Finance lease	4.58	N/A
Weighted average discount rate		
Operating leases	1.04%	1.04%
Finance lease	2.54%	N/A

Future minimum lease payments are as follows:

	Operating Leases	Finance Lease
2024	$ 253,450	$ 356,888
2025	37,772	356,888
2026	-	356,888
2027	-	356,888
2028	-	208,185
Total undiscounted operating lease payments	291,222	1,635,737
Less: imputed interest	(1,530)	(89,896)
Present value of operating lease liabilities	$ 289,692	$ 1,545,841

13. Commitments *(continued)*

Components of lease cost are as follows for years ended December 31:

	2023	2022
Finance amortization cost	$ 139,805	$ -
Finance interest cost	16,884	-
Operating lease cost	286,650	286,650
	$ 443,339	$ 286,650

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