

**SALEM HEALTH AND
WELLNESS FOUNDATION, INC.**

AUDIT REPORT

DECEMBER 31, 2009

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
REPORT FOR
THE YEAR ENDED
DECEMBER 31, 2009

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-14

EDWARD T. GHEYSENS, JR.
Certified Public Accountant

MEMBER:
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

NEW JERSEY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

13 SOUTH MAIN STREET
WOODSTOWN, NEW JERSEY 08098

PHONE (856) 769-1166
FAX (856) 769-1383


INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Salem Health and Wellness Foundation, Inc.
P.O. Box 95
Salem, New Jersey 08079

I have audited the accompanying statement of financial position of Salem Health and Wellness Foundation, Inc. as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salem Health and Wellness Foundation, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



EDWARD T. GHEYSENS, JR.
Certified Public Accountant

May 12, 2010

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Note 2)	\$ 1,080,116	
Prepaid Expenses	6,331	
Investment Income Receivable	47,807	
Cash Surrender Value - AIG Insurance Policy	47,794	
Investments - SEI Trust company (Note 5)	34,138,701	
TOTAL CURRENT ASSETS		\$ 35,320,749

NONCURRENT ASSETS

Escrow Account - US Bank (Note 6)	\$ 5,004,135	
Assets Held in Perpetuity By Outside Trustees (Note 7)	10,001,647	
Equipment, Net (Note 8)	15,516	
TOTAL NONCURRENT ASSETS		15,021,298

TOTAL ASSETS		\$ 50,342,047
---------------------	--	----------------------

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 3,407	
Accrued Wages	7,681	
Accrued Payroll Taxes	1,750	
Grants Payable (Note 9)	3,723,269	
TOTAL LIABILITIES		\$ 3,736,107

NET ASSETS

Unrestricted	\$ 31,600,158	
Temporarily Restricted	5,004,135	
Permanently Restricted	10,001,647	
TOTAL NET ASSETS		46,605,940

TOTAL LIABILITIES AND NET ASSETS		\$ 50,342,047
---	--	----------------------

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>				
Contributions	\$ 135,347			\$ 135,347
Additional Proceeds-Sale of Hospital	500,000			500,000
Distributions-Perpetual Trusts	453,857			453,857
Interest Income	382	\$ 29,743		30,125
Dividend Income	991,696			991,696
Realized Loss on Sale of Securities	(932,135)			(932,135)
Unrealized Gain on Investments	6,896,281	2,305		6,898,586
Change in Value of Assets held in Perpetuity of Outside Trustees			1,849,524	1,849,524
Net Assets Released from Restrictions	39,175	(39,175)		
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>\$ 8,084,603</u>	<u>\$ (7,127)</u>	<u>\$ 1,849,524</u>	<u>\$ 9,927,000</u>
<u>EXPENSES AND LOSSES</u>				
Program Services	\$ 1,214,699			\$ 1,214,699
Supporting Services:				
Management and General	400,345			400,345
Fundraising	10,463			10,463
TOTAL EXPENSES	<u>\$ 1,625,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,625,507</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 6,459,096</u>	<u>\$ (7,127)</u>	<u>\$ 1,849,524</u>	<u>\$ 8,301,493</u>
NET ASSETS - JANUARY 1, 2009	24,324,393	5,011,262	8,152,123	37,487,778
PRIOR PERIOD ADJUTMENT (NOTE 13)	816,669			816,669
NET ASSETS - DECEMBER 31, 2009	<u>\$ 31,600,158</u>	<u>\$ 5,004,135</u>	<u>\$ 10,001,647</u>	<u>\$ 46,605,940</u>

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising/ Donor Development</u>	<u>Total</u>
Grants Awarded (Note 9)	\$ 1,211,449			\$ 1,211,449
Direct Mail/Printing			\$ 4,425	4,425
Postage		\$ 1,164	1,533	2,697
Accounting/Audit Fees		18,665		18,665
Advertising		543	1,811	2,354
NJ Filing Fees		250		250
Equipment Maintenance		911		911
Insurance		2,856		2,856
Dues & Membership		2,453		2,453
Internet Access Fees		710		710
Legal Fees		30,207		30,207
Meetings and Conferences		2,586		2,586
Miscellaneous		452		452
Office Cleaning		1,062		1,062
Office Supplies		2,504		2,504
On-Site and Remote Support		309		309
Outreach Seminars		698		698
P.O. Box Rental		94		94
Pension Administration		1,800		1,800
Office Rent		12,973		12,973
Brokerage Fees - SEI		151,292		151,292
Telephone		1,569		1,569
Travel		3,901		3,901
Wages		132,654		132,654
Payroll Taxes		10,842		10,842
Staff Training		275		275
Software Licenses		100	2,694	2,794
Subscriptions		267		267
Contributions	3,250			3,250
Insurance Premiums - AIG (Net)		14,318		14,318
Depreciation		4,412		4,412
Website Hosting		478		478
	<u>\$ 1,214,699</u>	<u>\$ 400,345</u>	<u>\$ 10,463</u>	<u>\$ 1,625,507</u>

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$	8,301,493
Adjustments to Reconcile increase in Net assets to Net Cash Provided by Operating Activities:		
Prior Period Adjustment		816,669
Depreciation		4,412
Realized Loss on Sale of Securities		932,135
Unrealized Gain on Investments		(6,898,586)
Change in Assets and Liabilities:		
Decrease in Prepaid Expenses		3,712
Decrease in Investment Income Receivable		28,367
Decrease in Cash Surrender Value - Insurance		14,318
Increase in Assets Held in Perpetuity by Outside Trustees		(1,849,524)
Increase in Accounts Payable		2,494
Increase in Accrued Wages		1,825
Increase in Accrued Payroll Taxes		824
Decrease in Grants Payable		<u>(1,251,147)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	106,992

CASH FLOWS FROM INVESTING ACTIVITIES:

Equipment Acquisitions	\$	(1,509)
Proceeds - Sales of Investments		7,544,063
Purchases of Investments		<u>(6,911,921)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>630,633</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 737,625

CASH AND CASH EQUIVALENTS - JANUARY 1, 2009 342,491

CASH AND CASH EQUIVALENTS - DECEMBER 31, 2009 \$ 1,080,116

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Foundation was formed to receive the proceeds of the sale of Memorial Hospital of Salem County.

The Foundation's mission is to promote the health and wellness of Salem County residents through investing in programs and services that improve community health, well being and access to health care delivery for all.

Basis of Accounting

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

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued the "FASB Accounting Standards Codification", which becomes the source of authoritative accounting principles generally accepted in the United States of America by the FASB to be applied by nongovernmental entities. This statement is effective for Financial Statements issued for periods ending after September 15, 2009.

Revenue Recognition

The foundation records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increase in unrestricted net assets if the restrictions expire in the year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional.

Contributed Services

A substantial number of volunteers have donated their time to the foundation. No amounts have been reflected in the accompanying financial statements for donated services since they do not meet the criteria for recognition.

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c)(3).

Property and Equipment

Property and equipment is stated at cost or at their estimated fair value at date of donation. Expenditures which substantially increase the economic useful lives of the assets are capitalized. Expenditures for maintenance and repairs necessary to maintain the assets in efficient operation condition are expensed currently. Assets retired, or otherwise disposed of, are eliminated from their respective assets accounts. Any gains or losses from dispositions, other than trade-ins on like property, are include in income.

Depreciation

Depreciation is computed by using the straight line method over the economic useful lives of the assets. Depreciation rates are based on the following range of lives:

Equipment	3 to 10 Years
Leasehold Improvements	39 Years

Depreciation expense for the year ended December 31, 2009, is \$4,412.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

TD, Banknorth – Business Checking	\$ 33,090
SEI Checking Account (CCA)	819,235
SEI Cash – Investment Account	53,371
SEI Daily Income Prime Obligation Fund (Money Market)	137,368
SEI Liquid Asset Prime Obligation Fund	<u>37,052</u>
	<u>\$ 1,080,116</u>

NOTE 3 CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances and investments in various financial institutions. These deposits exceed the FDIC Insurance limit. However, the Foundation has not experienced any losses in these accounts. The management of the Foundation believes that the financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

NOTE 4 PROCEEDS – SALE OF MEMORIAL HOSPITAL OF SALEM COUNTY (9/30/2002)

The net proceeds from the sale of Memorial Hospital of Salem County on 9/30/02 was \$ 32,207,639. The disposition of said funds was as follows:

To Salem Health and Wellness Foundation	\$ 14,600,000
To US Bank Escrow Account for the Benefit Of Salem Health and Wellness Foundation	10,000,000
To Memorial Hospital of Salem County (seller)	<u>7,607,639</u>
Total Proceeds	<u>\$ 32,207,639</u>

The amount of the proceeds received by Memorial Hospital of Salem County (seller), \$ 7,607,639, was set aside at settlement in order to meet any outstanding liabilities of Memorial Hospital of Salem County. These funds were transferred to the Fenwick Corporation/Salem Memorial Corporation, that is responsible for the administration of said funds. The balance being administered by the Fenwick Corporation/Salem Memorial Corporation, net of estimated liabilities, as of December 31, 2009, is \$ 922,291. Because of the uncertainty relating to the disposition of the funds being administered by the Fenwick Corporation/Salem

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 4 PROCEEDS – SALE OF MEMORIAL HOSPITAL OF SALEM COUNTY (9/30/2002) (continued)

Memorial Corporation, amounts are not recorded by Salem Health and Wellness Foundation, Inc., until they are deemed designated for distribution to the Foundation. During the year ended December 31, 2009 The Fenwick Corporation/Salem Memorial Corporation distributed \$ 500,000 to Salem Health and Wellness Foundation.

NOTE 5 INVESTMENTS – SEI TRUST COMPANY

Investments are stated at fair value and are summarized as follows, as of December 31, 2009:

	<u>Fair Value</u>	<u>Cost</u>
SEI Core Fixed Income Fund	\$ 11,246,814	\$ 11,275,925
Domestic Equities	20,605,733	19,914,538
SEI International Equity Fund	<u>2,286,154</u>	<u>3,193,056</u>
Total	<u>\$ 34,138,701</u>	<u>\$ 34,383,519</u>

NOTE 6 ESCROW ACCOUNT – US BANK

An escrow agreement was entered into and effective as of September 30, 2002, by and among the Memorial Hospital of Salem County, Inc. (“seller”), Salem Hospital Corporation (“buyer”), and US Bank (“escrow agent”).

The escrow account is being held for the benefit of Salem Health and Wellness Foundation to the extent it is not used to satisfy certain indemnification obligations of the seller. Income earned on the account is distributed quarterly to Salem Health and Wellness Foundation.

The buyer and the seller agree that on the five year anniversary of the sale date, the escrow agent shall disburse the escrow funds exceeding \$ 5,000,000 to Salem Health and Wellness Foundation. The buyer and seller agree that on the ten year anniversary of the sale, the escrow agent shall disburse the remaining escrow funds to Salem Health and Wellness Foundation.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 7 ASSETS HELD IN PERPETUITY BY OUTSIDE TRUSTEES

Assets held in perpetuity by outside trustees are perpetual trusts administered by independent trustees. The assets are recognized at the estimated fair value of the related trust assets, which are generally composed of mutual funds and cash and cash equivalents. Because the trusts are perpetual in nature and the corpus cannot be violated, they are reported as permanently restricted net assets.

<u>Perpetual Trust</u>	<u>Value</u> <u>1/1/09</u>	<u>Value</u> <u>12/31/09</u>	<u>Change</u> <u>In Value</u>	<u>Distributions</u> <u>12/31/09</u>
Fox Trust	\$ 477,741	\$ 591,824	\$ 114,083	\$ 21,497
Huber Trust	98,058	117,881	19,823	5,342
Huber Scholarship	70,406	84,926	14,520	3,280
Rumsey Trust	152,314	185,371	33,057	8,791
Hitchner Trust	7,190,749	8,798,650	1,607,901	410,944
Parvin Trust	162,855	222,995	60,140	4,003
	<u>\$ 8,152,123</u>	<u>\$ 10,001,647</u>	<u>\$ 1,849,524</u>	<u>\$ 453,857</u>

NOTE 8 PROPERTY AND EQUIPMENT

Equipment Consists of the Following:

Computer Equipment	\$ 33,207
Furniture and Fixtures	7,000
Leasehold Improvements	<u>11,762</u>
Total Cost	\$ 51,969
Less: Accumulated Depreciation	<u>(36,453)</u>
	<u>\$ 15,516</u>

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 9 GRANTS/GRANTS PAYABLE

Grants are recognized as liabilities at the time the board of trustees authorizes the expenditures, regardless of the year in which the grant is paid. A summary of grants and grants payable for 2009 is as follows:

<u>Grant Recipient</u>	<u>Commitment</u> As of <u>1/1/2009</u>	<u>Grants</u> Authorized <u>During 2009</u>	<u>Grant Pmts</u> Made/ Adjustments <u>During 2009</u>	<u>Commitment</u> As of <u>12/31/2009</u>
Salem Community Col	\$ 201,736	\$ -	\$ (117,736)	\$ 84,000
Daytop Village of NJ	7,500	360,000	(7,500) *	360,000
Shadow Equestrian, Inc.	14,800	-	(11,200)	3,600
Cooper Health System	1,093,927	-	(263,009)	830,918
Salem Cty Sheriff's Dep.	49,290	-	(49,290)	-
Community Healthcare	16,250	-	(16,250)	-
Caring Neighbors HC	929,661	-	(929,661) *	-
Friends Vil @ Woodstn	-	29,860	(6,250)	23,610
Salvation Army	13,042	-	(6,521)	6,521
S.C. Inter-Agcy Consl.	285,633	-	(214,225)	71,408
Salem County 2000	23,260	-	(23,260) *	-
Appel Farms	108,000	429,925	(133,925)	404,000
S.J. Healthcare - Elmer	112,500	-	(112,500)	-
Cornerstone Women's Res.	-	56,250	(47,875)	8,375
Tri-County Community Act.	-	23,888	(8,000)	15,888
American Red Cross	-	30,000	(6,000)	24,000
All About Hope	-	63,936	(9,936)	54,000
Healthcare Commons	-	5,613	(4,000)	1,613
S.C. Center For Autism	1,646,753	-	(260,013)	1,386,740
Project New Start	99,064	127,727	(78,195)	148,596
Meals on Wheels	-	84,250	(36,250)	48,000
Pennsville Visiting Nurse	373,000	-	(121,000)	252,000
	<u>\$ 4,974,416</u>	<u>\$ 1,211,449</u>	<u>\$ (2,462,596)</u>	<u>\$ 3,723,269</u>

* See Note 13, Prior Period Adjustment.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 9 GRANTS/GRANTS PAYABLE (continued)

Commitments at December 31, 2009 are payable as follows:

Year Ending December 31, 2010	\$ 1,656,831
Year Ending December 31, 2011	955,484
Year Ending December 31, 2012	700,352
Year Ending December 31, 2013	<u>410,602</u>
	<u>\$ 3,723,269</u>

Grant commitments payable after December 31, 2009 were not discounted to fair value because the discount value would have an immaterial effect on the financial statements.

NOTE 10 DONATED FACILITIES

On September 8, 2006, the Foundation moved into new office space at 91 S. Virginia Ave., Carneys Point, NJ. This office space has been donated by Pennsville National Bank. The donated facilities will be include as a contribution and the corresponding rental expense at \$ 1,081.04 per month. The value of donated facilities included as contributions in the financial statements and the corresponding rental expense for the year ended December 31, 2009 is \$ 12,973.

NOTE 11 403(B) PENSION PLAN

In May of 2004, the Foundation established a 403(B) custodial account for its employees with the American Funds Group. This plan is an employee contributory plan, only. The Foundation does not contribute to the plan.

NOTE 12 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. Fair value of a financial instrument is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, fair value is a market-based measurement based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the inputs used to measure fair value are prioritized in the following three-tier fair value hierarchy:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 12 FAIR VALUE MEASUREMENTS (continued)

Level 2 - Observable inputs other than quoted prices in active markets for identical assets or liabilities.

Level 3 - No Observable pricing inputs in the market.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following schedule presents the balances of assets measured at fair value under the Fair Value Option as of December 31, 2009:

	<u>Financial Asset at Fair Value as of December 31, 2009</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash, Time Deposits & Other				
Money Market Instruments	\$ 1,275,730	\$ -	\$ -	\$ 1,275,730
U.S. Government & Federal				
Agency Obligations	5,004,135	-	-	5,004,135
Domestic Equities & Mutual				
Funds	39,928,699	-	-	39,928,699
International Mutual Funds	4,063,829	-	-	4,063,829
	<u>\$ 50,272,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,272,393</u>

All financial assets held by the foundation are valued at quoted market prices.

NOTE 13 PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2009, grants that were awarded in previous years were terminated or adjusted as follows:

Caring Neighbors Health Care Center

The grant awarded in 2006 was terminated. At the time of termination, the Grant Payable that was recorded in 2006 had a balance remaining in the amount of \$ 806,660. Grants payable was reduced by \$ 806,660 and recorded as a prior period adjustment.

Daytop Village of New Jersey

The grant that was awarded in 2006 had a Grant Payable balance remaining in the amount of \$ 7,500.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 13 PRIOR PERIOD ADJUSTMENT (continued)

Daytop Village of New Jersey (continued)

It was mutually agreed that this amount was not needed for the original grant purposes and would not be expended by Daytop Village. Therefore, Grants Payable was reduced by \$ 7,500 and recorded as a prior period adjustment.

Salem County 2000, Inc.

The Grant that was awarded in 2007 had a Grant Payable balance remaining in the amount of \$ 2,509. It was mutually agreed that this amount was not needed for the original grant purposes and would not be expended by Salem County 2000, Inc. Therefore, Grants Payable was reduced by \$ 2,509 and recorded as a prior period adjustment.

Caring Neighbors Health Care Center	\$ 806,660
Daytop Village of New Jersey	7,500
Salem County 2000, Inc.	<u>2,509</u>
 Total Prior Period Adjustment	 <u><u>\$ 816,669</u></u>

NOTE 14 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, non-recognized subsequent events).

The Foundation has evaluated subsequent events through May 12, 2010, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.