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# Financial Statements (and Supplementary Information)

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***The Medical Center Foundation, Inc.***  
***(A Subsidiary of Northeast Georgia Health System, Inc.)***

***Years Ended September 30, 2020 and 2019***



**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Financial Statements (and Supplementary Information)***

***Years Ended September 30, 2020 and 2019***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
The Medical Center Foundation, Inc.:

We have audited the accompanying financial statements of The Medical Center Foundation, Inc. (the Foundation), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Medical Center Foundation, Inc. as of September 30, 2020 and 2019, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

DYA, P.C.

Atlanta, Georgia  
January 29, 2021

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Statements of Financial Position***

***September 30, 2020***

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2020 Total</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,168,902	\$ -	\$ 3,168,902
Investments and assets limited as to use	-	376,130	376,130
Pledges receivable	5,828	280,034	285,862
Other current receivables	16,875	-	16,875
Due from affiliates, net - Note E	379,301	-	379,301
<b>TOTAL CURRENT ASSETS</b>	<b>3,570,906</b>	<b>656,164</b>	<b>4,227,070</b>
Property held for future investment	-	3,304,750	3,304,750
Property and equipment, less accumulated depreciation of \$321,189	218,002	-	218,002
Investments and assets limited as to use	7,912,832	18,155,567	26,068,399
Pledges receivable (less current portion), net	-	1,560,001	1,560,001
Other non-current receivables	65,962	-	65,962
<b>TOTAL ASSETS</b>	<b>\$ 11,767,702</b>	<b>\$ 23,676,482</b>	<b>\$ 35,444,184</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 4,955	\$ -	\$ 4,955
Accrued payroll	78,717	-	78,717
<b>TOTAL LIABILITIES</b>	<b>83,672</b>	<b>-</b>	<b>83,672</b>
<b>COMMITMENTS AND CONTINGENCIES - Note I</b>			
<b>NET ASSETS</b>	<b>11,684,030</b>	<b>23,676,482</b>	<b>35,360,512</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,767,702</b>	<b>\$ 23,676,482</b>	<b>\$ 35,444,184</b>

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Statements of Financial Position - Continued***

***September 30, 2019***

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2019 Total</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,568,085	\$ -	\$ 1,568,085
Investments and assets limited as to use	-	233,090	233,090
Pledges receivable	-	287,957	287,957
Other current receivables	28,600	-	28,600
<b>TOTAL CURRENT ASSETS</b>	<b>1,596,685</b>	<b>521,047</b>	<b>2,117,732</b>
Property held for future investment	-	3,304,750	3,304,750
Property and equipment, less accumulated depreciation of \$279,833	148,679	-	148,679
Investments and assets limited as to use	11,442,985	16,200,518	27,643,503
Pledges receivable (less current portion), net	-	1,630,526	1,630,526
Other non-current receivables	108,586	-	108,586
<b>TOTAL ASSETS</b>	<b>\$ 13,296,935</b>	<b>\$ 21,656,841</b>	<b>\$ 34,953,776</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Due to affiliates - Note E	\$ 46,899	\$ -	\$ 46,899
Accrued payroll	94,624	-	94,624
<b>TOTAL LIABILITIES</b>	<b>141,523</b>	<b>-</b>	<b>141,523</b>
<b>COMMITMENTS AND CONTINGENCIES - Note I</b>			
<b>NET ASSETS</b>	<b>13,155,412</b>	<b>21,656,841</b>	<b>34,812,253</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,296,935</b>	<b>\$ 21,656,841</b>	<b>\$ 34,953,776</b>

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Statements of Activities and Changes in Net Assets*

*Year Ended September 30, 2020*

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2020 Total</i>
Revenue, gains and other support:			
Contributions and bequests	\$ 95,018	\$ 3,457,050	\$ 3,552,068
Partnership losses, net	(1,414,092)	(120,552)	(1,534,644)
Investment earnings, net	82,770	19,810	102,580
Net assets released from restrictions for operations - Note G	1,292,265	(1,292,265)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>55,961</b>	<b>2,064,043</b>	<b>2,120,004</b>
Expenses:			
Operating expenses:			
Salaries and benefits	1,192,599	-	1,192,599
Utilities	876	-	876
Supplies	136,919	-	136,919
Legal, consulting and professional fees	56,264	-	56,264
Contracted outside services	132,389	-	132,389
Other	173,597	-	173,597
Depreciation	41,356	-	41,356
<b>TOTAL OPERATING EXPENSES</b>	<b>1,734,000</b>	<b>-</b>	<b>1,734,000</b>
Program expenses:			
Support provided to affiliates - Note E	1,292,250	-	1,292,250
<b>TOTAL EXPENSES</b>	<b>3,026,250</b>	<b>-</b>	<b>3,026,250</b>
(DEFICIENCY) EXCESS OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES	(2,970,289)	2,064,043	(906,246)
Other changes in net assets:			
Support from affiliates - Note E	1,683,434	-	1,683,434
Change in expected losses and discounts on pledges	(1,372)	(71,342)	(72,714)
Other	(183,155)	26,940	(156,215)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(1,471,382)</b>	<b>2,019,641</b>	<b>548,259</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>13,155,412</b>	<b>21,656,841</b>	<b>34,812,253</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 11,684,030</b>	<b>\$ 23,676,482</b>	<b>\$ 35,360,512</b>



**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Statements of Activities and Changes in Net Assets - Continued***

***Year Ended September 30, 2019***

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2019 Total</i>
Revenue, gains and other support:			
Contributions and bequests	\$ -	\$ 3,238,108	\$ 3,238,108
Partnership earnings, net	710,036	83,939	793,975
Investment earnings, net	132,000	14,341	146,341
Net assets released from restrictions for operations - Note G	636,446	(636,446)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>1,478,482</b>	<b>2,699,942</b>	<b>4,178,424</b>
Expenses:			
Operating expenses:			
Salaries and benefits	1,146,896	-	1,146,896
Utilities	2,851	-	2,851
Supplies	121,515	-	121,515
Legal, consulting and professional fees	81,657	-	81,657
Contracted outside services	35,774	-	35,774
Other	196,665	-	196,665
Depreciation	32,104	-	32,104
<b>TOTAL OPERATING EXPENSES</b>	<b>1,617,462</b>	<b>-</b>	<b>1,617,462</b>
Program expenses:			
Support provided to affiliates - Note E	2,636,446	1,996,461	4,632,907
<b>TOTAL EXPENSES</b>	<b>4,253,908</b>	<b>1,996,461</b>	<b>6,250,369</b>
<b>EXCESS (DEFICIENCY) OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES</b>	<b>(2,775,426)</b>	<b>703,481</b>	<b>(2,071,945)</b>
Other changes in net assets:			
Support from affiliates - Note E	1,952,138	-	1,952,138
Change in expected losses and discounts on pledges	-	201,359	201,359
Other	(105,677)	(32,578)	(138,255)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(928,965)</b>	<b>872,262</b>	<b>(56,703)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>14,084,377</b>	<b>20,784,579</b>	<b>34,868,956</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 13,155,412</b>	<b>\$ 21,656,841</b>	<b>\$ 34,812,253</b>

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Statements of Cash Flows***

	<i>Year Ended September 30,</i>	
	<i>2020</i>	<i>2019</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 548,259	\$ (56,703)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	41,356	32,104
Loss on disposal of property and equipment	-	2,898
Change in expected losses and discounts on pledges	72,714	(201,359)
Changes in other assets and liabilities:		
Pledges and other receivables	54,255	1,681,786
Due to affiliates, net	(421,245)	(2,906,670)
Accrued payroll	(15,907)	17,096
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	279,432	(1,430,848)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (increase) decrease in investments and assets limited as to use	1,432,064	(940,314)
Purchases of property and equipment	(110,679)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,321,385	(940,314)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,600,817	(2,371,162)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,568,085	3,939,247
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,168,902	\$ 1,568,085

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Notes to Financial Statements*

*Years Ended September 30, 2020 and 2019*

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NOTE A--ORGANIZATION

The Medical Center Foundation, Inc. (the Foundation), located in Gainesville, Georgia, was formed to develop and maintain quality volunteer services and manage fundraising activities for Northeast Georgia Health System, Inc. (NGHS) and its affiliated entities. NGHS is the parent corporation to the Foundation and, as such, the Foundation is included in the consolidated financial statements of NGHS and affiliates.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

*Cash and Cash Equivalents:* Cash and cash equivalents include cash and short-term deposits with original maturities of less than three months when purchased.

*Investments and Assets Limited as to Use:* The majority of investments and assets limited as to use at September 30, 2020 and 2019 consist of the Foundation's sole ownership in a limited partnership investment fund (the Fund). The primary objective of the Fund is to generate a higher than average cash flow yield through investment in publicly traded equity securities. The Foundation accounts for its investment in the Fund under the equity method of accounting with the Foundation's share of the Fund's gains and losses, both realized and unrealized, recognized as partnership earnings in the Statements of Activities and Changes in Net Assets.

All other investments and assets limited as to use which are not invested in the Fund are stated at fair value based on quoted market prices. The portion of these investments and assets limited as to use relating to financial instruments with remaining maturities of less than one year are classified as current assets.

*Contributions/Pledges Receivable:* Unconditional promises to give to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are recognized as revenue at fair value when the conditions on which they depend are substantially met or otherwise become unconditional. The gifts are reported as either net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or net assets without donor restrictions if no donor stipulations limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

An estimated allowance for uncollectible pledges is recorded based on management's evaluation of pledges receivable. The Foundation's policies do not require collateral for pledges receivable.

Contributions are primarily from contributors in the Northeast Georgia area.

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Notes to Financial Statements - Continued*

*Years Ended September 30, 2020 and 2019*

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*Property and Equipment:* Property and equipment consists of building improvements and minor equipment and is stated at cost or, if donated, at fair market value on the date of gift, net of accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets using the half-year method. The depreciable lives for building improvements range from 20 to 30 years and from 3 to 15 years for equipment.

Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized. The Foundation capitalized approximately \$111,000 of expenditures relating to building improvements and minor equipment during 2020. No material expenditures were capitalized in 2019.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the financial statements. Any resulting gain or loss is included in the Statements of Activities and Changes in Net Assets.

Gifts of long-lived assets are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as net assets with donor restrictions. Absent explicit donor restrictions about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Foundation periodically reviews property and equipment for indicators of potential impairment of long-lived assets, and if such review indicates carrying amounts may not be recoverable, adjusts the carrying value and recognizes a loss. Management does not believe that any unrecognized impairment exists at September 30, 2020 and 2019.

*Net Assets:* The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net Assets Without Donor Restrictions:* These net assets are not subject to donor-imposed stipulations. The only limits on net assets without donor restrictions are the broad limits resulting from the nature of the Foundation and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements.
- *Net Assets With Donor Restrictions:* These are net assets resulting from contributions whose use by the Foundation is limited by donor-imposed stipulations.

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Notes to Financial Statements - Continued*

*Years Ended September 30, 2020 and 2019*

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*Income Taxes:* The Foundation is organized as a Georgia not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying financial statements. At September 30, 2020 and 2019, respectively, management does not believe the Foundation holds any uncertain tax positions that would require financial statement recognition or disclosure under generally accepted accounting principles.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from these estimates.

*Recently Adopted Accounting Principles:* In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides clarity in distinguishing grants or similar contracts between exchange transactions or contributions and guidance on classifying whether or not a transaction is conditional. ASU 2018-08 is effective for contributions received during fiscal years beginning after December 15, 2018, and early adoption is permitted. Management adopted this ASU effective October 1, 2019. The adoption of this ASU did not have a material impact on the financial statements.

In August 2016, the FASB issued ASU No. 2016-15 *Statement of Cash Flows (Topic 320)* (ASU 2016-15), which clarifies classification of certain cash receipts and payments within the statement of cash flows. ASU 2016-15 provides guidance on eight specific cash flow issues, including treatment of distributions received from equity method investees. ASU 2016-15 states that investors will make an accounting policy election to classify distributions received from equity method investees using either the “cumulative earnings approach” or the “nature of the distribution approach.” These approaches determine the classification of distributions from equity method investees between operating and investing activities. In November 2016, the FASB issued ASU No. 2016-18 *Statement of Cash Flows (Topic 320) Restricted Cash* (ASU 2016-18), which clarifies classification and presentation of changes in cash whose use is restricted by donors. ASU 2016-15 and ASU 2016-18 are effective for fiscal years beginning after December 15, 2018, and early adoption is permitted. Management adopted these ASUs effective October 1, 2019. The adoption of this ASU did not have a material impact on the financial statements.

*Recently Issued Accounting Principles:* The following upcoming changes to accounting standards may impact the Foundation’s financial statements when they become effective.

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*

***Years Ended September 30, 2020 and 2019***

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In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires balance sheet recognition of a liability and right-to-use asset for substantially all leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 and requires a modified retrospective transition approach for leases existing at the date of adoption. Management is currently evaluating the impact of adopting this ASU.

In March 2017, the FASB issued ASU No. 2017-08, *Receivables-Nonrefundable Fees and Other Costs: Premium Amortization on Purchased Callable Debt Securities* (ASU 2017-08), which shortens the amortization period for any premium to the earliest call date. Bonds purchased with a discount are not impacted by this ASU. ASU 2017-08 will be effective for fiscal years beginning after December 15, 2019. Management adopted this ASU effective October 1, 2020.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU will be effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact, if any, of adopting this ASU.

*Reclassifications:* Certain reclassifications have been made to the 2019 amounts to conform to the 2020 presentation. These reclassifications had no impact on the decrease in net assets or total net assets.

**NOTE C--INVESTMENTS AND ASSETS LIMITED AS TO USE**

The Foundation maintains the majority of its investments and assets limited as to use in the form of a limited partnership investment fund (the Fund). The Foundation accounts for the Fund under the equity method of accounting. In addition to the Fund, the Foundation maintains an investment portfolio with various asset allocations. The composition of investments and assets limited as to use at September 30, 2020 and 2019, is as follows:

	<b><i>2020</i></b>	<b><i>2019</i></b>
Cash and money market funds	\$ 376,130	\$ 233,090
Corporate bonds	3,222,200	2,721,813
Equity securities	3,026,033	1,767,771
Accrued income	25,474	24,583
Limited partnership investments	19,794,692	23,129,336
	<u>\$ 26,444,529</u>	<u>\$ 27,876,593</u>

Income and losses from the Fund for the years ended September 30, 2020 and 2019 was as follows:

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*

*Years Ended September 30, 2020 and 2019*

	<i>2020</i>	<i>2019</i>
Partnership (losses) earnings	\$ (1,534,644)	\$ 793,975

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk factors in the near term could materially affect the amounts reported in the financial statements.

**NOTE D--PLEDGES RECEIVABLE**

Pledges receivable are due as follows at September 30:

	<i>2020</i>	<i>2019</i>
Due in less than one year	\$ 285,862	\$ 287,957
Due in one to five years	1,459,962	941,164
Due in greater than five years	475,000	1,114,703
	<u>\$ 2,220,824</u>	<u>\$ 2,343,824</u>

Estimated allowances and discounts on pledges receivable are summarized as follows at September 30:

	<i>2020</i>	<i>2019</i>
Gross pledges receivable	\$ 2,220,824	\$ 2,343,824
Allowance for doubtful pledges	(222,082)	(234,382)
Discount on multi-year pledges at 5.5%	(152,879)	(190,959)
	<u>\$ 1,845,863</u>	<u>\$ 1,918,483</u>

**NOTE E--RELATED PARTY TRANSACTIONS**

NGHS provides substantial operating support for the Foundation. During 2020 and 2019, NGHS and affiliates provided operating support of \$1,683,434 and \$1,952,138, respectively.

Contributions to affiliates for program support represent specific expenses paid by the Foundation on behalf of various NGHS affiliates for both capital and non-capital purposes.

During the years ended September 30, 2020 and 2019, contributions to affiliates for program support totaled \$1,292,250 and \$4,632,907, respectively.

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*

***Years Ended September 30, 2020 and 2019***

Due to/from affiliates at September 30, 2020 and 2019 represent amounts due to/from NGHS and its affiliates for certain operating expenses and support. Such amounts are generally settled within one year.

**NOTE F--OPERATING EXPENSE BY FUNCTIONAL CLASSIFICATION**

The Foundation provides healthcare and support services to residents within its geographical location. Expenses are allocated by function based on estimates of employees' time incurred, usage of resources, and other methods. Healthcare services consist of transfers of cash and non-cash assets for their intended purposes to the Authority. Support services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Fundraising expenses are costs of activities that constitute an appeal for financial support; that is, costs incurred to induce others to contribute money, securities, time, materials, or facilities to the Foundation. Expenses based on functional classification related to providing these services during the year ended September 30, 2020 are as follows:

	<i>Healthcare Services</i>	<i>Support Services</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and benefits	\$ 4,663	\$ 138,043	\$ 1,049,893	\$ 1,192,599
Utilities	3	101	772	876
Supplies	536	15,849	120,534	136,919
Legal, consulting and professional fees	220	6,513	49,531	56,264
Contracted outside services	518	15,324	116,547	132,389
Other	679	20,094	152,824	173,597
Depreciation	162	4,787	36,407	41,356
	<u>\$ 6,781</u>	<u>\$ 200,711</u>	<u>\$ 1,526,508</u>	<u>\$ 1,734,000</u>

**NOTE G--NET ASSETS RELEASED FROM RESTRICTIONS**

For the years ended September 30, 2020 and 2019, net assets released from donor restrictions when expenses were incurred to satisfy the restricted purposes, by the passage of time, or by occurrence of events as specified by donors are as follows:



**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*

*Years Ended September 30, 2020 and 2019*

	<i>2020</i>	<i>2019</i>
Restrictions accomplished:		
Cardiology initiatives	\$ 4,450	\$ 1,544,666
Community benefit	995,973	690,331
Children's initiatives	119,608	167,417
Education	8,752	8,497
Equipment	35,448	78,108
Grants	68,027	21,498
Indigent patients	17,274	25,238
Oncology initiatives	3,257	23,857
Hospice	31,976	52,854
Scholarships	7,500	20,440
Total net assets released from restrictions	<u>\$ 1,292,265</u>	<u>\$ 2,632,906</u>

During 2020 and 2019, total assets released from restrictions for operations was \$1,292,265 and \$636,446, respectively. During 2019, total assets released for capital purposes was \$1,996,460. No assets were released from restrictions for capital purposes during 2020.

**NOTE H--NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the purposes as detailed below:

	<i>2020</i>	<i>2019</i>
Cardiology funds	\$ 453,458	\$ 421,598
Community benefits funds	9,162,300	7,942,867
Oncology funds	928,758	869,668
Hospice funds	1,359,437	1,060,305
Children's initiatives funds	1,209,419	1,015,623
Education funds	639,936	470,302
Equipment funds	2,958,549	2,964,146
Grants	609,273	571,433
Indigent patient funds	8,331	27,203
Scholarship funds	727,785	765,559
Nephrology fund	50,070	50,070
Held in perpetuity:		
Wilheit-Keys Peace Garden Maintenance	155,100	155,100
The Henry S Jennings Jr MD Visiting Lectureship	100,000	100,000
Nell's Prayer Garden Maintenance	55,000	55,000

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Notes to Financial Statements - Continued*

*Years Ended September 30, 2020 and 2019*

	<i>2020</i>	<i>2019</i>
David Pet Park Maintenance	80,000	80,000
Jack & Janice Frost Water Garden Maintenance	100,000	100,000
Braselton Flag Plaza Maintenance	30,000	30,000
Hospice fund	50,629	50,629
Nursing & Allied Health continuing education fund	577,675	521,242
Nursing & Allied Health scholarships fund	224,017	218,111
Chaplain fund	206,415	206,415
MCF endowment fund	2,868,665	2,868,665
Honorary Gift - Woody Stewart & Nancy Colston fund	479,998	474,238
Pope Family Garden Maintenance	100,000	100,000
Evelyn Waugh scholarship fund	53,246	53,246
Ocie Pope scholarship fund	25,822	25,822
Destitute patient fund	186,344	186,344
Anne Thomas scholarship fund	57,346	57,346
John Ferguson scholarship fund	218,909	215,909
	<u>\$ 23,676,482</u>	<u>\$ 21,656,841</u>

**NOTE I--COMMITMENTS AND CONTINGENT LIABILITIES**

*General:* The Foundation may be subject to legal proceedings and claims which arise in the ordinary course of its business. At September 30, 2020, management is not aware of any pending or threatened litigation, claims or assessments.

*Concentrations of Credit Risk:* The Foundation holds deposits at a banking institution that is insured by the Federal Deposit Insurance Corporation. At times, the Foundation has deposits in excess of these insurance limits. The Foundation is exposed to loss of uninsured amounts in the event of non-performance by the banking institution; however, management does not anticipate any such losses.

**NOTE J--FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*

***Years Ended September 30, 2020 and 2019***

- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of a particular input to the fair value presentation in its entirety requires judgment and considers factors specific to the asset or liability.

The following table presents assets reported at fair value and their respective classification under the valuation hierarchy as of September 30, 2020 and 2019, respectively:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
<b>September 30, 2020</b>				
Assets measured at fair value on a recurring basis:				
Cash and money market funds	\$ 376,130	\$ 376,130	\$ -	\$ -
Corporate bonds	3,222,200	-	3,222,200	-
Equity securities	3,026,033	3,026,033	-	-
Accrued income	25,474	-	25,474	-
Total assets	\$ 6,649,837	\$ 3,402,163	\$ 3,247,674	\$ -
<b>September 30, 2019</b>				
Assets measured at fair value on a recurring basis:				
Cash and money market funds	\$ 233,090	\$ 233,090	\$ -	\$ -
Corporate bonds	2,721,813	-	2,721,813	-
Equity securities	1,767,771	1,767,771	-	-
Accrued income	24,583	-	24,583	-
Total assets	\$ 4,747,257	\$ 2,000,861	\$ 2,746,396	\$ -

**NOTE K--AVAILABILITY AND LIQUIDITY**

The Foundation manages its cash and investments through a formalized investment process which includes evaluating cash needs for routine and nonroutine activities and adjusting the amount of cash held and the maturity of investments. The Foundation's financial assets reduced by amounts not available for general use are as follows at September 30, 2020:

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Notes to Financial Statements - Continued*

*Years Ended September 30, 2020 and 2019*

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Financial assets	\$ 31,921,432
Less those unavailable for expenditures within one year, due to:	
Amounts restricted by donors	<u>(23,676,482)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,244,950</u>

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**NOTE L--SUBSEQUENT EVENTS**

Subsequent to and during the year ended September 30, 2020, due to a world-wide pandemic, there has been and continues to be substantial volatility in financial markets, which resulted in broad declines in equity and other markets, as well as potentially impacting the ability of donors to honor past promises to give, as well as make future promises. The pandemic has also had significant impacts to the economy. The Foundation continues to monitor this volatility, but the ultimate outcome of the pandemic on the Foundation is unknown.

Subsequent events have been evaluated through the date of the Independent Auditor's Report which is the date the financial statements were available to be issued. During this period, management did not note any additional material recognizable subsequent events that required recognition or disclosure in the September 30, 2020 financial statements.

## **Supplementary Information**

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Net Asset Report - Unaudited***

***September 30, 2020 and 2019***

	<b>2020</b>	<b>2019</b>
<b>Net Assets Without Donor Restrictions</b>		
100 Unrestricted Fund	\$ 8,724,635	\$ 9,967,013
101 MCF Endowment Fund Interest	1,100,596	1,209,874
102 Scholarship Activity	18,721	87,884
103 Operating Expense	1,840,078	1,890,641
Total Net Assets Without Donor Restrictions	11,684,030	13,155,412
<b>Net Assets With Donor Restrictions</b>		
105 GME - Graduate Medical Education Fund	133,700	31,525
110 Mom 365 Newborn Photography	50,276	25,384
111 Downey Society Fund	398,784	150,148
117 Laurelwood Fund	10,000	-
124 PDR-B Renovation Fund	10,000	10,000
132 Bob and Wanda Swoszowski Scholarship Fund	21,208	21,208
141 2020 Southern Market Golf Tournament	108,313	21,044
142 NGMC Window Show South Renovation	26,500	26,500
143 Inpatient Hospice Unit	91,542	-
147 The Carol Healan Burrell Professorship in Medical Ed (E)	466,009	385,989
150 Covid-19 Response	280,354	-
151 Verdis C. Puckett Pastoral Care Suite	247,494	250,668
155 ER Education Training Fund	21,696	21,696
161 Paramedicine	84,000	-
180 Safety Grant	120,472	120,472
200 William T & Evie Langston Signature Gift Fund	365,233	289,945
205 Paul & Glenna Maney Signature Gift Fund	99,205	97,735
211 EPIC Implementation for Good News Clinic	416,913	375,913
212 HJ Therapeutic Music Program	307,770	399,432
213 HJ ECMO	54,370	54,730
218 Heart & Vascular Fund	148,932	148,281
250 Fraser Estate Cancer Center	203,178	203,178
255 Don Pirkle Estate Gift	225,000	217,448
270 Resource Center Fund	1,874,041	1,873,333
295 The David Pet Park	24,654	24,654
325 Nell Wiegand Chapel Garden Maintenance	17,633	23,813
328 NGHS Employee Walking Trail	528,257	540,477
335 Smoot Family Courtyard Waterfall-Braselton	815,864	812,056
349 Jack & Janice Frost Water Garden	46,685	54,994
383 Healthy Journey General Fund 2014	985,136	981,548
384 Healthy Journey General - Employee Gifts 2014	2,063,700	1,523,614
386 Community Gifts to Oncology Initiatives 2014	44,906	38,356
388 Women's & Children's Initiatives - Employee Outreach 2015	607,734	549,616

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

***Net Asset Report - Unaudited - Continued***

***September 30, 2020 and 2019***

	<b>2020</b>	<b>2019</b>
389 Oncology - Employee Outreach 2014	396,812	341,952
390 Cardiology - Employee Community Outreach 2014	113,977	88,855
391 Hospice Gifts 2014	1,165,516	927,450
392 Ronnie Green Heart Center Gifts 2014	66,233	60,421
393 Safe Kids 2014	487,077	396,018
395 Hospice Barrow County	10,000	10,000
406 Braselton Contractors	14,042	14,042
417 Telford Braselton Signature Gift	100,000	100,000
420 Jackson EMC Braselton Signature Gift	89,480	87,480
422 Billy Jones Signature Gift - Braselton ED Services	100,000	100,000
463 Hospice Bereavement Counseling 2015	69,656	75,351
466 Continuing Education Fund 2015	12,692	15,237
467 Mobile Simulation Unit	112,368	177,279
476 Nursing & Allied Health Continuing Education Scholarship (E)	192,987	212,551
478 Nursing & Allied Health Scholarship (E)	241,449	252,831
526 Healthy Journey General Fund - Phase II	242,977	204,462
530 Georgia Health Information Network Capacity Building Grant	270,000	250,000
540 Phillip & Mary Wilheit - Signature Gifts	49,869	51,501
551 Pediatric Rooftop Playground - Jim Syfan	28,339	28,339
552 David Merritt - Nephrology Fund	50,070	50,070
575 Cancer Research	32,793	32,793
579 Enhancement of Cancer Services - Nell Wiegand Celebration	157,977	157,977
587 HJII - NICU	10,000	-
597 Women's Imaging Fund	19,517	19,517
604 Chapel Fund	429,200	429,200
605 Lillian Fraser Estate Gift	256,267	266,267
606 Braselton Chapel	267,456	267,456
612 EMS Trauma Equipment Grant	15,772	15,772
623 GHA - RCA Core Grant	182,180	160,254
643 Chaplain Endowment Fund (E)	42,012	49,875
656 The Estate of Joan Louise Kosmala	25,000	25,000
702 Employee Emergency Fund	85,686	51,934
706 Honorary Gift-Woody Stewart & Nancy Colston Endowment (E)	25,471	43,500
717 Evelyn Waugh Scholarship (E)	25,399	27,427
721 Ocie Pope Scholarship (E)	23,412	24,396
727 Richard & Lona Pope Signature Gift	52,392	52,392
730 Cancer Treatment Fund	250,225	250,225
750 LeTrell Simpson Scholarship Fund	22,879	22,779
754 Anne Thomas Scholarship Fund (E)	52,368	42,827
758 John Ferguson Scholarship Fund (E)	132,641	146,054

**THE MEDICAL CENTER FOUNDATION, INC.**  
**(A Subsidiary of Northeast Georgia Health System, Inc.)**

*Net Asset Report - Unaudited - Continued*

*September 30, 2020 and 2019*

	<i>2020</i>	<i>2019</i>
761 Johnson & Johnson Accusym	11,005	11,005
807 2019 Medical Center Open	40,900	312,776
808 2020 Medical Center Open	296,534	3,023
809 2021 Medical Center Open	11,662	3,023
871 HJIII General Donations - Braselton	664,374	681,581
969 North Patient Tower Elevator Lobby Art Gallery	11,502	11,502
Other Funds	249,589	332,623
128 Wilheit-Keys Peace Garden Maintenance (C)	155,100	155,100
136 The Henry S Jennings Jr MD Visiting Lectureship (C)	100,000	100,000
324 Nell's Prayer Garden Maintenance (C)	55,000	55,000
344 David Pet Part Maintenance (C)	80,000	80,000
350 Jack & Janice Frost Water Garden Maintenance (C)	100,000	100,000
412 Braselton Flag Plaza Maintenance (C)	30,000	30,000
451 Hospice Endowment Fund	50,629	50,629
475 Nursing & Allied Health Continuing Education Endowment	577,675	521,242
477 Nursing & Allied Health Scholarships Endowment	181,118	172,768
479 Nursing & Allied Health Scholarships - Ocie Pope (C)	42,899	45,343
642 Chaplain Endowment (C)	206,415	206,415
703 MCF Endowment Fund	2,868,665	2,868,665
707 Honorary Gift - Woody Stewart & Nancy Colston Endowment Fund	479,998	474,238
712 Pope Family Garden Maintenance (C)	100,000	100,000
718 Evelyn Waugh Scholarship Fund	53,246	53,246
720 Ocie Pope Scholarship Fund	25,822	25,822
722 Destitute Patient Fund	186,344	186,344
753 Anne Thomas Scholarship Fund	57,346	57,346
757 John Ferguson Scholarship Fund	218,909	215,909
Total Net Assets With Donor Restrictions	23,676,482	21,656,841
Total Net Assets	\$ 35,360,512	\$ 34,812,253