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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, 2022 and 2021*

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

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*Years Ended September 30, 2022 and 2021*

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

We have audited the financial statements of The Medical Center Foundation, Inc. (the Foundation), which comprise the statements of financial position as of September 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Foundation'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 the Foundation's ability to continue as a going concern for a reasonable period of time.

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

## ***Supplementary Information***

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.

PYA, P.C.

Atlanta, Georgia  
January 25, 2023

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

***Statements of Financial Position***  
***(Dollars in Thousands)***

***September 30, 2022***

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2022 Total</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 4,368	\$ -	\$ 4,368
Investments and assets limited as to use	-	1,097	1,097
Pledges receivable	-	708	708
Other current receivables - Note E	2,081	-	2,081
Due from affiliates, net - Note E	531	-	531
TOTAL CURRENT ASSETS	<b>6,980</b>	<b>1,805</b>	<b>8,785</b>
Property held for future investment	-	3,305	3,305
Property and equipment, less accumulated depreciation of \$422	117	-	117
Investments and assets limited as to use	5,413	22,563	27,976
Pledges receivable (less current portion), net	-	1,834	1,834
TOTAL ASSETS	<b>\$ 12,510</b>	<b>\$ 29,507</b>	<b>\$ 42,017</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 165	\$ -	\$ 165
Accrued payroll	56	-	56
Unconditional promise to give to affiliate - Note E	2,000	-	2,000
TOTAL CURRENT LIABILITIES	<b>2,221</b>	<b>-</b>	<b>2,221</b>
Unconditional promise to give to affiliate - Note E	4,000	-	4,000
TOTAL LIABILITIES	<b>6,221</b>	<b>-</b>	<b>6,221</b>
<b>COMMITMENTS AND CONTINGENCIES - Note I</b>			
NET ASSETS	<b>6,289</b>	<b>29,507</b>	<b>35,796</b>
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 12,510</b>	<b>\$ 29,507</b>	<b>\$ 42,017</b>

*See notes to financial statements.*

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

*Statements of Financial Position - Continued*  
*(Dollars in Thousands)*

*September 30, 2021*

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2021 Total</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 2,717	\$ -	\$ 2,717
Investments and assets limited as to use	-	604	604
Pledges receivable	-	221	221
Due from Affiliates, net - Note E	270	-	270
TOTAL CURRENT ASSETS	2,987	825	3,812
Property held for future investment	-	3,305	3,305
Property and equipment, less accumulated depreciation of \$372	167	-	167
Investments and assets limited as to use	11,052	19,412	30,464
Pledges receivable (less current portion), net	-	1,681	1,681
TOTAL ASSETS	\$ 14,206	\$ 25,223	\$ 39,429
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 165	\$ -	\$ 165
Accrued payroll	100	-	100
TOTAL LIABILITIES	265	-	265
<b>COMMITMENTS AND CONTINGENCIES - Note I</b>			
NET ASSETS	13,941	25,223	39,164
TOTAL LIABILITIES AND NET ASSETS	\$ 14,206	\$ 25,223	\$ 39,429

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

***Statements of Activities and Changes in Net Assets***  
***(Dollars in Thousands)***

***Year Ended September 30, 2022***

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2022 Total</i>
Revenue, gains and other support:			
Contributions and bequests			
Cash and other financial assets	\$ 52	\$ 6,540	\$ 6,592
In-kind	-	309	309
Partnership losses, net	(1,107)	(131)	(1,238)
Investment losses, net	(677)	(80)	(757)
Net assets released from restrictions for operations - Note G	1,997	(1,997)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>265</b>	<b>4,641</b>	<b>4,906</b>
Expenses:			
Operating expenses:			
Salaries and benefits	1,461	-	1,461
Supplies	72	-	72
Contracted outside services	152	-	152
Other	148	-	148
Depreciation	51	-	51
<b>TOTAL OPERATING EXPENSES</b>	<b>1,884</b>	<b>-</b>	<b>1,884</b>
Program expenses:			
Support provided to affiliates - Note E	7,997	70	8,067
<b>TOTAL EXPENSES</b>	<b>9,881</b>	<b>70</b>	<b>9,951</b>
<b>(DEFICIT) EXCESS OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES</b>	<b>(9,616)</b>	<b>4,571</b>	<b>(5,045)</b>
Other changes in net assets:			
Support from affiliates - Note E	2,081	-	2,081
Change in expected losses and discounts on pledges	-	(241)	(241)
Other	(117)	(46)	(163)
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>(7,652)</b>	<b>4,284</b>	<b>(3,368)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>13,941</b>	<b>25,223</b>	<b>39,164</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,289</b>	<b>\$ 29,507</b>	<b>\$ 35,796</b>

*See notes to financial statements.*



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

***Statements of Activities and Changes in Net Assets - Continued***  
***(Dollars in Thousands)***

***Year Ended September 30, 2021***

	<i>Without Donor Restriction</i>	<i>With Donor Restriction</i>	<i>2021 Total</i>
Revenue, gains and other support:			
Contributions and bequests			
Cash and other financial assets	\$ 114	\$ 4,032	\$ 4,146
In-kind	-	401	401
Partnership earnings, net	3,248	399	3,647
Investment earnings, net	868	108	976
Net assets released from restrictions for operations - Note G	2,270	(2,270)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>6,500</b>	<b>2,670</b>	<b>9,170</b>
Expenses:			
Operating expenses:			
Salaries and benefits	1,333	-	1,333
Supplies	21	-	21
Contracted outside services	146	-	146
Other	93	-	93
Depreciation	51	-	51
<b>TOTAL OPERATING EXPENSES</b>	<b>1,644</b>	<b>-</b>	<b>1,644</b>
Program expenses:			
Support provided to affiliates - Note E	4,263	988	5,251
<b>TOTAL EXPENSES</b>	<b>5,907</b>	<b>988</b>	<b>6,895</b>
<b>EXCESS OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES</b>	<b>593</b>	<b>1,682</b>	<b>2,275</b>
Other changes in net assets:			
Support from affiliates - Note E	1,801	-	1,801
Change in expected losses and discounts on pledges	-	(118)	(118)
Other	(137)	(18)	(155)
<b>INCREASE IN NET ASSETS</b>	<b>2,257</b>	<b>1,546</b>	<b>3,803</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>11,684</b>	<b>23,677</b>	<b>35,361</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 13,941</b>	<b>\$ 25,223</b>	<b>\$ 39,164</b>

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

*Statements of Cash Flows*  
*(Dollars in Thousands)*

	<i>Year Ended September 30,</i>	
	<i>2022</i>	<i>2021</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Decrease) increase in net assets	\$ (3,368)	\$ 3,803
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	51	51
Change in expected losses and discounts on pledges	241	118
Changes in other assets and liabilities:		
Pledges and other receivables	(2,963)	(91)
Due from/to affiliates, net	5,739	269
Accrued payroll	(44)	21
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(344)	4,171
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net decrease (increase) in investments and assets limited as to use	1,995	(4,623)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,995	(4,623)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,651	(452)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,717	3,169
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,368	\$ 2,717

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

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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, 2022 and 2021 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. Revenues from contributions of non-financial assets were as follows:

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

<i>Non-financial Contribution Category</i>	<i>Type of Contributions for Beneficiaries</i>	<i>Valuation</i>	<i>Donor Restriction</i>	<i>Year Ended September 30,</i>	
				<i>2022</i>	<i>2021</i>
Food and non-food items	Food, hygiene products, door prizes for fund raising event, and facility usage	Fair market value of items received	Yes	\$ 57	\$ 138
Professional services	Project planning and design	Vendor contract pricing	Yes	176	-
Medical supplies	Personal protection items, patient linens, and apparel	Fair market value of items received	Yes	76	263
TOTAL				\$ 309	\$ 401

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.

*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. No material expenditures were capitalized in 2022 or 2021.

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, 2022 and 2021.

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

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*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.

*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, 2022 and 2021, 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 September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires that contributed nonfinancial assets be presented separately in the Statements of Activities and Changes in Net Assets and also requires expanded disclosures related to nonfinancial assets contributed. The Foundation adopted this ASU effective October 1, 2021, utilizing a retrospective method with certain reclassifications made as of the earliest period presented to conform to this new presentation. The adoption of this ASU did not have an impact on the net assets of the Foundation.

*Reclassifications:* Certain reclassifications have been made to the 2021 amounts to conform to the 2022 presentation. These reclassifications had no material impact on the increase in net assets.

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

**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, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Cash and money market funds	\$ 1,097	\$ 604
Corporate bonds	2,507	3,112
Equity securities	5,796	6,438
Accrued income	21	23
Limited partnership investments	19,652	20,891
	<u>\$ 29,073</u>	<u>\$ 31,068</u>

Income and losses from the Fund for the years ended September 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Partnership (losses) earnings	\$ (1,238)	\$ 3,647

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:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 708	\$ 221
Due in one to five years	2,344	1,612
Due in greater than five years	100	475
	<u>\$ 3,152</u>	<u>\$ 2,308</u>

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

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

	<u>2022</u>	<u>2021</u>
Gross pledges receivable	\$ 3,152	\$ 2,308
Allowance for doubtful pledges	(315)	(231)
Discount on multi-year pledges at 5.5%	(295)	(175)
	<u>\$ 2,542</u>	<u>\$ 1,902</u>

**NOTE E--RELATED PARTY TRANSACTIONS**

NGHS provides substantial operating support for the Foundation. During 2022 and 2021, NGHS and affiliates provided operating support of \$2,081 and \$1,801, respectively. The 2022 operating support was received by the Foundation subsequent to September 30, 2022 and is presented on the Statement of Financial Position as other current receivables.

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, 2022 and 2021, contributions to affiliates for program support totaled \$8,067 and \$5,251, respectively. Included in the amount recognized during the year ended September 30, 2022 is a \$6,000 unconditional promise to give related to a capital commitment to be paid by the Foundation to NGHS in \$2,000 annual installments over a three-year period.

Due to/from affiliates at September 30, 2022 and 2021 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

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

*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

**Years Ended September 30, 2022 and 2021**

classification related to providing these services during the years ended September 30, 2022 and 2021 are as follows:

	<i>Healthcare Services</i>	<i>Support Services</i>	<i>Fundraising</i>	<i>Total</i>
<b>September 30, 2022</b>				
Salaries and benefits	\$ 7	\$ 196	\$ 1,258	\$ 1,461
Supplies	-	10	62	72
Contracted outside services	1	21	130	152
Other	1	20	127	148
Depreciation	-	7	44	51
	<u>\$ 9</u>	<u>\$ 254</u>	<u>\$ 1,621</u>	<u>\$ 1,884</u>
<b>September 30, 2021</b>				
Salaries and benefits	\$ 6	\$ 179	\$ 1,148	\$ 1,333
Supplies	-	3	18	21
Contracted outside services	1	20	125	146
Other	-	13	80	93
Depreciation and amortization	-	7	44	51
	<u>\$ 7</u>	<u>\$ 222</u>	<u>\$ 1,415</u>	<u>\$ 1,644</u>

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

For the years ended September 30, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
Restrictions accomplished:		
Community Benefits	\$ 366	\$ 187
Complementary Programs	141	76
COVID-19 Relief and Planning	384	1,079
Education and Scholarship Funds	66	87
Emergency Response and Critical Care	8	25
Employee Assistance	56	86
Equipment	5	316
Grants	33	22
Heart and Vascular	195	-
Hospice	53	23
NGMC-Barrow	3	-



**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

	<i>2022</i>	<i>2021</i>
NGMC-Braselton	8	681
Oncology	13	15
Patient Assistance and Access	144	108
Strategic Needs	329	314
Women and Children	263	239
Total net assets released from restrictions	<u>\$ 2,067</u>	<u>\$ 3,258</u>

During 2022 and 2021, total assets released from restrictions for operations was \$1,997 and \$2,270, respectively. During 2022 and 2021, total assets released for capital purposes was \$70 and \$988, respectively.

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

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

	<i>2022</i>	<i>2021</i>
Community Benefit Funds	\$ 2,125	\$ 2,185
Complementary Program Funds	222	290
COVID-19 Relief and Planning Funds	373	359
Education and Scholarship Funds	1,533	1,623
Emergency Response and Critical Care Service Funds	15	10
Employee Assistance Funds	71	126
Equipment Funds	3,212	2,960
Foundation Operation Funds	76	105
Grants	815	704
Heart and Vascular Funds	591	454
Hospice Funds	4,426	1,627
Neuroscience Funds	711	501
NGMC-Barrow Funds	10	10
NGMC-Braselton Funds	1,671	1,480
NGMC-Lumpkin Funds	10	10
Oncology Funds	1,224	1,193
Patient Assistance and Access Funds	299	374
Strategic Needs Funds	4,625	3,773
Women and Children Funds	1,150	1,199

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

*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

	<i>2022</i>	<i>2021</i>
Held in perpetuity:		
Anne Thomas Scholarship Endowment	57	57
Braselton Flag Plaza Endowment	30	30
V.C. & Mary Puckett Spiritual Care Endowment	456	456
David Pet Park Endowment	80	80
Destitute Patient Endowment	186	186
Don Freeman Scholarship Endowment	25	23
Evelyn Waugh Scholarship Endowment	53	53
GME Emergency Medicine Endowment	55	-
Woody Stewart & Nancy Colston Endowment	484	480
Hospice Endowment	51	51
Jack and Janice Frost Water Garden Endowment	100	100
John Ferguson Scholarship Endowment	227	221
NGHS Foundation Endowment	2,869	2,869
Nell's Prayer Garden Endowment	55	55
Nursing & Allied Health Continuing Education Endowment	589	589
Nursing & Allied Health Scholarships Endowment	243	246
Ocie Pope Scholarship Endowment	26	26
Pope Family Garden Endowment	100	100
Ron Kutay Scholarship Endowment	42	39
GME-Jennings Lectureship Endowment	465	424
Wilheit-Keys Peace Garden Endowment	155	155
	<u>\$ 29,507</u>	<u>\$ 25,223</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, 2022, 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.

**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

***Years Ended September 30, 2022 and 2021***

**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.
- *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, 2022 and 2021, 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, 2022</b>				
Assets measured at fair value on a recurring basis:				
Cash and money market funds	\$ 1,097	\$ 1,097	\$ -	\$ -
Corporate bonds	2,507	-	2,507	-
Equity securities	5,796	5,796	-	-
Accrued income	21	-	21	-
Total assets	<u>\$ 9,421</u>	<u>\$ 6,893</u>	<u>\$ 2,528</u>	<u>\$ -</u>

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

*Notes to Financial Statements - Continued*  
*(Dollars in Thousands)*

*Years Ended September 30, 2022 and 2021*

	<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, 2021</b>				
Assets measured at fair value on a recurring basis:				
Cash and money market funds	\$ 604	\$ 604	\$ -	\$ -
Corporate bonds	3,112	-	3,112	-
Equity securities	6,438	6,438	-	-
Accrued income	23	-	23	-
Total assets	<u>\$ 10,177</u>	<u>\$ 7,042</u>	<u>\$ 3,135</u>	<u>\$ -</u>

**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, 2022:

Financial assets	\$ 38,595
Less those unavailable for expenditures within one year, due to:	
Amounts restricted by donors	<u>(29,507)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,088</u>

**NOTE L--SUBSEQUENT EVENTS**

Subsequent to and during the year ended September 30, 2022, 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, 2022 financial statements.

## **Supplementary Information**

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

***Net Asset Report - Unaudited***  
***(Dollars in Thousands)***

***September 30, 2022 and 2021***

	<b>2022</b>	<b>2021</b>
<b>Net Assets Without Donor Restrictions</b>		
100 Unrestricted Fund	\$ 2,687	\$ 10,366
101 MCF Endowment Fund Interest	1,406	1,577
103 Operating Expense	2,196	1,998
Total Net Assets Without Donor Restrictions	6,289	13,941
<b>Net Assets With Donor Restrictions</b>		
105 GME - Graduate Medical Education Fund	34	141
108 Auxiliary	24	-
110 Mom 365 Newborn Photography	-	48
111 Downey Society Fund	629	524
112 PDO Donations to Employee Leave Fund	14	-
117 Laurelwood Fund	-	-
124 PDR-B Renovation Fund	-	10
132 Bob and Wanda Swoszowski Scholarship Endowment	21	21
141 2020 Southern Market Golf Tournament	148	114
142 NGMC Window Show South Renovation	-	2
143 Inpatient Hospice Unit	93	92
147 GME - Burrell Professorship Expenditure	397	356
150 Covid-19 Response	373	359
151 Verdis C. Puckett Pastoral Care Suite	227	227
155 ER Education Training Fund	22	22
161 Paramedicine	84	84
162 Telemedicine	136	145
164 Lumpkin - General	10	10
166 Simulation	13	12
169 Barrow - General	10	10
171 GME Psychiatry	324	111
172 Neuroscience	711	50
180 Safety Grant	120	120
200 Growing the Greater Good - Emergency Services Expansion	662	365
211 Technology Assistance for Good News Clinic	93	138
212 Therapeutic Music	171	211
213 ECMO	54	54
218 Heart & Vascular Fund	-	199
250 Fraser Estate Cancer Center	203	203
255 Don Pirkle Estate Gift	225	225
270 Fraser Resource Center	1,874	1,874
295 The David Pet Park	23	24
325 Nell's Prayer Garden Maintenance Expenditure	9	20
335 Smoot Family Courtyard Waterfall	852	828
349 Jack and Janice Frost Water Garden Maintenance Expenditure	45	57
383 Growing the Greater Good	1,460	910

**THE MEDICAL CENTER FOUNDATION, INC.**  
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***Net Asset Report - Unaudited - Continued***  
***(Dollars in Thousands)***

***September 30, 2022 and 2021***

	<u>2022</u>	<u>2021</u>
384 WATCH	3,116	2,829
385 Heart and Vascular	244	14
386 Oncology	507	96
387 Women & Children	75	75
388 WATCH Women & Children	498	564
389 WATCH Oncology	457	429
390 WATCH - Heart & Vascular	128	134
391 Hospice Care	1,925	1,443
392 Ronnie Green Heart Center Gifts 2014	-	75
393 Safe Kids	355	446
395 Hospice Barrow County	10	10
417 Telford Braselton Signature Gift	-	98
420 Jackson EMC Braselton Signature Gift	-	89
422 Braselton Emergency Services	199	199
463 Hospice Bereavement	58	65
466 Continuing Education Fund 2015	4	3
467 Mobile Simulation Unit	79	79
476 Nursing & Allied Health Continuing Education Expenditure	139	381
478 Nursing & Allied Health Scholarship Expenditure	197	268
526 Healthy Journey General Fund - Phase II	-	143
530 Georgia Health Information Network Capacity Building Grant	340	340
540 Phillip & Mary Wilheit - Signature Gifts	-	50
551 Pediatric Playground	38	28
552 David Merritt - Nephrology Fund	50	50
575 Cancer Research	33	33
579 Enhancement of Cancer Services - Nell Wiegand Celebration	-	158
587 HJII - NICU	-	10
595 Anne's Garden	22	-
597 Women's Imaging Fund	20	20
600 Ronnie Green Heart Center	86	-
604 Chapel Fund	429	429
605 Lillian Fraser Estate Gift	256	256
606 Braselton Chapel	267	267
608 2025 Medical Center Open	13	5
612 EMS Trauma Equipment Grant	16	16
623 GHA - RCH Grant	323	216
643 V.C. & Mary Puckett Spiritual Care Expenditure	50	77
656 The Estate of Joan Louise Kosmala	25	25
671 GME Internal Medicine	81	-
677 Georgia Heart Institute Conference	13	-
678 Georgia Heart Institute -- Grand Rounds	15	-
702 Employee Emergency Fund	57	100

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

*Net Asset Report - Unaudited - Continued*  
*(Dollars in Thousands)*

*September 30, 2022 and 2021*

	<i>2022</i>	<i>2021</i>
706 Woody Stewart & Nancy Colston Endowment Expenditure	76	105
717 Evelyn Waugh Scholarship Expenditure	31	34
721 Ocie Pope Scholarship Expenditure	26	28
723 Destitute Patient Expenditure	27	37
727 Richard & Lona Pope Signature Gift	51	51
730 Cancer Treatment Fund	-	250
750 LeTrell Simpson Scholarship	23	23
754 Anne Thomas Scholarship Expenditure	65	69
758 John Ferguson Scholarship Expenditure	118	135
761 Johnson & Johnson Accusym	11	11
765 Woody Stewart Heart Failure Treatment Unit	29	29
808 2020 Medical Center Open	5	5
809 2021 Medical Center Open	59	244
811 2022 Medical Center Open	254	14
812 2023 Medical Center Open	23	14
813 2024 Medical Center Open	22	14
871 Braselton - General	305	122
930 Ron Kutay Memorial Scholarship	14	19
943 Laurel Classic 2022	73	9
946 GME- Emergency Medicine	10	-
953 Hospice House	2,324	-
954 Marketplace	60	-
957 Workforce Development	234	-
969 North Patient Tower Elevator Lobby Art Gallery	12	12
997 NICU	35	10
Other Funds	92	662
128 Wilheit-Keys Peace Garden Endowment	155	155
136 GME-Jennings Lectureship Endowment	100	100
146 GME - Burrell Professorship Endowment	365	324
324 Nell's Prayer Garden Endowment	55	55
344 David Pet Park Endowment	80	80
350 Jack & Janice Frost Water Garden Endowment	100	100
412 Braselton Flag Plaza Endowment (C)	30	30
451 Hospice Endowment	51	51
475 Nursing & Allied Health Continuing Education Endowment	589	589
477 Nursing & Allied Health Scholarships Endowment	196	196
479 Ocie Pope Scholarship Endowment	47	50
642 V.C. & Mary Puckett Spiritual Care Endowment	456	456
703 NGHS Foundation Endowment	2,869	2,869
707 Woody Stewart & Nancy Colston Endowment	484	480
712 Pope Family Garden Endowment	100	100



**THE MEDICAL CENTER FOUNDATION, INC.**  
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*Net Asset Report - Unaudited - Continued*  
*(Dollars in Thousands)*

*September 30, 2022 and 2021*

	<i>2022</i>	<i>2021</i>
718 Evelyn Waugh Scholarship Endowment	53	53
720 Ocie Pope Scholarship Endowment	26	26
722 Destitute Patient Endowment	186	186
753 Anne Thomas Scholarship Endowment	57	57
757 John Ferguson Scholarship Endowment	227	221
931 Ron Kutay Memorial Scholarship Endowment	42	39
942 Don Freeman Scholarship Endowment	25	23
948 GME Emergency Medicine Endowment	49	-
Total Net Assets With Donor Restrictions	<u>29,507</u>	<u>25,223</u>
Total Net Assets	<u>\$ 35,796</u>	<u>\$ 39,164</u>