

**Palmetto Health Foundation
and Subsidiary**

Report on Consolidated Financial Statements

For the years ended September 30, 2018 and 2017

Palmetto Health Foundation and Subsidiary

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Independent Auditor's Report

The Board of Directors
Palmetto Health Foundation
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Palmetto Health Foundation and Subsidiary (the "Foundation") which comprise the consolidated statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Palmetto Health Foundation and Subsidiary as of September 30, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
January 30, 2019

Palmetto Health Foundation and Subsidiary

Consolidated Statements of Financial Position

September 30, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,580,383	\$ 2,366,009
Investments	29,616,559	26,801,720
Unconditional promises to give, net		
Restricted	1,995,881	1,047,550
Accounts receivable	29,736	-
Accrued interest receivable	222,612	155,034
Prepaid expenses and other	333,824	261,263
Total current assets	34,778,995	30,631,576
Long-term unconditional promises to give, net		
Restricted	269,469	1,741,564
Property and equipment, net	2,981,034	3,040,113
Other assets		
Investment in Hospital Services, Inc.	1,413,000	1,413,000
Contributions receivable from remainder unitrusts	291,284	434,593
Investment in The Trelys Funds, LP	31,139	66,089
Total assets	\$ 39,764,921	\$ 37,326,935
Liabilities and Net Assets		
Current liabilities		
Current portion of bond payable	\$ 210,511	\$ 188,091
Accounts payable	81,056	98,846
Accrued expenses and other	192,135	134,856
Deferred revenue	637,880	893,071
Total current liabilities	1,121,582	1,314,864
Long-term liabilities		
Note payable	1,413,000	1,413,000
Bond payable	1,828,465	2,037,852
Unrealized loss on interest rate swap instrument	12,103	86,257
Total long term liabilities	3,253,568	3,537,109
Total liabilities	4,375,150	4,851,973
Net assets		
Unrestricted	6,933,827	5,663,879
Temporarily restricted	18,894,414	17,253,528
Permanently restricted	9,561,530	9,557,555
Total net assets	35,389,771	32,474,962
Total liabilities and net assets	\$ 39,764,921	\$ 37,326,935

See Notes to Consolidated Financial Statements

Palmetto Health Foundation and Subsidiary
Consolidated Statements of Activities
For the years ended September 30, 2018 and 2017

	2018	2017
Changes in unrestricted net assets		
Revenues		
Contributions	\$ 86,183	\$ 179,936
Palmetto Health contract services	1,550,000	1,550,000
Rental income	356,828	351,916
Interest and dividends	202,121	180,392
Net realized and unrealized gains on investments	970,701	1,352,432
Total unrestricted revenues	3,165,833	3,614,676
Net assets released from restrictions	6,735,707	5,697,370
Transfers	1,119,687	1,494,608
	<u>11,021,227</u>	<u>10,806,654</u>
Expenses		
Program services	7,355,996	6,442,831
Costs of direct benefits to donors	177,103	176,682
Management and general	533,848	489,834
Fundraising	1,758,485	1,645,311
Total expenses	<u>9,825,432</u>	<u>8,754,658</u>
Change in unrestricted net assets		
before unrealized gain on interest rate swap instrument	1,195,795	2,051,996
Unrealized gain on interest rate swap instrument	74,153	97,181
Change in unrestricted net assets	<u>1,269,948</u>	<u>2,149,177</u>
Changes in temporarily restricted net assets		
Revenues		
Contributions	5,132,104	3,045,559
Special event revenue	2,800,005	2,411,123
Interest and dividends	272,615	235,527
Net realized and unrealized gains on investments	1,306,392	1,938,307
Change in value of split-interest agreements	(14,836)	298,963
Total temporarily restricted revenues	9,496,280	7,929,479
Net assets released from restrictions	(6,735,707)	(5,697,370)
Transfers	(1,119,687)	(1,494,608)
Change in temporarily restricted net assets	<u>1,640,886</u>	<u>737,501</u>
Changes in permanently restricted net assets		
Revenues		
Contributions	3,975	205,400
Total permanently restricted revenues	3,975	205,400
Change in permanently restricted net assets	3,975	205,400
Change in net assets	2,914,809	3,092,078
Net assets, beginning of year	32,474,962	29,382,884
Net assets, end of year	<u>\$ 35,389,771</u>	<u>\$ 32,474,962</u>

See Notes to Consolidated Financial Statements

Palmetto Health Foundation and Subsidiary**Consolidated Statements of Cash Flows****For the years ended September 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 2,914,809	\$ 3,092,078
Adjustments to reconcile the change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	87,780	82,330
Loss on disposal of property and equipment	989	-
Net realized and unrealized gains on investments	(2,277,093)	(3,290,739)
Dividends reinvested	(449,190)	(445,320)
Amortization of bond discounts and premiums	1,670	-
Contribution of unitrust	-	(289,579)
Change in value of remainder unitrusts	143,309	(9,385)
Unrealized gain on interest rate swap instrument	(74,153)	(97,181)
Changes in deferred and accrued amounts		
Unconditional promises to give	523,763	610,588
Accrued interest receivable	(67,578)	(8,449)
Prepaid expenses and other	(72,561)	16,367
Accounts payable	(17,790)	(24,071)
Accrued expenses and other	27,543	(85,852)
Deferred revenue	(255,191)	(144,550)
Net cash provided by (used for) operating activities	<u>486,307</u>	<u>(593,763)</u>
Investing activities		
Purchases of property and equipment	(23,950)	(36,678)
Purchases of investments	(10,276,950)	(12,224,326)
Sales and redemptions of investments	10,221,674	13,237,936
Net cash provided by (used for) investing activities	<u>(79,226)</u>	<u>976,932</u>
Financing activities		
Bond payments	(192,707)	(201,596)
Net cash used for financing activities	<u>(192,707)</u>	<u>(201,596)</u>
Net increase in cash and cash equivalents	214,374	181,573
Cash and cash equivalents, beginning of year	<u>2,366,009</u>	<u>2,184,436</u>
Cash and cash equivalents, end of year	<u>\$ 2,580,383</u>	<u>\$ 2,366,009</u>
Supplemental cash flow information		
Cash paid during the year for interest	<u>\$ 73,345</u>	<u>\$ 79,235</u>

See Notes to Consolidated Financial Statements

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 1. Summary of Significant Accounting Policies

The consolidated financial statements of Palmetto Health Foundation (the Foundation) and its wholly-owned subsidiary, Taylor-Marion PHF, LLC (Taylor-Marion), have been prepared on the accrual basis of accounting.

Background:

The Foundation's sole purpose is to support the mission, purposes and activities of Palmetto Health and its related organizations (Palmetto Health). The Foundation supports and promotes Palmetto Health in its delivery of patient care services as a health care center for the community and in all health and humanitarian endeavors.

During the year ended September 30, 2006, the Foundation formed Taylor-Marion. The Foundation is the sole member of Taylor-Marion. The purpose and activities of Taylor-Marion are to own the property to be used as the operating facility for the Foundation and certain administrative offices of Palmetto Health.

Effective January 30, 2019, in connection with the conversion of Palmetto Health to Prisma Health, Palmetto Health Foundation's name changed to Prisma Health Midlands Foundation and Taylor-Marion PHF, LLC's name changed to Taylor-Marion PHMF, LLC.

Consolidation:

The consolidated financial statements include the accounts of the Foundation and Taylor-Marion. Significant intercompany accounts and transactions have been eliminated in consolidation.

Financial statement presentation:

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Temporarily restricted net assets represent amounts received with donor imposed restrictions on the purposes for which the amounts may be used. These amounts may be expended in their entirety for the purposes specified by the donor.

Endowment funds represent funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income be used. Endowments are presented as permanently restricted if the donor designates the gift as an endowment. If the endowment is Board designated, it is shown as temporarily restricted if given for a particular purpose, or as unrestricted.

Endowment funds:

The Board of Directors of Palmetto Health Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Palmetto Health Foundation classifies as permanently restricted net assets (a) the original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 1. Summary of Significant Accounting Policies, Continued

Investments in securities:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

The Foundation has an investment account with a brokerage firm which contains both donor restricted funds and Board designated funds. The Foundation investment policy's objective is a balanced approach of long-term growth in capital and a growing stream of current income over a full market cycle. The Foundation utilizes a stable asset allocation strategy and does not engage in tactical or market-timing asset allocation decisions. Investment earnings for endowment spending are dictated by the donor.

Other investments:

The Foundation's investment in Hospital Services, Inc. is accounted for on the cost basis.

The Foundation's investment in The Trelys Funds, LP is valued based on the Foundation's capital account as listed in the unaudited September 30, 2018 Trelys financial statements, which has been adjusted to the Fund management's estimate of fair value of its underlying investments.

These investments are evaluated annually for impairment and adjusted accordingly.

Property and equipment:

Property and equipment are stated at cost. The Foundation follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

Buildings and building improvements	39 years
Computer equipment	5 years
Furniture and equipment	5 - 10 years

Additions and improvements are capitalized and repairs and maintenance costs are charged to expense as incurred. Gains and losses on assets disposed of or retired are recognized in the consolidated statements of activities in the year of disposition.

Loan Costs:

The Foundation accounts for loan costs by amortizing the costs over the life of the loan using the straight line method. Loan costs have been netted against the related note payable for statement of financial position purposes. For the years ended September 30, 2018 and 2017, amortization of loan costs was \$5,740.

Compensated absences:

The Foundation accounts for compensated absences (vacation pay and sick pay) by recording a liability for leased employees' vested rights to receive compensation for future absences attributable to services already performed.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 1. Summary of Significant Accounting Policies, Continued

Transfers:

The Foundation implemented a management fee designed to support the cost of administering restricted funds. The management fee charged for the years ended September 30, 2018 and 2017 was 5% and totaled \$1,127,932 and \$1,256,984, respectively.

Revenue recognition:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Deferred revenue results from collections of event revenues in advance of when the event takes place.

Grant revenues typically require that certain conditions be met before they are earned. Accordingly, grant revenues are deferred until the related conditions are met which typically is when the grant funds are expended for their intended purpose.

The Foundation's management reviews and analyzes unconditional promises to give on an annual basis. Amounts deemed uncollectible are written off during the period in which such a determination is made.

Agency transactions:

The Foundation often assists Palmetto Health with federal grant applications and, at times, receives grant contributions on behalf of Palmetto Health. These funds are recorded as a liability in the period received and are generally disbursed to Palmetto Health immediately.

In-kind contributions:

The Foundation receives certain services and items for use in special events at no charge. The estimated fair value of the services and items is recorded as revenue and expense in the accompanying consolidated statements of activities.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimate of the time spent by the individuals in each functional category as well as each department's allocation of expenses.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 1. Summary of Significant Accounting Policies, Continued

Interest rate swap instrument:

The Foundation entered into an interest rate swap agreement with a financial institution regarding interest rates on its bond payable. The swap effectively limits the Foundation's exposure to possible increases in its floating interest rate. The swap is accounted for as a cash flow hedge. Accordingly, the gain or loss associated with the fair market value of the swap is included in the change in unrestricted net assets. Interest rate swap settlements are recognized as adjustments to interest expense in the consolidated statements of activities when paid or received.

Income taxes:

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the IRC) and is exempt from federal and state taxes on related income pursuant to Section 509(a)(3) of the IRC.

Taylor-Marion is a single member LLC and is included in the information tax returns of the Foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be substantiated upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of September 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Statement of cash flows:

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less, other than amounts invested with professional investment advisors, to be cash equivalents.

Estimates:

The preparation of the consolidated financial statements in accordance 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 at the date of the consolidated financial statements and the reported amounts of results of operations during the reporting period. Actual results could differ from those estimates.

Recently issued accounting pronouncements:

In February 2016, the Financial Accounting Standards Board ("FASB") amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Foundation is currently evaluating the effect that implementation of the new standard will have on its consolidated statements of financial position.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 1. Summary of Significant Accounting Policies, Continued

Recently issued accounting pronouncements, continued:

In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for fiscal years beginning after December 15, 2017. The Foundation is currently evaluating the effect that implementation of the new standard will have on its consolidated financial statements.

In May 2014, the FASB issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The guidance in ASU 2014-09 will be effective for the Foundation for reporting periods beginning after December 15, 2017. The Foundation is currently evaluating the impact of this new guidance on its consolidated financial statements.

Subsequent events:

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 30, 2019, the date the consolidated financial statements were available to be issued.

Note 2. Endowments

The Foundation's endowments consist of 28 individual funds established for a variety of purposes. Its endowments include permanent endowments, term endowments, and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds are invested in accordance with sound investment practices that emphasize long-term growth investment fundamentals and minimize the risk of large investment losses. The performance objectives of the endowment funds are:

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 2. Endowments, Continued

1. To grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the custom policy index appropriate for the asset allocation strategy risk-adjusted basis benchmarks established for the medium term (3 years) and long term (5 years).
2. To diversify the portfolio in order to reduce the risk of wide swings in market value from year to year, or of incurring large losses that could occur from concentrated positions.
3. To achieve investment results over the long-term that compare favorably with those of other professionally managed portfolios (managed peer groups) and appropriate market indexes.

Endowment funds generally distribute an amount equal to 5% of the fund's average value. The distributions are made quarterly in an amount equal to 1.25% of the calculated distribution value. The distribution value is the average of the fair market value of the fund as of the close of each of the preceding 36 calendar quarters. The fund's market value is based on all endowment assets including principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter.

Endowment Net Asset Composition by Type of Fund

	September 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ 3,636,958</u>	<u>\$ 9,561,530</u>	<u>\$ 13,198,488</u>
Changes in Endowment Net Assets,			
Endowment net assets, beginning of year	\$ 3,302,450	\$ 9,557,555	\$ 12,860,005
Investment return:			
Investment gain (loss)	(931,975)	3,975	(928,000)
New gifts	1,998,478	-	1,998,478
Transfers	(515,766)	-	(515,766)
Released from restrictions	(216,229)	-	(216,229)
Endowment net assets, end of year	<u>\$ 3,636,958</u>	<u>\$ 9,561,530</u>	<u>\$ 13,198,488</u>
	September 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>\$ 3,302,450</u>	<u>\$ 9,557,555</u>	<u>\$ 12,860,005</u>
Changes in Endowment Net Assets,			
Endowment net assets, beginning of year	\$ 2,629,385	\$ 9,352,155	\$ 11,981,540
Investment return:			
Investment gain	1,539,788	5,400	1,545,188
New gifts	450	200,000	200,450
Transfers	(520,067)	-	(520,067)
Released from restrictions	(347,106)	-	(347,106)
Endowment net assets, end of year	<u>\$ 3,302,450</u>	<u>\$ 9,557,555</u>	<u>\$ 12,860,005</u>

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 2. Endowments, Continued

Endowment Net Assets by Class

	September 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments			
Annie Pitts Endowment	\$ 113,206	\$ 220,067	\$ 333,273
Bonner Family Breast Cancer Endowment	85,529	330,000	415,529
Cardiology - Zemp Endowment	189,123	138,596	327,719
Caroline & Kester Freeman Endowment	12,853	79,208	92,061
F.S. Smith, Jr. Endowment	63,148	106,846	169,994
Gemale Endowment	553,994	-	553,994
H. Franklin & Mildred P. Weed Endowment	-	134,449	134,449
Montgomery Cancer Research Center	10,025	104,289	114,314
SC Endowment	290,968	785,280	1,076,248
Thomas Pitts Endowment	1,054,015	3,668,482	4,722,497
W. L. Ivey Fellowship Endowment	155,772	80,171	235,943
Eleanor Clark Endowment	12,685	300,000	312,685
Aflac Hematology/Oncology Chair	119,807	1,269,627	1,389,434
Aflac Foundation Hematology/Oncology	-	400,000	400,000
Arnold Family	371,866	-	371,866
Kondurous Fisherman Endowment	181,568	273,109	454,677
Curing Kids Cancer Research Endowment	313,699	1,200,000	1,513,699
DJ Gibson Endowment	12,910	-	12,910
Other donor restricted endowments	95,770	471,406	567,176
Total donor restricted endowments	<u>\$ 3,636,958</u>	<u>\$ 9,561,530</u>	<u>\$ 13,198,488</u>

	September 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments			
Annie Pitts Endowment	\$ 122,435	\$ 220,067	\$ 342,502
Bonner Family Breast Cancer Endowment	70,017	330,000	400,017
Cardiology - Zemp Endowment	176,888	138,596	315,484
Caroline & Kester Freeman Endowment	9,416	79,208	88,624
F.S. Smith, Jr. Endowment	56,801	106,846	163,647
Gemale Endowment	533,313	-	533,313
H. Franklin & Mildred P. Weed Endowment	-	134,449	134,449
Montgomery Cancer Research Center	52,932	104,289	157,221
SC Endowment	256,995	785,280	1,042,275
Thomas Pitts Endowment	877,715	3,668,482	4,546,197
W. L. Ivey Fellowship Endowment	146,964	80,171	227,135
Eleanor Clark Endowment	2,448	300,000	302,448
Aflac Hematology/Oncology Chair	105,054	1,269,627	1,374,681
Aflac Foundation Hematology/Oncology	-	400,000	400,000
Arnold Family	376,589	-	376,589
Kondurous Fisherman Endowment	174,827	273,109	447,936
Curing Kids Cancer Research Endowment	238,632	1,200,000	1,438,632
DJ Gibson Endowment	12,377	-	12,377
Other donor restricted endowments	89,047	467,431	556,478
Total donor restricted endowments	<u>\$ 3,302,450</u>	<u>\$ 9,557,555</u>	<u>\$ 12,860,005</u>

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 3. Concentrations of Credit Risk

The Foundation and Taylor-Marion place their cash and cash equivalents with high quality financial institutions. At September 30, 2018, deposits with financial institutions exceeded Federal Deposit Insurance Corporation (FDIC) insurance limits.

Note 4. Investments

Investments are presented in the financial statements in the aggregate, at fair market value. Investments consist of the following at September 30, 2018:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>
Equity securities	\$ 8,000	\$ 8,000	\$ -
Mutual funds	25,144,043	27,607,329	2,463,287
Money funds	<u>2,001,230</u>	<u>2,001,230</u>	<u>-</u>
	<u>\$ 27,153,273</u>	<u>\$ 29,616,559</u>	<u>\$ 2,463,287</u>

Investments consist of the following at September 30, 2017:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>
Equity securities	\$ 8,000	\$ 8,000	\$ -
Mutual funds	22,624,137	25,946,484	3,322,347
Money funds	<u>847,236</u>	<u>847,236</u>	<u>-</u>
	<u>\$ 23,479,373</u>	<u>\$ 26,801,720</u>	<u>\$ 3,322,347</u>

Investment revenues are reported net of related expenses of \$45,768 and \$43,024 for the years ended September 30, 2018 and 2017, respectively. Total investment fees paid to the investment manager for the years ended September 30, 2018 and 2017 were \$74,278 and \$65,966, respectively.

The Foundation may invest in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The following table shows gross unrealized losses and fair value of investments in an unrealized loss position at September 30, 2018. The Foundation had 18 investments that were in a loss position at September 30, 2018. The information below is aggregated by investment category and length of time that individual investments have been in a continuous unrealized loss position at September 30, 2018:

	<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
	<u>Fair value</u>	<u>Unrealized loss</u>	<u>Fair value</u>	<u>Unrealized loss</u>	<u>Fair value</u>	<u>Unrealized loss</u>
Mutual funds	\$ 11,613,794	\$ (432,049)	\$ 796,263	\$ (27,348)	\$ 12,410,057	\$ (459,396)
	<u>\$ 11,613,794</u>	<u>\$ (432,049)</u>	<u>\$ 796,263</u>	<u>\$ (27,348)</u>	<u>\$ 12,410,057</u>	<u>\$ (459,396)</u>

The Foundation has the ability and intent to hold these securities until such time as the value recovers. Management believes that the deterioration in value is attributable to a decline in the particular securities market, which is considered a temporary impairment.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 5. Fair Value Measurements

The Foundation determines fair value measurements in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the Foundation assets and liabilities measured at fair value at September 30, 2018 and 2017:

Equity securities and mutual funds- Valued at the closing price reported on the active market on which the individual securities or funds are traded.

Money funds - The carrying amounts of such instruments approximate fair value.

Alternative investment - Trelys - Valued based on the Foundation's capital account as listed in the unaudited September 30, 2018 and 2017 Trelys financial statements which has been adjusted to the Fund's management estimate of fair value of its underlying investments.

Unconditional promises to give - Valued based on discounted future cash flows.

Interest rate swap - Valued based on the unrealized loss position as confirmed by the issuing financial institution at September 30, 2018 and 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 5. Fair Value Measurements, Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities:

	September 30, 2018			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Financial services	\$ 8,000	\$ -	\$ -	\$ 8,000
Total equity securities	8,000	-	-	8,000
Mutual funds:				
Intermediate term bond	6,028,882	-	-	6,028,882
Short term bond	2,462,034	-	-	2,462,034
Large blend	6,193,386	-	-	6,193,386
Large growth	4,974,564	-	-	4,974,564
Large value	1,901,764	-	-	1,901,764
Mid blend	1,559,666	-	-	1,559,666
Mid growth	1,596,963	-	-	1,596,963
Small growth	1,640,320	-	-	1,640,320
Small value	1,249,750	-	-	1,249,750
Total mutual funds	27,607,329	-	-	27,607,329
Money Funds	-	2,001,230	-	2,001,230
Alternative Investment - Trelys	-	-	31,139	31,139
Unconditional promises to give	-	2,265,350	-	2,265,350
Interest rate swap	-	(12,103)	-	(12,103)
Total assets and liabilities at fair value	\$ 27,615,329	\$ 4,254,477	\$ 31,139	\$ 31,900,945

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities:

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Financial services	\$ 8,000	\$ -	\$ -	\$ 8,000
Total equity securities	8,000	-	-	8,000
Mutual funds:				
Intermediate term bond	4,989,991	-	-	4,989,991
Short term bond	758,222	-	-	758,222
Large blend	10,877,759	-	-	10,877,759
Large growth	4,315,352	-	-	4,315,352
Mid blend	1,371,163	-	-	1,371,163
Mid growth	1,671,199	-	-	1,671,199
Small growth	1,041,729	-	-	1,041,729
Small value	921,069	-	-	921,069
Total mutual funds	25,946,484	-	-	25,946,484
Money funds	-	847,236	-	847,236
Alternative Investment - Trelys	-	-	66,089	66,089
Unconditional promises to give	-	2,789,114	-	2,789,114
Interest rate swap	-	(86,257)	-	(86,257)
Total assets and liabilities at fair value	\$ 25,954,484	\$ 3,550,093	\$ 66,089	\$ 29,570,666

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 5. Fair Value Measurements, Continued

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 asset for the year ended September 30:

	Investment in Trelys Funds	
	2018	2017
Balance, beginning of year	\$ 66,089	\$ 61,935
Unrealized gain (loss)	(34,950)	4,154
Balance, end of year	<u>\$ 31,139</u>	<u>\$ 66,089</u>

Note 6. Unconditional Promises To Give

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using the applicable federal rates for determining the present value of an annuity. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Included in contributions receivable are the following unconditional promises to give at September 30:

	2018	2017
PRMH Auxiliary	\$ 195,000	\$ 260,000
Children's Hospital	-	250,000
Curing Kids Cancer - restricted	950,000	1,100,000
Other	<u>1,279,743</u>	<u>1,349,903</u>
	2,424,743	2,959,903
Less: Unamortized discount	<u>159,393</u>	<u>170,789</u>
Net unconditional promises to give	<u>\$ 2,265,350</u>	<u>\$ 2,789,114</u>
Amounts due in:		
Less than one year	\$ 1,995,881	\$ 1,047,550
One to five years	<u>269,469</u>	<u>1,741,564</u>
Total	<u>\$ 2,265,350</u>	<u>\$ 2,789,114</u>

The discount rate used to determine the present value of the estimated future cash flows was 3.4% and 2.4% at September 30, 2018 and 2017, respectively. As of September 30, 2018 and 2017, there was no allowance for unconditional promises to give.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 7. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,274,500	\$ 1,274,500
Buildings and building improvements	2,353,291	2,336,934
Computer equipment	597,716	597,716
Furniture and equipment	<u>298,576</u>	<u>291,971</u>
	4,524,083	4,501,121
Less accumulated depreciation	<u>1,543,049</u>	<u>1,461,008</u>
Property and equipment, net	<u>\$ 2,981,034</u>	<u>\$ 3,040,113</u>

Depreciation expense for the years ended September 30, 2018 and 2017 was \$82,040 and \$76,590, respectively.

Note 8. Charitable Remainder Unitrusts

As of September 30, 2018, the Foundation has been named the beneficiary of four donors' charitable remainder unitrusts (the Trusts). Two of the Trusts provide that the Trustee will pay 5% and 6%, respectively, of the net fair market value of the assets of the Trusts valued on the first day of each taxable year of the Trusts to the donor. Upon the death of each donor, the designated portion of the remaining principal and income will be distributed to the Foundation. As of September 30, 2018, the Foundation is the beneficiary of another trust that is anticipated to distribute assets within one year. As of September 30, 2018, the fair market value of the assets in this trust totaled \$147,308. Another Trust provides for a lump sum payment of \$50,000 upon the death of the donor.

The Foundation is not the trustee of the Trusts. Accordingly, the Foundation has recognized as temporarily restricted contribution revenue and as a receivable, the present value of the estimated future benefits to be received when the Trusts' assets are distributed. The present value was based on the fair market value of the assets. For the year ended September 30, 2018, discount rates of 2.51% and 2.86% were assumed in calculating the present values. For the year ended September 30, 2017, discount rates of 1.29% and 1.94% were assumed in calculating the present values. The present values of the estimated future benefits to be received when the Trusts' assets are distributed are \$291,284 and \$434,593 at September 30, 2018 and 2017, respectively.

Note 9. Other Investments

In April 1989, the Foundation purchased a 45.38% interest in Hospital Services, Inc. (HSI) for \$1,413,000 in exchange for a note payable to Palmetto Health, which is collateralized by HSI common stock. As a result of restrictions in the loan agreement, the Foundation's influence over the operations of HSI and the Foundation's risk of gain or loss are significantly limited. Accordingly, the investment is recorded on the cost basis.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 9. Other Investments, Continued

Summarized unaudited financial information of HSI as of and for the years ended September 30 is as follows:

	<u>2018</u>	<u>2017</u>
Current assets	\$ 2,724,601	\$ 3,021,262
Net fixed assets and other	<u>2,340,862</u>	<u>2,442,863</u>
Total assets	<u>\$ 5,065,463</u>	<u>\$ 5,464,125</u>
Current liabilities	\$ 605,417	\$ 755,512
Long-term liabilities	550,908	534,996
Stockholders' equity	<u>3,909,138</u>	<u>4,173,617</u>
Total liabilities and equity	<u>\$ 5,065,463</u>	<u>\$ 5,464,125</u>
Revenue	\$ 7,870,206	\$ 7,762,037
Expenses	<u>7,752,996</u>	<u>7,053,796</u>
Net income	<u>\$ 117,210</u>	<u>\$ 708,241</u>

In April 2003, the Foundation began investing in The Trelys Funds, LP (Trelys). As of September 30, 2018 and 2017, the investment was valued at \$31,139 and \$66,089, respectively.

Note 10. Note Payable

In connection with the 1989 acquisition of its interest in HSI, the Foundation issued an interest bearing demand note to Palmetto Health. During 1992, the terms of the note were revised and accrued interest was forgiven. The revised terms make payment of principal and interest contingent upon (1) receipt of dividends from HSI (in the case of principal) or (2) proceeds from the sale of HSI stock, and in no event shall the amount due to Palmetto Health exceed the proceeds received from the sale of stock. In accordance with the terms of the note, the Foundation shall pay Palmetto Health, upon sale, an amount equal to \$85,000 for each year the note remains outstanding from its original inception in 1989. The \$85,000 annual amount is in addition to the \$1,413,000 principal outstanding and will be payable only from proceeds received by the Foundation from the disposition of the stock in excess of \$1,413,000. No accrual of the annual fees (totaling approximately \$2,444,000 and \$2,359,000 at September 30, 2018 and 2017, respectively), or interest has been recorded at September 30, 2018 or 2017.

Note 11. Bond Payable

In August 2006, the Foundation authorized issuance of \$4,160,000 in revenue bonds in the name of Taylor-Marion for the purpose of financing the purchase of an office building and funding the renovation and furnishing of this new facility, which is collateralized by the building, fixtures, and land. The bond was refinanced in September 2015 with a maturity date of September 1, 2025 and bears interest at 68% of the London Interbank Offered Rate (LIBOR) (2.11% at September 30, 2018) plus 1.2725%.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 11. Bond Payable, Continued

Principal maturities for the years following September 30, 2018, are as follows:

2019	\$	216,251
2020		207,272
2021		214,644
2022		222,278
2023		230,184
Thereafter		<u>982,790</u>
		2,073,419
Less debt issuance costs		<u>34,443</u>
		<u>\$ 2,038,976</u>

In August 2006, the Foundation also entered into an interest rate swap agreement with a financial institution, which effectively hedged its variable interest rate exposure on its outstanding debt. In connection with the refinancing noted above, this swap agreement was terminated.

The Foundation entered into a new swap agreement in September 2015 in connection with the financing. Under the new agreement, the swap has an original notional principal amount of \$2,632,444 at a fixed rate of 3.37% per annum, which reduces as debt principal payments are made.

The fair value of the swap was a liability of \$12,103 and \$86,257 as of September 30, 2018 and 2017, respectively, which would be payable to the financial institution if the agreement was terminated prior to its maturity.

Note 12. In-Kind Contributions

The Foundation recognizes contribution revenue and expense for certain services and items received at the fair value of those services or items. The following in-kind contributions are recorded in the accompanying statements of activities as revenue and expense for the year ended September 30:

	<u>2018</u>	<u>2017</u>
Advertising	\$ 193,715	\$ 108,300
Food, beverages	22,298	12,990
Program miscellaneous	239,392	216,434
Miscellaneous	<u>23,819</u>	<u>36,500</u>
	<u>\$ 479,224</u>	<u>\$ 374,224</u>

Note 13. Employee Leasing/Retirement Plans

The Foundation has an employee leasing agreement under which all Foundation personnel are leased from an outside agency. The agency handles all payroll administration, employee benefits and related matters in exchange for a monthly fee. All leased employees who work full time and are at least twenty-one years of age are covered under a defined contribution 401(k) plan maintained by the leasing agency. Eligible participants may contribute up to fifteen percent of their annual compensation up to federally mandated maximums. During the years ended September 30, 2018 and 2017, the Foundation made matching contributions of 4% of the participants' eligible compensation. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Foundation's contributions to the plan totaled \$67,509 and \$66,288 during the years ended September 30, 2018 and 2017, respectively.

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 14. Leases

The Foundation leases office and storage space from Taylor-Marion for approximately \$29,800 per month. This month-to-month rental began in November 2006 and continued through the 2018 fiscal year. This rent is eliminated in consolidation. Management anticipates continuing this rental agreement for the foreseeable future.

Note 15. Allocated Joint Costs

In 2018, the costs of conducting fundraising events included a total of \$1,307,823 of joint costs that are not directly attributable to the program service component or the fundraising component of the activities. Those joint costs were allocated \$725,541 to program services and \$582,282 to awareness.

In 2017, the costs of conducting fundraising events included a total of \$1,232,386 of joint costs that are not directly attributable to the program service component or the fundraising component of the activities. Those joint costs were allocated \$689,328 to program services and \$543,058 to awareness.

Note 16. Related Parties

The Foundation has an agreement with Palmetto Health to provide fundraising activities in support of Palmetto Health's programs and services, specifically to provide the present level of fundraising support and event management to Children's Hospital of Palmetto Health Richland, the Palmetto Health Cancer Centers, and other hospital programs. In fiscal year 2018 and 2017, these commitments totaled \$1,550,000 for each fiscal year. In exchange for these services, Palmetto Health made payments to the Foundation for these fiscal years. The agreement renews annually with the amount being negotiated each year. Future commitments due from Palmetto Health under this agreement are as follows:

October 1, 2018 - September 30, 2019	<u>\$ 1,550,000</u>
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Significant related party transactions for the years ended September 30 are as follows:

	<u>2018</u>	<u>2017</u>
Contract services with Palmetto Health	\$ 1,550,000	\$ 1,550,000
Rent for equipment leased from Palmetto Health	2,016	1,847
Program services provided by Palmetto Health	44,125	45,971
Equipment provided by Palmetto Health	-	197
Rent for office and storage space leased to Palmetto Health	330,975	330,975

Palmetto Health Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 16. Related Parties, Continued

Effective November 1, 2006, Palmetto Health signed a lease agreement with Taylor-Marion to occupy approximately 12,500 square feet of space within Taylor-Marion's office facility. This twenty year lease which expires October 31, 2026 requires that Palmetto Health, as tenant, pay Taylor-Marion an annual minimum rent of approximately \$297,900 in equal monthly installments of \$24,825 through October 2016. Thereafter, annual minimum rent will increase on November 1, 2016, 2019, 2022 and 2025, based on a calculation using average and current consumer price index.

The Foundation staff also assists Palmetto Health with fund-raising by preparing federal grant applications for specific programs, and, at times, the grant program funding is transmitted directly to the Foundation in an agency capacity. During the year ended September 30, 2014, the Foundation obtained grant funds totaling \$587,232 over three years on behalf of Palmetto Health. All funds will be disbursed to Palmetto Health during those years. During the year ended September 30, 2016, the Foundation obtained grant funds totaling \$268,949. All funds will be disbursed to Palmetto Health over the next three years.

Note 17. Subsequent Events

The Foundation committed to fund Palmetto Health with minimum annual contributions equal to two times the annual payment Palmetto Health provides to the Foundation for services directly provided. In fiscal year 2018, the Foundation has committed to distributing a total of \$3,655,777 to Palmetto Health, to support the Children's Hospital AMC, Camp Kemo programs, and other medical service support programs of Palmetto Health.

Palmetto Health Foundation and Subsidiary

Consolidating Statement of Financial Position

September 30, 2018

	Palmetto Health Foundation	Taylor-Marion PHF, LLC	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 763,189	\$ 1,817,194	\$ -	\$ 2,580,383
Investments	29,616,559	-	-	29,616,559
Unconditional promises to give, net				
Restricted	1,995,881	-	-	1,995,881
Accounts receivable	1,564	29,736	(1,564)	29,736
Accrued interest receivable	222,612	-	-	222,612
Prepaid expenses and other	332,079	1,745	-	333,824
Total current assets	32,931,884	1,848,675	(1,564)	34,778,995
Long-term unconditional promises to give, net				
Restricted	269,469	-	-	269,469
Property and equipment, net	32,377	2,948,657	-	2,981,034
Other assets				
Investment in Hospital Services, Inc.	1,413,000	-	-	1,413,000
Investment in Taylor-Marion PHF, LLC	2,731,198	-	(2,731,198)	-
Contributions receivable from remainder unitrusts	291,284	-	-	291,284
Investment in The Trelys Funds, LP	31,139	-	-	31,139
	4,466,621	-	(2,731,198)	1,735,423
Total assets	\$ 37,700,351	\$ 4,797,332	\$ (2,732,762)	\$ 39,764,921
Liabilities and Net Assets/Member's Equity				
Current liabilities				
Current portion of bond payable	\$ -	\$ 210,511	\$ -	\$ 210,511
Accounts payable	71,899	9,157	-	81,056
Accrued expenses and other	187,801	5,898	(1,564)	192,135
Deferred revenue	637,880	-	-	637,880
Total current liabilities	897,580	225,566	(1,564)	1,121,582
Long-term liabilities				
Note payable	1,413,000	-	-	1,413,000
Bond payable	-	1,828,465	-	1,828,465
Unrealized loss on interest rate swap instrument	-	12,103	-	12,103
Total long term liabilities	1,413,000	1,840,568	-	3,253,568
Total liabilities	2,310,580	2,066,134	(1,564)	4,375,150
Net assets/member's equity				
Unrestricted	6,933,827	-	-	6,933,827
Temporarily restricted	18,894,414	-	-	18,894,414
Permanently restricted	9,561,530	-	-	9,561,530
Total net assets	35,389,771	-	-	35,389,771
Member's equity	-	2,731,198	(2,731,198)	-
Total member's equity	-	2,731,198	(2,731,198)	-
Total net assets/member's equity	35,389,771	2,731,198	(2,731,198)	35,389,771
Total liabilities and net assets/member's equity	\$ 37,700,351	\$ 4,797,332	\$ (2,732,762)	\$ 39,764,921

Palmetto Health Foundation and Subsidiary
Consolidating Statement of Activities
For the year ended September 30, 2018

	Palmetto Health Foundation	Taylor-Marion PHF, LLC	Eliminations	Consolidated
Changes in unrestricted net assets/net gain (loss)				
Revenues				
Contributions	\$ 86,183	\$ -	\$ -	\$ 86,183
Palmetto Health contract services	1,550,000	-	-	1,550,000
Rental income	-	687,803	(330,975)	356,828
Interest and dividends	200,108	2,013	-	202,121
Net realized and unrealized gains on investments	970,701	-	-	970,701
Equity in net income of affiliates	476,502	-	(476,502)	-
Total unrestricted revenues	3,283,494	689,816	(807,477)	3,165,833
Net assets released from restrictions	6,735,707	-	-	6,735,707
Transfers	1,119,687	-	-	1,119,687
	11,138,888	689,816	(807,477)	11,021,227
Expenses				
Program services	7,355,996	-	-	7,355,996
Costs of direct benefits to donors	177,103	-	-	177,103
Management and general	577,356	287,467	(330,975)	533,848
Fundraising	1,758,485	-	-	1,758,485
Total expenses	9,868,940	287,467	(330,975)	9,825,432
Change in unrestricted net assets/net gain				
before unrealized gain on interest rate swap instrument	1,269,948	402,349	(476,502)	1,195,795
Unrealized gain on interest rate swap instrument	-	74,153	-	74,153
Change in unrestricted net assets/net gain	1,269,948	476,502	(476,502)	1,269,948
Changes in temporarily restricted net assets				
Revenues				
Contributions	5,132,104	-	-	5,132,104
Special event revenue	2,800,005	-	-	2,800,005
Interest and dividends	272,615	-	-	272,615
Net unrealized and realized gains on investments	1,306,392	-	-	1,306,392
Change in value of split-interest agreement	(14,836)	-	-	(14,836)
Total temporarily restricted revenues	9,496,280	-	-	9,496,280
Net assets released from restrictions	(6,735,707)	-	-	(6,735,707)
Transfers	(1,119,687)	-	-	(1,119,687)
Change in temporarily restricted net assets	1,640,886	-	-	1,640,886
Changes in permanently restricted net assets				
Revenues				
Contributions	3,975	-	-	3,975
Total permanently restricted revenues	3,975	-	-	3,975
Change in permanently restricted net assets	3,975	-	-	3,975
Change in net assets/net gain (loss)	2,914,809	476,502	(476,502)	2,914,809
Net assets/member's equity, beginning of year	32,474,962	2,254,696	(2,254,696)	32,474,962
Net assets/member's equity, end of year	\$ 35,389,771	\$ 2,731,198	\$ (2,731,198)	\$ 35,389,771

Palmetto Health Foundation and Subsidiary
Statement of Changes in Net Assets
For the year ended September 30, 2018

	September 30, 2017	Revenues, gains (losses) and other support	Expenses	Transfers In (Out)	September 30, 2018
Unrestricted Fund	\$ 5,663,879	\$ 3,283,494	\$ 3,133,233	\$ 1,119,687	\$ 6,933,827
Adult Acute Care Services	15,119	614	15,239	-	494
Adolescent Chemically Dependent Outpatient Program Quasi Endowment	50,131	3,937	-	(17,507)	36,561
Adolescent Psychiatry	3,125	675	-	(113)	3,687
Adolescent Substance Abuse Prevention Endowment	1,204	995	-	(560)	1,639
Annie Pitts Endowment	122,435	28,902	-	(38,131)	113,206
Arnold Family Quasi Endowment	376,589	32,937	18,831	(18,829)	371,866
B. Smith Cancer Fund	43,221	1,500	6,000	(2,161)	36,560
Baptist Project	9,494	955	-	(413)	10,036
Bayler Teal Fund	123,000	33,933	-	(36,979)	119,954
Behavioral Care	396,084	10,705	361,455	(2,591)	42,743
Beverly Zeigler Endowment	11,745	3,356	-	(1,890)	13,211
Bonner Family Breast Cancer Endowment	70,017	35,513	-	(20,001)	85,529
Breast Health	595,111	13,675	371,111	506,312	743,987
Camp Kemo Quasi Endowment	998,657	88,397	10,000	150,067	1,227,121
Camp Kemo Programs	564,526	457,026	331,105	(133,893)	556,554
Camp Wonderhands	32,583	38,892	40,505	(1,517)	29,453
Cardiology	193,175	9,651	1,906	(8,741)	192,179
Cardiology - Zemp Endowment	176,888	28,009	-	(15,774)	189,123
Caroline & Kester Freeman Endowment	9,416	7,868	-	(4,431)	12,853
Champions	56,757	74,079	41,407	(3,787)	85,642
Child Abuse	318,135	275	84,801	(14,649)	218,960
Child Life	13,183	41,985	30,353	(607)	24,208
Children's Hospital	1,981,298	79,475	1,198,649	1,535,838	2,397,962
Children's Hospital Capital Campaign	15,471	(2,720)	-	-	12,751
Children's Hospital Quasi Endowment	349,228	30,869	28,000	6,119	358,216
Children's Hospital Seizure Disorder Program	1,618	-	1,618	-	-
Children's Miracle Network	-	474,952	75,427	(399,525)	-
Children's Services - Baptist	74,016	9,838	23,336	(3,262)	57,256
Community Initiative Fund	31,666	125	3,000	(1,583)	27,208
Community Services	91,487	41,178	48,679	(979)	83,007
Crisis Assistance Fund	52,920	-	-	(2,646)	50,274
Curing Kids Cancer Research Quasi Endowment	238,632	131,999	40,000	(16,932)	313,699
Dance Marathon	-	1,090,749	165,237	(925,512)	-
Dental Residency Quasi Endowment	50,683	7,841	1,864	(2,394)	54,266
Derrick/Lynch Champion of Children	7,678	-	500	(384)	6,794
Double E Quasi Endowment	372,396	426,363	374,880	(18,120)	405,759
Duby Thomson Quasi Endowment	103,390	9,179	-	(5,170)	107,399
E.J. Dennis Endowment	9,074	10,901	-	(6,139)	13,836
Educational Scholarships	13,549	4	95	(671)	12,787
Eleanor Clark Endowment	2,448	26,798	-	(16,561)	12,685
Emergency Services	138,351	78,830	160,993	(5,544)	50,644
Employee Benevolence	120,813	11,418	2,878	(4,103)	125,250
ER Medicine	27,426	-	-	(1,371)	26,055
F.S. Smith, Jr. Endowment	56,801	14,529	-	(8,182)	63,148
Family Practice Fund	13,429	-	12	(668)	12,749
Festival of Trees	-	242,621	79,211	(163,410)	-
Frederick Blair Bauknight Endowment	12,330	2,125	-	(2,344)	12,111
Fuller Charitable Remainder Trust	7,546	(198)	-	-	7,348
Gemale Quasi Endowment	533,313	47,347	-	(26,666)	553,994
Geriatrics	250,808	15,625	250,996	(2,183)	13,254
Greyson Draughon Carlisle Endowment	42,609	6,560	-	(3,333)	45,836
Golf Classic	-	163,855	66,669	(97,186)	-
H. Franklin & Mildred P. Weed Blood Disorder Endowment	-	11,259	-	(11,259)	-
Harper Scholarship Quasi Endowment	21,922	1,946	-	(1,096)	22,772
Helman Endowment	-	2,810	-	(2,810)	-
Hematology/Oncology (Aflac) Endowment	105,054	117,741	41,754	(61,234)	119,807
HRSA-HCOP Grant - Nursing Education	40,734	46,353	87,087	-	-
Hospice - General Midlands Fund	407,020	30,366	1,189	(17,417)	418,780

Palmetto Health Foundation and Subsidiary
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	September 30, 2017	Revenues, gains (losses) and other support	Expenses	Transfers In (Out)	September 30, 2018
Hospice Designated Quasi Endowment	437,326	39,485	24,540	(22,602)	429,669
Kemopalooza	-	123,173	56,203	(66,970)	-
Kondurous Fisherman Quasi Endowment	174,827	15,432	-	(8,691)	181,568
Lee Hinton Pediatric Transport Endowment	13,737	68,261	66,778	(2,051)	13,169
Linda Wells Camp Kemo Endowment	1,454	1,730	-	(1,830)	1,354
Mildred P. & H. Franklin Weed, Jr. Scholarship Endowment	-	3,739	-	(3,739)	-
Montgomery Cancer Research Endowment	52,932	12,699	47,745	(7,861)	10,025
Neonatal Intensive Care Unit	360	245	-	-	605
Neurosurgery	54,950	45,788	7,000	(2,559)	91,179
NICU Quasi Endowment	231,066	111,058	205,925	6,322	142,521
Nurse Anesthesia	36,313	1,750	5	(1,699)	36,359
Nursing Education	11,690	6,975	265	(387)	18,013
Ostomy Endowment	19,208	4,633	-	(942)	22,899
Palmetto Senior Care	10,312	3,285	195	(534)	12,868
Pastoral Counseling Quasi Endowment	207,970	19,095	-	(10,392)	216,673
Pastoral Services	71,999	3,291	1,187	(3,108)	70,995
Patient Assistance Quasi Endowment	20,921	1,857	-	(1,046)	21,732
Pediatric Aids Clinic	233	-	-	(233)	-
Pediatric Emergency Room	7,975	3,891	110	(339)	11,417
Pediatric Intensive Care Unit	33,838	5,120	11,625	(1,501)	25,832
Pediatric Oncology	427,174	154,437	103,713	184,832	662,730
Pediatric Palliative Care	20,673	7,516	19,000	3,656	12,845
Personal Touches Volunteer	75,068	278,480	194,391	-	159,157
PH Parkridge	490,190	16,667	261,333	(20,415)	225,109
PH President's Quasi Endowment	200,835	30,087	72,000	(158,922)	-
PH Richland Auxiliary Quasi Endowment	388,204	35,338	65,000	-	358,542
PHCC	1,956,748	29,372	388,063	57,331	1,655,388
PHCC - Designated	125,219	106,335	113,461	(40,837)	77,256
PHCC Dr. Butler Quasi Endowment	6,529	580	-	(326)	6,783
PHCC Quasi Endowment	107,633	9,556	-	(5,382)	111,807
Radiothon	-	200,916	147,789	(53,127)	-
Ralph Bivona Endowment	-	820	-	(820)	-
Reach Out & Read	124,974	58,271	47,160	(6,249)	129,836
Roach Pediatric Palliative Care and Hospice Endowment	24,492	11,666	-	(7,852)	28,306
SAFE Kids	64,557	135	55,000	(3,228)	6,464
SC Endowment	256,995	92,396	48,000	(10,423)	290,968
Schaadt Charitable Remainder Trust	92,214	2,069	-	-	94,283
Sickle Cell Program	34,726	1,588	15,000	(21,314)	-
Simulation Center	25,000	227,901	252,151	-	750
Support Services	547	-	-	(547)	-
Surgery Endowment	149,171	13,243	-	(7,452)	154,962
Surgical Services	5,240	25	-	(261)	5,004
Tate Scholarship Endowment	-	1,506	-	(1,506)	-
Thomas Pitts Endowment	877,715	403,610	-	(227,310)	1,054,015
Trauma Services	161,362	347,239	211,202	(7,371)	290,028
Walk for Life	-	743,552	210,766	(532,786)	-
W.L. Ivey Fellowship Endowment	146,964	20,165	-	(11,357)	155,772
Women's Board Fund	201,385	5,235	375	(9,610)	196,635
Women's Leadership Circle	15,345	13,438	2,570	(12,683)	13,530
Women's Services	38,752	10,963	6,130	(1,163)	42,422
Wyman Boozer Quasi Endowment	190,944	16,952	-	(12,492)	195,404
CN Nursing Education	1,500	1,500	1,000	(75)	1,925
Cinda Rae Anderson Trust	289,579	27,743	-	(170,014)	147,308
The Aflac Foundation Pediatric Hematology/Oncology Endowment	-	34,712	19,900	(14,812)	-
DJ Gibson Quasi Endowment	12,377	1,129	-	(596)	12,910
Pediatric Diabetes & Obesity	-	375	-	-	375
Prospt M.D. Child Development/Behavioral	-	1,400	-	8,658	10,058
Ophthalmology	-	6,250	-	-	6,250
Parkridge Volunteer Auxiliary	-	15,000	9,704	-	5,296
BHS Board of Trustees Quasi Endowment	-	424,059	-	-	424,059
Pediatric Trauma Quasi Endowment	-	1,111	-	27,850	28,961
Neonatology Quasi Endowment	-	362,519	-	-	362,519
Graduate Medical Educ & Research Quasi Endowment	-	773,422	-	-	773,422
Continuing Medical Educ Quasi Endowment	-	490,878	105,634	-	385,244
Total temporarily restricted	17,253,528	9,496,280	6,735,707	(1,119,687)	18,894,414

Palmetto Health Foundation and Subsidiary
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	September 30, 2017	Revenues, gains (losses) and other support	Expenses	Transfers In (Out)	September 30, 2018
Adolescent Substance Abuse Prevention Endowment	10,000	-	-	-	10,000
Aflac Pediatric Oncology/Hematology Endowed Chair	1,269,627	-	-	-	1,269,627
Annie Pitts Endowment	220,067	-	-	-	220,067
Kondurous Fisherman Endowment	273,109	-	-	-	273,109
Beverly Zeigler Endowment	26,060	-	-	-	26,060
Bonner Family Breast Cancer Endowment	330,000	-	-	-	330,000
Cardiology - Zemp Endowment	138,596	-	-	-	138,596
Caroline & Kester Freeman Endowment	79,208	-	-	-	79,208
Curing Kids Cancer Research Endowment	1,200,000	-	-	-	1,200,000
E.J. Dennis Endowment	113,707	-	-	-	113,707
Eleanor Clark Endowment	300,000	-	-	-	300,000
F. S. Smith, Jr. Endowment	106,846	-	-	-	106,846
Frederick Blair Bauknight Endowment	12,500	-	-	-	12,500
Greyson Draughon Carlisle Endowment	26,367	225	-	-	26,592
H. Franklin & Mildred P. Weed Endowment	134,449	-	-	-	134,449
Helman Endowment	34,475	-	-	-	34,475
Hematology/Oncology (Aflac)	400,000	-	-	-	400,000
Hospice Endowment	14,723	-	-	-	14,723
Lee Hinton Pediatric Transport Endowment	27,530	1,000	-	-	28,530
Linda Wells Camp Kemo Endowment	18,125	1,750	-	-	19,875
Mildred P. & H. Franklin Weed, Jr. Scholarship Endowment	45,172	-	-	-	45,172
Montgomery Cancer Research Endowment	104,289	-	-	-	104,289
Ralph Bivona Endowment	10,000	-	-	-	10,000
Roach Pediatric Palliative Care and Hospice Endowment	110,771	-	-	-	110,771
SC Endowment	785,280	-	-	-	785,280
Tate Scholarship Endowment	18,001	1,000	-	-	19,001
Thomas Pitts Endowment	3,668,482	-	-	-	3,668,482
W.L. Ivey Fellowship Endowment	80,171	-	-	-	80,171
Total permanently restricted	9,557,555	3,975	-	-	9,561,530
Totals	\$ 32,474,962	\$ 12,783,749	\$ 9,868,940	\$ -	\$ 35,389,771