

Prisma Health Midlands Foundation and Subsidiary

Report on Consolidated Financial Statements

For the years ended September 30, 2021 and 2020

Prisma Health Midlands Foundation and Subsidiary

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Independent Auditor's Report

The Board of Directors
Prisma Health Midlands Foundation
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Prisma Health Midlands Foundation and Subsidiary (the "Foundation") which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, 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 Prisma Health Midlands Foundation and Subsidiary as of September 30, 2021 and 2020, 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.

Elliott Davis, LLC

Columbia, South Carolina
January 28, 2022

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statements of Financial Position

As of September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,785,690	\$ 3,222,094
Investments	32,644,092	27,929,355
Unconditional promises to give, net		
Restricted	324,780	442,434
Accrued interest receivable	7,256	8,263
Prepaid expenses and other	150,593	278,846
Total current assets	<u>35,912,411</u>	<u>31,880,992</u>
Long-term unconditional promises to give, net		
Restricted	<u>300,620</u>	<u>520,000</u>
	<u>300,620</u>	<u>639,539</u>
Property and equipment, net	<u>3,126,939</u>	<u>2,926,747</u>
Other assets		
Contributions receivable from remainder unitrusts	160,393	152,829
Investment in The Trelys Funds, LP	39,724	39,724
	<u>200,117</u>	<u>192,553</u>
Total assets	<u>\$ 39,540,087</u>	<u>\$ 35,520,292</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of bond payable	\$ 215,881	\$ 208,269
Accounts payable	10,593	42,631
Accrued expenses and other	191,719	69,063
Deferred revenue	178,120	205,711
Total current liabilities	<u>596,313</u>	<u>525,674</u>
Long-term liabilities		
Bond payable	1,220,086	1,435,967
Unrealized loss on interest rate swap instrument	68,169	111,311
Total long-term liabilities	<u>1,288,255</u>	<u>1,547,278</u>
Total liabilities	<u>1,884,568</u>	<u>2,072,952</u>
Net assets		
Without donor restrictions	10,605,803	8,194,807
With donor restrictions	27,049,716	25,252,533
Total net assets	<u>37,655,519</u>	<u>33,447,340</u>
Total liabilities and net assets	<u>\$ 39,540,087</u>	<u>\$ 35,520,292</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statements of Activities

For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenues		
Contributions	\$ 88,133	\$ 711,687
Prisma Health contract services	1,550,000	775,000
Rental income	380,269	378,316
Interest and dividends	151,889	191,175
Net realized and unrealized gains on investments	2,340,450	1,220,111
Paycheck Protection Program (PPP) refunded advance	291,237	291,237
Unrealized gain on interest rate swap instrument	43,142	-
Total revenues without donor restrictions	<u>4,845,120</u>	<u>3,567,526</u>
Net assets released from donor restrictions	4,799,988	6,805,221
Transfers	345,503	1,338,972
	<u>9,990,611</u>	<u>11,711,719</u>
Expenses		
Program services	5,714,577	8,431,298
Costs of direct benefits to donors	41,183	114,600
Management and general	457,219	558,010
Fundraising	1,366,636	1,613,758
Total expenses	<u>7,579,615</u>	<u>10,717,666</u>
Change in net assets without donor restrictions		
before unrealized loss on interest rate swap instrument	2,410,996	994,053
Unrealized loss on interest rate swap instrument	-	(28,533)
Change in net assets without donor restrictions	<u>2,410,996</u>	<u>965,520</u>
Changes in net assets with donor restrictions		
Revenues		
Contributions	1,706,887	3,226,142
Special event revenue	1,717,176	2,427,112
Interest and dividends	242,104	338,862
Net realized and unrealized gains on investments	3,268,942	885,951
Change in value of split-interest agreements	7,565	2,618
Total revenues with donor restrictions	<u>6,942,674</u>	<u>6,880,685</u>
Net assets released from donor restrictions	(4,799,988)	(6,805,221)
Transfers	(345,503)	(1,338,972)
Change in net assets with donor restrictions	<u>1,797,183</u>	<u>(1,263,508)</u>
Change in net assets	4,208,179	(297,988)
Net assets, beginning of year	<u>33,447,340</u>	<u>33,745,328</u>
Net assets, end of year	<u>\$ 37,655,519</u>	<u>\$ 33,447,340</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statement of Functional Expenses

For the year ended September 30, 2021

	Program services			Total
	Hospital	Management and General	Fundraising	
Grants and other assistance	\$ 4,512,665	\$ -	\$ -	\$ 4,512,665
Salaries and wages	864,896	332,321	762,222	1,959,439
Payroll taxes	55,129	21,182	48,585	124,896
Accounting	34,071	13,091	30,026	77,188
Supplies	1,868	718	1,646	4,232
Telephone	1,428	549	1,259	3,236
Postage and shipping	604	232	533	1,369
Printing and publishing	1,669	641	1,471	3,781
Travel	1	1	1	3
Office expense	14,692	5,645	12,948	33,285
Dues	149	57	131	337
Insurance	3,508	1,348	3,092	7,948
Investment fees	41,828	16,071	36,862	94,761
Recognition expense	2,315	889	2,040	5,244
Computer expense	51,408	19,753	45,305	116,466
Catering	678	260	597	1,535
Leasing	1,280	490	1,127	2,897
Employee recruitment	73	28	64	165
Board development	2,747	1,056	2,421	6,224
Promotional expense	4,168	1,601	3,673	9,442
Special event expense	74,958	24,776	415,954	515,688
Bad debt	3,918	938	2,148	7,004
Depreciation and amortization	40,524	15,572	35,714	91,810
	<u>\$ 5,714,577</u>	<u>\$ 457,219</u>	<u>\$ 1,407,819</u>	<u>\$ 7,579,615</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statement of Functional Expenses

For the year ended September 30, 2020

	Program services			Total
	Hospital	Management and General	Fundraising	
Grants and other assistance	\$ 6,393,100	\$ -	\$ -	\$ 6,393,100
Salaries and wages	897,583	320,341	740,154	1,958,078
Payroll taxes	59,811	21,346	49,320	130,477
Legal	16,372	5,843	13,500	35,715
Accounting	34,780	12,413	28,680	75,873
Supplies	3,950	1,410	3,255	8,615
Telephone	1,898	677	1,564	4,139
Postage and shipping	1,711	611	1,411	3,733
Printing and publishing	8,715	3,110	7,186	19,011
Travel	197	70	162	429
Office expense	19,722	7,039	16,263	43,024
Dues	2,215	791	1,827	4,833
Insurance	4,085	1,458	3,368	8,911
Investment fees	38,846	13,864	32,033	84,743
Recognition expense	7,288	2,601	6,010	15,899
Computer expense	54,247	19,360	44,732	118,339
Catering	990	353	816	2,159
Leasing	153,773	54,879	126,802	335,454
Gas and maintenance	2,475	883	2,041	5,399
Employee recruitment	315	112	260	687
Board development	24,555	8,764	20,248	53,567
Promotional expense	4,260	1,520	3,513	9,293
Special event expense	38,913	63,741	586,342	688,996
Bad debt	620,069	2,038	4,709	626,816
Depreciation and amortization	41,428	14,786	34,162	90,376
	<u>\$ 8,431,298</u>	<u>\$ 558,010</u>	<u>\$ 1,728,358</u>	<u>\$ 10,717,666</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statements of Cash Flows

For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 4,208,179	\$ (297,988)
Adjustments to reconcile the change in net assets to net cash used for operating activities		
Depreciation and amortization	91,810	90,376
Net realized and unrealized gains on investments	(5,609,392)	(2,106,062)
Dividends reinvested	(392,406)	(503,109)
Amortization of bond discounts and premiums	-	4,650
Change in value of remainder unitrusts	(7,564)	(2,618)
Unrealized (gain)/loss on interest rate swap instrument	(43,142)	28,533
Write offs of pledges receivable	-	467,931
Changes in deferred and accrued amounts		
Unconditional promises to give, net	337,034	380,083
Accrued interest receivable	1,007	5,496
Prepaid expenses and other	128,253	54,994
Accounts payable	(32,038)	(65,333)
Accrued expenses and other	122,656	(104,591)
Deferred revenue	(27,591)	(151,923)
Net cash used for operating activities	<u>(1,223,194)</u>	<u>(2,199,561)</u>
<i>Investing activities</i>		
Purchases of property and equipment	(286,262)	(79,826)
Purchases of investments	(5,568,626)	(6,138,545)
Sales and redemptions of investments	6,855,687	8,862,020
Net cash provided by investing activities	<u>1,000,799</u>	<u>2,643,649</u>
<i>Financing activities</i>		
Bond payments	(214,009)	(206,659)
Net cash used for financing activities	<u>(214,009)</u>	<u>(206,659)</u>
Net increase (decrease) in cash and cash equivalents	(436,404)	237,429
<i>Cash and cash equivalents, beginning of year</i>	3,222,094	2,984,665
<i>Cash and cash equivalents, end of year</i>	<u>\$ 2,785,690</u>	<u>\$ 3,222,094</u>
Supplemental cash flow information		
Cash paid during the year for interest	<u>\$ 53,566</u>	<u>\$ 60,819</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

The consolidated financial statements of Prisma Health Midlands Foundation (the "Foundation") and its wholly owned subsidiary, Taylor-Marion PHMF, 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 Prisma Health – Midlands and its related organizations ("Prisma Health – Midlands"). The Foundation supports and promotes Prisma Health – Midlands 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 Prisma Health – Midlands.

Consolidation:

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

Net assets:

The Foundation's net assets are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time (that is, when a stipulated time restriction ends, or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Endowment funds:

The Board of Directors of Prisma Health Midlands 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, Prisma Health Midlands Foundation classifies as net assets with donor restrictions (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 is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

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 statements 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 The Trelys Funds, LP is valued based on the Foundation's capital account as listed in the unaudited December 31, 2019 Trelys financial statements, which has been adjusted to the Fund management's estimate of fair value of its underlying investments. The unaudited December 31, 2020 Trelys financial statements were not available as of the report issuance date.

These investments are evaluated annually for impairment and adjusted accordingly.

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 bond payable for consolidated statements of financial position purposes. For the years ended September 30, 2021 and 2020, amortization of loan costs was \$5,740.

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.

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, 2021 and 2020 was 5% and totaled \$775,973 and \$972,129, respectively, and is included within transfers on the consolidated statements of activities.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Revenue recognition:

Contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from donor 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 Prisma Health – Midlands with federal grant applications and, at times, receives grant contributions on behalf of Prisma Health – Midlands. These funds are recorded as a liability in the period received and are generally disbursed to Prisma Health – Midlands 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.

Availability of funds for general expenditures:

The Foundation has certain net assets that are available for general expenditures within one year of September 30, 2021 and 2020 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the assets available to meet general expenditures within one year (See Note 2).

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

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 (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, 2021, 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.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of the Foundation include:

Program services expenses – Program services expenses include the costs associated with specific Foundation programs.

Management and general expenses – Management and general expenses include the general, administrative, and operating costs of the Foundation.

Fundraising expenses – These expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Overhead is allocated based on management's estimate of time and effort, and all other expenses are allocated based on direct costs.

Recent accounting pronouncements:

In June 2019, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The clarifying guidance will be effective for annual periods beginning after December 15, 2020. Early adoption is permitted. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The amendments will be effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Foundation's net assets or changes in net assets.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 1. Summary of Significant Accounting Policies, Continued

Subsequent events:

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 28, 2022, the date the consolidated financial statements were available to be issued.

Note 2. Availability and Liquidity

Assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the consolidated statements of financial position date of September 30, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Assets at year-end	\$ 39,540,087	\$ 35,520,292
Less amounts not available to be used within one year due to illiquidity:		
Prepaid expenses and other	150,593	278,846
Unconditional promises to give, net	300,620	520,000
Property and equipment, net	3,126,939	2,926,747
Contributions receivable from remainder unitrusts	160,393	152,829
Investment in The Trelys Funds, LP	<u>39,724</u>	<u>39,724</u>
	35,761,818	31,602,146
Less amounts not available to be used within one year due to:		
Board/donor designations:		
Endowed funds, net of spendable amounts and administrative fees	14,495,719	12,504,924
Restricted amounts that may not be used within one year, net of spendable amounts and administrative fees	<u>12,553,997</u>	<u>12,747,609</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 8,712,102</u>	<u>\$ 6,349,613</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 2. Availability and Liquidity, Continued

As part of its liquidity plan, the Foundation has a policy to structure its assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

Note 3. 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:

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 percent of the fund's average value. The distributions are made quarterly in an amount equal to 1.25 percent 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 investments consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Donor-restricted endowment funds	\$ 14,495,719	\$ 12,504,924

Changes in endowment investments for the year ended September 30, 2021 are as follows:

Endowment net assets, October 1, 2020	\$ 12,504,924
Investment income	2,794,804
Management fees	(572,306)
Released from restrictions	(231,703)
Endowment net assets, September 30, 2021	<u>\$ 14,495,719</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 3. Endowments, Continued

Changes in endowment investments for the year ended September 30, 2020 are as follows:

Endowment net assets, October 1, 2019	\$ 12,499,062
Investment income	865,281
Management fees	(482,509)
Released from restrictions	<u>(376,910)</u>
Endowment net assets, September 30, 2020	<u>\$ 12,504,924</u>

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions comprised the following as of September 30, 2021:

Subject to expenditures for specific purposes:	
Prisma Health – Midlands programs	\$ 17,068,677
Subject to perpetual restrictions:	
Prisma Health – Midlands programs	<u>9,981,039</u>
Total net assets with donor restrictions	<u>\$ 27,049,716</u>

Net assets with donor restrictions comprised the following as of September 30, 2020:

Subject to expenditures for specific purposes:	
Prisma Health – Midlands programs	\$ 15,621,179
Subject to perpetual restrictions:	
Prisma Health – Midlands programs	<u>9,631,354</u>
Total net assets with donor restrictions	<u>\$ 25,252,533</u>

Note 5. Concentrations of Credit Risk

The Foundation and Taylor-Marion place their cash and cash equivalents with high quality financial institutions. At September 30, 2021, deposits with financial institutions exceeded Federal Deposit Insurance Corporation (FDIC) insurance limits.

Note 6. Investments

Investments are presented in the financial statements in the aggregate, at fair market value. Investments consist of the following at September 30, 2021:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>
Equity securities	\$ 4,851,466	\$ 6,425,680	\$ 1,574,214
Mutual funds	17,452,360	23,317,663	5,865,303
Money funds	<u>2,900,749</u>	<u>2,900,749</u>	-
	<u>\$ 25,204,575</u>	<u>\$ 32,644,092</u>	<u>\$ 7,439,517</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 6. Investments, Continued

Investments consist of the following at September 30, 2020:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>
Equity securities	\$ 4,851,466	\$ 5,255,885	\$ 404,419
Mutual funds	18,138,882	20,456,049	2,317,167
Money funds	<u>2,217,421</u>	<u>2,217,421</u>	-
	<u>\$ 25,207,769</u>	<u>\$ 27,929,355</u>	<u>\$ 2,721,586</u>

Investment revenues are reported net of related expenses of \$80,445 and \$70,611 for the years ended September 30, 2021 and 2020, respectively. Total investment fees paid to the investment manager for the years ended September 30, 2021 and 2020 were \$94,761, and \$84,743, 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, 2021. The Foundation had 4 equities that were in a loss position at September 30, 2021. No mutual funds were in a loss position at September 30, 2021. 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, 2021:

	<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>
Equities	\$ -	\$ -	\$ 762,679	\$ (126,185)	\$ 762,679	\$ (126,185)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762,679</u>	<u>\$ (126,185)</u>	<u>\$ 762,679</u>	<u>\$ (126,185)</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 securities market, which is considered a temporary impairment.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 7. 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, 2021 and 2020:

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 December 31, 2019 Trelys financial statements which has been adjusted to the Fund's management estimate of fair value of its underlying investments. The unaudited December 31, 2020 Trelys financial statements were not available as of the report issuance date.

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, 2021 and 2020.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 7. Fair Value Measurements, Continued

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.

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

	September 30, 2021			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Basic materials	\$ 297,341	\$ -	\$ -	\$ 297,341
Financial services	392,037	-	-	392,037
Healthcare	1,103,368	-	-	1,103,368
Industrial goods	1,052,821	-	-	1,052,821
Services	1,724,037	-	-	1,724,037
Technology	<u>1,856,076</u>	-	-	<u>1,856,076</u>
Total equity securities	<u>6,425,680</u>	-	-	<u>6,425,680</u>
Mutual funds:				
Intermediate term bond	5,480,653	-	-	5,480,653
Short term bond	1,374,614	-	-	1,374,614
Large blend	3,424,036	-	-	3,424,036
Large growth	4,749,486	-	-	4,749,486
Large value	1,845,139	-	-	1,845,139
Mid growth	1,725,856	-	-	1,725,856
Mid value	1,499,582	-	-	1,499,582
Small growth	1,648,613	-	-	1,648,613
Small value	<u>1,569,684</u>	-	-	<u>1,569,684</u>
Total mutual funds	<u>23,317,663</u>	-	-	<u>23,317,663</u>
Money funds	-	2,900,749	-	2,900,749
Alternative Investment - Trelys	-	-	39,724	39,724
Unconditional promises to give	-	625,400	-	625,400
Interest rate swap	-	<u>(68,169)</u>	-	<u>(68,169)</u>
Total assets and liabilities at fair value	<u>\$ 29,743,343</u>	<u>\$ 3,457,980</u>	<u>\$ 39,724</u>	<u>\$ 33,241,047</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 7. Fair Value Measurements, Continued

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

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Basic materials	\$ 214,790	\$ -	\$ -	\$ 214,790
Financial services	230,567	-	-	230,567
Healthcare	932,635	-	-	932,635
Industrial goods	887,236	-	-	887,236
Services	1,502,461	-	-	1,502,461
Technology	<u>1,488,196</u>	-	-	<u>1,488,196</u>
Total equity securities	<u>5,255,885</u>	<u>-</u>	<u>-</u>	<u>5,255,885</u>
Mutual funds:				
Intermediate term bond	5,621,230	-	-	5,621,230
Short term bond	1,378,780	-	-	1,378,780
Large blend	2,876,212	-	-	2,876,212
Large growth	4,039,396	-	-	4,039,396
Large value	1,663,137	-	-	1,663,137
Mid growth	1,449,354	-	-	1,449,354
Mid value	1,163,269	-	-	1,163,269
Small growth	1,318,418	-	-	1,318,418
Small value	<u>946,253</u>	-	-	<u>946,253</u>
Total mutual funds	<u>20,456,049</u>	<u>-</u>	<u>-</u>	<u>20,456,049</u>
Money funds	-	2,217,421	-	2,217,421
Alternative Investment - Trelys	-	-	39,724	39,724
Unconditional promises to give	-	962,434	-	962,434
Interest rate swap	<u>-</u>	<u>(111,311)</u>	<u>-</u>	<u>(111,311)</u>
Total assets and liabilities at fair value	<u>\$ 25,711,934</u>	<u>\$ 3,068,544</u>	<u>\$ 39,724</u>	<u>\$ 28,820,202</u>

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

	Investment in Trelys Funds	
	2021	2020
Balance, beginning of year	\$ 39,724	\$ 30,618
Unrealized gain	-	9,106
Balance, end of year	<u>\$ 39,724</u>	<u>\$ 39,724</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 8. 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:

	<u>2021</u>	<u>2020</u>
Curing Kids Cancer – restricted	\$ 450,000	\$ 600,000
Other	<u>237,007</u>	<u>423,989</u>
	687,007	1,023,989
Less: Unamortized discount	<u>61,607</u>	<u>61,555</u>
Net unconditional promises to give	<u>\$ 625,400</u>	<u>\$ 962,434</u>
Amounts due in:		
Less than one year	\$ 324,780	\$ 442,434
One to five years	<u>300,620</u>	<u>520,000</u>
Total	<u>\$ 625,400</u>	<u>\$ 962,434</u>

The discount rate used to determine the present value of the estimated future cash flows was 1% and 0.4% at September 30, 2021 and 2020, respectively. Management has determined that no further allowance was necessary at September 30, 2021 and 2020.

Note 9. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,274,500	\$ 1,274,500
Buildings and building improvements	2,748,715	2,462,454
Computer equipment	599,877	599,877
Furniture and equipment	<u>304,246</u>	<u>304,246</u>
	4,927,338	4,641,077
Less accumulated depreciation	<u>1,800,399</u>	<u>1,714,330</u>
Property and equipment, net	<u>\$ 3,126,939</u>	<u>\$ 2,926,747</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$86,070 and \$84,636, respectively.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 10. Charitable Remainder Unitrusts

As of September 30, 2021, the Foundation has been named the beneficiary of three donors' charitable remainder unitrusts (the "Trusts"). Two of the Trusts provide that the Trustee will pay 5 percent and 6 percent, 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. 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 contribution revenue with donor restrictions 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, 2021, a discount rate of 0.86 percent was assumed in calculating the present values. For the year ended September 30, 2020, a discount rate of 0.35 percent was assumed in calculating the present values. The present values of the estimated future benefits to be received when the Trusts' assets are distributed are \$160,393 and \$152,829 at September 30, 2021 and 2020, respectively.

Note 11. Other Investments

In April 2003, the Foundation began investing in The Trelys Funds, LP (Trelys). As of September 30, 2021 and September 30, 2020, the investment was valued at \$39,724.

Note 12. 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) (0.23 percent at September 30, 2021) plus 1.27 percent.

Principal maturities for the years following September 30, 2021, are as follows:

2022	\$	221,621
2023		229,503
2024		237,666
2025		<u>764,398</u>
		1,453,188
Less debt issuance costs		<u>17,221</u>
	\$	<u>1,435,967</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 12. Bond Payable, Continued

In September 2015, 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. The swap has an original notional principal amount of \$2,632,444 at a fixed rate of 3.37 percent per annum, which reduces as debt principal payments are made.

The fair value of the swap was a liability of \$68,169 and \$111,311 as of September 30, 2021 and 2020, respectively, which would be payable to the financial institution if the agreement was terminated prior to its maturity.

Note 13. 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 consolidated statements of activities as revenue and expense for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Advertising	\$ 52,500	\$ 68,439
Food, beverages	-	11,400
Program miscellaneous	6,837	315,108
Miscellaneous	<u>377,157</u>	<u>252,477</u>
	<u>\$ 436,494</u>	<u>\$ 647,424</u>

Note 14. 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, 2021 and 2020, the Foundation made matching contributions of 4 percent 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 \$58,271 and \$68,387 during the years ended September 30, 2021 and 2020, respectively.

Note 15. Leases

The Foundation previously leased office and storage space from Taylor-Marion for approximately \$31,800 per month. This month-to-month rental began in November 2006 and continued through the 2020 fiscal year. In 2021, the Foundation discontinued its monthly lease payments as Taylor-Marion had accumulated enough cash in a voluntary "sinking fund" to cover the bond debt associated with the purchase of the building.

Note 16. Allocated Joint Costs

In 2021, the costs of conducting fundraising events included a total of \$924,247 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 \$512,125 to program services and \$412,122 to awareness.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 16. Allocated Joint Costs, Continued

In 2020, the costs of conducting fundraising events included a total of \$1,202,854 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 \$641,808 to program services and \$561,046 to awareness.

Note 17. Related Parties

The Foundation has an agreement with Prisma Health – Midlands to provide fundraising activities in support of Prisma Health – Midlands’s programs and services, specifically to provide the present level of fundraising support and event management to Children’s Hospital of Prisma Health Richland, the Prisma Health Cancer Centers, and other hospital programs. In fiscal year 2021 and 2020, these commitments totaled \$1,550,000 for each fiscal year. In fiscal year 2020, the Foundation received \$775,000 of the committed \$1,550,000. In exchange for these services, Prisma Health – Midlands made payments to the Foundation for these fiscal years. The agreement renews annually with the amount being negotiated each year. Future commitments due from Prisma Health – Midlands under this agreement are as follows:

October 1, 2021 – September 30, 2022 \$ 1,579,000

Significant related party transactions for the years ended September 30 are as follows:

	<u>2021</u>	<u>2020</u>
Contract services with Prisma Health – Midlands	\$ 1,550,000	\$ 775,000
Rent for equipment leased from Prisma Health – Midlands	37	1,870
Rent for office and storage space leased from Taylor-Marion, PHMF LLC	-	352,464
Rent for office and storage space leased to Prisma Health – Midlands	380,269	356,827

Effective November 1, 2006, Prisma Health - Midlands 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 Prisma Health - Midlands, 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 Prisma Health – Midlands 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.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2021 and 2020

Note 18. Paycheck Protection Loan

In April 2020, the Foundation was awarded a loan in the amount of \$291,237, under the CARES Act, signed into United States law in March 2020 in response to COVID-19, which created a new lending program, the Paycheck Protection Program (“PPP”), within Section 7(a) of the Small Business Act (15 USC 636) to provide low-interest loans to certain small businesses for the purpose of covering payroll and other eligible expenses for up to a twenty-four-week period after receipt of the funds. On December 3, 2020, the Foundation received full loan forgiveness as they had met the conditions for forgiveness. The Foundation recognized revenue related to this loan in the September 30, 2020 consolidated statement of activities.

In February 2021, the Foundation was awarded a second PPP loan in the amount of \$291,237. The term of the loan is five years and payments are deferred ten months with interest accruing over the period. The loan is also subject to forgiveness if the Foundation meets the related terms and conditions within the loan agreement. The Foundation elected to account for the loan as a refundable advance. The Foundation met the conditions for forgiveness during the year ended September 30, 2021 and have recognized revenue related to the paycheck protection program loan in the September 30, 2021 consolidated statement of activities.

Note 19. Subsequent Events

The Foundation committed to fund Prisma Health – Midlands with minimum annual contributions equal to approximately two times the annual payment Prisma Health – Midlands provides to the Foundation for services directly provided. In fiscal year 2022, the Foundation has committed to distributing a total of \$3,000,000 to Prisma Health – Midlands, to support medical service support programs of Prisma Health – Midlands.

Note 20. Risks and Uncertainties

The novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect economic activity globally, nationally, and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Foundation, demand for the Foundation’s services, and the U.S. economy.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Foundation.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including the provision for uncollectible pledges.

Prisma Health Midlands Foundation and Subsidiary

Consolidating Statement of Financial Position

As of September 30, 2021

	Prisma Health Midlands Foundation	Taylor-Marion PHMF, LLC	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 776,141	\$ 2,009,549	\$ -	\$ 2,785,690
Investments	32,644,092	-	-	32,644,092
Unconditional promises to give, net				
Restricted	324,780	-	-	324,780
Accounts receivable	1,486	-	(1,486)	-
Accrued interest receivable	7,256	-	-	7,256
Prepaid expenses and other	149,689	904	-	150,593
Total current assets	<u>33,903,444</u>	<u>2,010,453</u>	<u>(1,486)</u>	<u>35,912,411</u>
Long-term unconditional promises to give, net				
Restricted	300,620	-	-	300,620
Property and equipment, net	<u>2,811</u>	<u>3,124,128</u>	<u>-</u>	<u>3,126,939</u>
Other assets				
Investment in Taylor-Marion PHMF, LLC	3,620,481	-	(3,620,481)	-
Contributions receivable from remainder unitrusts	160,393	-	-	160,393
Investment in The Trelys Funds, LP	39,724	-	-	39,724
Total assets	<u>\$ 38,027,473</u>	<u>\$ 5,134,581</u>	<u>\$ (3,621,967)</u>	<u>\$ 39,540,087</u>
Liabilities and Net Assets/Member's Equity				
Current liabilities				
Current portion of bond payable	\$ -	\$ 215,881	\$ -	\$ 215,881
Accounts payable	4,050	6,543	-	10,593
Accrued expenses and other	189,784	3,421	(1,486)	191,719
Deferred revenue	178,120	-	-	178,120
Total current liabilities	<u>371,954</u>	<u>225,845</u>	<u>(1,486)</u>	<u>596,313</u>
Long-term liabilities				
Bond payable	-	1,220,086	-	1,220,086
Unrealized loss on interest rate swap instrument	-	68,169	-	68,169
Total long-term liabilities	<u>-</u>	<u>1,288,255</u>	<u>-</u>	<u>1,288,255</u>
Total liabilities	<u>371,954</u>	<u>1,514,100</u>	<u>(1,486)</u>	<u>1,884,568</u>
Net assets/member's equity				
Without donor restrictions	10,605,803	-	-	10,605,803
With donor restrictions	27,049,716	-	-	27,049,716
Total net assets	<u>37,655,519</u>	<u>-</u>	<u>-</u>	<u>37,655,519</u>
Member's equity	-	3,620,481	(3,620,481)	-
Total member's equity	<u>-</u>	<u>3,620,481</u>	<u>(3,620,481)</u>	<u>-</u>
Total net assets/member's equity	<u>37,655,519</u>	<u>3,620,481</u>	<u>(3,620,481)</u>	<u>37,655,519</u>
Total liabilities and net assets/member's equity	<u>\$ 38,027,473</u>	<u>\$ 5,134,581</u>	<u>\$ (3,621,967)</u>	<u>\$ 39,540,087</u>

Prisma Health Midlands Foundation and Subsidiary

Consolidating Statement of Activities

For the year ended September 30, 2021

	Prisma Health Midlands Foundation	Taylor-Marion PHMF, LLC	Eliminations	Consolidated
Changes in net assets without donor restrictions				
Revenues				
Contributions	\$ 88,133	\$ -	\$ -	\$ 88,133
Prisma Health contract services	1,550,000	-	-	1,550,000
Rental income	-	380,269	-	380,269
Interest and dividends	149,295	2,594	-	151,889
Net realized and unrealized gains on investments	2,340,450	-	-	2,340,450
Equity in net income of affiliates	164,974	-	(164,974)	-
Paycheck Protection Program (PPP) refunded advance	291,237	-	-	291,237
Unrealized gain on interest rate swap instrument	-	43,142	-	43,142
Total revenues without donor restrictions	4,584,089	426,005	(164,974)	4,845,120
Net assets released from donor restrictions	4,799,988	-	-	4,799,988
Transfers	345,503	-	-	345,503
	9,729,580	426,005	(164,974)	9,990,611
Expenses				
Program services	5,714,577	-	-	5,714,577
Costs of direct benefits to donors	41,183	-	-	41,183
Management and general	196,188	261,031	-	457,219
Fundraising	1,366,636	-	-	1,366,636
Total expenses	7,318,584	261,031	-	7,579,615
Change in net assets without donor restrictions	2,410,996	164,974	(164,974)	2,410,996
Changes in net assets with donor restrictions				
Revenues				
Contributions	1,706,887	-	-	1,706,887
Special event revenue	1,717,176	-	-	1,717,176
Interest and dividends	242,104	-	-	242,104
Net unrealized and realized gains on investments	3,268,942	-	-	3,268,942
Change in value of split-interest agreement	7,565	-	-	7,565
Total revenues with donor restrictions	6,942,674	-	-	6,942,674
Net assets released from donor restrictions	(4,799,988)	-	-	(4,799,988)
Transfers	(345,503)	-	-	(345,503)
Change in net assets with donor restrictions	1,797,183	-	-	1,797,183
Change in net assets	4,208,179	164,974	(164,974)	4,208,179
Net assets/member's equity, beginning of year	33,447,340	3,455,507	(3,455,507)	33,447,340
Net assets/member's equity, end of year	\$ 37,655,519	\$ 3,620,481	\$ (3,620,481)	\$ 37,655,519

Prisma Health Midlands Foundation and Subsidiary

Statement of Changes in Net Assets

For the year ended September 30, 2021

	September 30, 2020	Revenues, gains (losses) and other support	Expenses	Transfers In (Out)	September 30, 2021
Net assets without donor restrictions	\$ 8,194,807	\$ 4,845,120	\$ 2,779,627	\$ 345,503	\$ 10,605,803
Adolescent Chemically Dependent Outpatient		-	-	-	
Program Quasi Endowment	35,596	6,846	-	(1,780)	40,662
Adolescent Psychiatry	5,027	625	3,500	(208)	1,944
Adolescent Substance Abuse Prevention Endowment	1,331	2,179	-	(567)	2,943
Annie Pitts Endowment	88,779	57,344	-	(25,142)	120,981
Arnold Family Quasi Endowment	209,657	38,229	-	(20,363)	227,523
B. Smith Cancer Fund	32,070	1,189	4,000	(1,560)	27,699
Baptist Project	121,711	21,681	-	79,618	223,010
Bayler Teal Fund	89,539	77,857	-	(36,262)	131,134
Behavioral Care	58,502	495	-	(1,450)	57,547
Beverly Zeigler Endowment	12,178	7,354	-	(1,911)	17,621
Bonner Family Breast Cancer Endowment	74,563	77,810	-	(20,228)	132,145
Breast Health	740,637	11,051	480,340	202,397	473,745
Camp Kemo Quasi Endowment	1,046,285	198,845	68,000	(52,314)	1,124,816
Camp Kemo Programs	579,316	302,365	309,826	(21,036)	550,819
Camp Wonderhands	44,126	14,867	-	(2,156)	56,837
Cardiology	91,298	1,389	30,025	(4,497)	58,165
Cardiology - Zemp Endowment	180,471	61,366	-	(15,953)	225,884
Caroline & Kester Freeman Endowment	10,422	17,239	-	(4,481)	23,180
Champions	135,869	122,885	54,698	(6,466)	197,590
Child Abuse	16,891	(3,000)	9,560	(501)	3,830
Child Life	32,946	134,162	129,443	(1,641)	36,024
Children's Hospital	1,445,595	17,093	1,225,025	1,196,444	1,434,107
Children's Hospital Capital Campaign	19,916	(1,190)	-	-	18,726
Children's Hospital Quasi Endowment	374,566	71,408	18,000	(18,728)	409,246
Children's Miracle Network	-	707,540	44,017	(663,523)	-
Children's Services - Baptist	20,381	-	20,000	(381)	-
Community Initiative Fund	25,061	1,700	-	(1,234)	25,527
Community Services	64,668	51,750	70,000	(3,213)	43,205
Curing Kids Cancer Research Quasi Endowment	360,421	300,813	38,000	(48,036)	575,198
Dance Marathon	-	598,538	156,478	(442,060)	-
Dental Residency Quasi Endowment	52,046	10,010	-	(2,602)	59,454
Derrick/Lynch Champion of Children	5,631	-	500	(282)	4,849
Double E Quasi Endowment	99,010	-	-	-	99,010
Duby Thomson Quasi Endowment	90,528	17,148	7,500	(4,526)	95,650
Duke Endowment Restricted Grants	5,670	6,970	-	-	12,640
E.J. Dennis Endowment	10,470	23,883	-	(6,209)	28,144
Educational Scholarships	11,606	-	-	(580)	11,026
Eleanor Clark Endowment	1,917	55,790	-	(24,081)	33,626
Emergency Services	123,735	73,732	45	(6,143)	191,279
Employee Benevolence	12,810	3,958	390	144,120	160,498
ER Medicine	23,514	825	-	(1,176)	23,163
F.S. Smith, Jr. Endowment	58,661	31,832	-	(8,275)	82,218
Family Practice Fund	8,656	-	-	(433)	8,223
Festival of Trees	-	31,910	13,564	(18,346)	-
Frederick Blair Bauknight Endowment	8,909	3,876	-	(2,208)	10,577
Fuller Charitable Remainder Trust	9,402	540	-	-	9,942
Gemale Quasi Endowment	183,480	-	183,480	-	-
Geriatrics	18,038	500	-	(888)	17,650
Greyson Draughon Carlisle Endowment	34,231	11,308	5,000	(2,982)	37,557
Golf Classic	-	95,158	11,960	(83,198)	-
H. Franklin & Mildred P. Weed Blood Disorder Endowment	-	6,796	-	(3,875)	2,921
Hannah's Garden	106,671	24,243	-	(5,334)	125,580
Harper Scholarship Quasi Endowment	22,171	4,264	-	(1,109)	25,326
Helman Endowment	-	5,107	-	(2,911)	2,196

Prisma Health Midlands Foundation and Subsidiary

Statement of Changes in Net Assets

For the year ended September 30, 2021

	September 30, 2020	Revenues, gains (losses) and other support	Expenses	Transfers In (Out)	September 30, 2021
Hematology/Oncology (Aflac) Endowment	56,733	257,932	60,000	(61,318)	193,347
Hospice - General Midlands Fund	355,423	30,523	30,205	(17,702)	338,039
Hospice Designated Quasi Endowment	371,232	73,528	20,000	(19,298)	405,462
Kemopalooza	-	-	(53)	(53)	-
Kondurous Fisherman Quasi Endowment	150,019	28,411	7,100	(7,451)	163,879
Lee Hinton Pediatric Transport Endowment	9,791	94,438	407,783	303,554	-
Linda Wells Camp Kemo Endowment	-	4,010	-	(2,167)	1,843
Mildred P. & H. Franklin Weed, Jr. Scholarship Endowment	-	20,539	-	(11,302)	9,237
Montgomery Cancer Research Endowment	7,006	21,406	-	(5,565)	22,847
Neurosurgery	151,740	57,295	45,040	-	163,995
NICU Quasi Endowment	194,665	47,725	84,848	(6,568)	150,974
Nurse Anesthesia	35,207	125	-	(1,729)	33,603
Nursing Education	18,078	17,600	16,975	(798)	17,905
Ostomy Endowment	24,052	6,569	-	(1,196)	29,425
Palmetto Senior Care	4,650	825	-	(268)	5,207
Pastoral Counseling Quasi Endowment	184,212	35,203	10,000	(9,211)	200,204
Pastoral Services	63,947	325	-	(3,191)	61,081
Patient Assistance Quasi Endowment	20,339	4,708	-	(1,017)	24,030
Pediatric Emergency Room	12,408	375	65	(608)	12,110
Pediatric Intensive Care Unit	37,725	2,740	200	(1,749)	38,516
Pediatric Oncology	169,537	16,694	80,550	43,225	148,906
Pediatric Palliative Care	16,041	1,000	10,000	5,773	12,814
Personal Touches Volunteer	163,413	-	-	-	163,413
PH Parkridge	83,378	13,612	35,146	7,835	69,679
PH Richland Auxiliary Quasi Endowment	180,740	23,231	-	-	203,971
PHCC	1,010,825	2,451	314,176	(36,703)	662,397
PHCC - Designated	207,732	56,086	52,717	(9,319)	201,782
PHCC Dr. Butler Quasi Endowment	6,603	1,270	-	(330)	7,543
PHCC Quasi Endowment	108,855	20,936	-	(5,443)	124,348
Prisma Health Quasi Endowment	213,342	41,032	-	(10,667)	243,707
Radiothon	-	10,710	1,163	(9,547)	-
Ralph Bivona Endowment	-	1,491	-	(850)	641
Roach Pediatric Palliative Care and Hospice Endowment	19,790	24,151	-	(10,739)	33,202
SAFE Kids	9,728	-	7,500	(486)	1,742
SC Endowment	299,815	208,969	60,000	(10,851)	437,933
Schaadt Charitable Remainder Trust	94,322	8,179	-	-	102,501
Simulation Center	969	230,519	220,394	(48)	11,046
Surgery Endowment	150,872	29,017	30,235	(7,544)	142,110
Surgical Services	4,667	250	-	(233)	4,684
Tate Scholarship Endowment	-	2,829	-	(1,611)	1,218
Thomas Pitts Endowment	929,372	884,731	100,000	(74,715)	1,639,388
Trauma Services	298,663	18,675	100,085	(14,331)	202,922
Walk for Life	-	327,844	112,373	(215,471)	-
W.L. Ivey Fellowship Endowment	107,131	36,024	-	(9,365)	133,790
Women's Board Fund	202,925	5,600	15,510	(7,596)	185,419
Women's Leadership Circle	17,855	-	-	(17,855)	-
Women's Services	42,997	18,173	22,966	(569)	37,635
Wyman Boozer Quasi Endowment	185,094	35,599	-	(11,712)	208,981
CN Nursing Education	1,721	-	-	(86)	1,635
Cinda Rae Anderson Trust	111,138	40	-	(111,178)	-
The Aflac Foundation Pediatric Hematology/Oncology Endowment	-	65,079	18,000	(17,082)	29,997
DJ Gibson Quasi Endowment	12,569	18,511	-	(628)	30,452
Prospt M.D. Child Development/Behavioral	1,762	100	-	(88)	1,774
Ophthalmology	29,892	3,250	-	(1,482)	31,660
Parkridge Volunteer Auxiliary	10,740	-	-	-	10,740

Prisma Health Midlands Foundation and Subsidiary

Statement of Changes in Net Assets

For the year ended September 30, 2021

	September 30, 2020	Revenues, gains (losses) and other support	Expenses	Transfers In (Out)	September 30, 2021
BHS Board of Trustees Quasi Endowment	1,090,043	212,373	-	(5,451)	1,296,965
Pediatric Trauma Quasi Endowment	28,699	6,714	1,400	(1,385)	32,628
Neonatology Quasi Endowment	372,620	72,308	5,000	(3,726)	436,202
Graduate Medical Educ & Research Quasi Endowment	729,202	151,122	38,259	(7,292)	834,773
Continuing Medical Educ Quasi Endowment	204,607	33,272	9,000	(2,046)	226,833
Adolescent Substance Abuse Prevention Endowment	10,000	-	-	-	10,000
Aflac Pediatric Oncology/Hematology Endowed Chair	1,269,627	25,000	-	-	1,294,627
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	1,200,290	50	-	-	1,200,340
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	26,682	106	-	-	26,788
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	96,039	322,369	-	-	418,408
Linda Wells Camp Kemo Endowment	23,125	500	-	-	23,625
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	19,001	-	-	-	19,001
Thomas Pitts Endowment	3,668,482	250	-	-	3,668,732
W.L. Ivey Fellowship Endowment	80,171	-	-	-	80,171
Net assets with donor restrictions	25,252,533	6,942,674	4,799,988	(345,503)	27,049,716
Totals	\$ 33,447,340	\$ 11,787,794	\$ 7,579,615	\$ -	\$ 37,655,519