

# **Prisma Health Midlands Foundation and Subsidiary**

## ***Report on Consolidated Financial Statements***

***For the years ended September 30, 2025 and 2024***

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# Prisma Health Midlands Foundation and Subsidiary

## Contents

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	<b>Page</b>
<b>Independent Accountant's Review Report</b> .....	1-2
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities.....	4
Consolidated Statement of Functional Expenses – For the year ended September 30, 2025.....	5
Consolidated Statement of Functional Expenses – For the year ended September 30, 2024.....	6
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements .....	8-21
<b>Supplementary Information</b>	
Schedule 1 - Consolidating Statement of Financial Position - September 30, 2025.....	22
Schedule 2 - Consolidating Statement of Activities - For the year ended September 30, 2025.....	23



## Independent Accountant's Review Report

To the Board of Directors  
Prisma Health Midlands Foundation  
Columbia, South Carolina

We have reviewed the accompanying consolidated financial statements of Prisma Health Midlands Foundation and Subsidiary (the "Foundation"), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Consolidated 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Foundation and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying September 30, 2025 consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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## **Supplementary Information**

The supplementary information included in Schedules 1-2 is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied to our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

## **Report on September 30, 2024 Consolidated Financial Statements**

The September 30, 2024 consolidated financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated February 4, 2025. We have not performed any auditing procedures since that date.

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

Columbia, South Carolina  
February 9, 2026

# Prisma Health Midlands Foundation and Subsidiary

## Consolidated Statements of Financial Position

As of September 30, 2025 and 2024

	2025 (Reviewed)	2024 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,190,107	\$ 2,502,467
Investments	51,558,372	46,011,190
Unconditional promises to give, net		
Restricted	744,967	200,461
Prepaid expenses and other assets	382,227	401,829
Total current assets	<u>54,875,673</u>	<u>49,115,947</u>
<b>Long-term unconditional promises to give, net</b>		
Restricted	<u>3,575,822</u>	<u>-</u>
<b>Property and equipment, net</b>	<u>2,228,871</u>	<u>2,236,834</u>
<b>Leased property, net</b>	<u>949,079</u>	<u>974,595</u>
<b>Other assets</b>	<u>-</u>	<u>89,266</u>
Total assets	<u>\$ 61,629,445</u>	<u>\$ 52,416,642</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Current portion of bond payable, net	\$ -	\$ 764,398
Accounts payable	10,180	16,624
Accrued expenses and other	50,703	117,965
Deferred revenue	334,872	243,902
Total current liabilities	<u>395,755</u>	<u>1,142,889</u>
<b>Net assets</b>		
Without donor restrictions	17,052,855	15,281,032
With donor restrictions	44,180,835	35,992,721
Total net assets	<u>61,233,690</u>	<u>51,273,753</u>
Total liabilities and net assets	<u>\$ 61,629,445</u>	<u>\$ 52,416,642</u>

See Notes to Consolidated Financial Statements and Independent Accountant's Review Report

# Prisma Health Midlands Foundation and Subsidiary

## Consolidated Statements of Activities

For the years ended September 30, 2025 and 2024

	2025 (Reviewed)	2024 (Audited)
<b>Changes in net assets without donor restrictions</b>		
Revenues		
Contributions	\$ 141,416	\$ 55,630
Contributed nonfinancial assets	23	-
Prisma Health contract services	1,800,000	1,800,000
Lease income	440,149	440,149
Other income	30,463	25,491
Interest and dividends, net	505,386	530,359
Net realized and unrealized gain on investments	1,245,815	3,704,151
Realized loss on interest rate swap instrument	(4,821)	(15,993)
Total revenues without donor restrictions	<u>4,158,431</u>	<u>6,539,787</u>
Net assets released from donor restrictions	2,777,664	3,601,065
Transfers	84,445	(188,000)
	<u>7,020,540</u>	<u>9,952,852</u>
Expenses		
Program services	3,226,096	3,788,068
Costs of direct benefits to donors	134,489	113,247
Management and general	733,322	699,363
Fundraising	1,154,810	1,120,017
Total expenses	<u>5,248,717</u>	<u>5,720,695</u>
Change in net assets without donor restrictions	<u>1,771,823</u>	<u>4,232,157</u>
<b>Changes in net assets with donor restrictions</b>		
Revenues		
Contributions	6,355,235	2,979,641
Contributed nonfinancial assets	201,792	404,738
Special event revenue	2,649,093	2,436,853
Interest and dividends, net	686,268	549,795
Net realized and unrealized gain on investments	1,157,835	3,078,884
Change in value of split-interest agreements	-	6,894
Total revenues with donor restrictions	<u>11,050,223</u>	<u>9,456,805</u>
Net assets released from donor restrictions	(2,777,664)	(3,601,065)
Transfers	(84,445)	188,000
Change in net assets with donor restrictions	<u>8,188,114</u>	<u>6,043,740</u>
Change in net assets	<u>9,959,937</u>	<u>10,275,897</u>
<b>Net assets, beginning of year</b>	51,273,753	40,997,856
<b>Net assets, end of year</b>	<u>\$ 61,233,690</u>	<u>\$ 51,273,753</u>

See Notes to Consolidated Financial Statements and Independent Accountant's Review Report

# Prisma Health Midlands Foundation and Subsidiary

## Consolidated Statement of Functional Expenses

For the year ended September 30, 2025

	Program Services			
	Hospital	Management and General	Fundraising	Total
Grants and other assistance	\$ 2,361,182	\$ -	\$ -	\$ 2,361,182
Salaries and wages	453,489	320,005	676,001	1,449,495
Payroll taxes	26,704	18,844	39,807	85,355
Accounting	22,451	15,842	33,467	71,760
Supplies	753	531	1,123	2,407
Telephone	1,205	851	1,797	3,853
Postage and shipping	505	356	753	1,614
Printing and publishing	2,761	1,948	4,115	8,824
Office expense	6,933	4,892	10,335	22,160
Dues	579	409	863	1,851
Insurance	2,828	1,996	4,216	9,040
Recognition expense	37,184	28,471	55,429	121,084
Computer expense	28,450	20,076	42,409	90,935
Catering	2,809	1,982	4,187	8,978
Leasing	1,715	1,210	2,557	5,482
Board development	2,704	1,908	4,030	8,642
Promotional expense	2,310	1,630	3,443	7,383
Special event expense	270,305	190,741	402,935	863,981
Depreciation and amortization	1,229	121,630	1,832	124,691
	<u>\$ 3,226,096</u>	<u>\$ 733,322</u>	<u>\$ 1,289,299</u>	<u>\$ 5,248,717</u>

See Notes to Consolidated Financial Statements and Independent Accountant's Review Report

# Prisma Health Midlands Foundation and Subsidiary

## Consolidated Statement of Functional Expenses

For the year ended September 30, 2024

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Hospital</b>			
Grants and other assistance	\$ 2,982,682	\$ -	\$ -	\$ 2,982,682
Salaries and wages	423,916	308,813	649,231	1,381,960
Payroll taxes	25,121	18,300	38,473	81,894
Accounting	23,572	17,172	36,101	76,845
Supplies	724	527	1,108	2,359
Telephone	1,059	771	1,622	3,452
Postage and shipping	676	493	1,036	2,205
Printing and publishing	1,567	1,141	2,400	5,108
Office expense	6,442	4,693	9,867	21,002
Dues	538	392	824	1,754
Insurance	2,939	2,141	4,500	9,580
Recognition expense	31,352	22,839	48,015	102,206
Computer expense	27,288	19,879	41,792	88,959
Catering	1,973	1,438	3,022	6,433
Leasing	2,317	1,688	3,549	7,554
Employee recruitment	5	4	8	17
Board development	4,228	3,080	6,475	13,783
Promotional expense	2,355	1,715	3,606	7,676
Special event expense	249,056	181,431	381,432	811,919
Bad debt	125	-	-	125
Depreciation and amortization	133	112,846	203	113,182
	<u>\$ 3,788,068</u>	<u>\$ 699,363</u>	<u>\$ 1,233,264</u>	<u>\$ 5,720,695</u>

See Notes to Consolidated Financial Statements and Independent Accountant's Review Report

# Prisma Health Midlands Foundation and Subsidiary

## Consolidated Statements of Cash Flows

For the years ended September 30, 2025 and 2024

	2025 (Reviewed)	2024 (Audited)
<b>Operating activities</b>		
Change in net assets	\$ 9,959,937	\$ 10,275,897
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation and amortization	124,691	113,182
Net realized and unrealized gain on investments	(2,403,650)	(6,783,035)
Donated securities	(116,161)	(2,393)
Dividends reinvested	(1,250,916)	(1,100,477)
Change in value of remainder unitrusts	84,445	(5,351)
Realized loss on interest rate swap instrument	4,821	15,993
Changes in deferred and accrued amounts		
Unconditional promises to give, net	(4,120,328)	94,077
Prepaid expenses and other assets	19,602	(17,570)
Accounts payable	(6,444)	(9,861)
Accrued expenses and other	(67,262)	(202,971)
Deferred revenue	90,970	(66,995)
Net cash provided by operating activities	<u>2,319,705</u>	<u>2,310,496</u>
<b>Investing activities</b>		
Purchases of property and equipment	(91,212)	(202,286)
Purchases of investments	(4,846,373)	(5,522,350)
Sales and redemptions of investments	3,069,918	3,549,783
Net cash used for investing activities	<u>(1,867,667)</u>	<u>(2,174,853)</u>
<b>Financing activities</b>		
Bond payments	(764,398)	(237,665)
Net cash used for financing activities	<u>(764,398)</u>	<u>(237,665)</u>
Net decrease in cash and cash equivalents	<u>(312,360)</u>	<u>(102,022)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,502,467</u>	<u>2,604,489</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,190,107</u>	<u>\$ 2,502,467</u>
<b>Supplemental cash flow information</b>		
Cash paid during the year for interest	<u>\$ 22,445</u>	<u>\$ 31,608</u>
<b>Non-cash investing activities</b>		
Donated securities	<u>\$ 116,161</u>	<u>\$ 2,393</u>

See Notes to Consolidated Financial Statements and Independent Accountant's Review Report

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 1. Nature of Organization

Prisma Health Midlands Foundation (the "Foundation"), incorporated under the laws of the State of South Carolina, is a not-for-profit organization whose 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 PHMF, LLC ("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.

### Note 2. Summary of Significant Accounting Policies

#### Basis of accounting:

The consolidated financial statements of the Foundation and its wholly owned subsidiary, Taylor-Marion, have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Consolidation:

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

#### Use of estimates:

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

#### Tax status:

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, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 2. Summary of Significant Accounting Policies, Continued

#### Basis of presentation:

The Foundation prepares its consolidated financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016 and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide").

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein 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.

#### Cash and cash equivalents:

For purposes of the consolidated 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.

#### Investments in marketable 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. Investment income or loss (including gains and losses on investment, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is specifically restricted by donor or law.

The cost of marketable securities represents amounts paid for purchased securities. Contributed securities are recorded at fair value on the date of donation.

Unrealized gain or loss on marketable securities is the difference between fair value and cost of investments held at the measurement date. Gains and losses on sales of marketable securities are determined on the trade date using the specific identification method. For investments where shares are not involved, realized gains and losses are calculated based upon the weighted average cost of the investments sold.

Investment income is reported net of related expenses, such as investment management fees and custodial fees.

Interest income is recognized as earned. Dividends are recognized on the ex-dividend date.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 2. Summary of Significant Accounting Policies, Continued

#### Endowment funds:

The Board of Directors of the 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.

#### Property and equipment:

Property and equipment are stated at cost or, if donated, at estimated fair market value. 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.

#### Revenue recognition:

Contributions that are unrestricted or restricted by donors are earned and recognized when the donation is received or unconditionally pledged, as long as there is no performance requirement attached to the contribution. Conditional promises to give or contributions with an associated performance obligation are not recognized until the conditions on which they depend have been substantially met.

Special events and sponsorships revenue are recognized as revenue when the scheduled event has occurred at a point in time (i.e., the performance obligation has been met). In the case where the Foundation receives funds for an event package or event sponsorship which is also considered to have a contribution component, the Foundation determines which portion of the funds received relates to the event or sponsorship benefits received by the sponsor (i.e., advertising leading up to the event, advertising at the event, and tickets to the event) vs. which part is a contribution (amount paid that is above and beyond the benefits received). The amount determined to be a contribution is recognized when received, as noted above.

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

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 2. Summary of Significant Accounting Policies, Continued

#### Revenue recognition, continued:

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.

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.

#### 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.

#### Contributed nonfinancial assets:

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 assets that are available for general expenditures within one year of September 30, 2025 and 2024, 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 financial assets available to meet general expenditures within one year (See Note 3).

#### Functional allocation of expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of 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 providing support to Prisma Health Midlands through specific Foundation programs.

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

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 2. Summary of Significant Accounting Policies, Continued

#### Functional allocation of expenses, continued:

**Fundraising expenses** – Fundraising expense includes the direct and indirect activities undertaken to solicit contributions from donors and hold fundraising events that raise money for the Foundation.

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.

#### Concentration of credit risk:

The Foundation maintains its cash deposit accounts at various financial institutions. The deposits may, at times, exceed federally insured limits. All accounts are insured by the Federal Depository Insurance Corporation to the maximum amount allowed by law. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk related to cash.

Marketable securities are generally placed in mutual funds, equity securities, and money funds administered by an investment manager in order to limit credit risk. However, marketable securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statements of financial position.

#### Reclassifications:

Certain items in 2024 financial statements have been reclassified to be consistent with 2025 presentation. These reclassifications had no impact on previously reported net income or net assets.

#### Subsequent events:

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 9, 2026, the date the consolidated financial statements were available to be issued.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### Note 3. Availability and Liquidity

Total assets, without donor or other restrictions limiting their use, available for general expenditure within one year of the consolidated statements of financial position date, are comprised of the following at September 30:

	<u>2025</u>	<u>2024</u>
Assets at year-end	\$ 61,629,445	\$ 52,416,642
Less amounts not available to be used within one year due to illiquidity:		
Prepaid expenses and other assets	382,227	337,495
Long-term unconditional promises to give, net	3,575,822	-
Property and equipment, net	2,228,871	2,236,834
Leased property, net	949,079	974,595
Other assets	<u>-</u>	<u>89,266</u>
	54,493,446	48,778,452
Less amounts not available to be used within one year due to:		
Board/donor designations:		
Endowed funds, net of spendable amounts and administrative fees	28,852,330	23,142,722
Restricted amounts that may not be used within one year, net of spendable amounts and administrative fees	<u>15,328,505</u>	<u>12,849,999</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 10,312,611</u>	<u>\$ 12,785,731</u>

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 4. Endowments

The Foundation's endowments consist of 29 individual funds established for a variety of purposes. Its endowments include permanent endowments, term endowments, and funds designated by the Board of Directors, if applicable, 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.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### Note 4. Endowments, Continued

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 12 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>2025</u>	<u>2024</u>
Donor - temporarily restricted endowment funds	\$ 14,118,676	\$ 13,414,527
Donor - permanently restricted endowment funds	14,733,654	9,728,195
	<u>\$ 28,852,330</u>	<u>\$ 23,142,722</u>

Changes in endowment investments for the year ended September 30, 2025 are as follows:

Endowment net assets, October 1, 2024	\$ 23,142,722
Investment income, net	1,250,440
New gifts	5,000,000
Transfers	146,652
Released from restrictions	<u>(687,484)</u>
Endowment net assets, September 30, 2025	<u>\$ 28,852,330</u>

Changes in endowment investments for the year ended September 30, 2024 are as follows:

Endowment net assets, October 1, 2023	\$ 18,288,154
Investment income, net	4,443,859
New gifts	-
Transfers	1,242,498
Released from restrictions	<u>(831,789)</u>
Endowment net assets, September 30, 2024	<u>\$ 23,142,722</u>

#### Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater endowments). The Foundation has interpreted SCUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2025, funds with original gift values of \$5,548,250, fair values of \$4,890,914 and deficiencies of \$657,336 were reported in net assets with donor restrictions; there was no spending on underwater endowments during the year ended September 30, 2025. At September 30, 2024, funds with original gift values of \$571,879, fair values of \$239,291 and deficiencies of \$332,588 were reported in net assets with donor restrictions; there was no spending on underwater endowments during the year ended September 30, 2024.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions comprised the following as of September 30, 2025:

**Subject to expenditures for specific purposes:**

Prisma Health Midlands programs \$ 29,447,181

**Subject to perpetual restrictions:**

Prisma Health Midlands programs 14,733,654  
Total net assets with donor restrictions \$ 44,180,835

Net assets with donor restrictions comprised the following as of September 30, 2024:

**Subject to expenditures for specific purposes:**

Prisma Health Midlands programs \$ 26,264,526

**Subject to perpetual restrictions:**

Prisma Health Midlands programs 9,728,195  
Total net assets with donor restrictions \$ 35,992,721

### 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, 2025:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>
Equity securities	\$ 6,287,971	\$ 9,954,262	\$ 3,666,291
Exchange traded funds	15,364	18,084	2,720
Corporate bonds	12,305	15,220	2,915
Mutual funds	30,782,724	37,551,537	6,768,813
Money funds	<u>4,019,269</u>	<u>4,019,269</u>	-
	<u>\$ 41,117,633</u>	<u>\$ 51,558,372</u>	<u>\$ 10,440,739</u>

Investments consist of the following at September 30, 2024:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>
Equity securities	\$ 5,553,913	\$ 9,399,964	\$ 3,846,051
Exchange traded funds	129,938	127,456	(2,482)
Corporate bonds	42,562	43,636	1,074
Mutual funds	28,148,373	33,228,052	5,079,679
Money funds	<u>3,212,082</u>	<u>3,212,082</u>	-
	<u>\$ 37,086,868</u>	<u>\$ 46,011,190</u>	<u>\$ 8,924,322</u>

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 6. Investments, Continued

Investment revenues are reported net of related expenses of \$266,428 and \$228,281 for the years ended September 30, 2025 and 2024, respectively.

### 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) and the lowest priority to unobservable inputs (Level 3). 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; and
- 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 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 measured at fair value. There have been no changes in the methodologies used at September 30, 2025 and 2024.

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

**Money funds** – Fair value is based on the net asset value ("NAV") that can be validated with a sufficient level of observable activity (i.e. purchases and sales at NAV).

**Corporate bonds** – The carrying amounts of such instruments approximate fair value and are classified within Level 2 of the valuation hierarchy.

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

**Interest rate swap** – Valued based on the unrealized gain/loss position as confirmed by the issuing financial institution at September 30, 2024.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### 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:

	<u>September 30, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 9,954,262	\$ -	\$ -	\$ 9,954,262
Exchange traded funds	18,084	-	-	18,084
Corporate bonds	-	15,220	-	15,220
Mutual funds	37,551,537	-	-	37,551,537
Money funds	-	4,019,269	-	4,019,269
Unconditional promises to give	-	<u>4,320,789</u>	-	<u>4,320,789</u>
Total	<u>\$ 47,523,883</u>	<u>\$ 8,355,278</u>	<u>\$ -</u>	<u>\$ 55,879,161</u>

	<u>September 30, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 9,399,964	\$ -	\$ -	\$ 9,399,964
Exchange traded funds	127,456	-	-	127,456
Corporate bonds	-	43,636	-	43,636
Mutual funds	33,228,052	-	-	33,228,052
Money funds	-	3,212,082	-	3,212,082
Unconditional promises to give	-	200,461	-	200,461
Interest rate swap	-	4,821	-	4,821
Total	<u>\$ 42,755,472</u>	<u>\$ 3,461,000</u>	<u>\$ -</u>	<u>\$ 46,216,472</u>

### Note 8. Unconditional Promises to Give

Unconditional promises to give are as follows at September 30:

	<u>2025</u>	<u>2024</u>
Baptist Project – restricted	\$ 95,000	\$ 170,400
Curing Kids Cancer, Inc. – restricted	4,900,000	-
Other	<u>77,701</u>	<u>40,451</u>
	5,072,701	210,851
Less: Unamortized discount and allowance for credit losses	<u>751,912</u>	<u>10,390</u>
Net unconditional promises to give	<u>\$ 4,320,789</u>	<u>\$ 200,461</u>

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### Note 8. Unconditional Promises to Give, Continued

Amounts due in:

Less than one year	\$ 744,967	\$ 200,461
One to five years	2,907,884	-
Greater than five years	<u>667,938</u>	<u>-</u>
Total	<u>\$ 4,320,789</u>	<u>\$ 200,461</u>

The discount rate used to determine the present value of the estimated future cash flows was 4.80% at September 30, 2025 and 2024. Management has determined that no further allowance was necessary at September 30, 2025 and 2024.

### Note 9. Major Donors

The Foundation had one donor that accounted for approximately 49% of its contributions for the year ended September 30, 2025. The Foundation had no donor that accounted for more than 10% of its contributions for the year ended September 30, 2024. Contributions from this donor were \$5,000,000 for the year ended September 30, 2025. Receivables from this donor as of September 30, 2025 were \$4,159,849.

### Note 10. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 1,427,837	\$ 1,427,837
Buildings and building improvements	1,379,263	1,345,842
Computer equipment	619,525	599,877
Furniture and equipment	<u>303,246</u>	<u>303,246</u>
	3,729,871	3,676,802
Less: accumulated depreciation	<u>1,501,000</u>	<u>1,439,968</u>
Property and equipment, net	<u>\$ 2,228,871</u>	<u>\$ 2,236,834</u>

Depreciation expense for the years ended September 30, 2025 and 2024 was \$58,735 and \$49,019, respectively. See Note 15 for additional information on property leased to others.

### 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. The bonds were collateralized by the building, fixtures, and land. The bond was refinanced in September 2015, with an interest rate of 4.865% and matured on September 1, 2025. As a result, there was no remaining balance as of September 30, 2025.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### Note 12. Contributed Nonfinancial Assets

The Foundation recognizes contribution revenue and expense for certain services and items received at the fair value of those services or items. The following contributed nonfinancial assets are recorded in the accompanying consolidated statements of activities as revenue and expense for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Advertising	\$ 120,702	\$ 99,490
Program service supplies and equipment	44,850	278,931
Miscellaneous	<u>36,263</u>	<u>26,317</u>
	<u>\$ 201,815</u>	<u>\$ 404,738</u>

Contributed services is comprised of various advertising services. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar professional services. These services did not have donor-imposed restrictions.

Donated programmatic equipment and supplies are recognized at their estimated fair values at the date of donation based on wholesale values that would be received for selling similar products in the United States. Contributed programmatic equipment and supplies are restricted by the donors for use by the Foundation or Prisma Health Midlands. The Foundation reports expirations of donor restrictions when used or transferred to Prisma Health Midlands as instructed by the donor.

Miscellaneous contributed items are recognized at their estimated fair values at the date of donation based on wholesale values that would be received for selling similar products in the United States. These services did not have donor-imposed restrictions.

### 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, 2025 and 2024, 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. The Foundation's contributions to the plan totaled \$44,239 and \$40,342 during the years ended September 30, 2025 and 2024, respectively.

### Note 14. Allocated Joint Costs

In 2025, the costs of conducting fundraising events included a total of \$827,855 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 \$438,012 to program services and \$389,843 to awareness.

In 2024, the costs of conducting fundraising events included a total of \$763,250 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 \$408,497 to program services and \$354,753 to awareness.

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

### Note 15. 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 Prisma Health Children's Hospital Midlands, the Prisma Health Cancer Institute Columbia, and other hospital programs. In exchange for these services, Prisma Health Midlands will fund the annual operating budget for the Foundation, exclusive of direct event costs and Children's Miracle Network program costs, once the budget is approved as part of the Annual Plan. The agreement was effective October 1, 2021 and has a term of 5 years. These commitments totaled \$1,800,000 in fiscal years 2025 and 2024. Future commitments due from Prisma Health Midlands under this agreement are as follows:

October 1, 2025 – September 30, 2026 \$ 2,100,000

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

	<u>2025</u>	<u>2024</u>
Contract services with Prisma Health Midlands	\$ 1,800,000	\$ 1,800,000
Rent for equipment leased from Prisma Health Midlands	1,673	4,630
Rent for office and storage space leased to Prisma Health Midlands	440,149	440,149
Accrued expenses to Prisma Health Midlands for program services	228	300
Accrued equipment expenses to Prisma Health Midlands for program services	191	-

The Foundation staff also assists Prisma Health Midlands with fundraising 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 years ended September 30, 2025 and 2024, the Foundation incurred investment fees totaling \$117,356 and \$102,446, respectively, from a company whose president is a member of the Board of Directors.

#### Lessor leases:

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. Lease income was \$440,149 for the years ended September 30, 2025 and 2024.

Property leased to Prisma Health Midlands consists of the following:

	<u>Estimated life</u>	<u>2025</u>	<u>2024</u>
Buildings and building improvements	39 years	\$ 1,667,624	\$ 1,627,992
Furniture and equipment	5 - 10 years	<u>983</u>	<u>983</u>
		1,668,607	1,628,975
Less accumulated depreciation		<u>(719,528)</u>	<u>(654,380)</u>
		<u>\$ 949,079</u>	<u>\$ 974,595</u>

# Prisma Health Midlands Foundation and Subsidiary

## Notes to Consolidated Financial Statements

September 30, 2025 and 2024

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### Note 15. Related Parties, Continued

Lessor leases, continued:

Depreciation expense related to the leased property for the years ended September 30, 2025 and 2024 was \$65,956 and \$58,423, respectively.

The following is a summary of future minimum lease payments that have initial or remaining terms in excess of one year as of September 30, 2025:

2026	\$	484,592
2027		40,714

**Prisma Health Midlands Foundation and Subsidiary**
*Consolidating Statement of Financial Position*
*As of September 30, 2025*

	Prisma Health Midlands Foundation	Taylor-Marion PHMF, LLC	Eliminations	Consolidated
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 957,450	\$ 1,232,657	\$ -	\$ 2,190,107
Investments	51,558,372	-	-	51,558,372
Unconditional promises to give, net				
Restricted	744,967	-	-	744,967
Prepaid expenses and other assets	380,788	1,439	-	382,227
Total current assets	<u>53,641,577</u>	<u>1,234,096</u>	<u>-</u>	<u>54,875,673</u>
<b>Long-term unconditional promises to give, net</b>				
Restricted	<u>3,575,822</u>	<u>-</u>	<u>-</u>	<u>3,575,822</u>
<b>Property and equipment, net</b>	<u>15,829</u>	<u>2,213,042</u>	<u>-</u>	<u>2,228,871</u>
<b>Leased property, net</b>	<u>-</u>	<u>949,079</u>	<u>-</u>	<u>949,079</u>
<b>Other assets</b>	<u>4,386,752</u>	<u>-</u>	<u>(4,386,752)</u>	<u>-</u>
Total assets	<u>\$ 61,619,980</u>	<u>\$ 4,396,217</u>	<u>\$ (4,386,752)</u>	<u>\$ 61,629,445</u>
<b>Liabilities and Net Assets/Member's Equity</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 6,007	\$ 4,173	\$ -	\$ 10,180
Accrued expenses and other	45,411	5,292	-	50,703
Deferred revenue	334,872	-	-	334,872
Total current liabilities	<u>386,290</u>	<u>9,465</u>	<u>-</u>	<u>395,755</u>
<b>Net assets/member's equity</b>				
Without donor restrictions	17,052,855	-	-	17,052,855
With donor restrictions	44,180,835	-	-	44,180,835
Total net assets	<u>61,233,690</u>	<u>-</u>	<u>-</u>	<u>61,233,690</u>
Total member's equity	<u>-</u>	<u>4,386,752</u>	<u>(4,386,752)</u>	<u>-</u>
Total net assets/member's equity	<u>61,233,690</u>	<u>4,386,752</u>	<u>(4,386,752)</u>	<u>61,233,690</u>
Total liabilities and net assets/member's equity	<u>\$ 61,619,980</u>	<u>\$ 4,396,217</u>	<u>\$ (4,386,752)</u>	<u>\$ 61,629,445</u>

**Prisma Health Midlands Foundation and Subsidiary**
*Consolidating Statement of Activities*
*For the year ended September 30, 2025*

	Prisma Health Midlands Foundation	Taylor-Marion PHMF, LLC	Eliminations	Consolidated
<b>Changes in net assets without donor restrictions</b>				
Revenues				
Contributions	\$ 141,416	\$ -	\$ -	\$ 141,416
Contributed nonfinancial assets	23	-	-	23
Prisma Health contract services	1,800,000	-	-	1,800,000
Lease income	-	440,149	-	440,149
Other income	22,248	8,215	-	30,463
Interest and dividends, net	450,507	54,879	-	505,386
Net realized and unrealized gain on investments	1,245,815	-	-	1,245,815
Equity in net income of affiliates	152,598	-	(152,598)	-
Realized loss on interest rate swap instrument	-	(4,821)	-	(4,821)
Total revenues without donor restrictions	3,812,607	498,422	(152,598)	4,158,431
Net assets released from donor restrictions	2,777,664	-	-	2,777,664
Transfers	84,445	-	-	84,445
	6,674,716	498,422	(152,598)	7,020,540
Expenses				
Program services	3,226,096	-	-	3,226,096
Costs of direct benefits to donors	134,489	-	-	134,489
Management and general	387,498	345,824	-	733,322
Fundraising	1,154,810	-	-	1,154,810
Total expenses	4,902,893	345,824	-	5,248,717
Change in net assets without donor restrictions	1,771,823	152,598	(152,598)	1,771,823
<b>Changes in net assets with donor restrictions</b>				
Revenues				
Contributions	6,355,235	-	-	6,355,235
Contributed nonfinancial assets	201,792	-	-	201,792
Special event revenue	2,649,093	-	-	2,649,093
Interest and dividends, net	686,268	-	-	686,268
Net unrealized and realized gain on investments	1,157,835	-	-	1,157,835
Total revenues with donor restrictions	11,050,223	-	-	11,050,223
Net assets released from donor restrictions	(2,777,664)	-	-	(2,777,664)
Transfers	(84,445)	-	-	(84,445)
Change in net assets with donor restrictions	8,188,114	-	-	8,188,114
Change in net assets	9,959,937	152,598	(152,598)	9,959,937
<b>Net assets/member's equity, beginning of year</b>	51,273,753	4,234,154	(4,234,154)	51,273,753
<b>Net assets/member's equity, end of year</b>	<u>\$ 61,233,690</u>	<u>\$ 4,386,752</u>	<u>\$ (4,386,752)</u>	<u>\$ 61,233,690</u>