



**Morton Plant Mease Health Care
Foundation, Inc.**

FINANCIAL STATEMENTS

December 31, 2023



	Page
REPORT	
Independent Auditor’s Report.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9



REPORT



INDEPENDENT AUDITOR'S REPORT

Morton Plant Mease Health Care Foundation, Inc.
Clearwater, Florida

Opinion

We have audited the accompanying financial statements of Morton Plant Mease Health Care Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morton Plant Mease Health Care Foundation, Inc. as December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morton Plant Mease Health Care Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Morton Plant Mease Health Care Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morton Plant Mease Health Care Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Morton Plant Mease Health Care Foundation, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida

February 22, 2024



FINANCIAL STATEMENTS



Morton Plant Mease Health Care Foundation, Inc.
Statements of Financial Position

<i>December 31,</i>	2023	2022
	Total	Total
Assets		
Cash	\$ 255,891	\$ 229,350
Cash, restricted	257,173	152,560
Promises to give, net	3,526,348	4,017,931
Marketable securities	84,015,747	77,614,790
Other assets	521,678	453,886
Cash surrender value of life insurance policies	5,092,432	4,956,426
Remainder interest in irrevocable trusts and estates	5,311,336	5,167,529
Property and equipment, net	336,422	363,489
Externally controlled endowments	17,476,543	16,022,394
Total assets	\$ 116,793,570	\$ 108,978,355
Liabilities and Net assets		
Liabilities		
Accounts payable and other payables	\$ 363,925	\$ 451,203
Gift annuity obligations	3,488,835	4,258,473
Liability under trust agreements	817,321	745,766
Total liabilities	4,670,081	5,455,442
Net assets		
Net assets without donor restrictions		
Undesignated	32,683,905	26,910,380
Board designated net assets, gift annuities (Note 2)	3,122,735	3,207,302
Total net assets without donor restrictions	35,806,640	30,117,682
Net assets with donor restrictions	76,316,849	73,405,231
Total net assets	112,123,489	103,522,913
Total liabilities and net assets	\$ 116,793,570	\$ 108,978,355

The accompanying notes are an integral part of these financial statements.

Morton Plant Mease Health Care Foundation, Inc.
Statements of Activities

<i>For the years ended December 31,</i>	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Public support and revenue				
Public support				
Contributions and promises to give, net	\$ 1,254,876	\$ 2,713,514	\$ 3,968,390	\$ 4,564,596
Gift annuities, net	53,371	103,471	156,842	178,524
Trusts and estates	1,375,288	1,162,204	2,537,492	910,185
Special events, net	6,914	-	6,914	81,538
Total public support	2,690,449	3,979,189	6,669,638	5,734,843
Revenue				
Interest and dividend income, net of fees:				
Investments	905,957	638,926	1,544,883	1,233,812
Gift annuities	130,085	39,633	169,718	141,651
Total revenue	1,036,042	678,559	1,714,601	1,375,463
Net assets released from restrictions				
Satisfaction of program restrictions	6,921,290	(6,921,290)	-	-
Satisfaction of time restrictions	862,360	(862,360)	-	-
Other changes in donor restrictions	(74,567)	74,567	-	-
Total net assets released from restrictions	7,709,083	(7,709,083)	-	-
Total public support and revenue (carried forward)	11,435,574	(3,051,335)	8,384,239	7,110,306

(Continued)

The accompanying notes are an integral part of these financial statements.

Morton Plant Mease Health Care Foundation, Inc.
Statements of Activities (Continued)

<i>For the years ended December 31,</i>	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Total public support and revenue (brought forward)	11,435,574	(3,051,335)	8,384,239	7,110,306
Expenses				
Program	9,538,621	-	9,538,621	16,638,292
Administration	653,550	-	653,550	669,528
Fundraising	1,442,260	-	1,442,260	1,402,493
Total expenses	11,634,431	-	11,634,431	18,710,313
Public support and revenue in deficit of expenses	(198,857)	(3,051,335)	(3,250,192)	(11,600,007)
Other changes				
Appreciation (Depreciation) in marketable securities:				
Investments	4,680,541	3,874,083	8,554,624	(15,879,844)
Gift annuities	550,152	188,760	738,912	(1,532,237)
Appreciation (depreciation) in value of split-interest agreements	657,122	1,900,110	2,557,232	(3,355,162)
Total other changes	5,887,815	5,962,953	11,850,768	(20,767,243)
Change in net assets	5,688,958	2,911,618	8,600,576	(32,367,250)
Net assets, beginning of year	30,117,682	73,405,231	103,522,913	135,890,163
Net assets, end of year	\$ 35,806,640	\$ 76,316,849	\$ 112,123,489	\$ 103,522,913

The accompanying notes are an integral part of these financial statements.

Morton Plant Mease Health Care Foundation, Inc.
Statements of Functional Expenses

For the year ended December 31, 2023

	Supporting Services				Summarized Total for the Year Ended December 31, 2022
	Program Services	Administrative	Fundraising	2023 Total	
Grants expense	\$ 9,366,232	\$ -	\$ -	\$ 9,366,232	\$ 16,475,427
Operating expenses					
Salaries and benefits	143,987	462,816	1,038,765	1,645,568	1,595,116
Postage	1,677	3,219	11,861	16,757	16,782
Printing and publication	3,875	10,934	23,939	38,748	48,440
Direct mail	4,948	4,948	39,582	49,478	76,009
Cultivation	-	-	107,266	107,266	100,114
Recognition	-	-	47,353	47,353	52,218
Research	-	676	6,080	6,756	9,536
Supplies	317	1,020	2,289	3,626	2,808
Utilities	4,446	14,289	32,072	50,807	51,161
Repairs and maintenance	6,568	21,112	47,385	75,065	70,213
Equipment lease and rental	1,972	6,340	14,230	22,542	23,205
Travel and education	-	22,180	30,568	52,748	25,508
Outside services	-	49,953	612	50,565	50,334
Rent	2,231	7,172	16,097	25,500	25,500
Other	-	41,278	7,075	48,353	48,304
Depreciation	2,368	7,613	17,086	27,067	39,638
Total operating expenses	172,389	653,550	1,442,260	2,268,199	2,234,886
Total	\$ 9,538,621	\$ 653,550	\$ 1,442,260	\$ 11,634,431	\$ 18,710,313

The accompanying notes are an integral part of these financial statements.

Morton Plant Mease Health Care Foundation, Inc.
Statements of Cash Flows

<i>Years ended December 31,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 8,600,576	\$ (32,367,250)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	27,067	39,638
Depreciation (appreciation) in value of investment activities	(8,938,860)	17,412,081
Change in split-interest agreements	(2,052,883)	3,850,028
Provision for uncollectible contributions	5,226	-
Noncash contributions	(703,799)	(248,228)
Changes in operating assets and liabilities		
Promises to give	486,357	1,657,313
Other assets	(67,792)	6,043
Remainder interest in irrevocable trusts and estates	-	207,751
Accounts payable and other payables	(87,278)	34,904
Gift annuity obligations	(379,162)	(557,641)
Net cash used in operating activities	(3,110,548)	(9,965,361)
Investing activities		
Purchases of property and equipment	-	(13,990)
Proceeds from sale of marketable securities	25,400,243	38,034,683
Purchases of marketable securities	(22,158,541)	(28,471,405)
Net cash provided by investing activities	3,241,702	9,549,288
Increase/(decrease) in cash and restricted cash	131,154	(416,073)
Cash and restricted cash, beginning of year	381,910	797,983
Cash and restricted cash, end of year	\$ 513,064	\$ 381,910

The accompanying notes are an integral part of these financial statements.

Morton Plant Mease Health Care Foundation, Inc. **Notes to Financial Statements**

Note 1: NATURE OF OPERATIONS

Morton Plant Mease Health Care Foundation, Inc., (Foundation), was organized for the purpose of obtaining, holding, and managing funds that are used mainly for the benefit of the Hospitals of Morton Plant Mease Health Care (Hospital), in accordance with restrictions, if any, imposed by donors. The Foundation collects contributions from both individuals and corporate donors, primarily from the Tampa Bay area. The Foundation is incorporated under the provisions of Section 501(c) (3) of the Internal Revenue Tax Code, to engage exclusively in not-for-profit activities and is exempt from federal and state income taxes.

The Foundation is associated with Morton Plant Mease Health Care System, Inc. (Health System). These statements, which contain only the activity of the Foundation, are included in the combined statements of the Morton Plant Mease Health Care System, Inc.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to contributions of non-financial assets and allocation of functional expenses.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Morton Plant Mease Health Care Foundation, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Amounts included in restricted cash represent those required to be set aside for use in the manner specified by the donor.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. The discount rates range from 1.60% to 5.00%. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Management estimates the allowance for uncollectible promises based on historical write-offs. Management writes off or recovers promises to give as other changes in designated net asset class depending on which class the promise to give was reported.

Marketable Securities and Investments

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Cash Surrender Value of Life Insurance Policies

Donated insurance policies are valued at the gross cash surrender value less outstanding loans.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held and Liabilities Under Split-Interest Agreement

Remainder Interests in Irrevocable Trusts and Estates

The Foundation recognizes an asset and revenue on estates in probate and charitable remainder trusts when they receive notification of an irrevocable interest in one of those types of contributions. The underlying investments for the internally-controlled assets are in debt and equity securities, mutual funds, and real estate and are stated at fair value in accordance with ASC 820. When management expects the cash from these contributions to be received more than one year in the future, the asset and revenue is discounted for the time value of money (net present value) based on the Internal Revenue Service discount rate at the time of the gift.

Gift Annuities

Gift annuity contracts issued by the Foundation, guarantee that a donor will receive a fixed amount of money every year for the rest of their life in exchange for a donation. The assets received by the Foundation are recorded at fair value at the date of the donation. The assets underlying the gift annuities are investments in debt and equity securities and mutual funds stated at fair value. The liability to the donor is computed using the Internal Revenue Service's actuarial model, at the date of the gift. The interest rate used, in the model are those prescribed by the IRS as of the date of the gift. The excess of the annuity gift asset received over the recorded liability is recorded as support in the year of receipt. The governing board has designated the excess as a reserve to ensure fulfillment of the obligations related to the gift annuity contracts. Upon the donor's death, the excess of the gift received from the donor and revenues realized over the distribution paid to the donor is spent as specified by the gift annuity contract. The Foundation quarterly revalues the gift annuity liability for each donor, based on the donor's life expectancy. The resulting change in the liability is recorded as a "change in split-interest agreements" in the statement of activities.

Liability Under Trust Agreements

When the Foundation is the trustee of charitable remainder trusts in which the Foundation has a future interest, the fair value of the trusts' assets are shown as an asset of the Foundation with an offsetting liability (liabilities under trust agreements) for the net present value of the expected payments to be made to the income beneficiary in accordance with ASC 820, *Fair Value Measurements*.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Office equipment, furnishings, buildings and land purchased by the Foundation are recorded at cost if greater than \$500. Donated property used by the Foundation is recorded at fair value on the date contributed. If donors stipulate how long the assets must be used, the contributions are recorded as with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is recorded under the straight-line method over estimated useful lives of the assets, ranging from 3 to 5 years for furniture and equipment and 25 years for buildings.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, any excess reserves related to gift annuities as noted in the *Gift Annuities* section.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Morton Plant Mease Health Care Foundation, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Foundation holds special events to raise additional revenue for the Health System. Special event revenue includes revenue earned for sponsorships, ticket sales and other sales including raffles and auctions and is accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

The Foundation reviews the fair value of the tickets and sponsorship levels to determine the allocation of special event and contribution revenue.

Event revenue is recognized as of the date of the event. Event revenue received in advance is deferred and included in accounts payable and accrued expenses within the statements of financial position.

Contributions of Non-financial Assets

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated services that do meet the criteria for recognition, along with donated materials, are recorded at the estimated fair value as revenue and expense.

Grants

Grants to the Health System are approved by the Community Impact Committee and recommended to the Board for approval periodically. Upon Board approval, the grants are then paid and expensed in the same period as they are approved.

Morton Plant Mease Health Care Foundation, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The cost of providing certain activities of the Foundation have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to program, administration, and fundraising activities. These expenses include salaries, payroll benefits, supplies, associated occupancy expenses and depreciation.

These expenses are allocated based on estimates of time and effort. These functions are defined as follows:

Program- The costs related to supporting the Health Care System to improve health and wellness of the community.

Administration – The costs of operating the Foundation offices, including gathering, processing, and maintaining financial and legal information.

Fundraising – The costs associated with the direct solicitation of contributions to the Foundation and promoting the community's awareness of the combined mission of the Health Care System and the Foundation, to include direct expenses in connection with special events.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023 and 2022, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 22, 2024. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation monitors its liquidity so that it is able to provide grant funding to the Health System and cover operating expenses. Readily available assets with donor restrictions are available to cover grant funding. Management budgets for grants based on the range of the most recent five year rolling average of grants paid as a percentage of the respective year's total available assets. Assets without donor restrictions are available to cover operating expenses.

Management has budgeted approximately \$10,000,000 in grant funding and \$2,600,000 in operating expenses to be paid within one year of the balance sheet date. The Foundation is able to reduce grants paid to the Health System in the event of an unanticipated liquidity need.

The Foundation has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses:

<i>December 31,</i>	2023	2022
Cash	\$ 513,064	\$ 381,910
Marketable securities	84,015,747	77,614,790
Cash surrender value of life insurance policies	5,092,432	4,956,426
Gift annuity investments	-	-
Internally controlled endowments	-	-
Financial assets at year-end	89,621,243	82,953,126
Less amounts unavailable for general expenditure:		
Cash with donor restrictions	(257,177)	(152,560)
Marketable securities with donor restrictions	(34,480,812)	(32,729,864)
Cash surrender value of life insurance policies with donor restrictions	(1,622,777)	(1,637,010)
Gift annuity investments with donor restrictions	(522,051)	(1,079,968)
Gift annuity obligations	(3,488,835)	(4,258,473)
Internally controlled endowments	(13,909,507)	(13,361,190)
Financial assets available to meet cash needs for general expenditures within one year:	\$ 35,340,084	\$ 29,734,061

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 4: PROMISES TO GIVE

Promises to give at December 31, 2023 are summarized as follows:

<i>Expected receipt of contribution in</i>	<i>Amount</i>
2024	\$ 1,771,613
2025	536,000
2026	529,309
2027	417,205
2028	156,000
Thereafter	311,000
Gross promises to give	3,721,127
Less discount for present value	(122,813)
Less allowance for doubtful promises to give	(71,966)
Net promises to give	\$ 3,526,348

Promises to give consist primarily of promises from individuals and corporations within the Tampa Bay area. Management has established an allowance account as its estimate of uncollectible promises to give of approximately \$72,000 and \$82,000 at December 31, 2023 and 2022, respectively.

Note 5: INVESTMENTS

Marketable securities are recorded at fair value and are summarized as follows:

<i>December 31,</i>	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Debt securities	\$ 24,949,811	\$ 24,155,254	\$ 24,851,117	\$ 22,548,384
Equity securities	41,354,795	54,193,565	43,470,762	49,528,871
Money market funds	5,551,100	5,589,099	5,510,948	5,510,948
Other	77,829	77,829	26,587	26,587
	\$ 71,933,535	\$ 84,015,747	\$ 73,859,414	\$ 77,614,790

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 5: INVESTMENTS (Continued)

Below is a summary of the line items from the statement of financial position that comprise the investment breakdown above at fair value:

<i>December 31,</i>	2023	2022
Marketable securities	\$ 54,399,545	\$ 48,808,941
Gift annuity investments	7,133,619	8,545,741
Internally controlled endowments	22,482,583	20,260,108
	\$ 84,015,747	\$ 77,614,790

Note 6: GIFT ANNUITY CONTRACTS

The Foundation is certified by the State of Florida to market and manage gift annuity contracts that are invested in cash, bonds and marketable securities. Under these contracts a donor gives the Foundation a lump sum of assets at the beginning of the contract, and the Foundation makes predetermined quarterly payments to the donor for their lifetime. At the end of the donor's life, the Foundation keeps any remaining assets not used in making payments to the donor. In the contract, the donor may specify how the Foundation must use the revenue earned under the contract.

In addition to the income usage restriction placed on the Foundation by donors, the State of Florida, Department of Insurance imposes certain gift annuity asset retainage restrictions. The State of Florida requires the Foundation to maintain (reserve) specific types of assets in excess of the \$3,488,835 gift annuity liability. The total asset reserve requirement as of December 31, 2023 was \$4,005,903. The board policy states that all assets received from gift annuity contracts be held until the donor's death, to insure that the Foundation has ample assets to cover its gift annuity obligations.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 7: PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

<i>December 31,</i>	2023	2022
Office equipment	\$ 122,638	\$ 122,638
Furniture	85,760	85,760
Building and improvements	1,187,407	1,187,407
Total depreciable property and equipment	1,395,805	1,395,805
Less accumulated depreciation	(1,331,428)	(1,304,361)
Total depreciable property and equipment, net	64,377	91,444
Land	272,045	272,045
Total property and equipment, net	\$ 336,422	\$ 363,489

Depreciation expense was \$27,067 and \$39,638 for the years ended December 31, 2023 and 2022, respectively.

Note 8: INTERNALLY CONTROLLED ENDOWMENTS

The Foundation's endowment consists of 28 individual funds established for a variety of purposes. The endowments are all donor-restricted endowment funds. The Foundation has no board-designated endowments. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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, the Foundation classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (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, and (d) for endowments instruments that are silent as to the restriction of the earnings, the Board has determined to record all realized and unrealized gains and losses as with donor restrictions or without donor restrictions depending on the purpose restriction of the endowment.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 8: INTERNALLY CONTROLLED ENDOWMENTS (Continued)

A portion of the donor-restricted endowment fund that is classified as with donor restrictions assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA. For certain endowment funds, the donors have stipulated that additional accumulation of funds above and beyond the permanent endowment are without donor restriction as to purpose and are therefore classified as without donor restrictions. The Foundation has adopted a discretionary spending policy to be applied to endowed funds, which is within prudent limits as outlined by UPMIFA. Management can determine each year how much to distribute from its designated endowment to use for its granting purposes. This policy enables the Foundation to preserve and strengthen its endowment for the future.

The Foundation's investment policy is based on providing funding for the Health System's philanthropic efforts. Therefore the time horizon is reasonably long. The objective is to maximize total return with a balance between income and capital appreciation, as income is required for annual spending needs while principal provides long term growth of assets. The following is the Foundation's investment policy for internal endowment funds:

Asset Class	Target Objective %	Minimum %	Maximum %
Equity Portfolio	68	53	83
Fixed Income Portfolio	23	8	38
Alternative Investments	9	9	19
Money Market	0	0	20

It is expected that fixed income investments will be restricted to investments with a rating of BBB-/Baa3 or better at time of purchase. Investments in hedge funds will generally be diversified, commingled fund of funds vehicles. Hedge investments will not be purchased without written consent of the investment committee.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 8: INTERNALLY CONTROLLED ENDOWMENTS (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of 12/31/22	\$ 86,041	\$ 20,260,108	\$ 20,346,149
Investment return			
Investment income, net of fees	30,986	395,794	426,780
Net depreciation (realized and unrealized)	192,655	2,481,356	2,674,011
Total investment return	223,641	2,877,150	3,100,791
Contributions	-	472,835	472,835
Transfers		74,460	74,460
Appropriation of endowment assets for expenditures	-	(1,201,970)	(1,201,970)
Balance as of 12/31/23	\$ 309,682	\$ 22,482,583	\$ 22,792,265

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of 12/31/21	\$ 384,381	\$ 24,386,601	\$ 24,770,982
Investment return			
Investment income, net of fees	25,047	327,835	352,882
Net appreciation (realized and unrealized)	(323,387)	(4,192,650)	(4,516,037)
Total investment return	(298,340)	(3,864,815)	(4,163,155)
Appropriation of endowment assets for expenditures	-	(261,678)	(261,678)
Balance as of 12/31/22	\$ 86,041	\$ 20,260,108	\$ 20,346,149

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 9: EXTERNALLY CONTROLLED ENDOWMENTS

The Foundation receives income from certain endowment funds that are neither in the Foundation’s possession nor under its control. These external endowment assets are held in perpetuity and are invested and managed by outside trustees in accordance with trust instruments established by the donors. The fair value of the externally controlled endowments increased by \$1,454,149 in 2023 and decreased by \$3,549,127 in 2022.

Interest and dividends received from the externally controlled endowments for the years ended December 31, 2023 and 2022 amounted to \$545,078 and \$540,416, respectively. Interest and dividends are spent based on donor imposed restrictions.

Note 10: REVENUE

The Foundation recognizes special events revenue at the point in time in which the event is held. As of December 31, 2023, there is \$55,063 of deferred revenue to be satisfied for events occurring in 2024.

The Foundation’s customers are considered donors of the organization.

Contract balances for contracts with customers include the following:

December 31,	2023	2022	2021
Contract liabilities			
Deferred revenue, beginning of year	\$ 116,771	\$ 136,011	\$ 188,286
Deferred revenue, end of year	\$ 55,063	\$ 116,771	\$ 136,011

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Morton Plant Mease Health Care Foundation, Inc. Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

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 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.

Following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodology used at December 31, 2023.

Money Markets: Valued at the net asset value (NAV) of shares held by the organization at year end. The money markets held by the Foundation are deemed to have a readily determinable fair value.

Equities: Comprised of common stock valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the organization at year end. The mutual funds are invested in individual equities in industries noted below. There are no unfunded commitments within the mutual funds and in addition there are no significant restrictions on the organizations ability to sell investments. The mutual funds held by the Foundation are deemed to have a readily determinable fair value.

Exchange Traded Products: Valued at the net asset value (NAV) of shares held by the organization at year end. The exchange traded products held by the Foundation are deemed to have a readily determinable fair value.

Fixed Income Funds: Valued at the net asset value (NAV) of shares held by the organization at year end. There are no unfunded commitments within the fixed income funds and in addition there are no significant restrictions on the organizations ability to sell investments. The fixed income funds held by the Foundation are deemed to have a readily determinable fair value.

Morton Plant Mease Health Care Foundation, Inc. Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Property: Property (gifts through remainder interest trusts and estates) is valued based on appraisals obtained by management from independent third parties at the time of the original gift. After the initial date of the gift, if property is on the books more than one year, management discusses property values with experts in the field and will make adjustments based on comparable properties in the market if needed. The policy is to obtain new appraisals every 5 years for properties which are held for long periods of time.

Externally Controlled Endowments: The investments are managed by a third party unrelated to this organization. The endowment assets are valued based on the third party pricing information without adjustment. The organization does not develop nor are they provided with the quantitative inputs used to develop the fair values. There have been no purchases, issues or transfers of these assets for the years ended December 31, 2023 and 2022.

Externally Controlled Trusts: The investments are managed by a third party which is unrelated to this organization. The remainder interest trust assets are valued based on the third party pricing information without adjustment. The organization does not develop nor are they provided with the quantitative inputs used to develop the fair values. The organization uses the fair values provided along with percentage of the expected benefit, life expectancy and time value of money.

Liability Under Trust Agreements: These liabilities are valued using the income approach based on the present value of the future distributions expected to be received, using published life expectancy tables and a discount for the time value of money.

Gift Annuity Obligations: These liabilities are estimated by management based on the fair value of the assets, life expectancy and a discount for the time value of money.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management 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.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis consists of the following:

<i>December 31, 2023</i>	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities				
Money markets	\$ 4,150,744	\$ 1,516,183	\$ -	\$ 5,666,927
Equities	54,193,565	-	-	54,193,565
Mutual funds	5,118,214	-	-	5,118,214
Fixed income	7,105,403	11,931,638	-	19,037,041
<hr/>				
Total marketable securities	70,567,926	13,447,821	-	84,015,747
Remainder interest in irrevocable				
Internally controlled trusts & estates				
Money markets	23,387	-	-	23,387
Equities	982,856	-	-	982,856
Fixed income	350,440	-	-	350,440
Mutual Funds	52,034	-	-	52,034
Mutual funds - Commodities US	32,708	-	-	32,708
Property	-	-	154,659	154,659
<hr/>				
Total internally controlled trusts & estates	1,441,425	-	154,659	1,596,084
<hr/>				
Externally controlled trusts	-	-	3,715,252	3,715,252
<hr/>				
Total remainder interest in irrevocable trusts & estates	1,441,425	-	3,869,911	5,311,336
<hr/>				
Externally controlled endowments	-	-	17,476,543	17,476,543
<hr/>				
Total assets	\$ 72,009,351	\$ 13,447,821	\$ 21,346,454	\$ 106,803,626
<hr/>				
Liabilities				
Gift annuity obligations	\$ -	\$ -	\$ 3,488,835	\$ 3,488,835
Liability under trust agreements	-	-	817,321	817,321
<hr/>				
Total liabilities	\$ -	\$ -	\$ 4,306,156	\$ 4,306,156

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

<i>December 31, 2022</i>	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities				
Money markets	\$ 5,537,535	\$ -	\$ -	\$ 5,537,535
Equities	49,528,871	-	-	49,528,871
Mutual funds	4,328,254	-	-	4,328,254
Fixed income	6,531,952	11,688,178	-	18,220,130
<hr/>				
Total marketable securities	65,926,612	11,688,178	-	77,614,790
Remainder interest in irrevocable				
Internally controlled trusts & estates				
Money markets	37,450	-	-	37,450
Equities	888,761	-	-	888,761
Fixed income	328,730	-	-	328,730
Mutual funds	50,695	-	-	50,695
Mutual funds - Commodities US	32,612	-	-	32,612
Property	-	-	154,659	154,659
<hr/>				
Total internally controlled trusts & estates	1,338,248	-	154,659	1,492,907
<hr/>				
Externally controlled trusts	-	-	3,674,622	3,674,622
<hr/>				
Total remainder interest in irrevocable trusts & estates	1,338,248	-	3,829,281	5,167,529
<hr/>				
Externally controlled endowments	-	-	16,022,394	16,022,394
<hr/>				
Total assets	\$ 67,264,860	\$ 11,688,178	\$ 19,851,675	\$ 98,804,713
<hr/>				
Liabilities				
Gift annuity obligations	\$ -	\$ -	\$ 4,258,473	\$ 4,258,473
Liability under trust agreements	-	-	745,766	745,766
<hr/>				
Total liabilities	\$ -	\$ -	\$ 5,004,239	\$ 5,004,239
<hr/>				

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Gains and losses (realized and unrealized) are included in other changes in net assets for the years ended December 31, 2023 and December 31, 2022.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

We evaluate the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits.

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended December 31, 2023 and 2022:

	Gift annuity obligations	
<i>December 31,</i>	2023	2022
Issuances	\$ 172,690	\$ 185,478
Sales	(912,892)	(259,348)

There were no changes in the fair value of liabilities under trust agreements for the year ended December 31, 2023 and 2022.

The following table represents the Foundation's level 3 financial instruments, the valuation technique used to measure the fair value of those financial instruments, and the significant unobservable inputs and ranges of the values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Gift annuity obligations	\$ 3,488,835	Discounted cash flow	IRS prescribed rate	0.4% to 8.6%	N
			Life expectancy	Varies	N
Liability under trust agreements	\$ 817,321	Discounted cash flow	IRS prescribed rate	5% to 8%	N
			Life expectancy	Varies	N

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 12: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>December 31,</i>	2023	2022
Subject to expenditure for specified purpose		
Cash contributions	\$ 26,164,913	\$ 25,727,877
Gift annuities	522,045	1,079,966
Cash surrender value of life insurance contracts	1,622,777	1,637,010
Trusts and estates not yet received	291,057	297,000
Promises to give	2,141,437	2,196,687
Cumulative capital gains on endowment assets	8,573,076	6,898,918
Subject to the passage of time		
Trusts and estates not yet received	4,202,958	4,134,763
Promises to give	1,384,911	1,821,244
Other	27,625	228,182
Donor-restricted Endowment Funds		
Internally controlled	13,909,507	13,361,190
Externally controlled	17,476,543	16,022,394
Total net assets with donor restrictions	\$ 76,316,849	\$ 73,405,231

Note 13: RELATED-PARTY TRANSACTIONS

The Foundation reimburses the Health System for payroll costs, employee benefits and operating supplies. Reimbursements to the Health System for these expenses were approximately \$1,739,000 and \$1,738,000 for the years ended December 31, 2023 and 2022. The Foundation owed the Health System approximately \$200,000 and \$186,000 at December 31, 2023 and 2022, for various reimbursable expenses.

Morton Plant Mease Health Care Foundation, Inc. Notes to Financial Statements

Note 13: RELATED-PARTY TRANSACTIONS (Continued)

The Foundation received services for payroll and benefits processing, information technology and legal services from the Health System. The services received totaled \$45,520 and \$44,094 for the years ended December 31, 2023 and 2022, respectively and are recorded as in-kind revenue with offsetting expenses in applicable categories. See Note 2.

The Foundation participates in a defined contribution employee benefit plan, which is sponsored by BayCare Health System. Under the Plan, employees are eligible upon hire and after completing one year of service prior to January 1 or July 1 of any plan year they are eligible to participate in the annual employer contribution.

The sponsor declared a contribution to the Plan of 2% and 50% match with a maximum of 3% of gross compensation to eligible employees for the Plan years ended December 31, 2023 and 2022. The Foundation's share of this contribution was approximately \$55,000 and \$48,000 for the years ended December 31, 2023 and 2022.

The Foundation remitted \$54,183 and \$47,869 for the Senior Executive Retirement Plan to the Health System for the Plan years ended December 31, 2023 and 2022.

Effective 2017, the Foundation met requirements for classification as a public charity and began receiving IRA Tax Free Distributions. IRA Tax Free Distributions of \$287,030 and \$375,926 were received for the years ended December 31, 2023 and 2022.

Board members contribute to the Foundation in various amounts. The Foundation did not receive significant contributions from management in 2023.

Note 14: CONTINGENCIES

The Foundation regularly receives gifts restricted by donors for various grants to the Health System. In one case, if a donor's restriction is not followed, the combined gifts and undistributed earnings of \$3,229,481, as of December 31, 2023, would have to be transferred to another charitable organization. In management's opinion, all gift restrictions and covenants have been fulfilled.

Morton Plant Mease Health Care Foundation, Inc.
Notes to Financial Statements

Note 15: UNCERTAINTIES

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

Recent market conditions have resulted in an unusually high degree of volatility and increased risks and may affect the short-term liquidity associated with certain investments held by the Foundation which could impact the value of investments after the date of these financial statements. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

Note 16: CONCENTRATION OF CREDIT RISK

The Foundation places its cash and certificates of deposit with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limit. The Foundation has cash deposits with financial institutions in excess of the FDIC limit by approximately \$0 and \$74,300 at December 31, 2023 and 2022, respectively.