



Financial Statements (and Supplementary Information)

The Medical Center Foundation, Inc.
(A Subsidiary of Northeast Georgia Health System, Inc.)

Years Ended September 30, 2018 and 2017

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

Financial Statements (and Supplementary Information)

Years Ended September 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Medical Center Foundation, Inc. (the Foundation), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Medical Center Foundation, Inc. as of September 30, 2018 and 2017, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

PYA, P.C.

Atlanta, Georgia
January 22, 2019

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

Statements of Financial Position

September 30, 2018

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2018 Total</i>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,939,247	\$ -	\$ -	\$ 3,939,247
Investments and assets limited as to use	-	2,500,428	-	2,500,428
Pledges receivable, net	-	1,767,781	-	1,767,781
Other current receivables, net	25,500	-	-	25,500
TOTAL CURRENT ASSETS	3,964,747	4,268,209	-	8,232,956
Property held for future investment	-	3,304,750	-	3,304,750
Property and equipment, less accumulated depreciation of \$259,072	183,681	-	-	183,681
Investments and assets limited as to use	12,893,481	6,077,130	5,465,240	24,435,851
Pledges receivable (less current portion), net	-	1,669,250	-	1,669,250
Other non-current receivables	73,565	-	-	73,565
TOTAL ASSETS	\$ 17,115,474	\$ 15,319,339	\$ 5,465,240	\$ 37,900,053
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Due to affiliates - Note E	\$ 2,953,569	\$ -	\$ -	\$ 2,953,569
Accrued payroll	77,528	-	-	77,528
TOTAL LIABILITIES	3,031,097	-	-	3,031,097
COMMITMENTS AND CONTINGENCIES - Note I				
NET ASSETS	14,084,377	15,319,339	5,465,240	34,868,956
TOTAL LIABILITIES AND NET ASSETS	\$ 17,115,474	\$ 15,319,339	\$ 5,465,240	\$ 37,900,053

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

Statements of Financial Position - Continued

September 30, 2017

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2017 Total</i>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,442,656	\$ -	\$ -	\$ 2,442,656
Pledges receivable, net	-	210,573	-	210,573
Other current receivables, net	21,300	-	-	21,300
TOTAL CURRENT ASSETS	2,463,956	210,573	-	2,674,529
Property held for future investment	-	3,304,750	-	3,304,750
Property and equipment, less accumulated depreciation of \$271,760	215,849	-	-	215,849
Investments and assets limited as to use	13,914,129	6,546,149	5,279,275	25,739,553
Pledges receivable (less current portion), net	-	4,424,653	-	4,424,653
Other non-current receivables	80,848	-	-	80,848
TOTAL ASSETS	\$ 16,674,782	\$ 14,486,125	\$ 5,279,275	\$ 36,440,182
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Due to affiliates - Note E	\$ 3,738,424	\$ -	\$ -	\$ 3,738,424
Accrued payroll	156,523	-	-	156,523
TOTAL LIABILITIES	3,894,947	-	-	3,894,947
COMMITMENTS AND CONTINGENCIES - Note I				
NET ASSETS	12,779,835	14,486,125	5,279,275	32,545,235
TOTAL LIABILITIES AND NET ASSETS	\$ 16,674,782	\$ 14,486,125	\$ 5,279,275	\$ 36,440,182

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

Statements of Activities and Changes in Net Assets

Year Ended September 30, 2018

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2018 Total</i>
Revenue, gains and other support:				
Contributions and bequests	\$ -	\$ 3,868,811	\$ 131,855	\$ 4,000,666
Partnership earnings, net	1,082,595	111,389	1,827	1,195,811
Investment earnings, net	884	92	-	976
Net assets released from restrictions for operations - Note G	777,399	(777,399)	-	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,860,878	3,202,893	133,682	5,197,453
Expenses:				
Operating expenses:				
Salaries and benefits	1,121,214	-	-	1,121,214
Utilities	14,218	-	-	14,218
Supplies	149,935	-	-	149,935
Legal, consulting and professional fees	120,225	-	-	120,225
Contracted outside services	37,476	-	-	37,476
Other	204,308	-	-	204,308
Depreciation expense	35,218	-	-	35,218
TOTAL OPERATING EXPENSES	1,682,594	-	-	1,682,594
Program expenses:				
Support provided to affiliates - Note E	777,399	2,908,838	-	3,686,237
TOTAL EXPENSES	2,459,993	2,908,838	-	5,368,831
EXCESS (DEFICIENCY) OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES				
	(599,115)	294,055	133,682	(171,378)
Other changes in net assets:				
Support from affiliates - Note E	1,976,063	-	-	1,976,063
Estimated allowance for bad debt and discount on pledges	-	643,177	-	643,177
Other	(72,406)	(104,018)	52,283	(124,141)
INCREASE IN NET ASSETS	1,304,542	833,214	185,965	2,323,721
NET ASSETS, BEGINNING OF YEAR	12,779,835	14,486,125	5,279,275	32,545,235
NET ASSETS, END OF YEAR	\$ 14,084,377	\$ 15,319,339	\$ 5,465,240	\$ 34,868,956

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

Statements of Activities and Changes in Net Assets - Continued

Year Ended September 30, 2017

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2017 Total</i>
Revenue, gains and other support:				
Contributions and bequests	\$ -	\$ 3,312,173	\$ 2,500	\$ 3,314,673
Partnership earnings, net	1,560,850	147,870	2,579	1,711,299
Net assets released from restrictions for operations - Note G	976,379	(976,379)	-	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	2,537,229	2,483,664	5,079	5,025,972
Expenses:				
Operating expenses:				
Salaries and benefits	1,182,243	-	-	1,182,243
Utilities	15,917	-	-	15,917
Supplies	109,375	-	-	109,375
Legal, consulting and professional fees	68,445	-	-	68,445
Contracted outside services	26,797	-	-	26,797
Other	202,245	-	-	202,245
Depreciation expense	38,255	-	-	38,255
TOTAL OPERATING EXPENSES	1,643,277	-	-	1,643,277
Program expenses:				
Support provided to affiliates - Note E	976,379	1,302,274	-	2,278,653
TOTAL EXPENSES	2,619,656	1,302,274	-	3,921,930
EXCESS (DEFICIENCY) OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES	(82,427)	1,181,390	5,079	1,104,042
Other changes in net assets:				
Support from affiliates - Note E	1,852,716	-	-	1,852,716
Estimated allowance for bad debt and discount on pledges	-	8,928	250	9,178
Other	(102,354)	(1,675,108)	1,661,816	(115,646)
INCREASE (DECREASE) IN NET ASSETS	1,667,935	(484,790)	1,667,145	2,850,290
NET ASSETS, BEGINNING OF YEAR	11,111,900	14,970,915	3,612,130	29,694,945
NET ASSETS, END OF YEAR	\$ 12,779,835	\$ 14,486,125	\$ 5,279,275	\$ 32,545,235

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

Statements of Cash Flows

	<i>Year Ended September 30,</i>	
	<i>2018</i>	<i>2017</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 2,323,721	\$ 2,850,290
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	35,218	38,255
Estimated allowance for bad debts and discounts on pledges	(643,177)	(9,178)
Changes in other assets and liabilities:		
Pledges and other receivables	1,844,455	(48,561)
Due to affiliates, net	(784,855)	1,334,823
Accrued payroll	(78,995)	5,875
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,696,367</u>	4,171,504
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments and assets limited as to use	(1,196,726)	(2,900,446)
Additions to property and equipment	(3,050)	(36)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,199,776)</u>	(2,900,482)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,496,591	1,271,022
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,442,656</u>	1,171,634
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,939,247</u>	<u>\$ 2,442,656</u>

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

Notes to Financial Statements

Years Ended September 30, 2018 and 2017

NOTE A--ORGANIZATION

The Medical Center Foundation, Inc. (the Foundation), located in Gainesville, Georgia, was formed to develop and maintain quality volunteer services and manage fundraising activities for Northeast Georgia Health System, Inc. (NGHS) and its affiliated entities. NGHS is the parent corporation to the Foundation and, as such, the Foundation is included in the consolidated financial statements of NGHS and affiliates.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents: Cash and cash equivalents include cash and short-term deposits with original maturities of less than three months when purchased.

Investments and Assets Limited as to Use: The majority of investments and assets limited as to use at September 30, 2018 and 2017 consist of the Foundation's sole ownership in a limited partnership investment fund (the Fund). The primary objective of the Fund is to generate a higher than average cash flow yield through investment in publicly traded equity securities. The Foundation accounts for its investment in the Fund under the equity method of accounting with the Foundation's share of the Fund's gains and losses, both realized and unrealized, recognized as partnership earnings in the Statements of Activities and Changes in Net Assets.

All other investments and assets limited as to use which are not invested in the Fund are stated at fair value based on quoted market prices. The portion of these investments and assets limited as to use relating to financial instruments with remaining maturities of less than one year are classified as current assets.

Contributions/Pledges Receivable: Unconditional promises to give to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are recognized as revenue at fair value when the conditions on which they depend are substantially met or otherwise become unconditional. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

An estimated allowance for uncollectible pledges is recorded based on management's evaluation of pledges receivable. The Foundation's policies do not require collateral for pledges receivable.

Contributions are primarily from contributors in the Northeast Georgia area.

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

Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

Property and Equipment: Property and equipment consists of building improvements and minor equipment and is stated at cost or, if donated, at fair market value on the date of gift, net of accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets using the half-year method. The depreciable lives for building improvements range from 20 to 30 years and from 3 to 15 years for equipment.

Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized. The Foundation did not capitalize any material expenditures relating to building improvements and minor equipment during 2018 or 2017.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the financial statements. Any resulting gain or loss is included in the Statements of Activities and Changes in Net Assets.

Gifts of long-lived assets are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Foundation periodically reviews property and equipment for indicators of potential impairment of long-lived assets, and if such review indicates carrying amounts may not be recoverable, adjusts the carrying value and recognizes a loss. Management does not believe that any unrecognized impairment exists at September 30, 2018 and 2017.

Net Assets: Net assets may include unrestricted, temporarily restricted and permanently restricted amounts based on specific donor stipulations. Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Income Taxes: The Foundation is organized as a Georgia not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been made in the accompanying financial statements. At September 30, 2018, management does not believe the Foundation holds any uncertain tax positions that would require financial statement recognition or disclosure under generally accepted accounting principles.

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

Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue, support and expenses during the reporting period. Actual results could differ from these estimates.

New Accounting Pronouncement: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, which requires not-for profit entities to present two classes of net assets in the financial statements, rather than the three classes required by current standards. The two classes of net assets under the ASU are “net assets with donor restrictions” and “net assets without donor restrictions.” Additionally, expanded disclosure regarding limitations on the use of assets and other information will be required. ASU 2016-14 is effective for the Foundation in fiscal year 2019. Management will adopt this ASU effective October 1, 2018.

In June 2018, the FASB issued ASU No. 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides clarity in distinguishing grants or similar contracts between exchange transactions or contributions and guidance on classifying whether or not a transaction is conditional. ASU 2018-08 is effective for contributions received during fiscal years beginning after December 15, 2018, and early adoption is permitted. Management is evaluating the impact of the adoption of this ASU on the financial statements.

NOTE C--INVESTMENTS AND ASSETS LIMITED AS TO USE

The Foundation maintains the majority of its investments and assets limited as to use in the form of a limited partnership investment fund (the Fund). The Foundation accounts for the Fund under the equity method of accounting. The composition of investments and assets limited as to use at September 30, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Cash and money market funds	\$ 2,500,428	\$ -
Corporate bonds	100,486	-
Limited partnership investments	24,335,365	25,739,553
	<u>\$ 26,936,279</u>	<u>\$ 25,739,553</u>

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

Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

Income and losses from the Fund for the years ended September 30, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Partnership earnings	\$ 1,195,811	\$ 1,711,299

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

NOTE D--PLEDGES RECEIVABLE

Pledges receivable are due as follows at September 30:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 1,767,781	\$ 210,573
Due in one to five years	1,134,251	1,236,533
Due in greater than five years	1,161,700	4,475,000
	<u>\$ 4,063,732</u>	<u>\$ 5,922,106</u>

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

	<u>2018</u>	<u>2017</u>
Gross pledges receivable	\$ 4,063,732	\$ 5,922,106
Allowance for doubtful pledges	(406,373)	(592,211)
Discount on multi-year pledges at 5.5%	(220,328)	(694,669)
	<u>\$ 3,437,031</u>	<u>\$ 4,635,226</u>

Pledges receivable at September 30, 2018 and 2017 include \$1,500,000 and \$4,000,000, respectively, from two grantors under terms of one charitable remainder unitrust, whereby the Foundation will receive the remainder of the trust assets upon the death of the last of the two grantors. Should the assets of the trust be less than \$4,000,000 at the time of the death of the last of the two grantors, the grantors have agreed to pay the remaining balance to the Foundation from the estate. The remaining \$1,500,000 was received in October 2018.

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

Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

NOTE E--RELATED PARTY TRANSACTIONS

NGHS provides substantial operating support for the Foundation. During 2018 and 2017, NGHS and affiliates provided operating support of \$1,976,063 and \$1,852,716, respectively.

Contributions to affiliates for program support represent specific expenses paid by the Foundation on behalf of various NGHS affiliates for both capital and non-capital purposes.

During the years ended September 30, 2018 and 2017, contributions to affiliates for program support totaled \$3,686,237 and \$2,278,653, respectively.

Due to affiliates at September 30, 2018 and 2017 represent amounts due to NGHS and its affiliates for certain operating expenses paid by NGHS and for support of NGHS. Such amounts are generally settled within one year.

NOTE F--FUNCTIONAL EXPENSES

The Foundation does not present expense information by functional classification because its resources and activities are primarily related to managing fundraising activities on behalf of NGHS, maintaining quality volunteer services, and supporting other various community programs. Further, since the Foundation receives substantially all of its resources from fundraising activities, other indicators contained in these financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

NOTE G--NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended September 30, 2018 and 2017, net assets released from donor restrictions when expenses were incurred to satisfy the restricted purposes, by the passage of time, or by occurrence of events as specified by donors are as follows:

	<u>2018</u>	<u>2017</u>
Restrictions accomplished:		
Cardiology initiatives	\$ 2,529,091	\$ 1,037,441
Community benefit	680,251	460,446
Children's initiatives	109,764	77,022
Education	13,616	9,796
Equipment	152,386	275,757

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

Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

	2018	2017
Grants	61,822	166,067
Indigent patients	25,464	37,649
Oncology initiatives	91,799	190,626
Scholarships	22,044	23,849
Total net assets released from restrictions	\$ 3,686,237	\$ 2,278,653

During 2018 and 2017, total assets released from restrictions for capital purposes was \$2,908,838 and \$1,302,274, respectively, while total assets released from restrictions for operations was \$777,399 and \$976,379, respectively.

NOTE H--TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily and permanently restricted net assets are available for the purposes as detailed below. Permanently restricted net assets are restricted to investment in perpetuity; however, the income is either temporarily restricted or unrestricted and is included in temporarily or unrestricted net assets.

	2018		2017	
	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>
Cardiology funds	\$ 1,741,802	\$ -	\$ 3,250,692	\$ -
Community benefits funds	7,260,947	-	6,754,572	-
Oncology funds	1,756,474	-	1,412,014	-
Children's initiatives funds	855,486	-	657,453	-
Education funds	55,109	-	73,744	-
Equipment funds	2,498,785	-	1,240,003	-
Grants	278,628	-	245,802	-
Indigent patient funds	44,975	-	31,892	-
Scholarship funds	777,133	-	769,953	-
Nephrology fund	50,000	-	50,000	-
Wilheit-Keys Peace Garden Maintenance	-	155,100	-	155,100
The Henry S Jennings Jr MD Visiting Lectureship	-	100,000	-	-
Nell's Prayer Garden Maintenance	-	55,000	-	55,000
David Pet Park Maintenance	-	80,000	-	80,000
Jack & Janice Frost Water Garden Maintenance	-	100,000	-	100,000
Braselton Flag Plaza Maintenance	-	30,000	-	30,000
Hospice fund	-	50,629	-	50,629
Nursing & Allied Health Continuing Education fund	-	501,828	-	467,273
Nursing & Allied Health Scholarships fund	-	207,489	-	195,743
Chaplain fund	-	206,424	-	204,449
MCF endowment fund	-	2,868,665	-	2,868,665
Honorary Gift - Woody Stewart & Nancy Colston fund	-	474,238	-	441,450

THE MEDICAL CENTER FOUNDATION, INC.
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Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

	2018		2017	
	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>
Pope Family Garden Maintenance	-	100,000	-	100,000
Evelyn Waugh scholarship fund	-	52,446	-	50,546
Ocie Pope scholarship fund	-	25,822	-	25,822
Destitute patient fund	-	186,344	-	186,344
Anne Thomas scholarship fund	-	57,346	-	57,346
John Ferguson scholarship fund	-	213,909	-	210,908
	\$ 15,319,339	\$ 5,465,240	\$ 14,486,125	\$ 5,279,275

NOTE I--COMMITMENTS AND CONTINGENT LIABILITIES

General: The Foundation may be subject to legal proceedings and claims which arise in the ordinary course of its business. At September 30, 2018, management is not aware of any pending or threatened litigation, claims or assessments.

Concentrations of Credit Risk: The Foundation holds deposits at a banking institution that is insured by the Federal Deposit Insurance Corporation. At times, the Foundation has deposits in excess of these insurance limits. The Foundation is exposed to loss of uninsured amounts in the event of non-performance by the banking institution; however, management does not anticipate any such losses.

NOTE J--FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1:* Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE MEDICAL CENTER FOUNDATION, INC.
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Notes to Financial Statements - Continued

Years Ended September 30, 2018 and 2017

The following table presents assets reported at fair value and their respective classification under the valuation hierarchy:

	<i>Carrying Value</i>	<i>Quoted Prices in Active Markets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
September 30, 2018				
Assets measured at fair value on a recurring basis:				
Cash and money market funds	\$ 2,500,428	\$ 2,500,428	\$ -	\$ -
Corporate bonds	100,486	-	100,486	-
Total assets	<u>\$ 2,600,914</u>	<u>\$ 2,500,428</u>	<u>\$ 100,486</u>	<u>\$ -</u>

NOTE K--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the September 30, 2018 financial statements, with the exception of that described in Note D.

Supplementary Information

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

Net Asset Report - Unaudited

September 30, 2018 and 2017

	<i>2018</i>	<i>2017</i>
Unrestricted Net Assets		
100 Unrestricted Fund	\$ 11,343,520	\$ 10,477,219
101 MCF Endowment Fund Interest	1,102,320	976,183
102 Scholarship Activity	82,571	63,936
103 Operating Expense	1,555,966	1,262,497
Total Unrestricted Net Assets	14,084,377	12,779,835
Temporarily Restricted Net Assets		
108 Auxiliary Holiday Décor	17,525	-
124 PDR-B Renovation Fund	10,000	10,000
132 Bob and Wanda Swoszowski Scholarship Fund	32,348	22,916
155 ER Education Training Fund	21,696	22,340
180 Safety Grant	124,856	126,132
200 William T & Evie Langston Signature Gift Fund	274,367	258,489
205 Paul & Glenna Maney Signature Gift Fund	90,469	85,704
211 EPIC Implementation for Good News Clinic	173,500	7,000
212 HJ Therapeutic Music Program	30,742	-
213 HJ ECMO	29,370	-
218 Heart & Vascular Fund	148,130	30,000
250 Fraser Estate Cancer Center	203,178	199,245
255 Don Pirkle Estate Gift	209,897	202,345
270 Resource Center Fund	1,873,333	1,873,333
295 The David Pet Park	24,654	24,654
325 Nell Wiegand Chapel Garden Maintenance	32,226	32,681
328 NGHS Employee Walking Trail	540,477	35,000
335 Smoot Family Courtyard Waterfall-Braselton	827,865	100,000
349 Jack & Janice Frost Water Garden	51,214	185,684
367 WOC Nurse Education Program	13,379	14,523
383 Healthy Journey General Fund 2014	906,530	529,992
384 Healthy Journey General - Employee Gifts 2014	1,443,756	1,440,025
386 Community Gifts to Oncology Initiatives 2014	28,888	21,593
388 Women's & Children's Initiatives - Employee Outreach 2014	509,925	248,936
389 Oncology - Employee Outreach 2014	283,289	208,043
390 Cardiology - Employee Community Outreach 2014	89,793	62,224
391 Hospice Gifts 2014	818,089	556,278
392 Ronnie Green Heart Center Gifts 2014	58,899	41,354
393 Safe Kids 2014	310,832	203,759
395 Hospice Barrow County	10,000	-
406 Braselton Contractors	14,042	12,437
415 Coalition Funds	11,924	9,852

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

Net Asset Report – Unaudited - Continued

September 30, 2018 and 2017

	<i>2018</i>	<i>2017</i>
417 Telford Braselton Signature Gift	97,886	91,771
420 Jackson EMC Braselton Signature Gift	84,480	76,949
422 Billy Jones Signature Gift - Braselton ED Services	100,000	100,000
458 daVinci Surgical System	904,659	763,457
463 Hospice Bereavement Counseling 2015	81,290	15,000
465 Indigent Patient Fund 2015	37,983	13,094
466 Continuing Education Fund 2015	33,239	62,485
467 Mobile Simulation Unit	262,047	251,407
468 Getting Older and Better Workshop 2015	16,644	4,978
470 Nursing Continuing Education	171,769	-
476 Nursing & Allied Health Continuing Education Scholarship	184,599	162,876
478 Nursing & Allied Health Scholarship (E)	88,713	53,366
526 Healthy Journey General Fund - Phase II	207,815	206,733
540 Phillip & Mary Wilheit - Signature Gifts	63,201	63,201
551 Pediatric Rooftop Playground - Jim Syfan	28,339	28,339
552 David Merritt - Nephrology Fund	50,000	50,000
568 Hospice School Based Bereavement Program	-	43,215
575 Cancer Research	32,793	32,793
579 Enhancement of Cancer Services - Nell Wiegand Celebratio	157,977	157,977
597 Women's Imaging Fund	19,517	19,517
600 Ronnie Green Heart Center	454,940	2,281,343
604 Chapel Fund	429,200	429,200
605 Lillian Fraser Estate Gift	278,867	306,344
606 Braselton Chapel	267,456	267,456
612 EMS Trauma Equipment Grant	15,772	15,772
623 GHA - RCA Core Grant	105,181	65,681
643 Chaplain Endowment Fund (E)	49,628	43,150
656 the Estate of Joan Louise Kosmala	25,000	-
660 Love Light Garden	10,000	10,000
706 Honorary Gift-Woody Stewart & Nancy Colston Endowmer	25,608	4,726
717 Evelyn Waugh Scholarship (E)	25,422	24,065
721 Ocie Pope Scholarship (E)	23,428	22,292
727 Richard & Lona Pope Signature Gift	59,179	60,945
730 Cancer Treatment Fund	250,225	245,225
750 LeTrell Simpson Scholarship Fund	22,679	22,579
754 Anne Thomas Scholarship Fund (E)	49,477	52,056
758 John Ferguson Scholarship Fund (E)	142,344	133,001
761 Johnson & Johnson Accusym	11,005	11,005
765 Heart Failure Unit	27,698	27,209
806 2018 Medical Center Open	309,164	-
858 Hospice Patient Assistance Expenses	25,348	17,478

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

Net Asset Report – Unaudited - Continued

September 30, 2018 and 2017

	2018	2017
871 HJIII General Donations - Braselton	690,775	715,399
969 North Patient Tower Elevator Lobby Art Gallery	11,503	11,502
Other Funds	171,296	958,000
Total Temporarily Restricted Net Assets	15,319,339	14,486,125
Permanently Restricted New Assets (Endowments)		
128 Wilheit-Keys Peace Garden Maintenance ©	155,100	155,100
136 The Henry S Jennings Jr MD Visiting Lectureship ©	100,000	-
324 Nell's Prayer Garden Maintenance ©	55,000	55,000
344 David Pet Part Maint. ©	80,000	80,000
350 Jack & Janice Frost Water Garden Maintenance ©	100,000	100,000
412 Braselton Flag Plaza Maintenance ©	30,000	30,000
451 Hospice Endowment Fund	50,629	50,629
475 Nursing & Allied Health Continuing Education Endowment	501,837	467,272
477 Nursing & Allied Health Scholarships Endowment	163,693	155,093
479 Nursing & Allied Health Scholarships - Ocie Pope ©	43,796	40,650
642 Chaplain Endowment ©	206,415	204,449
703 MCF Endowment Fund	2,868,665	2,868,665
707 Honorary Gift - Woody Stewart & Nancy Colston Endowme	474,238	441,450
712 Pope Family Garden Maintenance ©	100,000	100,000
718 Evelyn Waugh Scholarship Fund	52,446	50,546
720 Ocie Pope Scholarship Fund	25,822	25,822
722 Destitute Patient Fund	186,344	186,344
753 Anne Thomas Scholarship Fund	57,346	57,346
757 John Ferguson Scholarship Fund	213,909	210,909
Total Permanently Restricted Net Assets	5,465,240	5,279,275
Total Net Assets	\$ 34,868,956	\$ 32,545,235