

The Bellin Health Foundation, Inc.

Financial Statements

Years Ended September 30, 2022 and 2021



WIPFLI

Independent Auditor's Report

Board of Directors
The Bellin Health Foundation, Inc.
Green Bay, Wisconsin

Opinion

We have audited the accompanying financial statements of The Bellin Health Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The Bellin Health Foundation, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 The Bellin Health Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 GAAP, 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 The Bellin Health Foundation, Inc.'s ability to continue as a going concern for one year after the date 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 GAAS 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 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 GAAS, 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 The Bellin Health 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 The Bellin Health 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.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin

January 16, 2023

The Bellin Health Foundation, Inc.

Statements of Financial Position

September 30, 2022 and 2021

<i>Assets</i>	2022	2021
Assets:		
Cash	\$ -	\$ 392,810
Interest in charitable lead trust	117,752	119,238
Unconditional promises to give - Net	3,935,233	4,472,385
Assets limited as to use	5,634,519	5,716,090
TOTAL ASSETS	\$ 9,687,504	\$ 10,700,523
<i>Liabilities and Net Assets</i>		
Liabilities:		
Accounts payable - Related party	\$ 32,522	\$ 72,447
Accounts payable - Other	461,125	-
Due to third parties	126,956	45,645
Accrued expenses	12,591	20,310
Total liabilities	633,194	138,402
Net assets:		
Without donor restrictions	(633,195)	254,408
With donor restrictions	9,687,505	10,307,713
Total net assets	9,054,310	10,562,121
TOTAL LIABILITIES AND NET ASSETS	\$ 9,687,504	\$ 10,700,523

See accompanying notes to financial statements.

The Bellin Health Foundation, Inc.

Statement of Activities

Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Contributions	\$ 777,101	\$ 1,859,320	\$ 2,636,421
Investment loss	(495,846)	(238,364)	(734,210)
Gift shop revenue	120,691	-	120,691
Change in present value of unconditional promises to give - Net	-	13,500	13,500
Net assets released from restrictions	2,254,664	(2,254,664)	-
Total revenue, gains, and other support	2,656,610	(620,208)	2,036,402
Expenses:			
Support to Bellin Health Systems	2,650,952	-	2,650,952
Salaries and wages	453,728	-	453,728
Employee benefits	119,134	-	119,134
Special events	124,690	-	124,690
Gift shop supplies	69,213	-	69,213
Office	80,093	-	80,093
Contract services	13,350	-	13,350
Repairs and maintenance	139	-	139
Leases and rents	388	-	388
Engagement and travel	11,524	-	11,524
Provision for bad debts	4,462	-	4,462
Other	16,540	-	16,540
Total expenses	3,544,213	-	3,544,213
Change in net assets	(887,603)	(620,208)	(1,507,811)
Net assets at beginning	254,408	10,307,713	10,562,121
Net assets (deficit) at end	\$ (633,195)	\$ 9,687,505	\$ 9,054,310

See accompanying notes to financial statements.

The Bellin Health Foundation, Inc.

Statement of Activities

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Contributions	\$ 583,448	\$ 4,923,746	\$ 5,507,194
Investment income	475,814	209,790	685,604
Gift shop revenue	109,787	-	109,787
Change in present value of unconditional promises to give - Net	-	(13,425)	(13,425)
Net assets released from restrictions	570,830	(570,830)	-
Revenue, gains, and other support	1,739,879	4,549,281	6,289,160
Expenses:			
Support to Bellin Health Systems	936,447	-	936,447
Salaries and wages	353,397	-	353,397
Employee benefits	91,971	-	91,971
Gift shop supplies	57,682	-	57,682
Office	41,654	-	41,654
Contract services	9,761	-	9,761
Repairs and maintenance	76	-	76
Leases and rents	692	-	692
Engagement and travel	23	-	23
Provision for bad debts	5,600	-	5,600
Other	10,395	-	10,395
Total expenses	1,507,698	-	1,507,698
Change in net assets	232,181	4,549,281	4,781,462
Net assets at beginning	22,227	5,758,432	5,780,659
Net assets at end	\$ 254,408	\$ 10,307,713	\$ 10,562,121

See accompanying notes to financial statements.

The Bellin Health Foundation, Inc.

Statements of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	2021
Change in cash and restricted cash:		
Cash flows from operating activities:		
Cash received from public support	\$ 3,256,939	\$ 2,455,480
Cash paid to suppliers	(398,471)	(620,630)
Support to Bellin Health Systems paid	(2,650,952)	(936,447)
Interest and dividends received	83,115	67,144
Net cash flows from operating activities	290,631	965,547
Cash flows from investing activities:		
Purchase of investments and assets limited as to use	(825,994)	(3,013,442)
Proceeds from sale of investments and assets limited as to use	743,095	2,946,402
Net cash flows from investing activities	(82,899)	(67,040)
Net cash flows from financing activities - Contributions restricted for long-term investment	52,313	24,700
Net change in cash and restricted cash	260,045	923,207
Cash and restricted cash at beginning	1,183,014	259,807
Cash and restricted cash at end	\$ 1,443,059	\$ 1,183,014

Reconciliation of cash and restricted cash to statements of financial position:

	2022	2021
Cash	\$ -	\$ 392,810
Assets limited as to use	1,443,059	790,204
Total	\$ 1,443,059	\$ 1,183,014

The Bellin Health Foundation, Inc.

Statements of Cash Flows (Continued)

Years Ended September 30, 2022 and 2021

	2022	2021
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ (1,507,811)	\$ 4,781,462
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in unamortized discount on unconditional promises to give and allowance for uncollectible promises to give	(43,500)	\$ 180,425
Provision for bad debts	4,462	5,600
Change in net unrealized gains and losses on investments	893,702	(191,715)
Net realized gain on sale of investments	(76,377)	(426,745)
Change in interest of charitable lead trust	1,486	15,008
Contributions restricted for long-term investment	(55,829)	(22,638)
Changes in operating assets and liabilities:		
Unconditional promises to give	579,706	(3,326,471)
Accounts payable - Related party	(39,925)	(9,022)
Accounts payable - Other	461,125	-
Due to third parties and accrued expenses	73,592	(40,357)
Total adjustments	1,798,442	(3,815,915)
Net cash flows from operating activities	\$ 290,631	\$ 965,547

See accompanying notes to financial statements.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Principal Business Activity

The Bellin Health Foundation, Inc. (the "Foundation") is a nonstock, nonprofit corporation that receives gifts and bequests, raises funds for specific projects or needs, administers and invests funds, and disburses payments to and for the benefit of Bellin Health Systems, Inc. and Affiliates and other tax-exempt organizations at the discretion of its Board of Directors (the "Board"). In 2020, the Foundation transferred operations of the coffee shop to Bellin Memorial Hospital, Inc. The Foundation continues to operate the gift shop at Bellin Memorial Hospital, Inc.

Bellin Health Systems, Inc. has the ability to influence the actions of the Foundation since Bellin Health Systems, Inc.'s Board of Directors approves the nominations for the Foundation's Board. The Foundation is included as a consolidating entity in Bellin Health Systems, Inc.'s consolidated financial statements. The following entities comprise Bellin Health Systems, Inc.:

- Bellin Memorial Hospital, Inc.
- Bellin Psychiatric Center, Inc.
- The Bellin Health Foundation, Inc.
- Bellin College, Inc.
- Lake Michigan Health Care Services, Inc.

A significant portion of funds raised by the Foundation are transferred to affiliates for use as directed by donors.

In April of 2021, the Board of Directors of Oconto Memorial Hospital Citizens' Foundation, Inc. (the "Oconto Foundation") unanimously approved a plan of dissolution and liquidation. As part of the liquidation, all of the restricted assets of the Oconto Foundation totaling \$776,608, were transferred to the Foundation. With this transfer, the Foundation set up a donor restricted fund for Oconto Hospital & Medical Center, Inc.

Basis of Presentation

The Foundation follows accounting standards contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The ASC is the single source of authoritative accounting principles generally accepted in the United States ("GAAP") to be applied to nongovernmental entities.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results may differ from these estimates.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets and revenues, expenses, gains, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* are available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions* are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Investments and Assets Limited as to Use

Investments, including assets limited as to use, are measured at fair value in the accompanying statements of financial position. Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends, net of investment related expenses) is included in net assets without donor-restrictions unless the income or loss is restricted by donor or law. Realized gains or losses are determined by specific identification.

Assets limited as to use include assets set aside to fund restricted donations.

Beneficial Interest in Charitable Lead Trust

The Foundation is an income beneficiary of an irrevocable charitable lead trust. The charitable lead trust agreement requires a distribution of 7% of the fair market value of the assets as of the beginning of the year to designated beneficiaries for a period of 15 years beginning December 31, 2014. Revenue and a related asset were recognized at the date the trust was established at an amount equal to the present value of the Foundation's interest in the future cash flows. The asset is adjusted during the term of the trust for changes in the estimate of future benefits based on a discount rate of 4%, and such changes are included as revenue and net assets with donor restrictions, as applicable.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists; therefore, requiring an entity to develop its own assumptions. The asset's and liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Management individually reviews all past due unconditional promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of the unconditional promises to give is reduced by allowances that reflect management's estimate of uncollectible amounts.

Income Taxes

The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation is also exempt from state income taxes on related income.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through January 16, 2023, which is the date the financial statements were available to be issued.

Note 2: Assets Limited as to Use and Investment Income

The composition of assets limited as to use at September 30 is as follows:

	2022	2021
Assets set aside to fund restricted donations:		
Cash and cash equivalents	\$ 1,541,300	\$ 845,253
Fixed income securities	686,202	778,045
Mutual funds	1,964,572	2,313,641
Equity securities	1,208,065	1,583,308
Alternative investments	234,380	195,843
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Total assets set aside to fund restricted donations	\$ 5,634,519	\$ 5,716,090

Most long-term investments are held in an investment pool. Investment income is allocated among the various investments based on the weighted-average balance in each group.

Investments, in general, including those reflected in assets limited as to use, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 2: Assets Limited as to Use and Investment Income (Continued)

Investment Income (loss)

Investment income (loss) was comprised of the following for the years ended September 30:

2022	Without Donor Restrictions	With Donor Restrictions	Totals
Interest and dividend income - Net	\$ 56,131	\$ 26,984	\$ 83,115
Net realized gain on sale of investments	51,581	24,796	76,377
Change in net unrealized gains and losses on investments	(603,558)	(290,144)	(893,702)
Totals	\$ (495,846)	\$ (238,364)	\$ (734,210)

2021	Without Donor Restrictions	With Donor Restrictions	Totals
Interest and dividend income - Net	\$ 46,598	\$ 20,546	\$ 67,144
Net realized gain on sale of investments	296,164	130,581	426,745
Change in net unrealized gains and losses on investment	133,052	58,663	191,715
Totals	\$ 475,814	\$ 209,790	\$ 685,604

Note 3: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash equivalents, consisting of money market funds, are valued using \$1 as the net asset value ("NAV"). Fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. Equity securities are valued based on quoted market prices. Alternative investments are valued based on the NAV of the underlying investments of the funds. The charitable lead trust is measured at the present value of future cash flows considering estimated future cash flows over the term of the trust agreement and a discount rate based on the risks involved.

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 Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of September 30, 2022, is as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 98,241	\$ -	\$ 98,241
Fixed income securities:				
Corporate bonds	-	394,814	-	394,814
Government bonds	-	125,567	-	125,567
Agency bonds	-	84,791	-	84,791
Municipal bonds	-	81,030	-	81,030
Mutual funds:				
Equity funds	836,453	-	-	836,453
Balanced funds	316,521	-	-	316,521
Fixed income funds	811,598	-	-	811,598
Equity securities:				
Consumer discretionary	216,607	-	-	216,607
Consumer staples	186,185	-	-	186,185
Energy	27,087	-	-	27,087
Financial	155,120	-	-	155,120
Industrials	207,935	-	-	207,935
Information technology	192,813	-	-	192,813
Materials	13,163	-	-	13,163
Utilities	11,164	-	-	11,164
Telecommunication services	197,991	-	-	197,991
Interest in charitable lead trust	-	-	117,752	117,752
Total investment assets in fair value hierarchy	\$ 3,172,637	\$ 784,443	\$ 117,752	\$ 4,074,832

Alternative investments measured at net asset value (a)	\$ 234,380
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Total investment assets at fair value	\$ 4,309,212
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Reconciliation of fair value table to statement of financial position:

Cash in assets limited as to use	\$ (1,443,059)
Interest in charitable lead trust	117,752
Assets limited as to use	5,634,519
Total	\$ 4,309,212

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of September 30, 2021, is as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 55,049	\$ -	\$ 55,049
Fixed income securities:				
Corporate bonds	-	460,137	-	460,137
Government bonds	-	164,864	-	164,864
Agency bonds	-	70,066	-	70,066
Municipal bonds	-	82,978	-	82,978
Mutual funds:				
Equity funds	1,097,414	-	-	1,097,414
Balanced funds	351,705	-	-	351,705
Fixed income funds	864,522	-	-	864,522
Equity securities:				
Consumer discretionary	235,693	-	-	235,693
Consumer staples	248,620	-	-	248,620
Energy	29,544	-	-	29,544
Financials	211,678	-	-	211,678
Industrials	214,331	-	-	214,331
Information technology	263,378	-	-	263,378
Materials	30,261	-	-	30,261
Utilities	18,503	-	-	18,503
Telecommunication services	331,300	-	-	331,300
Interest in charitable lead trust	-	-	119,238	119,238
Total investment assets in fair value hierarchy	\$ 3,896,949	\$ 833,094	\$ 119,238	\$ 4,849,281

Alternative investments measured at net asset value (a)

\$ 195,843

Total investment assets at fair value

\$ 5,045,124

Reconciliation of fair value table to statement of financial position:

Cash in assets limited as to use	\$ (790,204)
Interest in charitable lead trust	119,238
Assets limited as to use	5,716,090
Total	\$ 5,045,124

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

(a) In accordance with GAAP, certain investments that were measured at NAV have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of fair value hierarchy to the line items presented on the statements of financial position.

The following table presents information for assets measured using NAV as a practical expedient:

	2022	2021	Unfunded Commitments	Redemption		
				Frequency	Restrictions	Notice Period
Blackstone Real Estate Investment Trust	\$ 234,380	\$ 195,843	-	A	None	B

A. Blackstone Real Estate Investment Trust ("REIT") is a nonexchange traded, perpetual life real estate investment trust. The investment strategy is to generate attractive risk-adjusted returns across cycles and over the long term. Blackstone REIT makes monthly distributions (not guaranteed, subject to Board approval) that may be taken as cash or used to purchase additional shares of the fund. Distributions to date total \$10,665, which have been reinvested into the fund.

B. Redemptions are allowed on a monthly basis through the share repurchase plan. Shares held less than one year will be repurchased at 95% of that month's transaction price. Overall limit of 2% of NAV per month and 5% of NAV per calendar quarter. Repurchase requests must be received in good order by the second to last business day of the applicable month. Blackstone REIT is not obligated to repurchase any shares and may choose to repurchase, at its discretion, only some or none, of the shares that have been requested to be repurchased in any particular month.

The change in the fair value of the Foundation's assets using significant unobservable inputs (Level 3) represents the change in the calculation of fair market value of the charitable lead trust.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 4: Unconditional Promises to Give

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 discount rates ranging from 0.98% to 4.06%.

Unconditional promises to give are summarized as follows at September 30:

	2022	2021
Unconditional promises to give	\$ 4,575,458	\$ 5,156,110
Less:		
Unamortized discount	501,000	514,500
Allowance for uncollectible promises to give	139,225	169,225
Unconditional promises to give - Net	3,935,233	4,472,385
Amounts due in:		
Less than one year	1,054,238	1,094,176
One to five years	1,634,995	2,134,709
Greater than five years	1,246,000	1,243,500
Total	\$ 3,935,233	\$ 4,472,385

Note 5: Net Assets

Net assets with donor restrictions consist of the following as of September 30:

	2022	2021
Subject to expenditure for specified purpose:		
Bellin Memorial Hospital, Inc. capital projects	\$ 2,864,705	\$ 4,055,561
Bellin Memorial Hospital, Inc. services	3,871,476	2,939,180
Scholarships	186,867	373,737
Patient assistance	248,098	323,094
Employee assistance	82,496	238,107
Investments in perpetuity, the income from which is expendable to support:		
Scholarships	497,710	441,959
Health care services	43,667	43,667
Employee training and development	765,486	765,408
Support of Bellin Memorial Hospital, Inc.	1,127,000	1,127,000
Total net assets with donor restrictions	\$ 9,687,505	\$ 10,307,713

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 6: Concentration of Contribution Revenue

The Foundation received approximately 51% of its total contributions from four contributors in 2022, and approximately 51% from three contributors in 2021.

Note 7: Endowment Funds

The Foundation's endowments consist of different funds established to benefit the Foundation for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Donor-Restricted Endowments

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the Foundation to preserve the fair value of the donor's original gift, as of the date of the gift, absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the donor's gifts to the permanently restricted endowment, (b) the original value of a donor's subsequent gifts to the permanently restricted endowment, and (c) accumulations to the permanently restricted 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 funds in excess of the original fair value that is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 7: Endowment Funds (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to preserve the fair value of the endowment assets. Under the Foundation's investment policy, as approved by the Board, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure any risk assumed is commensurate with the given investment vehicle and the Foundation's objectives.

To achieve its investment goals, the Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal, while exercising risk control. The Foundation's asset allocations include a blend of equity and debt securities and cash equivalents.

Endowment net assets consisted of the following at September 30:

2022	With Donor Restriction
Donor restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,433,863
Accumulated investment gains	194,680
Total endowment funds	\$ 2,628,543
2021	
Donor restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,378,034
Accumulated investment gains	453,740
Total endowment funds	\$ 2,831,774

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 7: Endowment Funds (Continued)

Changes in endowment funds were as follows for the years ended September 30:

	With Donor Restrictions
Endowment net assets at September 30, 2020	\$ 2,628,725
Investment return:	
Investment income	151,117
Unrealized gain	58,672
Total investment return	209,789
Appropriation of endowment assets for expenditures	(29,378)
Contributions and net asset reclassifications	22,638
Endowment net assets at September 30, 2021	2,831,774
Investment return:	
Investment income	49,869
Unrealized loss	(279,818)
Total investment return	(229,949)
Appropriation of endowment assets for expenditures	(29,112)
Contributions and net asset reclassifications	55,830
Endowment net assets at September 30, 2022	\$ 2,628,543

Note 8: Retirement Plan

Bellin Memorial Hospital, Inc. has a defined contribution retirement plan (the "Plan") covering all eligible employees. The Foundation's employees are covered under the Plan. The Plan provides for a discretionary matching contribution that is determined by Bellin Memorial Hospital, Inc.'s Board of Directors. The Foundation expensed \$27,571 and \$20,000 in 2022 and 2021, respectively, related to the Plan.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 9: Concentration of Credit Risk

The Foundation maintains depository relationships with area financial institutions insured by the FDIC. Depository accounts at these institutions are insured by the FDIC up to \$250,000. At September 30, 2021, the Foundation exceeded FDIC-insured limits by approximately \$652,000. In addition, other investments held by financial institutions are uninsured. Management believes these financial institutions have strong credit ratings, and credit risk related to these deposits is minimal.

Note 10: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within 12 months of the statement of financial position date, are comprised of the following as of September 30:

	2022	2021
Cash	\$ -	\$ 392,810
Unconditional promises to give due in less than 1 year	1,054,238	1,094,176
Total	\$ 1,054,238	\$ 1,486,986

Note 11: Related Parties

The Foundation made the following grants to related parties during the years ended September 30:

	2022	2021
Bellin Memorial Hospital, Inc.	\$ 468,737	\$ 508,466
Bellin Psychiatric Center, Inc.	12,000	13,338
Bellin College, Inc.	6,467	17,000
Oconto Hospital & Medical Center	1,981	-
Total	\$ 489,185	\$ 538,804

The Foundation reimburses Bellin Memorial Hospital, Inc. for various management, general, and fund-raising expenses. These expenses totaled \$888,801 and \$529,460 for the years ended September 30, 2022, and 2021, respectively, included in expenses in the accompanying statements of activities. At September 30 2022, and 2021, \$32,522 and \$72,447, respectively, was payable to Bellin Memorial Hospital, Inc. for payment of such services.

The Bellin Health Foundation, Inc.

Notes to Financial Statements

Note 12: Functional Classification of Expenses

The following programs and supporting services are reflected in the statement of activities for the year ended September 30:

2022	Program Expenses	Management and General	Fund-Raising	Total
Support to Bellin Health Systems	\$ 2,650,952	\$ -	\$ -	\$ 2,650,952
Salaries and wages	8,196	265,266	180,266	453,728
Employee benefits	3,866	44,896	70,372	119,134
Special events	-	-	124,690	124,690
Gift shop supplies	69,213	-	-	69,213
Office	3,859	43,570	32,664	80,093
Contract services	-	-	13,350	13,350
Repairs and maintenance	18	121	-	139
Leases and rents	86	302	-	388
Engagement and travel	361	8,723	2,440	11,524
Provision for bad debts	-	-	4,462	4,462
Other	821	12,229	3,490	16,540
Totals	\$ 2,737,372	\$ 375,107	\$ 431,734	\$ 3,544,213

2021	Program Expenses	Management and General	Fund-Raising	Total
Support to Bellin Health Systems	\$ 936,447	\$ -	\$ -	\$ 936,447
Salaries and wages	7,030	154,389	191,978	353,397
Employee benefits	4,100	33,908	53,963	91,971
Gift shop supplies	57,682	-	-	57,682
Office	3,742	16,432	21,480	41,654
Contract services	-	-	9,761	9,761
Repairs and maintenance	-	76	-	76
Leases and rents	88	604	-	692
Engagement and travel	-	7	16	23
Provision for bad debts	-	-	5,600	5,600
Other	1,029	9,361	5	10,395
Totals	\$ 1,010,118	\$ 214,777	\$ 282,803	\$ 1,507,698

The expenses are directly assigned to departments of the Foundation.