

2021

Financial Statements

NASHVILLE GENERAL HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2021

(With Independent Auditor's Report Thereon)

NASHVILLE GENERAL HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021

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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nashville General Hospital Foundation

We have audited the accompanying financial statements of Nashville General Hospital Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Nashville General Hospital Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, there was a prior period adjustment to adjust beginning balances of inventory and net assets. Our opinion is not modified with respect to this matter.

Patterson Hardee & Ballentine

November 2, 2021

NASHVILLE GENERAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Cash	\$	355,446	
Restricted cash		505,857	
Accounts Receivable		31,289	
Total current assets			\$ 892,592

Other Assets:

Artwork		197,051	
Total other assets			197,051

Total Assets			<u>\$ 1,089,643</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	23,817	
Total current liabilities			\$ 23,817

Net Assets:

Without donor restrictions		559,969	
With donor restrictions		505,857	
Total net assets			<u>1,065,826</u>

Total Liabilities and Net Assets			<u>\$ 1,089,643</u>
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See accompanying notes to the financial statements.

NASHVILLE GENERAL HOSPITAL FOUNDATION
STATEMENT OF ACTIVITIES
JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ 114,687	\$ 268,260	\$ 382,947
In-kind donations	235,645	-	235,645
Interest income	914	-	914
Misc Income	1,411	-	1,411
Net assets released from restrictions	189,044	(189,044)	-
Total Revenue	<u>541,701</u>	<u>79,216</u>	<u>620,917</u>
Expenses:			
Program services	304,931	-	304,931
Management and general	49,397	-	49,397
Fundraising expenses	65,990	-	65,990
Total Expenses	<u>420,318</u>	<u>-</u>	<u>420,318</u>
Change in net assets	<u>121,383</u>	<u>79,216</u>	<u>200,599</u>
Net assets, beginning of year, as previously reported	241,535	426,641	668,176
Prior period adjustment	197,051	-	197,051
Net assets, beginning of year, restated	<u>438,586</u>	<u>426,641</u>	<u>865,227</u>
Net assets, end of year	<u><u>\$ 559,969</u></u>	<u><u>\$ 505,857</u></u>	<u><u>\$ 1,065,826</u></u>

See accompanying notes to the financial statements.

NASHVILLE GENERAL HOSPITAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services Management and General	Fundraising Expenses	Total Expenses
Salaries (in-kind)	\$ 117,221	\$ 27,246	\$ 57,113	\$ 201,580
Bank Charges & Fees	-	75	-	75
Dues and subscriptions	-	980	2,875	3,855
Employee Care Fund	8,215	-	-	8,215
Event Expense	-	-	175	175
Food Pharmacy	140,899	-	-	140,899
Insurance	-	1,734	-	1,734
Licenses and permits	-	305	-	305
Miscellaneous	17,522	9,160	4,998	31,680
Patient Care Fund	15,480	-	-	15,480
Professional fees	-	7,876	-	7,876
Postage	-	690	-	690
Prostate screening	5,594	-	-	5,594
Recognitions and celebrations	-	-	829	829
Supplies and Software	-	1,331	-	1,331
Total expenses by function	<u>\$ 304,931</u>	<u>\$ 49,397</u>	<u>\$ 65,990</u>	<u>\$ 420,318</u>

See accompanying notes to the financial statements.

NASHVILLE GENERAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities:		
Change in net assets		\$ 200,599
Adjustments to reconcile increase in net assets		
to net cash used in operating activities:		
Changes in:		
Accounts receivable	\$ (31,289)	
Accounts payable	23,817	
Total adjustments		<u>(7,472)</u>
Net cash provided by operating activities		193,127
Net change in cash and restricted cash		193,127
Cash and restricted cash - beginning of year		<u>668,176</u>
Cash and restricted cash - end of year		<u><u>\$ 861,303</u></u>

See accompanying notes to the financial statements.

NASHVILLE GENERAL HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies

Description of Business and Program Services

In these notes, the terms "Organization", "we", "us", "our" or "Foundation" mean The Nashville General Hospital Foundation. The Foundation was established in 1977 as a Tennessee nonprofit corporation. Our mission is to serve the needs of the patients, families, staff and community of Nashville General Hospital (the "Hospital").

Description of Programs

Food Pharmacy

This program provides no cost fresh produce and shelf stable foods for any NGH patients identified with food insecurity. Nutritious foods are provided in response to the patient's diagnosis with special care for diabetes, hypertension and cancer. Resources are maximized by paying for shelf stable products from Second Harvest Food Bank, when possible.

Outreach Food Program

The Foundation initiated the Outreach Food Program during the 2020 tornado and COVID-19 pandemic to provide volunteer-delivered food bags to those identified in the community with food insecurity. Outreach food totes include the same nutrient-dense produce and shelf-stable products suitable for diabetic or hypertensive individuals. More than 310 meals have been offered from the Food Pharmacy and Outreach Programs.

Low Health Literacy

Low Health Literacy is the degree to which individuals have the capacity to obtain, process, and understand basic health information needed to make appropriate health decisions. 9 out of 10 adults lack the skills needed to manage their health and prevent disease. Health People 2030 has now identified health literacy as a cornerstone for its programs nationally. The Foundation has created 19 general health topics in English and Spanish and an additional 8 topics for oncology patients in English, Spanish and Arabic. These materials are used with patients, food tote recipients and the general community. The Foundation has been the primary host for two Nashville Health Literacy Forums in 2020 and 2021 towards engaging key players in a future collaboration of addressing health literacy within our community.

Nashville Takes on COVID

As a part of the Low Health Literacy initiatives, Nashville Takes on COVID is a community-wide campaign of more than 80 organizations and individuals dedicated to improving the rate of COVID 19 vaccinations and wearing of masks. The effort is led by the Foundation and Neighborhood Health.

Patients Medication Fund

This fund underwrites the provision of essential medications for patients unable to afford those costs until links to community long term resources are secured. Several thousand patients have been supported since its inception in 2020.

Support for Cancer Patients Beyond Medical Needs

Team Chad and individual donors provide funds to support the nutritional, transportation and housing needs of oncology patients, with the goal of providing as much personal stability for highly challenged patients and families during oncology treatment and recovery.

NASHVILLE GENERAL HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies (continued)

Project Warm

This program raises the visibility of clothing needs during fall and winter for Hospital patients and families. Individuals and businesses donate blankets, sleeping bags, socks, hats, gloves and much more for discharged patients without suitable clothing.

Art Program for Nashville General Hospital

The installation of original art at Nashville General Hospital beginning in 2016 might be categorized as cultural enrichment, but original art in the healthcare setting is a critical "healthy distraction." Although the phrase may seem incongruous, it actually describes the benefit to the patient accurately, because the patient is distracted from the premonition and preoccupation which the unknown brings to an ill person. To date, 146 original works of art have been donated or loaned to Nashville General Hospital Foundation for the therapeutic benefit of patients.

Employee Care Fund

NGH Foundation works with the Employee Care Committee to respond to emergency needs for employees in times of crisis.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions, and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no perpetually restricted net assets at June 30, 2021.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at June 30, 2021.

NASHVILLE GENERAL HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies (continued)

Accounts and Contributions Receivable

Accounts receivable are recorded in accordance with generally accepted accounting principles, and we use the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and our analysis of specific accounts. We did not have an allowance at June 30, 2021.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services

Contributed services are recognized if the services received, (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation receives executive director and other administrative services from employees of the Hospital. The value of such services is recorded as an in-kind donation. Additionally, the Foundation receives a significant amount of contributed time from unpaid members and volunteers who assist in fundraising and special projects that does not meet the recognition criteria described above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements. The Foundation also receives donations of art, which are recognized at the value at donation.

Income Taxes

No provision for federal income taxes is made in the accompanying financial statements, as the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities, and restricted cash approximate fair values due to the short maturities of these instruments.

Functional Allocation of Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time incurred and spent.

NASHVILLE GENERAL HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - Availability and Liquidity

Financial assets for the year ended

Cash	\$ 355,446
Accounts Receivable	<u>31,289</u>
	<u>\$ 386,735</u>

In the next fiscal year, we plan to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. Cash is readily available with the exception of the restricted amounts referenced in Note 5. We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

NOTE 3 - Grants

The Foundation's primary function is the support of the patients, families, staff and community of Nashville General Hospital. The Hospital is a publicly supported, academically affiliated, community based hospital committed to excellent health care regardless of age, race, creed, gender, sexual preference or ability to pay. Contributions support the programs outlined elsewhere in this audit.

NOTE 4 - Concentrations and Contingencies

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash deposits. All cash accounts held by the Foundation are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2021, the Foundation had \$330,725 in excess of the FDIC insured limit.

NOTE 5 - Net Assets

Net Assets with donor restrictions as of June 30, 2021:

Employee Care Fund	\$ 25,790
Food Pharmacy	156,353
Team Chad Foundation	126,696
Wolff Fund	25,980
Hardy Fund	15,175
Outreach Fund	106,377
Patient Care	6,206
Prostrate Screening	40,230
Chaplain Fund	<u>3,050</u>
	<u>\$ 505,857</u>

NASHVILLE GENERAL HOSPITAL FOUNDATION
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NOTE 6 - Related Party Transactions

Nashville General Hospital is a related party of the Foundation. Amounts paid to the Hospital include amounts to support the Patients Medication Fund, Food Pharmacy staff and resources, patient screenings as well as other business expenses. The amounts paid to the Hospital for this support amounted to \$72,675 for the year ended June 30, 2021.

The Hospital provides executive and administrative services at no cost to the Foundation. Such services are valued at \$201,580 for the year ended June 30, 2021.

NOTE 7 - Concentration Risks

The Foundation receives a substantial amount of its support from NGH. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Foundation's program and activities.

At June 30, 2021, 100% of all receivables were due from two donors. At June 30, 2021, 93% of all payables were due to three vendors.

NOTE 8 - Prior Period Adjustment

An adjustment of \$197,051 was made to Other Assets and Beginning Net Assets for artwork that was donated prior to July 1, 2020 that had not been previously recorded on the Statement of Financial Position.

NOTE 9 - Subsequent Events

We have evaluated events subsequent to the years ending June 30, 2021. As of November 2, 2021, the date that the financial statements were available to be issued, we are not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.