



September 28, 2020

Mr. Jeff Landry
Attorney General
State of Louisiana
P.O. Box 94005
Baton Rouge, LA 70802

Re: Lincoln Health Foundation Annual Report (Fiscal Year 2019-2020)

Dear Mr. Landry:

Pursuant to the obligations set forth in the Certificate of Incorporation of Lincoln Health System, Inc., filed with and approved by the State of Louisiana at the time of sale of Lincoln General Hospital in 2007, please find attached the information and documents that have been posted on the Foundation's website (www.lincolnhealth.com) in lieu of conducting its annual public meeting in May, 2020. This public meeting, held annually, was cancelled this year due to the COVID-19 virus; however, to fulfill the Foundation's obligation to present information to the public we have provided all annual meeting information on the website for public access.

The audited financials of the Foundation for the period ending September 30, 2019 are also included with the attached information.

If you have questions, or need additional information concerning the presentation or attached documents, please don't hesitate to contact me at 318-251-3226, extension 100.

Sincerely,

Norman L. Hanes
Chief Executive Officer
Lincoln Health Foundation

cc: Mr. Ronnie Walker, Mayor, City of Ruston, LA
Mr. Mike Milstead, Superintendent, Lincoln Parish Schools
Mr. Doug Postel, Parish Administrator, Lincoln Parish Police Jury



Fiscal Year 2019-2020

**Annual
Report**



Improving Health Care and Outcomes for Residents of Lincoln Parish

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Section 1

2019-2020 Presentation of Lincoln Health Foundation
Organizational and Grant Funding Initiatives

Lincoln Health Foundation

Annual Report Information

September 30, 2020



Mission & Vision

Mission Statement

The mission of Lincoln Health Foundation is to improve health care and outcomes for the residents of Lincoln Parish.

Vision Statement

To be the facilitator of health-related initiatives, programs, and services that enable Lincoln Parish residents to improve their quality of life.



Board of Directors

Mark Taylor, Chair (Lincoln Parish Mayors Representative)

Wilbert Ellis, Vice-Chair

Eldred Hardison, Secretary / Treasurer

James Davison, Advisory Board Member

Sonja Cardwell (Lincoln Parish School Board Rep.)

Dr. Marvin Green (Physician Representative)

Eldred Hardison (Lincoln Parish Sheriff's Dept.)

Jo Tatum (Police Jury Representative)

Dr. Nancy Smith (Pathologist, No. Louisiana Medical Center)

Willie Washington (Former Educator Lincoln Parish Schools)

** Dr. Jackie White (Medical Director)*

Foundation Management

- Norman Hanes, Chief Executive Officer
- Bill Jones, Attorney
- Office: 305 South Vienna Street, Ruston, LA
- Auditing Firm: Woodard and Associates, APAC
- Grant Auditing Firm: Impact Healthcare Solutions
- Chief Investment Officer Services: Argent Financial Group
- Annual Reporting: LA Attorney General
- www.lincolnhealth.com

Foundation Organizational Structure

- ✓ Classified by IRS as 501(c)3 Private Non-Operating Foundation
- ✓ 5% Annual Net Assets Distribution Requirement = \$1.5M
- ✓ Grants & Funding Restricted to Identified Health Needs in Lincoln Parish Only

Funding Sources

- **Proceeds from Sale of Lincoln General Hospital (2007)**
 - *Current Corpus Approximately \$26 million*
- **William Harold Sturgis Estate**
 - *Annual Bequests Approximately \$170,000*
 - *\$2.2 million in Receipts to Date*
 - *Used to Fund School Based Healthcare and Indigent Residents Health Care*
- **Mary Jarrell Nursing Scholarship Fund**
 - *Current Fund Balance Approximately \$404,000*
 - *Used for Nursing Scholarships*
 - *Distribution Amount 4% Annually*

Lincoln Parish

Health Needs Assessment Categories

(2008 & 2016)

- Death, Disease & Disability
- Infant and Child Health
- Modifiable Health Risks
- Access to Healthcare

Established Funding Initiatives

2010 - 2019

- Healthier Beginnings (*Infant Mortality & Low Birth Weights*)
- Healthier Living (*Childhood Obesity, Nutrition, Exercise & Education*)
- Healthier Outcomes & Improved Access to Health Care Services (*Access to Health Care and Opportunities for Health Improvement*)

Established Funding Initiatives

2010 - 2019

- Healthier Beginnings (*Infant Mortality & Low Birth Weights*)
- Healthier Living (*Childhood Obesity, Nutrition, Exercise & Education*)
- Healthier Outcomes & Improved Access to Health Care Services (*Access to Health Care and Opportunities for Health Improvement*)

Total Grant Funding to Date: **\$16,220,179.**

HEALTHIER BEGINNINGS

Initiative

- \$293K (2018-2019) | \$2.4M (2008-2020)
 - ❖ Home Based Early Childhood Development and Parent Education Program
 - ❖ Mentoring of Moms and Dads Program
 - ❖ Pre-School Literacy Outreach Program (Health & Social Development)
 - ❖ Early Childhood Nutrition and Parental Education Program

HEALTHIER BEGINNINGS

Initiative

Grantees:

- Life Choices of North Central Louisiana (*Kathleen Richard*)
- Louisiana Tech Department of Human Ecology (*Dr. Julie Rutledge*)

HEALTHIER LIVING Initiative

- \$204K (2018-2019) | \$2.0M (2008-2020)
 - ❖ Nationally Recognized Sports, Fitness Recreation Program
 - ❖ Summer Feeding Program by Lincoln Parish Boys & Girls Club
 - ❖ Food Back Packs for Lincoln Parish Schools Students
 - ❖ Healthy Food Purchases Incentive Program for Lincoln Parish SNAP Recipients
 - ❖ Sexually Transmitted Infections Education at Louisiana Tech University
 - ❖ “At Risk” Adolescent Counseling Program in Lincoln Parish Schools

HEALTHIER LIVING Initiative

Grantees:

- Boys & Girls Club of North Louisiana (*Eldonta' Osborne*)
- Lincoln Parish Schools (*Ami Brister*) &
United Way of Northeast Louisiana (*Stephanie Thompson*)
- Louisiana Tech: Division of Nursing (*Drs. Katie Barrow & Patti McFadden*)
- Seeker Springs Ministry (*Terry Slawson*)
- Up With People – Ruston Initiative

HEALTHIER OUTCOMES & IMPROVED ACCESS TO HEALTH CARE SERVICES

Initiative

- \$1.7M (2018-2019) | \$11.8M (2008-2020)
 - ❖ Medical Mobile & Fixed Location Clinic (*Operations & Renovation*)
 - ❖ School Based Health Care Services
 - ❖ School Based Mentoring Programs
 - ❖ Access to Health Care Services (*Active Transportation Matching Grant*)
 - ❖ Access to Mental Health Services
 - ❖ Medical, Dental and Mental Health Services to the Homeless
 - ❖ Support Staff for Lincoln Parish Health Unit (*STI Clinic Services*)

HEALTHIER OUTCOMES & IMPROVED ACCESS TO HEALTH CARE SERVICES

Initiative

Grantees:

- The Health Hut (*Dr. Jackie White*)
- Lincoln Parish Schools (*Amy Brister*)
- City of Ruston / Lincoln Economic Development Council
- LMCH Family Counseling Center (*Sharon Kilcoyne & Pam Cannon*)
- Elisha Ministries (*Gloria Mays*)
- Lincoln Parish Health Unit (*Suzanne Blackwelder / LaNell Washington*)
- Teach One to Lead One (*Walter Allen*)

2016 Health Needs Assessment for Lincoln Parish:

The Platform From Which Grant Funding Decisions Are Made

Source:

St. Francis Medical Center, Monroe, LA

<https://stfran.com/Pages/Community-Health-Needs-Assessment>

- **Sources:** Healthy Communities Institute (www.healthycommunitiesinsitute.com)
Healthy People 2020 Benchmarks ([www.healthypeople.gov/HP 2020](http://www.healthypeople.gov/HP2020))
Louisiana Dept. of Health & Hospitals (www.dhh.Louisiana.gov)

Lincoln Parish

2016 *Health Needs Assessment*

Category

2008 vs 2016

Death, Disease & Disability

- | | | |
|---|---|---|
| ➤ Cancer, Diabetes, Stroke, Heart Disease | √ | √ |
| <input type="checkbox"/> Breast & Prostate Death Rates (Primary) | | |
| <input type="checkbox"/> Death/Hospitalization Rates for Diabetes | | |
| <input type="checkbox"/> Hypertension Hospitalization /Strokes (MC) | | |

Lincoln Parish

2016 *Health Needs Assessment*

<u>Category</u>	<u>2008</u>	<u>vs</u>	<u>2016</u>
-----------------	-------------	-----------	-------------

Infant And Child Health

- | | | | |
|------------------------------------|---|--|---|
| ➤ Early and Adequate Prenatal Care | ✓ | | ✓ |
| ➤ Infant Mortality Rate (Primary) | ✓ | | |
| ❑ Reduced to Secondary Status | | | |

Lincoln Parish

2016 *Health Needs Assessment*

<u>Category</u>	<u>2008</u>	<u>vs</u>	<u>2016</u>
Modifiable Health Risks			
➤ Adult Obesity	√		√
➤ Low-Income Preschool Obesity (Secondary)	√		√
➤ Food Insecurity - Adults			√
➤ Food Insecurity – Children (Secondary)			√

Lincoln Parish

2016 *Health Needs Assessment*

<u>Category</u>	<u>2008</u>	<u>vs</u>	<u>2016</u>
-----------------	-------------	-----------	-------------

Access to Health Care

- | | | | |
|--|---|--|---|
| ➤ Dental Services / Dentist Rate (Primary) | ✓ | | |
| ➤ Dental Services / Dentist Rate (Secondary) | | | ✓ |
| ➤ Access to Health Care Providers | ✓ | | |
| ✓ 4,400 New Medicaid Enrollees as of 5/1/2019 * | | | |
| ✓ 14,500 Total Medicaid Enrollees as of 10/31/2018 * | | | |

* Louisiana Department of Health (<http://ldh.la.gov>)

Lincoln Parish

2016 *Health Needs Assessment*

AREAS “Within Expected Values / Performing Well”

- Teen Birth Rate *
- Depression: Medicare Population *
- Mental Health Provider Rate *
- Adult Excessive Drinking
- Hospitalization Rate Due To Alcohol Abuse
- Adult Smoking *

** Foundation Funded Initiatives*

2020-2021 Focus Areas

➤ **Commitment to Funding Existing Initiatives**

- ❖ *School Based Health Care*
- ❖ *Health Hut Medical Services (Mobile & Clinic)*
- ❖ *Mental Health Services Access*
- ❖ *Promotion of Nutrition and Exercise (Programs & Venues)*

2019-2020 Focus Areas

➤ **Commitment to Recalibrating Grant Funding**

- ❖ *Encouraging Identification of Additional Funding Sources*
- ❖ *Managing Existing Grant Funding Levels*
- ❖ *Redistribution of Funds to Other Needed Areas*
 - ❑ *STI Education*
 - ❑ *Food Insecurity & Causal Factors*



Public Information

General Information:

[LHF Bylaws PDF](#)

[Articles of Incorporation PDF](#)

[2009 PRC Community Health Assessment PDF](#)

[Community Plan PDF](#)

[Strategic Plan PDF](#)

[Grant Making Guidelines and Procedures PDF](#)

[Communication Guidelines PDF](#)

Summary of Funded Projects:

[Funding FACT Sheet PDF](#)

Annual Reports:

[2010 PDF](#)

[2011 PDF](#)

[2012 PDF](#)

[2013 PDF](#)

[2014 PDF](#)

Audit Reports:

[2009-2010 PDF](#)

[2010-2011 PDF](#)

[2011-2012 PDF](#)

[2012-2013 PDF](#)

[2013-2014 PDF](#)



305 S Vienna St.
Ruston, LA 71270
318-251-3226

www.lincolnhealth.com

Section 2

Lincoln Health Foundation
Grants In Progress
Fiscal Year 2019-2020

Lincoln Health Foundation

CURRENT GRANTS IN PROGRESS (FY 2019-2020)

Status Date: 9/13/20 7:07 PM

Grant Year	Initiative	Grant Start Date	Grantee	Funding Amount	Initiative Totals	Percent of Funding	Years Funded	Total Funding Received
Current	Healthier Access	Jan-20	Louisiana Methodist Family Counseling Ctr. - Year 8	172,600			7	\$ 1,435,832
		Sep-20	Elisha Ministries (Mental/Dental/Medical) - Year 10	28,000			9	\$ 233,382
		Jun-20	City of Ruston (Economic Development Council) - Year 3	250,000			3	\$ 750,000
		Jul-20	Lincoln Parish Schools (HEALS XII)	225,088			10	\$ 2,818,315
		Jan-20	Lincoln Parish Health Unit (STD Clerical Staff) - Year 8	65,482			7	\$ 495,931
		Oct-19	Linking the Parish, Inc. (The Health Hut) - Year 8	700,000			8	\$ 5,854,098
		Oct-19	Teach 1 Lead 1 Student Mentoring Program	10,000			1	\$ 10,000
		Healthier Access Initiative				1,451,170	73.7%	
Current	Healthier Beginnings	Dec-19	Life Choices (Growing Great Kids) - Year 9	124,000			9	\$ 1,102,319
		Feb-20	Life Choices (Mentoring of MOMs & DADs) - Year 10	61,000			9	\$ 417,266
		Oct-19	Louisiana Tech - WISE (Nutrition Ed. Grant) - Year 6	54,425			6	\$ 345,114
		Oct-19	Louisiana Tech - Bulldog Book Club - Year 7	53,912			7	\$ 410,601
Healthier Beginnings Initiative				293,337	14.9%		\$ 2,275,300	
Current	Healthier Living	Mar-20	Boys & Girls Club Of No. LA (Triple Play) - Year 9	85,262			9	\$ 741,368
		Oct-19	LPS Back Pack Hunger Initiative - Year 4	55,641			4	\$ 257,861
		Jun-20	Boys & Girls Club (Summer Feeding) - Year 8	15,000			8	\$ 117,000
		Jan-20	Seeker Springs Adolescent Counseling - Year 9	35,195			8	\$ 286,092
		Apr-19	Louisiana Tech - STI Awareness Campaign	2,500			1	\$ 2,500
		Oct-19	Up With People Initiative	5,000			1	\$ 5,000
		Oct-19	Louisiana Tech VISTA Nutrition Education	5,000			1	\$ 5,000
		Mar-20	Boys & Girls Club (Summer Feeding) - Year 9	15,000			9	\$ 132,000
		Oct-20	Ruston Farmers Market - SNAP Initiative - Years 5 & 6	4,600			6	\$ 13,921
Healthier Living Initiative				223,198	11.3%		\$ 1,414,821	
					1,967,704	100.0%		\$15,287,678

20 TOTAL GRANT FUNDING ACTIVITY (2008 to Present):

16,290,192

94%

Section 3

- A. Financial Statements (*Audited*)
Fiscal Year 2018- 2019
(October 1, 2018 – September 30, 2019)

LINCOLN HEALTH FOUNDATION, INC

Ruston, Louisiana

Financial Statements

For the Years Ended September 30, 2019 and 2018

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

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For the Years Ended September 30, 2019 and 2018

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1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Lincoln Health Foundation, Inc.
305 South Vienna Street
Ruston, Louisiana 71270**

We have audited the accompanying financial statements of the **Lincoln Health Foundation** (a non-profit organization, the Foundation), which comprise the statements of assets, liabilities, and net assets-modified cash basis as of September 30, 2019, and the related statements of revenues, expenses and other changes in net assets-modified cash basis and cash flows-modified cash basis 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 the modified cash basis of accounting as described in Note 1.A.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' 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 of 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 auditors' 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.

**To the Board of Directors
Lincoln Health Foundation, Inc.
Ruston, Louisiana 71270**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.A.

Prior Period Financial Statements

The September 30, 2018 financial statements presented on the modified cash basis of accounting were reviewed by us, and our report thereon, dated February 9, 2019, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with the modified cash basis of accounting. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Basis of Accounting

We draw attention to Note 1.A. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

August 18, 2020

BASIC FINANCIAL STATEMENTS

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

Statements of Assets, Liabilities, and Net Assets -

Modified Cash Basis

September 30, 2019 and 2018

	2019 (Audited)	2018 (Reviewed)
Assets		
Cash and cash equivalents	\$ 598,399	\$ 467,659
Restricted assets-cash	3,183	1,504
Investments, at fair value	26,534,115	27,847,004
Restricted assets-investments, at fair value	397,360	388,610
Property and equipment, net	-	-
Total assets	\$ 27,533,057	\$ 28,704,777
Liabilities	-	-
Total liabilities	-	-
Net assets		
Without donor restriction	\$ 27,132,514	\$ 28,314,663
With donor restriction	400,543	390,114
Total net assets	27,533,057	28,704,777
Total liabilities and net assets	\$ 27,533,057	\$ 28,704,777

The accompanying notes are an integral part of these statements.

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

Statements of Revenues, Expenses and Other Changes In Net Assets -

Modified Cash Basis

For the Years Ended September 30, 2019 and 2018

	2019			2018		
	(Audited)			(Reviewed)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues, gains, and other support						
Investment income	\$ 690,261	\$ 18,553	\$ 708,814	\$ 572,679	\$ 15,486	\$ 588,165
Net realized gains/ loss	628,929	-	628,929	1,555,884	-	1,555,884
Net unrealized gains/loss	(343,570)	-	(343,570)	161,982	-	161,982
Contributions	262	173,593	173,855	111	-	111
Total revenues, gains and other support	975,882	192,146	1,168,028	2,290,656	15,486	2,306,142
Net assets released from restrictions	181,717	(181,717)	-	193,953	(193,953)	-
Total revenues, gains and other support	1,157,599	10,429	1,168,028	2,484,609	(178,467)	2,306,142
Program expenses						
Grants	2,003,885	-	2,003,885	1,761,110	-	1,761,110
Total program expenses	2,003,885	-	2,003,885	1,761,110	-	1,761,110
Administrative expenses						
Investment fees	124,432	-	124,432	132,968	-	132,968
Administration	211,432	-	211,432	187,482	-	187,482
Total administrative expenses	335,864	-	335,864	320,450	-	320,450
Change in net assets	(1,182,150)	10,429	(1,171,721)	403,049	(178,467)	224,582
Net assets, beginning of year	28,314,664	390,114	28,704,778	27,911,615	568,581	28,480,196
Net assets, end of year	\$ 27,132,514	\$ 400,543	\$ 27,533,057	\$ 28,314,664	\$ 390,114	\$ 28,704,778

The accompanying notes are an integral part of these statements.

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

**Statements of Cash Flows -
Modified Cash Basis**

For the Years Ended September 30, 2019 and 2018

	2019 (Audited)	2018 (Reviewed)
Cash flows from operating activities		
Change in net assets	\$ (1,171,721)	\$ 224,582
Adjustments to reconcile change in net assets to net cash used by operating activities		
Net realized and unrealized gains	(285,359)	(1,717,866)
Net cash used by operating activities	(1,457,080)	(1,493,284)
Cash flows from investing activities		
Purchases of investments	(8,113,944)	(29,514,090)
Proceeds from sale of investments	9,703,443	30,925,158
Net cash provided by investing activities	1,589,499	1,411,068
Net increase in cash and cash equivalents	132,419	(82,216)
Cash and cash equivalents at beginning of the year	469,163	551,379
Cash and cash equivalents at end of the year	\$ <u>601,582</u>	\$ <u>469,163</u>
Shown on the accompanying statements of assets, liabilities and net assets-modified cash basis		
Cash and cash equivalents	\$ 598,399	\$ 467,659
Restricted assets-cash	3,183	1,504
Total	\$ <u>601,582</u>	\$ <u>469,163</u>

The accompanying notes are an integral part of these statements.

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

Notes to the Financial Statements

For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

Introduction

On July 30, 1996, the Lincoln Health Foundation, Inc. (the “Foundation”), a Louisiana nonprofit corporation, was organized exclusively to support and benefit Lincoln Health System, Inc. d.b.a. Lincoln General Hospital (the “System”) in Ruston, Louisiana. The System is 69% owned by the Foundation and 31% owned by St. Francis Medical Center and Willis-Knighton Medical Center, which are tax-exempt organizations.

On March 31, 2007, the System entered into a purchase agreement with Community Health Systems, Inc. (“Purchaser”) to sell the hospital operations and various other assets for approximately \$36,000,000, less adjustments per the agreement. After the sale of hospital operations, the System’s main purpose has become to manage the remaining investments until the System’s remaining assets can be liquidated to the remaining owners and to help support healthcare services in the local community. In accordance with the purchase agreement, the Purchaser deposited a portion of the purchase price (\$18,000,000) into an interest-bearing escrow account for three years to pay any unforeseen liabilities of the System. In March 2009, the Foundation received the first distribution from the sale of \$9,666,466, which consisted of \$350,900 in cash and \$9,315,566 in investments. In April 2010, the Foundation received a cash distribution of \$12,600,000 from the escrow account. The settlement date of any potential future receipts has not yet been determined as the Foundation’s remaining \$602,008 investment at September 30, 2010 in the System is being held for any potential future liabilities of the System (except as noted below).

The Foundation received a distribution of \$715,293 in February 2011. Of this amount, \$602,008 reduced the investment in the System to \$0 and \$113,285 was recognized as revenue. The System still maintains a contingency fund of \$425,000 of which \$294,231 represents the Foundation’s portion. As it is unknown if the Foundation will ever receive these funds, no investment has been recorded for this amount.

The purpose of the Foundation is to use the sale proceeds and liquidating distributions to improve healthcare and quality of life for residents of Lincoln Parish in Louisiana.

Note 1 - Summary of Significant Accounting Policies

A. Basis of Accounting

The Foundation’s financial statements are presented on the modified cash basis of accounting which is a comprehensive basis of accounting other than US Generally Accepted Accounting Principles (GAAP). Accordingly, these statements reflect revenues when received rather than when earned and expenses are recognized when paid rather than when incurred with the exception of investments which are recorded at fair market value resulting in unrealized gains and losses.

The Foundation has adopted the provisions of FASB’s Accounting Standards Update 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* which modifies the presentation of net assets on the basic financial statements. In accordance with FASB ASU 2016-14, net assets are presented in two classes – net assets without donor restrictions and net assets with donor restrictions. Presentation in a particular net asset class is based on the existence or absence of donor-imposed

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

Notes to the Financial Statements

For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

restrictions on the use of net assets. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by actions of the Foundation or by the passage of time.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

B. Cash and Cash Equivalents

It is the Foundation's policy to define all highly liquid investments with an initial maturity of three months or less as "cash and cash equivalents" with the exception of cash in investment accounts which is classified as "investments".

C. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position using quoted market prices in active markets. Unrealized gains and losses are included in the change in net assets. Gains or losses on the sale of securities are recognized on a specific-identification method.

The Foundation follows GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based on the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. The Foundation has no assets valued using Level 2 or Level 3 inputs.

The Foundation maintains three investment accounts without donor restrictions and one investment account with donor restrictions. Each of these accounts has the following characteristics except where differentiated:

Credit risk - The Foundation minimizes credit risk, which is the risk due to the failure of the security issuer or backer, and concentration of credit risk by investing in the following instruments in accordance with specific asset allocation parameters:

1. *Stocks* - The portfolio is diversified to avoid undue exposure to any single economic sector, industry group or individual security. Common and convertible stock is of good quality and listed either on the New York Stock Exchange or American Stock Exchange or traded in the over-the-counter market. The

LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

Notes to the Financial Statements

For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

requirement is such that stocks will have adequate market liquidity relative to the size of the investment. No more than 5% of the investment portfolio is invested in the security of one issuing corporation. No more than 10% of the market value of the investment portfolio is invested in one industry group. Investment in any corporation will not exceed 5% of the outstanding shares of the corporation.

2. Fixed income investments - The portfolio maintains an average credit quality of A or better. Individual corporate bonds at the time of purchase must be of investment grade quality or better. No limit is placed on investments in U.S. government guaranteed obligations. Any investment in any one issue excluding U.S. government guaranteed obligations should not exceed 5% of the total fixed income portfolio.
3. Short-term investments -
 - a. Commercial paper - quality must not be less than A-1 as rated by Standard & Poor's. Investment in any one issue does not exceed 5% of the investment portfolio of the Foundation.
 - b. Certificates of deposit – must be fully insured by the Federal Deposit Insurance Corporation or must be collateralized by qualifying investment securities. The underlying collateral of collateralized certificates of deposit is subject to the 5% limitation.

D. Property and Equipment

The Foundation capitalizes the cost of property and equipment in excess of \$1,500 with a useful life of more than one year. Improvements are capitalized when they extend an asset's useful life or increase its value. Otherwise, they are charged to operations. Donations of property and equipment are recorded at their fair value at the date of the donation. The Foundation uses the straight-line method of depreciation with estimated useful lives of five to ten years for furniture, fixtures and equipment. The Foundation sold all of its assets and any required assets are provided in conjunction with the lease in Note 4.

E. Grants Payable

The Foundation awards grants annually to entities that promote the health and enhance the quality of life of all residents within Lincoln Parish, Louisiana based on an application process. When payments toward the grants are approved by the Board, they are disbursed according to the terms of the grant agreement at a certain point in the future. These payments often are made within the same fiscal month as the approval; however, depending on the size of the grant, payments are also made to grantees in installments based upon an agreed upon schedule between the Foundation and the grantee. All grant payments are made within twelve months of being approved by the Board.

F. Net Assets

The Foundation used to report information regarding its net asset position on the

LINCOLN HEALTH FOUNDATION, INC.

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Notes to the Financial Statements

For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

modified cash basis according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. But after the adoption of ASU 2016-14, the Foundation reports information regarding its net asset position on the modified cash basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction, based upon the existence or absence of donor-imposed restrictions.

G. Contributions

The Foundation records contributions and grants when received. All contributions are considered to be available for unrestricted use unless specifically restricted by a donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as released from restrictions. The Foundation's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

H. Advertising Costs

Advertising costs are expensed when paid. Such costs amounted to \$11,534.05 and \$11,915.25 for the fiscal years ended September 30, 2019 and 2018, respectively, and are included in administration expenses.

I. Income Taxes

The Foundation is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC). However, since the Foundation is a private foundation a form 990 is filed annually and the Foundation pays an excise tax based on net investment income. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax-exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records. Excise taxes in the amounts of \$26,352 and \$20,850 were paid for the years ended September 30, 2019 and 2018, respectively.

The Foundation's federal form 990 for the tax years ending September 30, 2018 and after remain subject to examination by the Internal Revenue Service.

LINCOLN HEALTH FOUNDATION, INC.

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For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

J. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect financial statement amounts and disclosures. Actual results could differ from those estimates.

K. Reclassifications

Reclassifications have been made to the prior year financial statements to make them comparable to the current year presentation.

L. Subsequent Events

Management has evaluated subsequent events through June 19, 2020, the date which the financial statements were available to be issued and determined that the following events occurred subsequent to the reporting period that are required to be disclosed.

On March 13, 2020, the President of the United States declared the COVID-19 outbreak to be a national emergency. Management has evaluated the effects of the outbreak and ensuing economic repercussions on the Foundation. While the financial markets initially declined massively, there has been some recovery. The investments held by the Foundation have declined by about \$211,329 or 0.79% from the September year end balances given in the financial statements and July 31, 2020. As such, the presentation of investments at fair market value in the financial statements has not been adjusted from the amount presented as of September 30, 2019.

The Foundation is allowing grantees who were unable to fulfill their grant requirements within the original established time frame due to the COVID-19 pandemic to either extend their current grant funding time period, apply unused grant funds to upcoming grant renewal or arrange repayment of unused grant funds.

Note 2 – Investments

Investments are reported in these financial statements at Level 1 fair market value.

LINCOLN HEALTH FOUNDATION, INC.

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Notes to the Financial Statements

For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

			Unrealized Market
	Market	Cost	Gain (Loss)
For the year ended September 30, 2018			
Money market/cash	\$ 243,338.53	\$ 243,338.53	\$ -
Domestic equity	17,481,198.65	12,263,358.59	5,217,840.06
International equity	-	-	-
Domestic fixed income	10,511,076.86	10,639,634.39	(128,557.53)
Total	<u>\$ 28,235,614.04</u>	<u>\$ 23,146,331.51</u>	<u>\$ 5,089,282.53</u>
Restricted assets-investments	\$ 388,610.18		
Investments	27,847,003.86		
Total	<u>\$ 28,235,614.04</u>		
For the year ended September 30, 2019			
Money market/cash	\$ 301,506.98	\$ 301,506.98	\$ -
Domestic equity	15,739,403.78	11,339,393.07	4,400,010.71
International equity	-	-	-
Domestic fixed income	10,656,204.13	10,395,689.53	260,514.60
Alternative investments	234,360.00	201,899.88	32,460.12
Total	<u>\$ 26,931,474.89</u>	<u>\$ 22,238,489.46</u>	<u>\$ 4,692,985.43</u>
Restricted assets-investments	\$ 397,359.65		
Investments	26,534,115.24		
Total	<u>\$ 26,931,474.89</u>		

Note 3- With Donor Restriction Funds

As of September 30, 2019, and 2018, donor restricted net assets consisted of \$3,183 and \$1,504, respectively, of funds received for the treatment of indigent patients and \$397,360 and \$388,610, respectively, for scholarships.

Note 4 - Contracts and Leases

The Foundation contracted all management services in a 2-year management service contract approved by the Board on September 22, 2015. In September 2015, the Board approved the extension of this contract for two years through September 30, 2019 under the same terms as the prior contract. Likewise, in September 2019, the Board approved the renewal of the service contract for two years through September 30, 2021. The contracted services totaled \$99,329 and \$97,455 for the years ending September 30, 2019, and 2018, respectively. The Foundation also leases office space as part of the service contract. For each of the fiscal years ended September 30, 2019, and 2018, office space rental expense amounted to \$14,400. Beginning with the year ended September 30, 2015, the Foundation added fixed monthly costs to the management contract for copies,

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For the Years Ended September 30, 2019 (Audited) and 2018 (Reviewed)

telephone and communications and computer and software. These totaled \$7,600 for the years ended September 30, 2019 and 2018.

Note 5 – Litigation

A suit was filed by Ruston Louisiana Hospital Company, LLC against Lincoln Health Foundation on July 6, 2018, concerning Medicare cost reimbursements. The suit seeks recovery of \$703,562 plus attorney's fees. On December 30, 2019, the District Court made a judgement ruling that the Foundation had no liability to the Plaintiff but the Plaintiff has filed an appeal with the District Court's ruling to the United States Court of Appeals for the Fifth Circuit. The Appellate Court has not issued a decision as of the report date. It is management's opinion that the Foundation should not be a party to the suit and will be dismissed as a defendant in the case. Lincoln Health Foundation has recorded no liability nor incurred any legal fees related to the suit.

Note 6 - Concentrations

The Foundation maintains its cash balances in financial institutions in the United States. The cash balances (excluding those held with investments) are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Foundation exceeds the federally insured limits. The risk is mitigated by maintaining deposits in only well capitalized financial institutions. The Foundations cash balances were underinsured at September 30, 2019 by \$348,399.

Note 7 - Related Party Transactions

The Foundation contracts services to include the duties of the Chief Executive Officer from a company that is an outsourced financial and services provider for one of the Foundation's grantees. For the year ended September 30, 2019, the Foundation awarded \$783,730 in grant monies and line of credit to this grantee.