

**LINCOLN HEALTH FOUNDATION, INC.**

Ruston, Louisiana

**Financial Statements**

For the Years Ended September 30, 2023 and 2022

**LINCOLN HEALTH FOUNDATION, INC.**

Ruston, Louisiana

**Table of Contents**

For the Years Ended September 30, 2023 and 2022

	<b><u>Page</u></b>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements</b>	
Statements of Assets, Liabilities, and Net Assets—Modified Cash Basis	4
Statements of Revenues, Expenses, and Other Changes in Net Assets— Modified Cash Basis	5
Statements of Functional Expenses—Modified Cash Basis	7
Statements of Cash Flows—Modified Cash Basis	8
Notes to the Basic Financial Statements	9



---

1904 Stubbs Avenue, Suite B

Monroe, LA 71201

T 318.387.2672 F 318.322.8866

Keeping you on course!

---

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of the **Lincoln Health Foundation, Inc.** (a non-profit organization, the Foundation), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of September 30, 2023, and the related statement of revenues, expenses and other changes in net assets—modified cash basis, statement of functional expenses—modified cash basis, and statement of cash flows—modified cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

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, 2023, 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.

#### *Basis for Opinion*

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

#### *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.

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1.A., and for 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.

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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation's ability to continue as a going concern for a reasonable period of time.

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

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.

***Prior Period Financial Statements***

The September 30, 2022, financial statements presented on the modified cash basis of accounting were reviewed by us, and our report thereon, dated April 12, 2023, 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.

*Woodard & Associates*

**(A Professional Accounting Corporation)**  
Monroe, Louisiana

**September 3, 2024**

## **BASIC FINANCIAL STATEMENTS**

**LINCOLN HEALTH FOUNDATION, INC.**

Ruston, Louisiana

**Statements of Assets, Liabilities, and Net Assets—**

**Modified Cash Basis**

September 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
	<b>(Audited)</b>	<b>(Reviewed)</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 449,068	\$ 461,926
Investments, at fair value	24,869,430	23,687,181
Restricted assets-investments, at fair value	401,350	378,718
<b>Total assets</b>	<b>\$ 25,719,848</b>	<b>\$ 24,527,825</b>
<b>Total liabilities</b>	-	-
<b>Net assets</b>		
Without donor restrictions	\$ 25,318,498	\$ 24,149,107
With donor restrictions	401,350	378,718
<b>Total net assets</b>	<b>25,719,848</b>	<b>24,527,825</b>
<b>Total liabilities and net assets</b>	<b>\$ 25,719,848</b>	<b>\$ 24,527,825</b>

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, 2023 and 2022

	<b>2023</b>		
	<b>(Audited)</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and gains (losses)</b>			
Investment income	\$ 480,487	\$ 39,652	\$ 520,139
Net realized gains/ loss	105,139	-	105,139
Net unrealized gains/loss	2,145,530	-	2,145,530
Contributions	-	176,134	176,134
Distribution received from LHS	1,178	-	1,178
Total revenue and gains (losses)	2,732,334	215,786	2,948,120
<b>Net assets released from restrictions</b>	193,154	(193,154)	-
Total revenue, gains (losses), and other support	2,925,488	22,632	2,948,120
<b>Program expenses</b>			
Grants	1,507,563	-	1,507,563
Total program expenses	1,507,563	-	1,507,563
<b>Administrative expenses</b>			
Administration	248,534	-	248,534
Total administrative expenses	248,534	-	248,534
<b>Change in net assets</b>	1,169,391	22,632	1,192,023
<b>Net assets, beginning of year</b>	24,149,107	378,718	24,527,825
<b>Net assets, end of year</b>	\$ 25,318,498	\$ 401,350	\$ 25,719,848

(continued)



**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, 2023 and 2022

	<b>2022</b>		
	<b>(Reviewed)</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and gains (losses)</b>			
Investment income	\$ 612,046	\$ (80,140)	\$ 531,906
Net realized gains/ loss	536,581	-	536,581
Net unrealized gains/loss	(5,424,730)	-	(5,424,730)
Contributions	-	172,291	172,291
Distribution received from LHS	453	-	453
Total revenue and gains (losses)	<u>(4,275,650)</u>	<u>92,151</u>	<u>(4,183,499)</u>
<b>Net assets released from restrictions</b>	<u>176,635</u>	<u>(176,635)</u>	<u>-</u>
Total revenue, gains (losses), and other support	<u>(4,099,015)</u>	<u>(84,484)</u>	<u>(4,183,499)</u>
<b>Program expenses</b>			
Grants	1,558,243	-	1,558,243
Total program expenses	<u>1,558,243</u>	<u>-</u>	<u>1,558,243</u>
<b>Administrative expenses</b>			
Administration	227,979	-	227,979
Total administrative expenses	<u>227,979</u>	<u>-</u>	<u>227,979</u>
<b>Change in net assets</b>	(5,885,237)	(84,484)	(5,969,721)
<b>Net assets, beginning of year</b>	<u>30,034,344</u>	<u>463,202</u>	<u>30,497,546</u>
<b>Net assets, end of year</b>	<u>\$ 24,149,107</u>	<u>\$ 378,718</u>	<u>\$ 24,527,825</u>

(concluded)

The accompanying notes are an integral part of these statements.

**LINCOLN HEALTH FOUNDATION, INC.**

Ruston, Louisiana

**Statements of Functional Expenses—  
Modified Cash Basis**

For the Years Ended September 30, 2023 and 2022

	<b>2023</b>		
	<b>(Audited)</b>		
	<b>Grant</b>	<b>Management</b>	<b>Total</b>
	<b>Program</b>	<b>&amp; General</b>	
Bank fees	\$ -	\$ 96	\$ 96
Equipment	-	2,000	2,000
Excise taxes	-	14,322	14,322
General & administrative	-	18,942	18,942
Grants	1,507,563	-	1,507,563
Insurance	-	24,695	24,695
Medical	-	48,000	48,000
Professional fees	-	126,079	126,079
Rent	-	14,400	14,400
<b>Total</b>	<b>\$ 1,507,563</b>	<b>\$ 248,534</b>	<b>\$ 1,756,097</b>

	<b>2022</b>		
	<b>(Reviewed)</b>		
	<b>Grant</b>	<b>Management</b>	<b>Total</b>
	<b>Program</b>	<b>&amp; General</b>	
Bank fees	\$ -	\$ 60	\$ 60
Equipment	-	2,000	2,000
General & administrative	-	18,900	18,900
Grants	1,558,243	-	1,558,243
Insurance	-	12,090	12,090
Medical	-	48,000	48,000
Professional fees	-	132,529	132,529
Rent	-	14,400	14,400
<b>Total</b>	<b>\$ 1,558,243</b>	<b>\$ 227,979</b>	<b>\$ 1,786,222</b>

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, 2023 and 2022

	<b>2023</b>	<b>2022</b>
	<b>(Audited)</b>	<b>(Reviewed)</b>
<b>Cash flows from operating activities</b>		
Cash used to pay for program grants	\$ (1,490,457)	\$ (1,541,271)
Cash received from contributions	176,134	172,291
Cash used to pay administrative expenses	(248,534)	(227,979)
Net cash provided (used) by operating activities	<u>(1,562,857)</u>	<u>(1,596,959)</u>
<b>Cash flows from investing activities</b>		
Withdrawal from unrestricted investments	1,550,000	1,550,000
Net cash provided (used) by investing activities	<u>1,550,000</u>	<u>1,550,000</u>
<b>Net increase in cash and cash equivalents</b>	(12,857)	(46,959)
<b>Cash and cash equivalents at beginning of the year</b>	<u>461,926</u>	<u>508,885</u>
<b>Cash and cash equivalents at end of the year</b>	<u>\$ 449,069</u>	<u>\$ 461,926</u>
Shown on the accompanying statements of assets, liabilities and net assets—modified cash basis as:		
Cash and cash equivalents	<u>\$ 449,068</u>	<u>\$ 461,926</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, 2023, and 2022

### 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 Foundation received another 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 Foundation received a payment in September 2021 of \$489,452. As the timing and amount of any possible future payments is unknown, no investment has been recorded by the Foundation.

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 U.S. 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, except for investments which are recorded at fair market value resulting in unrealized gains and losses.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Entities*, 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 restrictions on the use of net assets.

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

# LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

## Notes to the Financial Statements

For the Years Ended September 30, 2023, and 2022

*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 the 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, except for 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. Unrealized gains and losses are included in the change in net assets. Gains or losses on the sale of securities are recognized by 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. These levels are further described in the Investments and Fair Market Value note.

The Foundation maintains one investment account without donor restrictions and two investment accounts 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 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.

# LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

## Notes to the Financial Statements

For the Years Ended September 30, 2023, and 2022

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 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 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.

# LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

## Notes to the Financial Statements

For the Years Ended September 30, 2023, and 2022

### 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 net assets with 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 released from restrictions. The Foundation's policy is to first apply restricted resources when an expense is incurred for which both net assets with donor restrictions and net assets without donor restrictions are available.

### H. Functional Expenses

The cost of providing various services and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification.

### I. Advertising Costs

Advertising costs are expensed when paid. Such costs amounted to \$9,580 and \$9,580 for the fiscal years ended September 30, 2023 and 2022, respectively, and are included in administration expenses.

### J. 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 \$14,322 and \$0 were paid for the years ended September 30, 2023 and 2022, respectively. The Foundation's federal form 990 for the tax year ending September 30, 2020, and after remain subject to examination by the Internal Revenue Service.

### K. 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.

**LINCOLN HEALTH FOUNDATION, INC.**

Ruston, Louisiana

**Notes to the Financial Statements**

For the Years Ended September 30, 2023, and 2022

**L. Reclassifications**

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

**M. Subsequent Events**

Management has evaluated subsequent events through September 3, 2024, the date which the financial statements were available to be issued and determined that there were no events that occurred subsequent to the reporting period that are required to be disclosed.

**Note 2 – Investments and Fair Market Value**

A summary of the Foundation's investments for the years ended September 30, 2023, and 2022 is as follows:

	<u>September 30, 2023</u>		
	<u>Market</u>	<u>Cost</u>	<u>Unrealized Market Gain (Loss)</u>
Money market / cash	\$ 599,898	\$ 597,275	\$ 2,623
Domestic equity	15,478,951	9,090,658	6,388,293
Domestic fixed income	8,655,369	9,518,934	(863,565)
Alternative investments	536,562	526,989	9,573
Total	<u>\$ 25,270,780</u>	<u>\$ 19,733,856</u>	<u>\$ 5,536,924</u>
Restricted assets—investments	\$ 401,350		
Investments	24,869,430		
Total	<u>\$ 25,270,780</u>		
	<u>September 30, 2022</u>		
	<u>Market</u>	<u>Cost</u>	<u>Unrealized Market Gain (Loss)</u>
Money market / cash	\$ 323,263	\$ 323,263	\$ -
Domestic equity	14,110,626	9,775,281	4,335,345
Domestic fixed income	8,968,794	9,903,869	(935,075)
Alternative investments	663,217	670,873	(7,656)
Total	<u>\$ 24,065,899</u>	<u>\$ 20,669,015</u>	<u>\$ 3,392,614</u>
Restricted assets—investments	\$ 378,718		
Investments	23,687,181		
Total	<u>\$ 24,065,899</u>		



# LINCOLN HEALTH FOUNDATION, INC.

Ruston, Louisiana

## Notes to the Financial Statements

For the Years Ended September 30, 2023, and 2022

ASC Section 820 establishes the framework for measuring fair value.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

- Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the Foundation has the ability to access;
  
- Level 2     Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
  
- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There is no movement in Level 3 year to year.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation's investments as of September 30, 2023 and 2022, consisting of \$14,705,636 and \$14,004,489, respectively, were valued using unadjusted quoted prices for identical assets in active markets and are considered to be Level 1 investments. The remaining amounts of \$10,565,144 and \$10,061,410 at September 30, 2023 and 2022, respectively, were valued using observable market data other than quoted market prices for identical assets, and are considered to be Level 2 investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. 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 different fair value measurements within the fair value hierarchy.

**LINCOLN HEALTH FOUNDATION, INC.**

Ruston, Louisiana

**Notes to the Financial Statements**

For the Years Ended September 30, 2023, and 2022

**Note 3 – Funds With Donor Restrictions**

As of September 30, 2023, and 2022, net assets with donor restrictions consisted of \$7,069 and \$4,271 respectively, of funds received for the treatment of indigent patients and \$394,281 and \$374,447, respectively, for scholarships.

**Note 4 – Contracts and Leases**

The Foundation contracts out all management services. The Board has currently approved the renewal of the service contract for two years through September 30, 2023. The contracted services totaled \$99,329 for both of the years ending September 30, 2023, and 2022. The Foundation also leases office space as part of the service contract. For each of the fiscal years ended September 30, 2023, and 2022, 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, telephone and communications and computer and software. These totaled \$7,600 and \$7,707 for the years ended September 30, 2023 and 2022.

**Note 5 – Litigation**

The Foundation has resolved all litigation. There are currently no pending cases against the Foundation.

**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 Foundation's cash balances on September 30, 2023, and 2022 exceeded federally insured limits by \$199,511 and \$211,926, respectively. The Foundation maintains deposits with high quality financial institutions which the Foundation believes mitigates these risks.

**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 service provider for one of the Foundation's grantees. For each of the years ended September 30, 2023, and 2022, the Foundation awarded \$800,000 in grant monies to this grantee.