

PARKLAND FOUNDATION DBA PARKLAND HEALTH FOUNDATION
(A COMPONENT UNIT OF PARKLAND HEALTH & HOSPITAL SYSTEM DBA PARKLAND HEALTH SYSTEM)

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

PARKLAND FOUNDATION DBA PARKLAND HEALTH FOUNDATION
(A COMPONENT UNIT OF PARKLAND HEALTH & HOSPITAL SYSTEM DBA PARKLAND HEALTH SYSTEM)

SEPTEMBER 30, 2023 AND 2022

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
REQUIRED SUPPLEMENTARY INFORMATION:	
MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022	3 - 7
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION AS OF SEPTEMBER 30, 2023 AND 2022	8
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022	9
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022	10
NOTES TO FINANCIAL STATEMENTS	11 - 22
OTHER SUPPLEMENTARY INFORMATION:	
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2023	23



LORI K. ORTA, P.C.
Certified Public Accountant

Independent Auditor's Report

To the Board of Directors
Parkland Foundation dba Parkland Health Foundation

Opinion

We have audited the accompanying financial statements of Parkland Foundation dba Parkland Health Foundation (a nonprofit organization) (the "Foundation"), a component unit of Parkland Health & Hospital System dba Parkland Health System ("Parkland"), which comprise the statements of net position as of September 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to financial statements, which collectively comprise the Foundation's financial statements.

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 2022, 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 ("U.S 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 Foundation 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 these financial statements in accordance with U.S. 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 Foundation's ability to continue as a going concern within one year after the date that 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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 audits.

Required Supplementary Information

U.S. GAAP require that the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Management is responsible for the other supplementary information. The other supplementary information comprises the supplemental schedule of functional expenses for the year ended September 30, 2023, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion on any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Lore K. Carter, P. C.

McKinney, Texas
November 28, 2023

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
Management's Discussion and analysis
September 30, 2023 and 2022

Introduction

The management's discussion and analysis ("MD&A") provides an overview of the financial performance of Parkland Foundation dba Parkland Health Foundation (a nonprofit organization) (the "Foundation"), a component unit of Parkland Health & Hospital System dba Parkland Health System ("Parkland") for the fiscal years ended September 30, 2023 and 2022. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes and this discussion are the responsibility of management.

History, Mission and Governance

The Foundation has been in operation since 1985 as a 501(c)(3) of the Internal Revenue Code and as a component unit of Parkland. Although the Foundation's original purpose was to pursue state and federal grants, it is now focused solely on private philanthropy from individuals, foundations, and corporations. The Foundation's mission is to secure substantial financial resources that advance the clinical, educational and research quests of Parkland.

In June 2016, the Foundation formed ISFP Holdings, LLC ("LLC"). The LLC was formed to hold shares of Vizient, Inc. stock on behalf of Parkland because Parkland cannot own stock in a privately held for-profit entity. To date, the value of the stock has been negligible.

The Foundation and the LLC have a Management Services Agreement ("MSA") in place where as Parkland provides all resources necessary for all operational activities in accordance with and up to the approved fiscal year budget.

As of September 30, 2023, the Foundation's Board of Directors ("BOD") has 27 voting members in accordance with the Foundation's bylaws. The BOD is responsible for managing the business affairs and property of the Foundation.

Outlook

The Foundation continues to monitor looming headwinds in regard to charitable contributions and implications on our business model. According to the Giving USA 2023 study, in 2022, Americans charitable contributions declined 10.5% (adjusted for inflation) for a total of \$499.33 billion. Key to this decline has been a continuing trend of retrenchment in individual giving with in 2022, constituted 64% of total U.S. charitable contributions or \$319.04 billion. According to the Giving USA 2023 study, individual giving "has fallen below 70% of all giving for the fourth consecutive year."

Despite these declines, it should be noted that overall charitable contributions to health in the United States has increased by 5.1% to \$51.08 billion. The Foundation sees continued opportunity to capitalize on positive sentiment among philanthropic investors as it relates to health stemming from the pandemic during which time charitable contributions to health increased exponentially. Moreover, we will continue to monitor several external factors that could impact our fundraising revenue generation moving forward:

- Delays with municipal zoning around capital projects often creates uncertainty among philanthropic investors—decreasing the likelihood that the Foundation can finalize targeted charitable contributions.
- Clinical staffing delays—While Parkland continues to experience lower first-year staffing turnover along with increased classes of residents, clinical interventions for which the Foundation seeks to secure charitable contributions can be delayed due to staffing needs. This also includes roles that may be impacted by credentialing delays.
- Locally, the pool of substantial philanthropic campaigns within the social service sector (which includes health, education, housing, and food) continues to grow. The Foundation must continue to differentiate our activity among an increasingly competitive charitable environment.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
Management's Discussion and analysis
September 30, 2023

Statements of Net Position

The statements of net position present the financial position of the Foundation at the end of the fiscal years. These statements reflect the assets, liabilities, and net position of the Foundation as of September 30, 2023 and 2022.

Net position is divided into three major categories. The first category, current and non-current assets, and current liabilities

The second category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of non-expendable restricted resources, as it pertains to endowments, is only available for investment purposes. The earnings on these funds support the programs and activities as determined by the donors, typically to fund scholarships and programmatic initiatives at Parkland. Expendable restricted resources are available for expenditure by Parkland but must be spent for purposes as determined by donors that have placed time or purpose restrictions on the use of the assets.

The last category, unrestricted net position, represents the net position available to Parkland for the greatest need as determined by the President and CEO of Parkland.

The following table presents an analysis of the condensed statements of net position at September 30,:

	2023	2022
ASSETS		
Current assets	\$ 35,478,803	\$ 33,001,089
Noncurrent assets	3,649,920	3,667,914
Total assets	<u>\$ 39,128,723</u>	<u>\$ 36,669,003</u>
LIABILITIES AND NET POSITION		
Current liabilities	\$ 2,981,464	\$ 1,719,327
Total liabilities	<u>2,981,464</u>	<u>1,719,327</u>
NET POSITION		
Nonexpendable restricted net position	8,108,876	7,801,643
Expendable restricted net position	24,481,604	24,257,673
Unrestricted net position	<u>3,556,779</u>	<u>2,890,360</u>
Total net position	<u>36,147,259</u>	<u>34,949,676</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 39,128,723</u>	<u>\$ 36,669,003</u>

The Foundation's Assets

Pledges receivable in the approximate amount of \$3.9 million decreased by approximately (\$192,000) or (5.0)% in comparison to the prior year. The year-over-year change is primarily due to receipt of several significant pledge payments received throughout the fiscal year September 30, 2023. The balance at September 30, 2023 includes pledges from an anonymous donor in the approximate amount of \$1.3 million, Karl Rathjen, MD in the amount of \$500,000, and Bank of America Charitable Foundation in the amount of \$250,000. These contributions will support the Pediatric Behavioral Health, the C.V. Roman Health Center, and several endowments. The pledge balance includes approximately 80 pledges with an expected cash flow extending to 2030.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
Management's Discussion and analysis
September 30, 2023

The Foundation's Liabilities

Total current liabilities in the approximate amount of \$3.0 million increased by approximately \$1.3 million or 73.0% in comparison to the prior year. The year-over-year change is attributed to receipt of refundable advances to support Pediatric Behavior Health and the Richland Health Center at Dallas College and an accrual of fiscal year 2023 unrestricted funds to support the greatest need as identified by Parklands President & CEO.

The Foundation's Net Position

Unrestricted net position in the approximate amount of \$3.5 million increased by approximately \$666 thousand or 23% from the prior year. Expendable restricted net position in the approximate amount of \$24.5 million increased by approximately \$223 thousand or 1.0 % primarily due to cash transfers to Parkland to support Parkland programs. Nonexpendable restricted net position in the approximate amount of \$8.1 million increased by approximately \$307,000 or 4.0%. The increase is attributed to adding five new endowments year-over-year. Board-designated net position in the amount of \$746,000 remain the same and supports an annual pediatric burn camp.

The following table presents an analysis of the condensed statements of revenues, expenses, and changes in net position for the years ended September 30,:

	2023	2022
Operating revenues	\$ 14,488,504	\$ 19,538,190
Operating expenses	15,505,116	13,546,298
Operating income (loss)	<u>(1,016,612)</u>	<u>5,991,892</u>
Nonoperating activities	1,906,962	(1,253,793)
Other changes in net position	307,233	236,047
Changes in net position	1,197,583	4,974,146
NET POSITION, at beginning of year	<u>34,949,676</u>	<u>29,975,530</u>
NET POSITION, at end of year	<u>\$ 36,147,259</u>	<u>\$ 34,949,676</u>

Operating Revenues

Total operating revenues in the approximate amount of \$14.5 million decreased by approximately (\$5.0) million or 26% in comparison to the prior year. It includes unrestricted, expendable and nonexpendable contributions of approximately \$870,000, \$9.1 million and \$307,000 respectively. It also includes \$4.0 million of "in-kind" donations received from Parkland to cover Foundation operations. Unrestricted funds are the result of the Foundation's Direct Response Program. Expendable funds are the result of solicited and unsolicited contributions from individual donors, foundations, corporations, and other not-for-profits entities. Nonexpendable funds are the result of adding 5 new endowments throughout the fiscal year.

Operating Income (Loss)

The year-over-year change in contributions and donations was attributed to capital project delays in fiscal year 2023 that significantly impacted the Foundation's ability to recognize revenue received for capital projects. Also impacting the current year net loss was misalignment with donor interest and the timing of when asks were made and when contributions could be recognized.

Parkland Foundation dba Parkland Health Foundation
 (A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
 Management's Discussion and analysis
 September 30, 2023

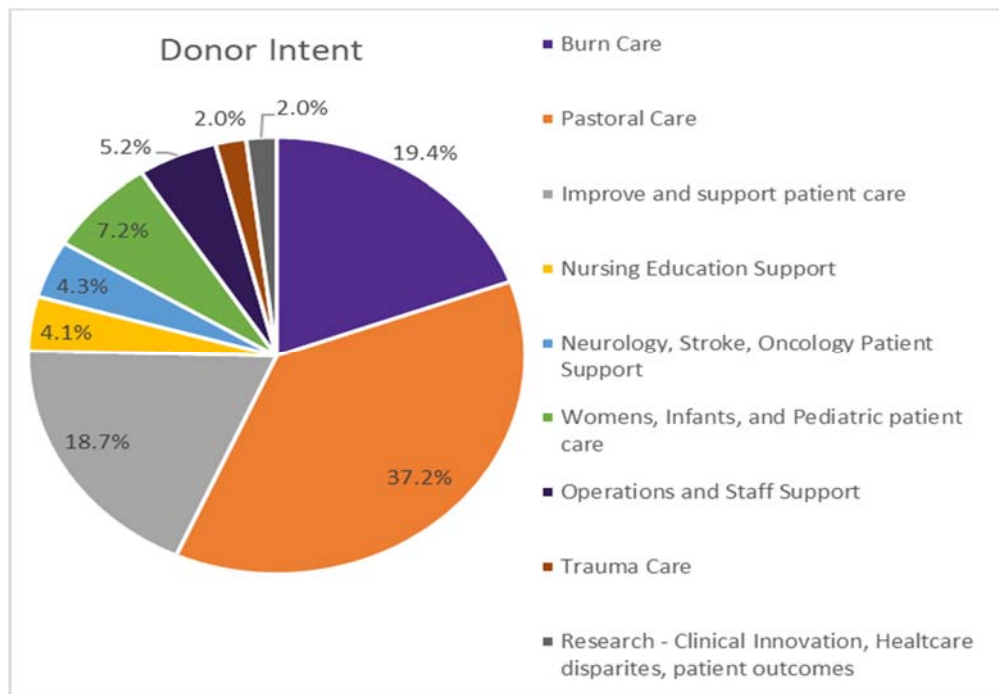
Non-Operating Activities

The Foundation holds expendable and nonexpendable funds that are invested in accordance with the Investment Policy Statement. These investments earned approximately \$1.9 million during the fiscal year September 30, 2023. All non-operating expenses are related to the Foundation's cash and investments.

The Foundation's Endowments

In 2008, the Foundation created a department to focus on Trusts, Estates and Gift Planning. Since its inception, the Foundation has realized 18 estate gifts and 104 fully funded endowments. As of September 30, 2023, the market value of the endowments is approximately \$9.8 million. The endowments are expected to have distributions of approximately \$257,000.

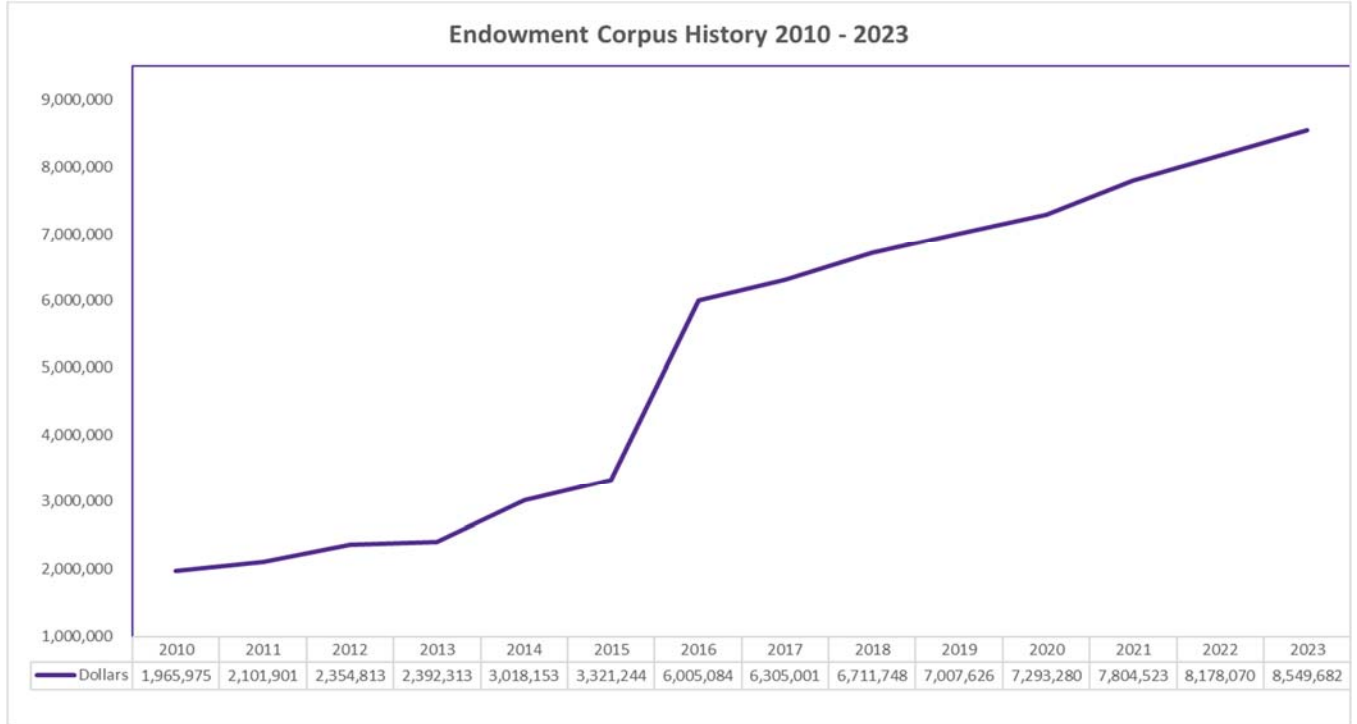
The following pie chart presents an analysis of the endowments by designation for the year ended September 30, 2023:



Parkland Foundation dba Parkland Health Foundation
 (A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
 Management's Discussion and analysis
 September 30, 2023

The Foundation's Endowments (Continued)

The following line chart presents an analysis of the endowments nonexpendable growth from fiscal year 2010 to fiscal year 2023:



Requests for Information

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest. If you have questions about this report or need additional financial information, contact the Foundation's Office at 1341 West Mockingbird Lane, Suite 1100E, Dallas, Texas 75247.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
STATEMENTS OF NET POSITION

September 30,

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 26,611,734	\$ 24,907,992
Short-term investments	6,307,172	6,052,109
Pledges receivables, current portion	2,525,504	2,023,939
Prepaid expenses	34,393	17,049
Total current assets	35,478,803	33,001,089
NONCURRENT ASSETS		
Long-term investments	2,266,153	1,589,970
Pledges receivables, noncurrent, net	1,383,767	2,077,944
Total noncurrent assets	3,649,920	3,667,914
TOTAL ASSETS	\$ 39,128,723	\$ 36,669,003
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 39,229	\$ 41,582
Due to Parkland	943,322	1,089,484
Due to Parkland Center for Clinical Innovation	73,913	110,760
Refundable advance	1,925,000	477,501
Total current liabilities	2,981,464	1,719,327
NET POSITION		
Nonexpendable		
Patient assistance	8,108,876	7,801,643
Total nonexpendable restricted net position	8,108,876	7,801,643
Expendable		
Patient assistance	22,602,256	23,136,471
Parkland Center for Clinical Innovation	756,337	758,198
Comprehensive Breast Center	1,120,105	360,098
ISFP Holdings LLC	2,906	2,906
Total expendable restricted net position	24,481,604	24,257,673
Total restricted net position	32,590,480	32,059,316
Unrestricted net position	3,556,779	2,890,360
Total net position	36,147,259	34,949,676
TOTAL LIABILITIES AND NET POSITION	\$ 39,128,723	\$ 36,669,003

See accompanying notes to financial statements.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended September 30,

	2023	2022
OPERATING REVENUES		
Contributions and donations	\$ 10,015,112	\$ 15,255,671
Contributions received from Parkland	450,000	450,000
Donated salary and benefits	3,850,907	3,676,670
Donated operating expenses	172,485	155,849
Total operating revenue	14,488,504	19,538,190
OPERATING EXPENSES		
Support to Parkland		
Patient assistance	10,534,360	7,039,367
Parkland Center for Clinical Innovation	488,992	242,450
Comprehensive Breast Center	-	2,000,000
Total support to Parkland	11,023,352	9,281,817
Supporting services		
Management and general	2,439,235	1,819,877
Fundraising	2,042,529	2,444,604
Total supporting services	4,481,764	4,264,481
Total operating expenses	15,505,116	13,546,298
Operating income (loss)	(1,016,612)	5,991,892
NONOPERATING ACTIVITIES		
Net investment activity	1,906,962	(1,253,793)
Total nonoperating activities	1,906,962	(1,253,793)
OTHER CHANGES IN NET POSITION		
Nonexpendable contributions and donations	307,233	236,047
Total other changes in net position	307,233	236,047
Changes in net position	1,197,583	4,974,146
NET POSITION, at beginning of year	34,949,676	29,975,530
NET POSITION, at end of year	\$ 36,147,259	\$ 34,949,676

See accompanying notes to financial statements.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
STATEMENTS OF CASH FLOWS
For the Years Ended September 30,

	2023	2022
Cash flows from operating activities		
Contributions and donations	\$ 12,105,223	\$ 14,653,232
Payments to support Parkland	(11,206,361)	(10,830,632)
Payments to supporting services	(478,069)	(466,461)
Net cash provided by operating activities	420,793	3,356,139
Cash flows from noncapital financing activities		
Restricted nonexpendable contributions	307,233	236,047
Net cash provided by noncapital financing activities	307,233	236,047
Cash flows from investing activities		
Proceeds from sale of investments	12,641,181	4,718,210
Purchase of investments	(13,572,427)	(3,021,779)
Net investment activity	1,906,962	(1,253,793)
Net cash provided by investing activities	975,716	442,638
INCREASE IN CASH AND CASH EQUIVALENTS	1,703,742	4,034,824
Cash and cash equivalents, at beginning of year	24,907,992	20,873,168
Cash and cash equivalents, at end of year	\$ 26,611,734	\$ 24,907,992
Reconciliation of operating loss to net cash used by operating activities		
Operating income (loss)	\$ (1,016,612)	\$ 5,991,892
Adjustments to reconcile operating income (loss) to net cash used by operating activities		
Bad debt	31,017	-
Change in operating assets and liabilities, net		
Pledges receivable	161,595	(880,512)
Other receivables	-	4,869
Prepaid expenses	(17,344)	(10,507)
Account payable and accrued expenses	(2,353)	(23,992)
Due to Parkland	(146,162)	(1,659,575)
Due to Parkland Center for Clinical Innovation	(36,847)	110,760
Refundable advance	1,447,499	(176,796)
Net cash provided by operating activities	420,793	3,356,139
Supplemental Cash Flows Information		
In-kind salary and benefits and other operating expenses	\$ 4,023,392	\$ 3,832,519

See accompanying notes to financial statements.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Parkland Foundation (the “Foundation”), is a non-profit corporation organized in Texas in 1985 to support and benefit the Dallas County Hospital District, and is a discretely presented component unit of Parkland Health & Hospital System dba Parkland Health System (“Parkland”). The Foundation’s Board of Directors are appointed by Parkland’s Board of Managers and by the Directors of the Foundation. Parkland is a political subdivision of the state of Texas and is a discretely presented component unit of Dallas County, Texas. The Foundation’s mission is to secure substantial financial resources that advance the clinical, educational and research quests of Parkland. Primary funding for the Foundation operations comes from Parkland. The Foundation also receives private sector donations and grants restricted by the donor for specific activities of Parkland.

In June 2016, the Foundation formed ISFP Holdings, LLC (“LLC”). See Note 4.

Effective September 20, 2022, the Parkland Foundation Board of Directors approved that the Foundation change its DBA to Parkland Health Foundation.

Support to Parkland

Support to Parkland consist of expenditures, including equipment purchases, paid to or on behalf of Parkland, and include:

Patient Assistance - Includes items and services that enable patients to find and benefit from health care or to be discharged successfully. These include transportation, rental of certain home care medical equipment, food and small appliances. For the year ended September 30, 2023, the Foundation supported \$10,534,360 to patient assistance including a contribution to Parkland of \$870,883 to support Parkland’s mission in providing the best possible health care to the individuals it serves. For the year ended September 30, 2022, the Foundation supported \$7,039,367 to patient assistance including a contribution to Parkland of \$945,601 to support Parkland’s mission in providing the best possible health care to the individuals it serves.

New Parkland Campus and Parkland Center for Clinical Innovation - The Foundation conducts fundraising campaigns to provide financial resources for Parkland. In 2008, the Foundation began the “I Stand for Parkland” capital campaign with a goal of \$150,000,000 and successfully ended effective September 30, 2015. See Notes 5 and 6. For the year ended September 30, 2023, the Foundation supported \$488,992 to Parkland Center for Clinical Innovation and did not transfer any funds to the New Parkland Campus. For the year ended September 30, 2022, the Foundation did not transfer any funds to the New Parkland Campus, but they transferred \$242,450 to the Parkland Center for Clinical Innovation.

Comprehensive Breast Center - In 2017, the Foundation began a \$40,000,000 capital campaign for a new comprehensive breast center adjacent to the New Parkland Campus. For the year ended September 30, 2023, the Foundation did not transfer any funds to the Comprehensive Breast Center. For the year ended September 30, 2022, the Foundation transferred \$2,000,000 to the Comprehensive Breast Center.

Basis of Accounting and Presentation

The Foundation prepares its financial statements in accordance with U.S. GAAP and being a component unit of Parkland, reports under the Governmental Accounting Standards Board (GASB) framework.

The Foundation reports as a special-purpose government engaged in business-type activities whereby revenues and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

For reporting purposes, resources are classified into three net position categories according to the existence or absence of donor-imposed restrictions. Accordingly, net positions of the Foundation and changes therein are classified and reported as follows:

Unrestricted net position - carries no externally imposed restrictions.

Restricted expendable net position - carries externally imposed restrictions that expire in the future.

Restricted nonexpendable net position - carries externally imposed restrictions that never expire.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. Cash equivalents include money market mutual funds and cash held in bank trust departments, which at times may exceed federally insured limits. These accounts are subject to credit and market risks, including possible loss of the principal amount invested. The FDIC deposit insurance insures deposits and money markets up to \$250,000 per depositor, per insured bank for each ownership category. At September 30, 2023 and 2022, the Foundation had uninsured cash and cash equivalents of approximately \$25.5 million and \$24.3 million, respectively.

Investments and Investment Return

Investments are stated at fair value based on the underlying investments of the pool. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. Alternative investments, which are not readily marketable and lack publicly available market values, are carried at estimated fair value as provided by the investment managers. The Foundation reviews and evaluates the values provided by its investment managers and considers the valuation methods and assumptions used in determining the fair value of the alternative investments to be reasonable. Those estimated fair values may differ significantly from the values that would have been used had a ready market for those securities existed. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains and losses and the unrealized gains and losses on those investments is shown in the statement of revenue, expenses, and changes in net position as net investment activity.

Pledges Receivable

The Foundation uses the allowance for doubtful accounts method. The allowance for doubtful accounts is provided based on management's judgment, including factors such as payer and prior collection history.

Operating Revenues

The Foundation includes unrestricted and expendable restricted contributions and donations in operating revenues. These revenues are key components of the operations of the Foundation.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Payable and Accrued Expenses

Various expenses of the Foundation that were incurred before September 30, 2023 and 2022 but paid afterward have been reported as accounts payable and accrued expenses.

Operating Income (Loss) and Changes in Net Position

The statement of revenues, expenses, and changes in net position include operating income (loss). Changes in net position, which are excluded from operating income (loss) include net investment activity, nonexpendable contributions and donations and other nonoperating activities.

The year-over-year change in contributions and donations was attributed to capital project delays in fiscal year 2023 that significantly impacted the Foundation's ability to recognize revenue received for capital projects. Also impacting the current year net loss was misalignment with donor interest and the timing of when asks were made and when contributions could be recognized.

Revenue Recognition

Contributions are voluntary, expendable, nonreciprocal transfers of assets, and may be made in the form of cash, securities, real property, materials and supplies, equipment, services, and unconditional promises to give those items in the future. Contributions, including promises to give, are recorded as revenues at fair value once all eligibility requirements are met and the pledge is verifiable, and are accounted for in the appropriate net position category based upon donor-imposed restrictions.

Noncash Contributions

Receipt of noncash contributions of equipment and patient assistance items are not recorded as revenue and expense of the Foundation as they are immediately turned over to Parkland. Noncash contributions of stock are recorded on the Foundation's books.

In-kind Contributions

In-kind contributed services are reflected in the financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Salaries and related benefits of approximately \$3.9 million and \$3.7 million were contributed by Parkland for the years ended September 30, 2023 and 2022, respectively. Other in-kind donations for operating expenses of \$172,485 and \$155,849 were contributed by Parkland for the years ended September 30, 2023 and 2022, respectively. Certain other operating costs of the Foundation, such as use of certain furniture and equipment, leasehold improvements, telephone, supplies, and other recurring maintenance costs are provided at no charge by Parkland. No amount has been provided in the accompanying financial statements for equipment or other supplies or services provided by Parkland on the Foundation's behalf. Many individuals volunteer their time and perform a variety of tasks that help the Foundation. The value of this contributed time is not reflected in the Foundation's financial statements because it does not meet the above criteria.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advance

Refundable advance is a conditional promise to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. As of September 30, 2023, the Foundation received advances on conditional promises to give of \$1,925,000, which is recognized in the statements of net position as a refundable advance. As of September 30, 2022, the Foundation received advances on conditional promises to give of \$477,501, which is recognized in the statements of net position as a refundable advance. See Note 7.

Blended Component Unit

The ISFP Holding, L.L.C. (the “LLC”) holds stock as of September 30, 2023 and September 30, 2022. The Foundation is the sole member and manager of the LLC. Further, the Foundation is able to impose its will on the LLC by influencing its activities and is legally entitled to or can otherwise access the LLC’s resources. Because the Foundation is financially accountable for the LLC, the LLC is considered a component unit of the Foundation. As the LLC is organized as a not-for-profit for which the Foundation is the sole member, its activities are combined into the total of the Foundation. The LLC is a single member limited liability corporation and is structured as a disregarded entity for U.S. federal, state, and local income tax purposes. See Note 4.

Income Taxes

The Foundation is recognized by the Internal Revenue Service (“IRS”) as tax-exempt under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. For the years ended September 30, 2023 and 2022, the Foundation had no material net unrelated business income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements. The Foundation’s public charity status with the IRS is 509(a) (1).

The Foundation has concluded that it does not have any unrecognized tax benefits resulting from current tax position. Accordingly, no additional disclosures have been made on the financial statements regarding ASC 740, *Income taxes*. The Foundation does not have any outstanding interest or penalties, and none have been recorded in the statements of revenues, expenses and changes in net position for the years ended September 30, 2023 and 2022. The Foundation’s informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Foundation is no longer subject to income tax examinations by tax authorities for years prior to 2020.

Use of Estimates

The preparation of financial statements in conformity with accounting principles U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, by restriction, are as follows at September 30:

	2023	2022
Unrestricted net position	\$ 2,209,293	\$ 3,255,300
Unrestricted net position – board designated endowments	53,970	50,916
Restricted expendable net position	23,787,926	20,633,865
Restricted nonexpendable net position	560,545	967,911
Total cash and cash equivalents	\$ 26,611,734	\$ 24,907,992

3. INVESTMENTS

The Foundation has adopted an investment management policy that states the Foundation is responsible for the investment management of assets contributed to and held for the benefit of the Foundation. The Foundation’s objective in managing invested funds is to manage those assets in accordance with Chapter 163 of the Texas Property Code (The Uniform Prudent Management of Institutional Funds Act), Sections 163.001 - 163.011, applicable local laws, supervisory regulations, and the directives of the gift document taking into consideration the purposes and uses for which the funds are held. The Foundation’s investments are designed to 1) assist the Foundation in achieving the financial security and optimum liquidity of the Foundation funds at all times; 2) assist the Foundation in investing funds prudently; 3) ensure the Foundation will meet the standards established by State and Federal laws; and 4) assist the Foundation in optimizing income and long-term appreciation through methods allowed under federal and state law that are consistent with financial security and optimum liquidity. The Foundation’s investment policies also set forth investment management of short-term funds and long-term funds. See Note 8.

The Foundation maintains cash and cash equivalents and investments which are insured under Securities Investor Protection Corporation (“SIPC”) limits. SIPC provides up to \$500,000 of protection for securities and \$250,000 of protection for cash and cash equivalents per customer. At September 30, 2023 and 2022, uninsured balances totaled approximately \$8.0 million and \$7.8 million, respectively.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at September 30, 2023 and 2022.

Fixed Income Securities - Valued based on yields currently available on comparable securities of the issues or other issues with similar credit ratings.

Equities and Mutual Funds - Valued at the net asset value of shares held by the Foundation at year end.

Alternative Assets - Alternative assets consist of hedge funds and real estate funds. The fair value has been estimated using the net asset value (“NAV”) per share of the fund at year-end based on the current market value of each investment and reinvested investment income as a practical expedient. The NAV is excluded from the valuation hierarchy.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS (CONTINUED)

The methods used to determine the fair value of the financial instruments reflect market participant objectives and are based on the application of a valuation hierarchy that prioritizes observable market inputs over unobservable inputs. The hierarchy is based on the reliability of inputs as follows:

Level 1 - Valuation is based on quoted prices for identical financial instruments in active markets.

Level 2 - Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and independent pricing models or other model-based valuation techniques using observable inputs.

Level 3 - Certain types of financial instruments are classified as Level 3 within the valuation hierarchy because these financial instruments trade infrequently and, therefore, have little or no price transparency.

The following table presents a categorization, based on the foregoing valuation hierarchy, of the Foundation's financial instruments measured at fair value at September 30, 2023:

	Fair Value <u>(Level 1)</u>	Fair Value <u>(Level 2)</u>	<u>Total</u>
Fixed income:			
Government bonds	\$ -	\$ 427,294	\$ 427,294
Corporate bonds	-	1,839,689	1,839,689
Domestic equities	2,927,814	-	2,927,814
Mutual funds	3,046,169	-	3,046,169
Alternative assets – measured at net asset value	-	-	332,359
	<u>\$ 5,973,983</u>	<u>\$ 2,266,983</u>	<u>\$ 8,573,325</u>

The following table presents a categorization, based on the foregoing valuation hierarchy, of the Foundation's financial instruments measured at fair value at September 30, 2022:

	Fair Value <u>(Level 1)</u>	Fair Value <u>(Level 2)</u>	<u>Total</u>
Fixed income:			
Corporate bonds	\$ -	\$ 1,589,970	\$ 1,589,970
Domestic equities	4,198,943	-	4,198,943
Mutual funds	1,224,358	-	1,224,358
Alternative assets – measured at net asset value	-	-	628,808
	<u>\$ 5,423,301</u>	<u>\$ 1,589,970</u>	<u>\$ 7,642,079</u>

In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) as a practical expedient to fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

There were no transfers of financial instruments between Level 1 and Level 2 classifications for the years ended September 30, 2023 and 2022.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS (CONTINUED)

At September 30, 2023, the Foundation had the following fixed income investments disclosed by maturity stated at fair value:

	Investment Maturities (in Years)				Fair Value
	Less than 1	1-5	6-10	More than 10	
Fixed Income					
Government bonds	\$ -	\$ 26,751	\$ 42,569	\$ 357,974	\$ 427,294
Corporate bonds	-	989,132	842,683	7,874	1,839,689
	<u>\$ -</u>	<u>\$ 1,015,883</u>	<u>\$ 885,252</u>	<u>\$ 365,848</u>	<u>\$ 2,266,983</u>

At September 30, 2022, the Foundation had the following fixed income investments disclosed by maturity stated at fair value:

	Investment Maturities (in Years)				Fair Value
	Less than 1	1-5	6-10	More than 10	
Fixed Income					
Corporate bonds	<u>\$ -</u>	<u>\$ 1,012,625</u>	<u>\$ 577,345</u>	<u>\$ -</u>	<u>\$ 1,589,970</u>

At September 30, 2023, the Foundation had the following fixed income investments disclosed by credit quality stated at fair value:

	Credit Quality				Fair Value
	AAA	AA	A	BBB	
Fixed Income					
Government bonds	\$ 427,294	\$ -	\$ -	\$ -	\$ 427,294
Corporate bonds	-	11,566	527,399	1,300,724	1,839,689
	<u>\$ 427,294</u>	<u>\$ 11,566</u>	<u>\$ 527,399</u>	<u>\$ 1,300,724</u>	<u>\$ 2,266,983</u>

At September 30, 2022, the Foundation had the following fixed income investments disclosed by credit quality stated at fair value:

	Credit Quality				Fair Value
	AAA	AA	A	BBB	
Fixed Income					
Corporate bonds	<u>\$ -</u>	<u>\$ 3,598</u>	<u>\$ 466,468</u>	<u>\$ 1,119,904</u>	<u>\$ 1,589,970</u>

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS (CONTINUED)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative investments				
Real estate income trust	\$ 297,285	N/A	Illiquid	N/A
Hedge fund guided	<u>35,074</u>	N/A	Illiquid	N/A
Total	<u>\$ 332,359</u>			

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2022:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative investments				
Real estate income trust	\$ 314,759	N/A	Illiquid	N/A
Hedge fund guided	<u>314,049</u>	N/A	Illiquid	N/A
Total	<u>\$ 628,808</u>			

4. ISFP HOLDINGS, LLC

On March 23, 2016, Parkland assigned its rights to 17,185.72 shares of stock of Vizient, Inc. f/k/a VHA-UHC Alliance Newco, Inc. to the Foundation. The assignment was required because Parkland cannot own stock in a privately held for-profit entity. The shares are to be held for Parkland's benefit. The stock is not publicly traded, has limited marketability at September 30, 2023 and 2022, and cannot be sold. At September 30, 2023 and 2022, the Foundation assessed the stock's value for both years to be negligible based on the confidential information received from Vizient, Inc.

5. PLEDGES RECEIVABLES

Included in pledges receivables are amounts that comprise the following unconditional promises to give at September 30,:

	<u>2023</u>	<u>2022</u>
Capital campaign	\$ 3,924,733	\$ 4,102,407
Less: unamortized discount	(14,712)	(291)
Less: allowance for doubtful accounts	<u>(750)</u>	<u>(233)</u>
	<u>\$ 3,909,271</u>	<u>\$ 4,101,883</u>
Net amounts due in:		
Less than one year	\$ 2,525,504	\$ 2,023,939
One year to five years (less unamortized discount and allowance)	<u>1,383,767</u>	<u>2,077,944</u>
	<u>\$ 3,909,271</u>	<u>\$ 4,101,883</u>

The Foundation's management conducts periodic reviews of pledges receivables to determine their collectability and valuation and establishes an allowance for any doubtful accounts.

The discount rates used range from 0.001% to 0.37% for the years ended September 30, 2023 and 2022. At September 30, 2023, approximately 72% of pledges receivables are from four donors. At September 30, 2022, approximately 83% of pledges receivables are from four donors.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

6. CONDITIONAL PROMISES TO GIVE

On June 25, 2019, the Foundation was awarded a \$1,000,000 conditional promise to give from the Hirsch Family Foundation to support Parkland Center for Healthcare Innovation and Clinical Outcomes Studies in their home healthcare delivery and analysis program. The conditional promise to give is contingent on completion of annual reporting and provided there is no breach of contract terms. Through September 30, 2022, the Foundation had received \$800,000. Through September 30, 2023, the Foundation had received \$1,000,000.

On January 6, 2020, the Foundation was awarded a \$1,000,000 conditional promise to give from the Parkland Auxiliary to support the building or remodeling of a Community Oriented Primary Care (“COPC”) to replace the Vickery COPC. The initial payment of \$500,000 will be paid on the first day of construction or remodeling. The second and final payment of \$500,000 will be due twelve months following receipt of the first payment. On June 24, 2022, the agreement was amended to say \$1,000,000 would be contributed to the Foundation over five years with \$200,000 annual payments. The first payment will be made on the first day of construction or remodeling of the projects. The second, third, fourth and fifth payments will be made annually approximately twelve months following the first payment. On April 11, 2023, the Foundation received payment of \$1,000,000. The payment was recorded as a refundable advance pending zoning approval from the City of Dallas Zoning and Planning Commission.

The Foundation was awarded a grant of up to \$5,000,000 effective October 1, 2021 from the Rees-Jones Foundation for the implementation of a three year, twelve quarter Pediatric Integrated Behavior Health project to be conducted by Parkland through its Community-Oriented Primary Care clinics and Parkland-Dallas ISD Youth and Family Clinics. The grant will support Parkland’s Trauma Informed Care clinics and Parkland’s Trauma Informed Care Assessment and Implementation Plan as developed with its consultant Meadows Mental Health Policy Institute. The conditional promise to give is contingent on reported project activities and successful completion of additional fundraising. As of September 30, 2022, the Foundation received \$1,800,000, recorded \$1,300,000 and has \$477,501 held in a refundable advance account with up to \$3,200,000 to be paid over the next two years. As of September 30, 2023, the Foundation received \$3,400,000, recorded \$3,000,000 and has \$400,000 held in a refundable advance account with up to \$1,600,000 to be paid over the next year.

On December 10, 2021, the Foundation was awarded a \$1,050,000 three-year conditional promise to give from the Roots and Wings Foundation to support the Rapid, Integrated Group Healthcare Team (Right Care). The Team is made up of specially trained Parkland psychiatric social workers, Dallas Fire-Rescue paramedics, and Dallas Police Department law enforcement officers who respond to behavioral health emergency calls. The conditional promise to give is contingent on the outcome of annual reviews. Through September 30, 2022, the Foundation had received \$350,000 with the remaining \$700,000 to be paid in annual installments through December 2023. Through September 30, 2023, the Foundation had received \$700,000 with the remaining \$350,000 to be paid in annual installments through December 2023.

On June 27, 2022, the Foundation was awarded a \$225,000, three-year Access to Healthcare and Medical Initiative Grant from United Way of Metropolitan Dallas. The grant is a conditional promise to give and is contingent upon successful completion of United Way’s fundraising campaign and upon United Way’s receiving payment on pledge amounts. Through September 30, 2022, the Foundation had received a total of \$18,750 with the remaining \$206,250 to be received over the next two years. Through September 30, 2023, the Foundation had received a total of \$94,375 with the remaining \$130,625 to be received over the next year.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

6. CONDITIONAL PROMISES TO GIVE (CONTINUED)

On December 7, 2022, the Foundation was awarded a \$247,500, three-year Access to Healthcare and Medical Initiative Grant from United Way of Metropolitan Dallas. The grant is a conditional promise to give and is contingent upon successful completion of United Way’s fundraising campaign and upon United Way’s receiving payment on pledge amounts. Through September 30, 2023, the Foundation had received a total of \$103,125 with the remaining \$144,375 to be received over the next two years.

On December 20, 2022, the Foundation was awarded a \$300,000, three-year Access to Healthcare and Medical Initiative Grant from Susan G. Komen Breast Cancer Foundation. The grant is a conditional promise to give and is contingent upon grant funding. Through September 30, 2023, the Foundation had received a total of \$200,000 with the remaining \$100,000 to be received over the next year.

On September 19, 2023, the Foundation was awarded a \$150,000, grant from Susan G. Komen Breast Cancer Foundation. The grant is a conditional promise to give and is contingent upon grant funding. Through September 30, 2023, the Foundation had not received any payments leaving a balance of \$150,000 to be received over the next year.

7. UNRESTRICTED NET POSITION

Designations for unrestricted and Board-designated net position for the following purposes at September 30:

	2023	2022
Funds for current operations	\$ 2,329,709	\$ 1,747,164
Designated for endowment	1,227,070	1,143,196
	\$ 3,556,779	\$ 2,890,360

8. ENDOWMENTS

The Foundation’s endowments consist of approximately one hundred and four funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including designated funds by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation had the following endowment related activities for the year ended September 30, 2023:

	Donor Restricted Nonexpendable	Donor Restricted Expendable	Board Designated	Total
Endowments beginning of year	\$ 7,801,643	\$ (137,347)	\$ 1,105,696	\$ 8,769,992
Contributions	307,233	-	-	307,233
Net investment activity	-	964,280	83,874	1,048,154
Appropriation of endowment assets or expenditure	-	(306,586)	-	(306,586)
Endowments end of year	\$ 8,108,876	\$ 520,347	\$ 1,189,570	\$ 9,818,793

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

8. ENDOWMENTS (CONTINUED)

The Foundation had the following endowment related activities for the year ended September 30, 2022:

	Donor Restricted <u>Nonexpendable</u>	Donor Restricted <u>Expendable</u>	Board <u>Designated</u>	<u>Total</u>
Endowments beginning of year	\$ 7,429,520	\$ 1,808,954	\$ 1,234,718	\$ 10,473,192
Contributions	236,047	-	-	236,047
Transfers	137,500	(137,500)	-	-
Net investment activity	-	(1,142,805)	(129,022)	(1,271,827)
Other	(1,424)	-	-	(1,424)
Appropriation of endowment assets or expenditure	-	(665,996)	-	(665,996)
Endowments end of year	<u>\$ 7,801,643</u>	<u>\$ (137,347)</u>	<u>\$ 1,105,696</u>	<u>\$ 8,769,992</u>

The Foundation had the following endowment net asset composition by type of fund as of September 30, 2023:

	Nonexpendable <u>Restricted</u>	Expendable <u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Donor restricted nonexpendable endowment funds	\$ 8,108,876	\$ -	\$ -	\$ 8,108,876
Donor restricted expendable endowment funds	-	520,347	-	520,347
Board-designated endowment funds	-	-	1,189,570	1,189,570
	<u>\$ 8,108,876</u>	<u>\$ 520,347</u>	<u>\$ 1,189,570</u>	<u>\$ 9,818,793</u>

The Foundation had the following endowment net asset composition by type of fund as of September 30, 2022:

	Nonexpendable <u>Restricted</u>	Expendable <u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Donor restricted nonexpendable endowment funds	\$ 7,801,643	\$ -	\$ -	\$ 7,801,643
Donor restricted expendable endowment funds	-	(137,347)	-	(137,346)
Board-designated endowment funds	-	-	1,105,696	1,105,696
	<u>\$ 7,801,643</u>	<u>\$ (137,347)</u>	<u>\$ 1,105,696</u>	<u>\$ 8,769,992</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net position. The Foundation did not have any deficits of this nature as of September 30, 2023 and 2022.

Parkland Foundation dba Parkland Health Foundation
(A Component Unit of Parkland Health & Hospital System dba Parkland Health System)
NOTES TO FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES

Leases

In May 2017, Parkland entered into a lease for the Foundation's office space. Through a sublease, Parkland provides the Foundation in-kind rent equal to the proportion of space occupied by the Foundation. A fourth addendum to this office sublease was signed in September 2017, extending the office sublease to January 31, 2023.

During 2022, Parkland extended their office lease with the lessor through November 2026. As of the date of these financial statements, the Foundation and Parkland have not entered into a written extended lease.

As the rent is in-kind, it does not meet the exchange requirements for GASB 87, therefore, an adoption of this accounting pronouncement is not required for the Foundation.

In-kind rent expenses were approximately \$167,000 and \$151,000 for the years ended September 30, 2023 and 2022, respectively.

10. AFFILIATE

In 2013, the Foundation became the philanthropic fundraising arm of PCCI, which is a Texas non-profit corporation formed on May 14, 2012. PCCI is a controlled affiliate of Parkland. See Note 6.

11. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, subsequent events have been evaluated by the Foundation through November 28, 2023, which was the date the financial statements were available for issuance, and concluded that no disclosures.

OTHER SUPPLEMENTARY INFORMATION

Parkland Foundation dba Parkland Health Foundation
(A Component of Parkland Health & Hospital System)
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023

	Support to Parkland			Supporting Services			Total Expenses
	Patient Assistance	PCCI	Total Support to Parkland	Management and General	Fundraising	Total Supporting Services	
Foundation salaries and benefits	\$ -	\$ -	\$ -	\$ 2,155,651	\$ 1,695,256	\$ 3,850,907	\$ 3,850,907
Parkland reimbursed salaries and benefits	4,938,174	436,210	5,374,384	-	-	-	5,374,384
Supplies	1,470,741	1,736	1,472,477	7,067	-	7,067	1,479,544
Communication and publications	-	-	-	10,312	60,215	70,527	70,527
Community outreach	56,412	-	56,412	-	22,136	22,136	78,548
Equipment	2,057,899	-	2,057,899	-	-	-	2,057,899
Travel, education and conferences	95,079	22,352	117,431	1,092	-	1,092	118,523
Contractual services	867,636	2,250	869,886	67,167	48,000	115,167	985,053
Contributions to Parkland	870,883	-	870,883	-	-	-	870,883
Occupancy	6,478	-	6,478	171,712	-	171,712	178,190
Bad debt	31,017	-	31,017	-	-	-	31,017
Technology	-	-	-	10,588	21,498	32,086	32,086
Annual planned giving	-	-	-	-	190,752	190,752	190,752
Other	140,041	26,444	166,485	15,646	4,672	20,318	186,803
Total expenses	<u>\$ 10,534,360</u>	<u>\$ 488,992</u>	<u>\$ 11,023,352</u>	<u>\$ 2,439,235</u>	<u>\$ 2,042,529</u>	<u>\$ 4,481,764</u>	<u>\$ 15,505,116</u>