

TRUSTBRIDGE FOUNDATION, INC.
West Palm Beach, Florida

FINANCIAL STATEMENTS
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
TrustBridge Foundation, Inc.
West Palm Beach, Florida

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

We have audited the financial statements of TrustBridge Foundation, Inc. ("TrustBridge Foundation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TrustBridge Foundation as of December 31, 2021 and 2020, 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.

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 TrustBridge 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 TrustBridge Foundation's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Crowe LLP
Crowe LLP

Tampa, Florida
April 28, 2022

TRUSTBRIDGE FOUNDATION, INC.
BALANCE SHEETS
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,654,145	\$ 2,200,295
Bequests receivable	182,500	205,500
Other current assets	<u>93,896</u>	<u>44,936</u>
Total current assets	5,930,541	2,450,731
Investments	158,266,377	145,803,953
Property and equipment, net	93,434	152,025
Assets held in trust	<u>850,828</u>	<u>792,591</u>
	<u>\$ 165,141,180</u>	<u>\$ 149,199,300</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 9,679	\$ 7,851
Due to affiliates	466,111	926,276
Accrued payroll and benefits	304,729	305,052
Accrued expenses and other current liabilities	<u>78,512</u>	<u>130,649</u>
Total current liabilities	859,031	1,369,828
Net assets		
Without donor restrictions		
Undesignated	59,188,229	43,044,812
Board designated	<u>100,000,000</u>	<u>100,000,000</u>
	159,188,229	143,044,812
With donor restrictions	<u>5,093,920</u>	<u>4,784,660</u>
	<u>164,282,149</u>	<u>147,829,472</u>
	<u>\$ 165,141,180</u>	<u>\$ 149,199,300</u>

See accompanying notes to financial statements.

TRUSTBRIDGE FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions		
Revenue and other support		
Contributions, memorials, and bequests	\$ 5,498,514	\$ 4,065,248
Government grants	(397,588)	422,685
Resale of donated merchandise	1,579,226	1,206,154
Net assets released from restrictions	<u>1,964,482</u>	<u>822,714</u>
	8,644,634	6,516,801
Expenses		
Grants	4,502,399	7,359,615
Payroll and related	1,855,399	2,010,605
Occupancy and equipment	575,202	600,361
Fundraising	<u>660,928</u>	<u>635,762</u>
	<u>7,593,928</u>	<u>10,606,343</u>
Change in net assets without donor restrictions from operations	1,050,706	(4,089,542)
Nonoperating revenues and expenses		
Investment income, net of fees of \$830,118 in 2021 and \$773,709 in 2020	3,124,401	1,657,700
Net realized and unrealized gain on investments	<u>11,968,310</u>	<u>11,847,726</u>
	<u>15,092,711</u>	<u>13,505,426</u>
Change in net assets without donor restrictions	16,143,417	9,415,884
Net assets with donor restrictions		
Grants and contributions	634,895	438,397
Grants from HFPBC	1,269,000	674,859
Investment income	64,460	35,183
Net realized and unrealized gain on investments	247,150	253,409
Change in fair value of assets held in trust	58,237	6,925
Net assets released from restrictions	<u>(1,964,482)</u>	<u>(822,714)</u>
Change in net assets with donor restrictions	<u>309,260</u>	<u>586,059</u>
Change in net assets	16,452,677	10,001,943
Net assets at beginning of year	<u>147,829,472</u>	<u>137,827,529</u>
Net assets at end of year	<u>\$ 164,282,149</u>	<u>\$ 147,829,472</u>

See accompanying notes to financial statements.

TRUSTBRIDGE FOUNDATION, INC.
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 16,452,677	\$ 10,001,943
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	75,326	91,686
Net realized and unrealized gain on investments	(12,215,460)	(12,101,135)
Change in fair value of assets held in trust	(58,237)	(6,925)
Changes in assets and liabilities		
Bequests receivable	23,000	88,250
Other current assets	(48,960)	(2,946)
Accounts payable	1,828	(272)
Due to affiliates	(460,165)	305,031
Accrued payroll and benefits	(323)	(86,467)
Accrued expenses and other current liabilities	<u>(52,137)</u>	<u>(51,569)</u>
Net cash from operating activities	3,717,549	(1,762,404)
 Cash flows from investing activities		
Proceeds from sale of investments	102,124,563	44,295,631
Purchase of investments	(102,371,527)	(44,557,396)
Purchases of property and equipment	<u>(16,735)</u>	<u>(8,501)</u>
Net cash from investing activities	<u>(263,699)</u>	<u>(270,266)</u>
 Net change in cash and cash equivalents	3,453,850	(2,032,670)
 Cash and cash equivalents at beginning of year	<u>2,200,295</u>	<u>4,232,965</u>
 Cash and cash equivalents at end of year	<u>\$ 5,654,145</u>	<u>\$ 2,200,295</u>

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: TrustBridge Foundation, Inc. ("TrustBridge Foundation") is a not-for-profit corporation organized in Florida. TrustBridge Foundation provides fundraising, investment management, grants, resale shop operations, and other support services to TrustBridge, Inc. ("TrustBridge") and its affiliates.

Affiliated Entities: TrustBridge Foundation's sole member is TrustBridge, a non-stock, not-for-profit corporation organized in Florida. TrustBridge is also a holding company (and sole member) for the following affiliates:

- Hospice of Palm Beach County, Inc. ("HPBC")
- Hospice by the Sea, Inc. ("HBTS")
- Harbor Palliative Care Services, Inc. ("HPCS")

Collectively, TrustBridge Foundation, HPBC, HBTS, and HPCS, are referred to as the TrustBridge Affiliates.

Basis of Presentation: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation: The financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as without donor restriction or with donor restriction and are detailed as follows:

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TrustBridge Foundation. Net assets without donor restrictions include undesignated net assets and net assets that are Board designated (Note 4).

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of TrustBridge Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Net assets that have restrictions that are temporary in nature are primarily restricted for patient-related care, therapeutic activities, capital expenditures and unspent investment return from TrustBridge Foundation's donor-restricted endowment. Net assets that are perpetual in nature at December 31, 2021 and 2020 consist of endowment gifts from estates and an interest in a perpetual trust. Income from this trust is available for supporting the operations of TrustBridge, Inc. and its affiliates.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. At times these amounts may exceed federally insured limits. Additionally, for purposes of the statements of cash flows, TrustBridge Foundation considers all highly liquid investments of operating cash purchased with an original maturity of three months or less to be cash equivalents.

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TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: All investments are valued at their fair values in the balance sheets. Unrealized gains and losses are included in the change in net assets. See Note 3 for additional information on the nature of TrustBridge Foundation's investments.

Property and Equipment: Property and equipment are stated at cost or, if donated to TrustBridge Foundation, at fair value on the date of acquisition. Additions and improvements over \$5,000 are capitalized; expenditures for routine maintenance are charged to operations. Depreciation is provided over the estimated useful lives of the various classes of assets on the straight-line method.

Gifts of long-lived assets such as land, buildings, and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The cost of property and equipment sold or otherwise disposed of and the accumulated depreciation applicable thereto are eliminated from the accounts and any resulting gain or loss is reflected in the financial statements in the year of disposition.

Assets Held in Trust: Assets held in trust consist of a perpetual charitable gift for which TrustBridge Foundation has been named as a beneficiary. The underlying assets have been placed with a financial institution that is serving as trustee. The assets held in trust are valued at fair value. At December 31, 2021 and 2020, the perpetual trust charitable gift was valued at \$850,828 and \$792,591, respectively, and is reported as part of net assets with donor restrictions (Note 3).

Contributions: Contributions received and unconditional promises to give are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence of donor restrictions and the nature of such restrictions. Conditional promises to give are recognized in the statements of activities and changes in net assets only when the conditions on which they depend are substantially met and the promises become unconditional.

When a donor 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 statements of activities and changes in net assets as net assets released from restrictions.

Donor restricted gifts that are received for which their restricted purpose is met during the same year are initially recorded as net assets with donor restrictions and then reported as net assets released from restrictions and reclassified as net assets without donor restrictions.

TrustBridge Foundation actively solicits contributions on behalf of the TrustBridge Affiliates. Donations to HPBC or the other TrustBridge Affiliates have been recorded by TrustBridge Foundation and are reported in TrustBridge Foundation's financial statements.

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Events: The following amounts relate to special events that are on-going and major activities of TrustBridge Foundation for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Revenue	\$ 676,660	\$ 490,411
Expense	<u>172,667</u>	<u>60,732</u>
Net proceeds	<u>\$ 503,993</u>	<u>\$ 429,679</u>

Revenue is included in contributions, memorials, and bequests, and expenses are included in operating expenses in the statements of activities and changes in net assets.

Resale of Donated Merchandise: TrustBridge Foundation operates resale shops that sell primarily donated merchandise. The fair value of the donated merchandise sold approximates the revenue generated from its sale.

Fair Value of Financial Instruments: The fair values of financial instruments other than investments, which include cash and cash equivalents, bequests receivable, and accounts payable, are based on a variety of factors. In some cases, fair values represent quoted market prices for identical or comparable instruments (Level 1 inputs - market approach). In other cases, fair values have been estimated based on assumptions about the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of risk (Level 2 inputs - income approach). Accordingly, the fair values may not represent actual values that could have been realized at year-end or that will be realized in the future. All other financial instruments' carrying values approximate fair value as of December 31, 2021 and 2020.

Income Taxes: TrustBridge Foundation is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

TrustBridge Foundation's Form 990 has not been subject to examination by the Internal Revenue Service or the state of Florida for the last three years. TrustBridge Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. TrustBridge Foundation recognizes interest and/or penalties related to income tax matters in income tax expense. TrustBridge Foundation did not have any amounts accrued for interest and penalties at December 31, 2021 and 2020.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COVID-19 Pandemic and CARES Act Funding: In December 2019, a novel strain of coronavirus surfaced and spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency on International Concern by the World Health Organization on January 30, 2020. The extent to which the coronavirus outbreak could impact TrustBridge Foundation' business, financial condition, and results of operations will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, and recovery, which are highly uncertain and cannot be predicted with confidence, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. Potential risk and uncertainties arising from national events designed to contain the coronavirus could include collectability issues related to accounts receivable, reduced investment income, and negative impact to overall cash flows of TrustBridge Foundation.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act became law on March 27, 2020. It was a response to the market volatility and instability resulting from the coronavirus pandemic, and includes provisions to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The CARES Act adds monies to the "Public Health and Social Services Emergency Fund" to reimburse eligible health care providers for health care related expenses or lost revenues attributable to coronavirus that are outside of routine payments they will receive for direct patient care. During the year ended December 31, 2020, HPBC, HBTS, and HPCS received payments totaling \$8,091,520 under the CARES Act. During December 2021, HPBC and HBTS received \$129,561 under the American Rescue Plan Rural Funding and \$669,444 under the CARES Act Phase 4 general distribution. TrustBridge Affiliates' assessment of whether the terms and conditions for amounts received have been substantially met considers, among other things, the terms of the CARES Act and the Consolidation Appropriation Act of 2021 (CAA), and all other interpretive guidance issued by the U.S. Department of Health and Human Services. Such guidance sets forth the allowable methods for quantifying eligible healthcare related expenses and lost revenues. Only healthcare related expenses attributable to coronavirus, which another source has not reimbursed and is not obligated to reimburse, are eligible to be claimed. TrustBridge Affiliates transferred the Provider Relief Funds proceeds to TrustBridge. TrustBridge then provided these funds to the TrustBridge Affiliates as expenses and lost revenues were incurred. Based on an analysis of the compliance and reporting requirements of the funds and the impact of the coronavirus pandemic on TrustBridge Foundation's operations, TrustBridge Foundation recognized approximately \$423,000 for the year ended December 31, 2020. During the year ended December 31, 2021, TrustBridge Foundation transferred back approximately \$398,000 to TrustBridge. These amounts are presented in the statements of activities and changes in net assets as government grants.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2021 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended December 31, 2021. Management has performed their analysis through April 28, 2022, which is the date the financial statements were available to be issued.

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,654,145	\$ 2,200,295
Investments	158,266,377	145,803,953
Less: net assets with donor restrictions	<u>(4,243,092)</u>	<u>(3,992,069)</u>
	<u>\$ 159,677,430</u>	<u>\$ 144,012,179</u>

TrustBridge Foundation's cash sources are contributions, donations, community events, and bequests which are collected during the year.

As part of the TrustBridge liquidity management plan, TrustBridge Foundation is responsible for investing the cash in excess of daily requirements in short-term investments, CDs, and money market funds. TrustBridge has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. TrustBridge has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due for all affiliates.

Occasionally, the Board designates a portion of any operating surplus to its operating reserve which was \$100,000,000 at December 31, 2021 and 2020.

In the event of an unanticipated liquidity need, TrustBridge Foundation could utilize the \$14,000,000 bank line of credit held by TrustBridge which had a \$14,000,000 available balance at December 31, 2021 and 2020.

NOTE 3 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in TrustBridge Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following tables present the financial instruments carried at fair value on a recurring basis as of December 31, 2021 and 2020, by valuation hierarchy, all of which were based on the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets. The tables also present alternative investments that are valued at net asset value and are not presented within the fair value hierarchy based on U.S. GAAP.

Assets Measured on a Recurring Basis

Investments measured at fair value on a recurring basis are summarized below:

	<u>Fair Value Measurements at December 31, 2021</u>			<u>NAV</u>	<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Assets					
Investments					
Cash and cash equivalents	\$ 4,672,065	\$ -	\$ -	\$ -	\$ 4,672,065
Hard assets	3,194,233	-	-	-	3,194,233
Mutual funds - equity	89,562,988	-	-	-	89,562,988
Mutual funds - fixed income	41,234,038	-	-	-	41,234,038
Mutual funds - hedge funds	12,361,044	-	-	-	12,361,044
Mutual funds - real assets	3,267,514	-	-	-	3,267,514
Common trust funds	-	-	-	1,006,345	1,006,345
Alternative - global private equities	-	-	-	2,686,707	2,686,707
Alternative - hedge funds:					
Global equities funds	-	-	-	6,976	6,976
Global macro funds	-	-	-	<u>274,467</u>	<u>274,467</u>
Total investments	<u>154,291,882</u>	-	-	3,974,495	158,266,377
Assets held in trust	-	-	<u>850,828</u>	-	<u>850,828</u>
Total assets	<u>\$ 154,291,882</u>	<u>\$ -</u>	<u>\$ 850,828</u>	<u>\$ 3,974,495</u>	<u>\$ 159,117,205</u>

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

	<u>Fair Value Measurements at December 31, 2020</u>			<u>NAV</u>	<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Assets					
Investments					
Cash and cash equivalents	\$ 1,440,345	\$ -	\$ -	-	\$ 1,440,345
Hard assets	4,533,553	-	-	-	4,533,553
Mutual funds - equity	74,915,359	-	-	-	74,915,359
Mutual funds - fixed income	36,286,183	-	-	-	36,286,183
Mutual funds - hedge funds	85,413	-	-	-	85,413
Mutual funds - real assets	3,434,842	-	-	-	3,434,842
Corporate bonds - fixed income	8,380,075	-	-	-	8,380,075
Common trust funds	-	-	-	998,482	998,482
Alternative - global private equities	-	-	-	2,905,061	2,905,061
Alternative - hedge funds:					
Event-driven equities funds	-	-	-	2,319,888	2,319,888
Future funds	-	-	-	1,846,059	1,846,059
Global equities funds	-	-	-	3,739,729	3,739,729
Global macro funds	-	-	-	4,918,964	4,918,964
Total investments	<u>129,075,770</u>	-	-	<u>16,728,183</u>	<u>145,803,953</u>
Assets held in trust	-	-	<u>792,591</u>	-	<u>792,591</u>
Total assets	<u>\$ 129,075,770</u>	<u>\$ -</u>	<u>\$ 792,591</u>	<u>\$ 16,728,183</u>	<u>\$ 146,596,544</u>

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020:

	<u>Assets Held in Trust</u>
Assets at January 1, 2020	\$ 785,666
Change in fair value of assets held in trust	<u>6,925</u>
Assets at December 31, 2020	792,591
Change in fair value of assets held in trust	<u>58,237</u>
Assets at December 31, 2021	<u>\$ 850,828</u>

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of TrustBridge Foundation.

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NOTE 3 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Inputs and Valuation Techniques

In determining fair value, management uses various valuation approaches. With respect to investments for which quoted prices in active markets are observable (Level 1 inputs), management determines fair value based on the quoted prices at the measurement date.

With respect to investments using significant observable inputs other than Level 1 prices (Level 2) or significant unobservable inputs (Level 3), management determines fair value using the net asset value ("NAV"), but incorporates information such as historical and current performance of underlying assets, cash flow projections, levels of subscription and redemption, liquidity, and financial trend analysis of individual investment managers. The NAVs of investment vehicles are determined on the accrual basis of accounting in conformity with U.S. GAAP. Investment managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals, and/or the income approach.

Money Market Funds

The fair values of money market funds are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) and are included in cash and cash equivalents.

Hard Assets

The fair values of hard assets are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Corporate bonds - fixed income

The fair values of corporate bonds - fixed income are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Common Trust Funds

Common trust funds are not traded on an active market, and TrustBridge Foundation's management has reasonable visibility to the holdings of the funds, which consist entirely of cash and securities traded on active markets. The fair value of these funds is based on NAV, which is determined by the fund trustee based upon the market prices of the underlying holdings of the funds (NAV inputs). The objective of these funds is to provide income and appreciation, while maintaining the liquidity required to support annuity payments related to TrustBridge Foundation's charitable gift annuity program. The funds invest exclusively in equity and fixed income securities traded on active markets in the United States. There are no restrictions on redemption at December 31, 2021 and 2020.

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NOTE 3 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Mutual Funds and Alternative Investments

The fair values of mutual funds, which are readily marketable, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). For mutual funds and alternative investments not traded on an active market, and where TrustBridge Foundation's management has reasonable visibility to the holdings of the funds, the fair value of these investments is based on net asset value (NAV), which is determined by the managers based upon the market prices of the underlying holdings of the funds (NAV inputs). For mutual funds and alternative investments not traded on an active market, and where TrustBridge Foundation's management does not have reasonable visibility to the holdings of the funds, the fair value of these investments is based on several valuation techniques including NAV reported by fund managers, which is determined by managers based on the value of underlying holdings of the funds (NAV inputs).

Alternative investments consist of private funds or limited partnerships invested in various vehicles with investment objectives focused on specific strategies, such as directional and non-directional hedging, commodities, and futures contracts. The alternatives consist of the following:

Global Private Equities: The objective of these equities is to generate capital returns through investing in limited partnerships or other pooled and direct investment vehicles. There are no restrictions on redemption at December 31, 2021 and 2020.

Event-Driven Equities Funds: The primary objective of these funds is to achieve consistent total returns by pursuing long/short strategies; investing globally in securities of companies affected by events such as capital and credit-oriented restructures, organizational changes, and mergers and acquisitions. There are no restrictions on redemption at December 31, 2021 and 2020.

Futures Funds: The objective of these funds is to achieve long term capital appreciation through compound growth by pursuing strategies of investing in futures, options, and forward contracts. These funds seek to achieve positive returns with low correlation to other markets over the long term. There are no restrictions on redemption at December 31, 2021 and 2020.

Global Equities Funds: The objective of these funds is to achieve long-term capital appreciation by investing globally, primarily in equities securities. Funds in this class employ long/short strategies paired, in certain instances, with sector-based strategies. There are no restrictions on redemption at December 31, 2021 and 2020.

Global Macro Funds: The objective of these funds is to generate attractive risk-adjusted returns through absolute return and alpha-generating macro strategies. Funds in this class employ both fundamental and systematic approaches in investing internationally in a variety of assets, and within specific economic environments. There are no restrictions on redemption at December 31, 2021 and 2020.

At December 31, 2021 and 2020, TrustBridge Foundation has unfunded commitments related to Global Private Equities totaling \$1,161,886 and \$1,570,575, respectively.

Assets Held in Trust

The trust assets are valued based upon TrustBridge Foundation's proportionate share of pooled investment portfolios and is valued using the market approach and income approach valuation techniques. Due to the illiquidity of the assets, they have been considered to be valued using Level 3 inputs. Assets held in trust represent primarily investments in equity and fixed income securities that are publicly traded.

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 - NET ASSETS

TrustBridge Foundation's net assets at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions		
Undesignated	\$ 59,188,229	\$ 43,044,812
Board designated		
Operating reserves	50,000,000	50,000,000
Asset additions and replacements	20,000,000	20,000,000
Unfunded programs	15,000,000	15,000,000
Charity care	5,000,000	5,000,000
Business combinations	<u>10,000,000</u>	<u>10,000,000</u>
	100,000,000	100,000,000
With donor restrictions		
Purpose and time restricted	1,334,922	1,083,899
Perpetually restricted	<u>3,758,998</u>	<u>3,700,761</u>
	<u>\$ 164,282,149</u>	<u>\$ 147,829,472</u>

NOTE 5 - ENDOWMENT ASSETS

Overview: As required by U.S. GAAP, TrustBridge Foundation's endowment fund is classified and reported based on the donor imposed restrictions as original gift and accumulated earnings of net assets with donor restrictions. TrustBridge Foundation does not separately report returns from individual investments. There are no quasi-endowment funds established pursuant to Board designations.

Interpretation of Relevant Law: TrustBridge Foundation's Board of Directors has determined the requirements of Florida's version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to center around the preservation of the fair value of the original investment as of the date of the asset transfer. The investments resulting from donations directing that they be invested in perpetuity are classified as net assets with donor restrictions. There are no donor-imposed restrictions on the earnings or losses related to investment of endowment funds other than support for HPBC's programs, which is achieved through annual grants made to HPBC from TrustBridge Foundation. Therefore, earnings or losses from the invested endowment funds are classified as purpose restricted until appropriated each year for current operations. TrustBridge Foundation considers the following factors in making a determination to appropriate or accumulate its endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of TrustBridge Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of TrustBridge Foundation
- (7) The investment policies of TrustBridge Foundation

Return Objectives and Risk Parameters: TrustBridge Foundation's investment policy centers around the primary objective to preserve and protect its assets while seeking to earn a reasonable total return (income plus capital change) for each segment of its assets appropriate to meet TrustBridge Foundation's anticipated time horizon, liquidity needs, and risk tolerance for each segment.

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 - ENDOWMENT ASSETS (Continued)

Strategies Employed for Achieving Objectives: To satisfy its long-term rate of return objectives, TrustBridge Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TrustBridge Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: TrustBridge Foundation provides grants to HPBC and others to assist with their programs and services. Grants are made in accordance with donor restrictions, if applicable.

Funds with Deficiencies: A donor-restricted endowment fund is considered to be underwater if the fair value of the fund is less than the original gift amount or the amount required to be maintained by the donor or by law. At times, the TrustBridge Foundation may have individual donor-restricted endowment funds that are underwater. The TrustBridge Foundation has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. At December 31, 2021 and 2020, there were no such deficiencies.

Endowment Net Asset Composition by Type of Fund: TrustBridge Foundation's composition of donor restricted endowment assets and changes in balances for the years ended December 31 is as follows:

2021:

	<u>With Donor Restrictions</u>		
	<u>Accumulated</u>		
	<u>Earnings</u>	<u>Original Gift</u>	<u>Total</u>
Beginning balance	\$ 288,592	\$ 2,908,170	\$ 3,196,762
Interest and dividend income	64,460	-	64,460
Net realized and unrealized gain on investments	247,150	-	247,150
Appropriations for expenditure	<u>(288,592)</u>	<u>-</u>	<u>(288,592)</u>
Total endowment	<u>\$ 311,610</u>	<u>\$ 2,908,170</u>	<u>\$ 3,219,780</u>

2020:

	<u>With Donor Restrictions</u>		
	<u>Accumulated</u>		
	<u>Earnings</u>	<u>Original Gift</u>	<u>Total</u>
Beginning balance	\$ 135,889	\$ 2,908,170	\$ 3,044,059
Interest and dividend income	35,183	-	35,183
Net realized and unrealized gain on investments	253,409	-	253,409
Appropriations for expenditure	<u>(135,889)</u>	<u>-</u>	<u>(135,889)</u>
Total endowment	<u>\$ 288,592</u>	<u>\$ 2,908,170</u>	<u>\$ 3,196,762</u>

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 - RELATED PARTY TRANSACTIONS

TrustBridge provides treasury management services to its affiliates. Applicable payroll and operating expenses are paid by TrustBridge and allocated to its affiliates. As of December 31, 2021 and 2020, TrustBridge Foundation owes \$466,111 and \$926,276, respectively, to TrustBridge. Expenses incurred by TrustBridge Foundation in the years ended December 31, 2021 and 2020 for management services provided by TrustBridge were \$295,422 and \$309,287, respectively, and are included in fundraising expenses in the statements of operations and changes in net assets.

In accordance with its charitable mission, TrustBridge Foundation provides grants to the TrustBridge and Affiliates. TrustBridge Foundation made grants to TrustBridge and Affiliates of \$4,486,811 and \$7,329,659 during the years ended December 31, 2021 and 2020, respectively, in support of various patient care and bereavement programs as well as other strategic initiatives.

TrustBridge maintains a \$14,000,000 line of credit with BB&T Bank that matures on July 19, 2023, of which TrustBridge Foundation is a guarantor. The line of credit is secured by affiliate guarantees of HPBC, HBTS, and TrustBridge Foundation, and carries an interest rate of one month LIBOR plus 0.90% (1.00% and 1.05% at December 31, 2021 and 2020, respectively). TrustBridge had no borrowings on the line of credit at December 31, 2021 and 2020.

During August 2017, TrustBridge entered into a loan agreement with Palm Beach County Health Facilities Authority relating to the issuance of \$25,000,000 in revenue bonds (Series 2017), of which TrustBridge Foundation is a guarantor. The bond is due in monthly installments with an initial Put Date of August 28, 2027 and thereafter each six month anniversary of the immediately prior Put Date with a final maturity in September 2037. The loan is secured by affiliate guarantees of HPBC, HBTS, and TrustBridge Foundation. The revised variable rate is based on 82.65% of one-month LIBOR plus 0.95% per annum (1.03% and 1.90% at December 31, 2021 and 2020, respectively). TrustBridge had borrowings on the bonds totaling \$21,562,507 and \$22,812,511 at December 31, 2021 and 2020, respectively.

NOTE 7 - SELF-FUNDED HEALTH INSURANCE

TrustBridge maintains a self-funded medical insurance plan for all full time employees and their eligible dependents of the TrustBridge affiliates, including TrustBridge Foundation employees. The amounts funded to the plan are based on medical claims processed and submitted for payment on a weekly basis by a third-party plan administrator. TrustBridge purchased a stop-loss liability insurance policy (reinsurance) that reimburses TrustBridge for individual participant claims incurred in excess of \$350,000 during the period October 1, 2021 through September 30, 2022 and \$325,000 during the period October 1, 2019 through September 30, 2021 with a maximum limit of liability of \$1,000,000. TrustBridge Foundation's portion of medical claims incurred but not paid as of December 31, 2021 and 2020 are accrued and included in accrued payroll and benefits on TrustBridge's consolidated balance sheets. Expenses under this plan allocated to TrustBridge Foundation from TrustBridge for the years ended December 31, 2021 and 2020 were approximately \$141,992 and \$165,125, respectively.

(Continued)

TRUSTBRIDGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8 - OPERATING LEASE COMMITMENTS

TrustBridge Foundation leases resale shops under operating leases that extend through January 2027. Total rent expense, included in occupancy and equipment expenses, amounted to \$384,285 and \$382,481 in 2021 and 2020, respectively.

Future minimum payments are as follows:

2022	\$ 367,546
2023	221,807
2024	215,642
2025	167,886
2026	101,615
Thereafter	<u>8,483</u>
	<u>\$ 1,082,979</u>

NOTE 9 - FUNCTIONAL EXPENSES

Expenses related to providing fundraising and resale activities for the years ended December 31 are as follows:

	<u>2021</u>			
	<u>Grants</u>	<u>Fundraising</u>	<u>Resale</u>	<u>Total Expenses</u>
Grants	\$ 4,502,399	\$ -	\$ -	\$ 4,502,399
Payroll and related	-	1,199,922	655,477	1,855,399
Occupancy and equipment	-	72,695	502,507	575,202
Fundraising	<u>-</u>	<u>501,038</u>	<u>159,890</u>	<u>660,928</u>
	<u>\$ 4,502,399</u>	<u>\$ 1,773,655</u>	<u>\$ 1,317,874</u>	<u>\$ 7,593,928</u>
	<u>2020</u>			
	<u>Grants</u>	<u>Fundraising</u>	<u>Resale</u>	<u>Total Expenses</u>
Grants	\$ 7,359,615	\$ -	\$ -	\$ 7,359,615
Payroll and related	-	1,342,974	667,631	2,010,605
Occupancy and equipment	-	69,915	530,446	600,361
Fundraising	<u>-</u>	<u>470,548</u>	<u>165,214</u>	<u>635,762</u>
	<u>\$ 7,359,615</u>	<u>\$ 1,883,437</u>	<u>\$ 1,363,291</u>	<u>\$ 10,606,343</u>

(Continued)

NOTE 10 - SUPPORT ORGANIZATION

Hospice Foundation of Palm Beach County, Inc. ("HFPBC"), an independently managed non-profit corporation, was established in 1985 to exclusively support the programs, services, activities, interest, and organization of HPBC. U.S. GAAP requires HPBC to recognize as an asset its interest in the net assets of HFPBC, and to reflect in its changes in net assets the changes in the net assets of HFPBC. As TrustBridge Foundation recognizes grants and contributions for all TrustBridge affiliates, grants and contributions from HFPBC are recognized as revenue by TrustBridge Foundation and then released to HPBC and TrustBridge upon qualified expenditure by HPBC and TrustBridge. \$1,269,000 and \$674,859 of contribution revenue was recorded from HFPBC in 2021 and 2020, respectively.