



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

WYOMING MEDICAL CENTER FOUNDATION

December 31, 2020

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Report of Independent Auditors

To the Board of Directors
Wyoming Medical Center Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Wyoming Medical Center Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the six-month period ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wyoming Medical Center Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Francisco, California

March 23, 2021

Wyoming Medical Center Foundation
Statement of Financial Position
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,122,918
Investments	93,236,487
Pledges receivable	61,000
Other current assets	<u>3,748,682</u>

Total current assets	<u>98,169,087</u>
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LONG TERM ASSETS

Investments	174,565,597
Net pledges receivable	48,499
Other long-term assets	<u>13,789</u>

Total other assets	<u>174,627,885</u>
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PROPERTY AND EQUIPMENT, net

4,316,994

Total assets	<u><u>\$ 277,113,966</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 61,207
Due to Wyoming Medical Center	<u>77,209</u>

Total current liabilities	<u>138,416</u>
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NET ASSETS

Net assets without donor restrictions	25,767,053
Net assets with donor restrictions	<u>251,208,497</u>

Total net assets	<u>276,975,550</u>
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Total liabilities and net assets	<u><u>\$ 277,113,966</u></u>
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Wyoming Medical Center Foundation
Statement of Activities
Six-Month Period Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 11,440	\$ 83,013,997	\$ 83,025,437
Investment return, net	21,172,517	-	21,172,517
Masterson Place	74,283	-	74,283
Net assets released from restriction	10,752	(10,752)	-
	<u>21,268,992</u>	<u>83,003,245</u>	<u>104,272,237</u>
EXPENSES			
Program	2,294,332	-	2,294,332
Management and general	145,452	-	145,452
Fundraising	16,542	-	16,542
	<u>2,456,326</u>	<u>-</u>	<u>2,456,326</u>
Change in net assets	18,812,666	83,003,245	101,815,911
Equity transfer from WMC (see Note 10)	167,211,162	-	167,211,162
	<u>186,023,828</u>	<u>83,003,245</u>	<u>269,027,073</u>
Transfer of funds to with donor restrictions (see Note 10)	(167,211,162)	167,211,162	-
NET ASSETS, beginning of period	<u>6,954,387</u>	<u>994,090</u>	<u>7,948,477</u>
NET ASSETS, end of period	<u>\$ 25,767,053</u>	<u>\$ 251,208,497</u>	<u>\$ 276,975,550</u>

Wyoming Medical Center Foundation
Statement of Cash Flows
Six-Month Period Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 269,027,073
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	139,826
Investments transferred in from WMC	(164,643,364)
Change in discount on pledges receivable	(1,846)
Realized and unrealized gains on investments	(21,171,607)
Change in assets and liabilities	
Pledges receivable	16,000
Other current assets	(3,741,647)
Accounts payable and other accrued expenses	53,267
Due to Wyoming Medical Center	<u>(107,034)</u>
Net cash flows provided by operating activities	<u>79,570,668</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	<u>(79,272,174)</u>
Net cash flows used in investing activities	<u>(79,272,174)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	298,494
CASH AND CASH EQUIVALENTS, beginning of period	<u>824,424</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 1,122,918</u></u>

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of operations – The Wyoming Medical Center Foundation (the Foundation) is a 501(c)(3) organization originally formed in 1977 to support the capital needs of Wyoming Medical Center. In October 2020, with Wyoming Medical Center’s affiliation with Banner Health and with support of Natrona County, the Foundation has grown in both its size and its mission (See Note 10). As one of the largest private foundations in the state, the Wyoming Medical Center Foundation’s new mission is to support the delivery and accessibility of high quality, efficient health care services throughout all of Natrona County, and to promote the overall physical and mental health and well-being of all of the residents. With the separation from Wyoming Medical Center, the Foundation changed its year-end from June 30 to December 31, effective with the December 31, 2020, year-end. As a result, the financial statements are presented for the six-month period ending December 31, 2020.

The Foundation also assists the Medical Center with public and community related efforts. Part of these efforts includes the ownership of Masterson Place, a 14-unit facility that provides affordable and supporting lodging for patients, and their families who visit Casper, Wyoming each year for health care, which is operated by the Wyoming Medical Center.

Basis of accounting – The financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates – The preparation of financial statements in accordance 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. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents consist of cash held in checking and savings accounts. Cash equivalents do not include cash or money markets included in the investment accounts. At times such cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Investments – Investments in mutual funds, money markets, equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income (including realized and unrealized gains and losses) is included in the increase in net assets without donor restrictions unless the income is restricted by donor or law.

Purchases and sales of investments are recorded on a trade date basis. Interest and dividend income are recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when the investment is sold. Unrealized gains and losses are recorded for the change in fair value of investments.

Wyoming Medical Center Foundation Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The Foundation continually monitors the difference between the cost and fair market value of its investments. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Pledges receivable, net – Pledges receivable are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Pledges receivable are recorded as contributions receivable and donor-restricted support in the year the promise is made, unless the donor explicitly states that the gift is to support current activities. Pledges receivable that are expected to be collected in more than one year are measured using present value techniques and historical discount rates.

Property and equipment – Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method.

The estimated useful lives of property and equipment are as follows:

Buildings and improvements	5–40 years
Furniture and fixtures	5–15 years
Equipment	3–30 years
Vehicles	5–7 years

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

Impairment of long-lived assets – The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may be not recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. There was no impairment of long-lived assets at December 31, 2020.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Net assets – Net assets are classified into two separate categories based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. As of December 31, 2020, the Foundation had board-designated net assets of \$2,545,000.

Net assets with donor restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Net assets received with donor restrictions that are fulfilled in the same year as received are recorded as net assets without donor restrictions.

Contributions – Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Estimates of fair value involve assumption and estimation methods that are uncertain and, therefore, the estimates could differ from the actual results.

Rental revenue – The Foundation receives rental revenue at Masterson Place based on a nightly rate. Revenue is recognized on a daily basis.

Functional expenses – The cost of providing the various program and support services have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated between program, fundraising, and management services.

Tax status – The Foundation is organized as a Wyoming nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Fair value measurement – Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Foundation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

New accounting pronouncements – In May 2014, the Financial Accounting Standard Board (FASB) issued changes to the accounting requirements for recognizing revenue from contracts with customers. These changes created a comprehensive framework for entities in all industries to apply in the determination of when to recognize revenue and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to provide a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this principle, an entity will apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. In June 2020, FASB voted to extend by one year the effective date of this new standard, making it effective for the Foundation for the year ended December 31, 2020. Management has implemented this standard, noting no impact of these changes on the Foundation's financial statements.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standards. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021; early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Foundation's financial statements.

Note 2 – Net Assets with Donor Restrictions

At December 31, 2020, the Foundation had net assets with donor restrictions for the following purposes:

Subject to expenditure for specific purpose	
Interventional Radiology	\$ 340,631
Other	63,176
Masterson Place	29,572
Stacy Marie True Memorial Trust	15,526
Women of Vision	<u>16,366</u>
	465,271
Not subject to appropriation or expenditure	
Operating endowment	<u>535,525</u>
	<u>250,207,701</u>
Subject to the passage of time or prior approval (see Note 10)	
	<u>\$ 251,208,497</u>

The Foundation's endowment consists of donor-restricted endowment funds not subject to appropriation or expenditure from which the income is expendable to support various health care services. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The state of Wyoming adopted the Uniform Prudent Management of Institutional Funds Act (the Act) effective July 1, 2009. The Board of Directors of the Foundation has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Wyoming Medical Center Foundation Notes to Financial Statements

Note 2 – Net Assets with Donor Restrictions (continued)

The remaining portion of the donor-restricted endowment fund that is not considered perpetual in nature is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed in the Act.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policy of the Foundation

Endowment net assets – The following are the changes in endowment net assets for the period ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2020	\$ 775,000	\$ 535,525	\$ 1,310,525
Investment income	7,835	5,414	13,249
Changes in unrealized gains on investments	79,349	54,830	134,179
Appropriation of endowment assets for expenditure	(87,184)	(60,244)	(147,428)
Endowment net assets, December 31, 2020	\$ 775,000	\$ 535,525	\$ 1,310,525

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of December 31, 2020.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 2 – Net Assets with Donor Restrictions (continued)

Return objectives and risk parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under the policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the 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). The Foundation targets a diversified asset allocation that meets the Foundation’s long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

The Foundation’s spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Note 3 – Pledges Receivable, Net

The following schedule shows the expected pledge payments over the next five years:

Year ending June 30	
Less than 1 year	\$ 61,000
1 to 5 years	<u>53,000</u>
Total gross pledges receivable	114,000
Less discount	<u>(4,501)</u>
Pledges receivable, net	<u><u>\$ 109,499</u></u>

The pledge discount is imputed at an interest rate of 2.73% for the period ended December 31, 2020. The discounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contributions on the statement of activities, or in net assets with donor restrictions, based on the designation of the initial gift.

Wyoming Medical Center Foundation
Notes to Financial Statements

Note 4 – Property and Equipment

The cost and accumulated depreciation of fixed assets were as follows as of December 31, 2020:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 369,000	\$ -
Buildings and improvements	4,138,983	(382,244)
Furniture and fixtures	156,276	(20,082)
Equipment	75,264	(20,203)
Vehicles	5,434	(5,434)
	<u>4,744,957</u>	<u>(427,963)</u>
Total	<u>4,744,957</u>	<u>\$ (427,963)</u>
Property and equipment, net	<u>\$ 4,316,994</u>	

Note 5 – Liquidity and Availability

The Foundation invests cash in excess of short-term requirements in investments. In addition, the Foundation has long-term fixed income and equity investments that are liquid within one week to two weeks.

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

Financial assets at year-end	
Cash and cash equivalents	\$ 1,122,918
Investments	267,802,084
Other current receivable	3,724,363
Pledges receivable, current portion	61,000
	<u>272,710,365</u>
Total financial assets	272,710,365
Less amounts not available to be used within one year	
Operating endowment	(535,525)
Net assets subject to time restrictions	(250,207,701)
	<u>(795,732,226)</u>
Total financial assets available within one year	<u>\$ 21,967,139</u>

The Foundation has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 6 – Investments

Investments are carried at fair market value and consist of the following for the year ended December 31, 2020:

Investments	
Money market	\$ 93,456,610
Mutual funds	148,860,719
Common stock	23,690,308
Real estate investment trusts	<u>1,794,447</u>
Total	<u>\$ 267,802,084</u>

Investment income and gains and losses on investments consist of the following for the period ended December 31, 2020:

	<u>Period Ended 12/31/2020</u>
Interest and dividends	\$ 1,037,613
Unrealized gains	19,309,916
Realized gains	879,470
Investment fees	<u>(55,392)</u>
Total investment income	<u>\$ 21,171,607</u>

Investment return on the statement of activities also includes interest on the Foundation's savings account of \$910 for the period ended December 31, 2020.

Note 7 – Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 1. The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Money market	\$ 93,456,610	\$ -	\$ -	\$ 93,456,610
Mutual funds	148,860,719	-	-	148,860,719
Common stock	23,690,308	-	-	23,690,308
Real estate investment trusts	<u>1,794,447</u>	-	-	<u>1,794,447</u>
	<u>\$ 267,802,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,802,084</u>

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 8 – COVID-19 Pandemic

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

Note 9 – Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the statement of activities. Certain costs are allocated between program services and support services based on management's judgement considering space used, time spent or direct relation to the program or support service benefited. Costs specifically identifiable to only one function are charged 100% to that function.

	Program	Supporting Activities		Total Expenses
		Management and General	Fundraising	
Payroll and benefits	\$ 61,708	\$ 36,871	\$ -	\$ 98,579
Distribution to WMC	2,068,979	-	-	2,068,979
Other expenses	23,819	108,581	16,542	148,942
Depreciation and amortization	139,826	-	-	139,826
	<u>\$ 2,294,332</u>	<u>\$ 145,452</u>	<u>\$ 16,542</u>	<u>\$ 2,456,326</u>

Note 10 – Banner Health Transaction

On August 19, 2020, the Foundation, Wyoming Medical Center, Inc. (WMC) and Banner Health (Banner) entered into a Membership Substitution Agreement (MSA). On the same date, WMC, Banner, the Board of County Commissioners of Natrona County, Wyoming (the County), and the Board of Trustees of Memorial Hospital of Natrona County, Wyoming (the Board of Trustees) entered into an Asset Purchase Agreement (APA). The transactions contemplated by the MSA and the APA were consummated through a closing on September 30, 2020 (the Closing Date), with an effective time of 12:00:01 am on October 1, 2020. Together, the transactions effectuated pursuant to the MSA and the APA, along with ancillary agreements, resulted in (i) WMC becoming a membership corporation having Banner as its sole corporate member (effectively becoming a subsidiary of Banner), (ii) the County selling to WMC all of the tangible assets associated with WMC's operations, and (iii) the Foundation becoming a stand-alone nonprofit charitable organization with the purpose of supporting the delivery and accessibility of high-quality, efficient health care services throughout Natrona County, and the overall physical and mental health and well-being of residents of Natrona County.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 10 – Banner Health Transaction (continued)

The transaction was premised on an aggregate value of WMC (including the County-owned assets as well as its operations), after payment of all outstanding WMC indebtedness, of \$362.7 million. Of this amount, \$157.0 million was determined to be the fair market value of the County-owned assets, with the remainder attributable to the enterprise value of WMC's operations. The aggregate purchase price of \$362.7 million was allocated between the County and the Foundation, along with the payment of transaction expenses. In anticipation of the closing, the County determined to convey \$40.0 million of its transaction proceeds to the Foundation, to be invested and expended in furtherance of the Foundation's charitable purposes as set forth in ancillary agreements among the parties. In total, the Foundation anticipated receiving approximately \$244.0 million in connection with the closing of the strategic affiliation transaction, including amounts paid by Banner, cash and investment assets of WMC transferred to the Foundation, and the additional conveyance from the County.

At the closing of the transaction, the Foundation and the other parties entered into various other agreements.

First, the Foundation, WMC and Banner entered into a Support Agreement pursuant to which the Foundation is obligated to annually contribute to WMC 3.33% of the Foundation Net Assets (as defined), with WMC obligated to use such amounts for investments in property, plant and equipment, or strategic programs (including programmatic start-up costs). The Support Agreement also sets forth a series of post-closing operational covenants undertaken by WMC and Banner (including without limitation on matters such as regional collaboration, maintenance of an acute care hospital meeting certain "Basic Hospital Criteria," maintenance of certain "Essential Services," restrictions on sale or change of control or conversion of WMC to for-profit status, required minimum capital expenditures, and commitments to quality and safety), and provides the Foundation with the authority to enforce those covenants. In addition, the Support Agreement establishes parameters by which the Foundation will continue to engage in fundraising activities on behalf of WMC.

Second, WMC, Banner, the County, and the Board of Trustees of Memorial Hospital of Natrona County entered into a Post-Closing Operations Agreement, pursuant to which WMC and Banner made various commitments to the County and the Board of Trustees, including without limitation covenants regarding maintenance of an acute care hospital meeting the Basic Hospital Criteria, provision of care to prisoners and mentally ill individuals involuntarily hospitalized, and restrictions on sale or change of control or conversion of WMC. The Foundation joined as a party to the Post-Closing Operations Agreement solely with respect to the enforcement of commitments associated with the Basic Hospital Criteria; in that regard, the agreement provides an established process by which the County and the Foundation would collaborate in enforcing the Basic Hospital Criteria commitment against WMC and Banner.

Wyoming Medical Center Foundation Notes to Financial Statements

Note 10 – Banner Health Transaction (continued)

Third, the Foundation, WMC, Banner and the County entered into a Buy-Back Process Agreement that establishes a process for the potential repurchase of hospital asset and operations if any of certain Banner-wide “System Events” would occur during the three-year period immediately following the closing. In such cases, the County and the Foundation would hold rights (to be exercised in waterfall fashion) to reacquire WMC or to arrange for a third party to purchase WMC’s assets and operations, in either case, at the then fair market value.

Fourth, the Foundation and the County entered into a Foundation-County Agreement establishing the County’s rights to designate certain individuals to serve on the Foundation’s governing board, specifying the \$40.0 million conveyance from the County to the Foundation at closing (the Conveyance Principal), and setting forth various parameters for the Foundation’s investment and expenditure of overall transaction proceeds as well as the Conveyance Principal. The agreement also establishes certain reporting obligations to be undertaken by the Foundation to the County as well as a commitment to periodic meetings between Foundation and County representatives.

Final flow of funds – Transaction amounts were estimated on August 31, 2020, available information. The transaction was effective October 1, 2020. After a 90-day true-up was completed, the funds below reflect actual transaction amounts.

Excess Cash and Investments	\$170,066,025*
– Restricted Equity Transfer	\$167,211,162
– Restricted Contributions	\$2,854,863
Closing Payment	\$40,141,676*
– Restricted Contributions	\$40,141,676
County Conveyance	\$40,000,000**
– Restricted Contributions	\$40,000,000
TOTAL	\$250,207,701
– Restricted Equity Transfer	\$167,211,162
– Restricted Contributions	\$82,996,539

*Restricted due to the passage of time of 3 years.

**Restricted unless prior approval obtained.

Per the agreements, all earnings on the \$250,207,700 are considered not subject to donor restriction.

The Foundation made contributions to WMC of \$2,071,965. Of the contributions made to WMC, \$2,068,979 was paid as a Short Year Contribution for the 2020 year as defined in the Support Agreement.

Wyoming Medical Center Foundation

Notes to Financial Statements

Note 11 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

Effective January 1, 2021, the Foundation has changed its public charity classification to a private foundation.

The Foundation has evaluated subsequent events through March 23, 2021, which is the date the financial statements are available to be issued.

