

METROHEALTH FOUNDATION, INC.
CUYAHOGA COUNTY

FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31,
2024 and 2023



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Finance and Investment Committee
MetroHealth Foundation, Inc.
2500 Metrohealth Drive
Cleveland, OH 44109

We have reviewed the *Independent Auditor's Report* of the MetroHealth Foundation, Inc., Cuyahoga County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The MetroHealth Foundation, Inc. is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

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Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 27, 2025

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The MetroHealth Foundation, Inc.

Financial Report
December 31, 2024

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Independent Auditor's Report

To the Finance and Investment Committee
The MetroHealth Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The MetroHealth Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 the Foundation as of December 31, 2024 and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. 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 ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The financial statements of The MetroHealth Foundation, Inc. as of and for the year ended December 31, 2023 were audited by other auditors who expressed an unmodified opinion on those statements on March 14, 2024.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Finance and Investment Committee
The MetroHealth Foundation, Inc.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025 on our consideration of The MetroHealth Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The MetroHealth Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The MetroHealth Foundation, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is cursive and fluid, with "Plante & Moran" on the top line and "PLLC" on the bottom line.

March 12, 2025

The MetroHealth Foundation, Inc.

Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 3,474,897	\$ 3,220,760
Promises to give, net	7,643,162	4,215,953
Grants receivable	221,986	310,473
Investments, at fair value	86,132,352	79,384,552
Prepaid expenses	52,390	27,993
Other assets	364,109	363,234
 Total assets	 <u>\$ 97,888,896</u>	 <u>\$ 87,522,965</u>
Liabilities and Net Assets		
Accounts payable	\$ 66,147	\$ 54,651
Annuity payment obligations	287,227	296,452
Grants payable to related parties	595,529	921,911
 Total liabilities	 <u>948,903</u>	 <u>1,273,014</u>
 Net assets:		
Without donor restrictions	32,045,456	28,794,460
With donor restrictions	64,894,537	57,455,491
 Total net assets	 <u>96,939,993</u>	 <u>86,249,951</u>
 Total liabilities and net assets	 <u>\$ 97,888,896</u>	 <u>\$ 87,522,965</u>

See notes to financial statements.

The MetroHealth Foundation, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Gifts and grants	\$ 941,381	\$ 10,515,939	\$ 11,457,320
In-kind contributions—related party	4,090,829	-	4,090,829
Miscellaneous income	-	40,593	40,593
Investment income, net	5,899,993	3,356,007	9,256,000
Loss on uncollectable pledges	-	(298,979)	(298,979)
Net assets released from restrictions	6,174,514	(6,174,514)	-
Total revenue and support	17,106,717	7,439,046	24,545,763
Expenses:			
Grantmaking program	9,213,166	-	9,213,166
Management and general	953,784	-	953,784
Fundraising	3,688,771	-	3,688,771
Total expenses	13,855,721	-	13,855,721
Increase in net assets	3,250,996	7,439,046	10,690,042
Net assets at beginning of year	28,794,460	57,455,491	86,249,951
Net assets at ending of year	\$ 32,045,456	\$ 64,894,537	\$ 96,939,993

See notes to financial statements.

The MetroHealth Foundation, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Gifts and grants	\$ 1,351,142	\$ 6,343,386	\$ 7,694,528
In-kind contributions—related party	3,837,540	-	3,837,540
Special event revenue, net	-	50,002	50,002
Miscellaneous income	714	42,383	43,097
Investment income, net	6,910,472	3,738,539	10,649,011
Gain on uncollectable pledges	-	28,037	28,037
Net assets released from restrictions	5,088,777	(5,088,777)	-
Total revenue and support	17,188,645	5,113,570	22,302,215
Expenses:			
Grantmaking program	8,497,591	-	8,497,591
Management and general	850,549	-	850,549
Fundraising	3,556,187	-	3,556,187
Total expenses	12,904,327	-	12,904,327
Increase in net assets	4,284,318	5,113,570	9,397,888
Net assets at beginning of year	24,510,142	52,341,921	76,852,063
Net assets at ending of year	\$ 28,794,460	\$ 57,455,491	\$ 86,249,951

See notes to financial statements.

The MetroHealth Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2024

	Grantmaking Program			Management and General			Fundraising			Total
	Operations	In-Kind	Total	Operations	In-Kind	Total	Operations	In-Kind	Total	
Grants and other assistance	\$ 9,046,896	\$ -	\$ 9,046,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,046,896
Salaries, wages and benefits	-	124,635	124,635	-	436,223	436,223	-	2,555,023	2,555,023	3,115,881
Catering and food service	-	80	80	6,211	239	6,450	11,523	1,275	12,798	19,328
Community outreach	-	-	-	472	-	472	5,194	-	5,194	5,666
Dues and licenses	-	1	1	9,338	3	9,341	34,260	14	34,274	43,616
Insurance	-	-	-	137,174	-	137,174	-	-	-	137,174
Miscellaneous	-	25	25	362	72	434	2,454	402	2,856	3,315
Plant operations	-	257	257	-	771	771	2,278	4,115	6,393	7,421
Postage	-	-	-	-	-	-	11,405	-	11,405	11,405
Printing services	-	-	-	-	-	-	31,312	-	31,312	31,312
Purchased services	-	16	16	223,500	47	223,547	214,155	250	214,405	437,968
Travel, training and seminars	-	235	235	1,158	708	1,866	6,287	3,766	10,053	12,154
Supplies	-	764	764	218	2,291	2,509	20,695	12,217	32,912	36,185
Occupancy and related overhead	-	40,257	40,257	-	134,997	134,997	-	772,146	772,146	947,400
Total expenses	\$ 9,046,896	\$ 166,270	\$ 9,213,166	\$ 378,433	\$ 575,351	\$ 953,784	\$ 339,563	\$ 3,349,208	\$ 3,688,771	\$ 13,855,721

See notes to financial statements.

The MetroHealth Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	Grantmaking Program			Management and General			Fundraising			Total
	Operations	In-Kind	Total	Operations	In-Kind	Total	Operations	In-Kind	Total	
Grants and other assistance	\$ 8,497,591	\$ -	\$ 8,497,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,497,591
Salaries, wages and benefits	-	-	-	-	471,032	471,032	-	2,441,970	2,441,970	2,913,002
Catering and food service	-	-	-	6,992	352	7,344	24,198	1,987	26,185	33,529
Community outreach	-	-	-	161	-	161	306	-	306	467
Dues and licenses	-	-	-	5,687	-	5,687	32,002	-	32,002	37,689
Insurance	-	-	-	50,675	-	50,675	-	-	-	50,675
Miscellaneous	-	-	-	267	-	267	5,629	-	5,629	5,896
Plant operations	-	-	-	-	767	767	1,545	4,324	5,869	6,636
Postage	-	-	-	17	-	17	10,343	-	10,343	10,360
Printing services	-	-	-	-	-	-	33,913	-	33,913	33,913
Purchased services	-	-	-	154,849	-	154,849	186,969	-	186,969	341,818
Travel, training and seminars	-	-	-	2,953	215	3,168	20,606	1,215	21,821	24,989
Supplies	-	-	-	11,326	2,209	13,535	20,758	12,469	33,227	46,762
Occupancy and related overhead	-	-	-	-	143,047	143,047	-	757,953	757,953	901,000
Total expenses	\$ 8,497,591	\$ -	\$ 8,497,591	\$ 232,927	\$ 617,622	\$ 850,549	\$ 336,269	\$ 3,219,918	\$ 3,556,187	\$ 12,904,327

See notes to financial statements.

The MetroHealth Foundation, Inc.

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets	\$ 10,690,042	\$ 9,397,888
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Contributions required to be maintained in perpetuity	(350,762)	(497,281)
Loss (gain) on uncollectible pledges	298,979	(28,037)
Change in allowance for uncollectible pledges and present value discount	(22,156)	(91,379)
Actuarial loss on annuity payment obligations	22,079	22,225
Net realized and unrealized gains on investments	(7,239,841)	(8,984,719)
Dividends and interest restricted for reinvestments	(972,337)	(542,050)
(AIncrease) decrease in assets:		
Promises to give	(4,199,620)	560,301
Grant receivable	88,487	(261,401)
Prepaid expenses	(24,397)	(27,993)
Other assets	(875)	(3,262)
Increase (decrease) in liabilities:		
Accounts payable	11,496	(12,529)
Grants payable to related party	(326,382)	265,275
Net cash used in operating activities	(2,025,287)	(202,962)
Cash flows from investing activities:		
Proceeds from sale of investments	22,426,637	12,649,194
Purchase of investments	(21,934,595)	(15,020,876)
Net cash provided by (used in) investing activities	492,042	(2,371,682)
Cash flows from financing activities:		
Dividends and interest restricted for reinvestments	972,337	542,050
Payments of annuity payment obligations	(31,304)	(31,304)
Proceeds from contributions required to be maintained in perpetuity	846,349	915,782
Net cash provided by financing activities	1,787,382	1,426,528
Increase (decrease) in cash and cash equivalents	254,137	(1,148,116)
Cash and cash equivalents:		
Beginning	3,220,760	4,368,876
Ending	\$ 3,474,897	\$ 3,220,760

See notes to financial statements.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 1. Summary of Organization and Significant Accounting Policies

The MetroHealth Foundation, Inc. (the Foundation) is a not-for-profit organization. The Foundation's purpose is to raise charitable funds and receive grants for the support of projects and goals of The MetroHealth System (the System or MHS). Certain administrative and philanthropy services are provided to the Foundation by the System and are recorded by the Foundation as an in-kind contribution with a corresponding expense.

A summary of significant accounting policies is presented below:

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958: Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Foundation is required to report net assets and revenues, expenses, gains and losses based upon the existence or absence of donor-imposed stipulations. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Functional allocation of expenses: The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy on a square footage basis, as well as salaries, wages and benefits, professional services, office expenses and other, which are allocated on the basis of estimates of time and effort.

Tax status: The Foundation is an Ohio nonprofit corporation and was granted tax exempt status under Section 501(c) (3) of the Internal Revenue Code (the Code) and is exempt from income tax on related income pursuant to Section 501(a) of the Code. The Foundation is required to pay income taxes on unrelated business income earned by the Foundation.

Income taxes: The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense and liability in the current year. For the years ended December 31, 2024 and 2023, management has determined that there are no uncertain tax positions.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 1. Summary of Organization and Significant Accounting Policies (Continued)

Cash and cash equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For purposes of the financial statements, cash held in investment managed accounts are classified as investments. The Foundation maintains cash balances at banks, which are insured by the Federal Deposit Insurance Corporation. At December 31, 2024 and 2023, the Foundation's cash accounts exceeded federally insured limits by \$266,000 and \$261,740, respectively.

Allowance for uncollectable pledges: The Foundation provides for an allowance for uncollectable pledges based on an estimate of the collectability of the identified receivables and reserves 5% of the outstanding pledges in accordance with policy. In addition, the Foundation writes-off outstanding pledges after 24 months without payment. The allowance is adjusted as information about specific accounts becomes available. The Foundation also compares current allowance amounts to prior collection and write-off experience.

Investments and investment income (loss): ASC 958 provides that certain investments are stated at fair value based upon quoted market prices and changes in unrealized gains and losses are reflected in the statement of activities and changes in net assets. Investment income includes realized gains and losses (the difference between proceeds received and average cost), unrealized gains and losses, interest, dividends and fees. Investment income is reported as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use.

Risks and uncertainties: The Foundation invests in a professionally managed portfolio that contains pooled funds and equity and fixed income investments. Such investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The investments in the pooled investment funds and limited partnership interest involve a high degree of risk, including the risk that the entire amount invested may be lost. The Foundation has allocated a portion of its assets to invest in pooled funds and partnership interests that invest in actively traded securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed income, commodity and currency markets, the risks of borrowings and short sales, and the risks arising from leverage associated with trading in equities, currencies and over-the-counter derivative markets, the liquidity of the derivative instruments and the risk of loss from counter-party defaults. No guarantee or representation is made that the investment program will be successful.

Annuity payment obligations: The Foundation is the beneficiary of several gift annuity agreements that are managed by third-party trustees. The assets held in trust are recorded at fair value at the date of initial recognition. At December 31, 2024 and 2023, total assets of \$556,364 and \$534,118, respectively, were held by the Foundation, which are included in investments on the statements of financial position. Under the terms of the agreements, the Foundation is required to pay periodic fixed payments to beneficiaries during their lifetimes. Upon death of the beneficiaries, the assets are to be retained for the Foundation's use. At December 31, 2024 and 2023, liabilities of \$287,227 and \$296,452, respectively, are reflected as obligations under annuity agreements. The liabilities represent the present value of the expected beneficiary payments calculated based on the estimated life of the beneficiary and a discount rate. The discount rate used to calculate the present value is 6%. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, net assets without donor restrictions of the Foundation will be utilized to fund future payments.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 1. Summary of Organization and Significant Accounting Policies (Continued)

Contributions: The Foundation recognizes unconditional contributions as revenue in the period in which the pledge (promise to give) is received. Conditional promises to give are recorded when donor restrictions are substantially met. Gifts and grants revenue includes gifts in-kind that are recorded at fair value as of the donation date. Contributions are recorded as either without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donated services: Donated services are recognized as contributions in accordance with ASC 958, if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Subsequent events: The Foundation has evaluated subsequent events for potential recognition and/or disclosure through March 12, 2025, the date the financial statements were available to be issued.

Note 2. Promises to Give, Net

Pledge receivables are recorded at net present value less an allowance for uncollectable accounts and are due in future years at December 31 as follows:

	2024	2023
Less than one year	\$ 3,846,834	\$ 1,592,010
One to five years	4,494,362	2,788,945
Six to ten years	14,025	270,233
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	8,355,221	4,651,188
Allowance for uncollectable pledges and present value discount (ranging from 0.5% to 5.15%)	(712,059)	(435,235)
	<hr/>	<hr/>
	\$ 7,643,162	\$ 4,215,953

Note 3. Fair Value Disclosures

The Foundation adopted applicable sections of the FASB ASC 820: Fair Value Measurements and Disclosures for Financial Assets and Financial Liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in a principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs), and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels listed below:

Level 1: Quoted prices in active markets for identical investments

Level 2: Other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3: Significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the investments)

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 3. Fair Value Disclosures (Continued)

Investments: The input or methodology used for valuing investments is not necessarily an indication of the risk associated with maintaining those investments. Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

There were no changes in valuation techniques in determining fair value of investments during the years ended December 31, 2024 and 2023.

The Level 1 securities are valued at quoted prices per share/unit, or other methods by which all significant inputs are observable, either directly or indirectly.

The Level 3 securities are valued at fair value from reports provided by the investment managers and validated by management and its investment advisor. Accordingly specific valuation inputs are not disclosed. Because of the inherent uncertainty of the value terms, the fair values may differ significantly from values that would have been used had a ready market for these investments existed.

The following is a summary of the inputs used as of December 31 in valuing the Foundation's investments carried at fair value:

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 4,184,812	\$ -	\$ -	\$ 4,184,812
Common stock—private	-	-	1,000	1,000
Equity mutual funds:				
Foreign large blend	5,291,079	-	-	5,291,079
Foreign large growth	9,867,619	-	-	9,867,619
Large blend	28,199,664	-	-	28,199,664
Mid-cap blend	3,000,766	-	-	3,000,766
Foreign small/mid growth	2,012,915	-	-	2,012,915
Small blend	2,332,497	-	-	2,332,497
Small growth	2,271,550	-	-	2,271,550
Fixed income mutual funds:				
Short-term bonds	3,885,230	-	-	3,885,230
Intermediate-term bonds	23,657,768	-	-	23,657,768
	<u>\$ 84,703,900</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>84,704,900</u>
Investments measured at net asset value (a):				
Pooled investment hedge fund				72,298
Pooled investment fund				1,355,154
Total				<u>\$ 86,132,352</u>

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 3. Fair Value Disclosures (Continued)

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,425,998	\$ -	\$ -	\$ 6,425,998
Common stock—private	-	-	1,000	1,000
Equity mutual funds:				
Foreign large blend	4,961,934	-	-	4,961,934
Foreign large growth	8,083,355	-	-	8,083,355
Diversified emerging markets	4,015,704	-	-	4,015,704
Large blend	22,373,434	-	-	22,373,434
Mid-cap blend	2,439,309	-	-	2,439,309
Foreign small/mid growth	2,377,222	-	-	2,377,222
Small blend	1,944,305	-	-	1,944,305
Small growth	1,852,430	-	-	1,852,430
Fixed income mutual funds:				
Short-term bonds	3,837,800	-	-	3,837,800
Intermediate-term bonds	15,363,584	-	-	15,363,584
	<u>\$ 73,675,075</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>73,676,075</u>
Investments measured at net asset value (a):				
Pooled investment hedge fund				3,508,291
Pooled investment fund				2,169,856
Limited partnership interest				30,330
Total				<u>\$ 79,384,552</u>

(a) In accordance with U.S. GAAP, certain investments that are measured using the net asset value (NAV) (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the fair value of investments as disclosed in the statements of financial position.

There were no purchases of Level 3 assets during the years ended December 31, 2024 and 2023.

The Foundation is required to disclose the nature and risks of the investments recorded at NAV. The pooled investment funds and limited partnership interest is measured by the NAV per share practical expedient. The following tables summarize the nature and risk of these investments as of December 31, 2024 and 2023:

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment hedge fund	\$ 72,298	\$ -	Monthly	45 days
Pooled investment fund	1,355,154	-	Quarterly	95 days
	<u>\$ 1,427,452</u>	<u>\$ -</u>		

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 3. Fair Value Disclosures (Continued)

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment hedge fund	\$ 3,508,291	\$ -	Monthly	45 days
Pooled investment fund	2,169,856	-	Quarterly	95 days
Limited partnership interest	30,330	-	Quarterly	65 days
	<u>\$ 5,708,477</u>	<u>\$ -</u>		

The pooled investment hedge fund seeks securities in a company that is the target of a merger or acquisition in order to earn the difference between its current and future expected value.

The pooled investment fund seeks to produce attractive returns with relatively low volatility and correlation to traditional equity and fixed income benchmarks through its selection of portfolio managers and its allocations among various investment strategies.

The limited partnership interest provides capital appreciation consistent with the return characteristic of the alternative investment portfolios. The secondary objective is to provide capital appreciation with less volatility than that of the equity markets. Redemptions in the limited partnership interest are subject to limitations based upon requests in specific tender periods. Currently, the Foundation is limited to approximately 8% of the tender amounts requested.

Annuity payment obligations: Fair value measurements for annuity payment obligations are performed at inception and on a recurring basis. Fair value of the residual is generally based on the present value of expected cash flows including payments to beneficiaries and investment return, and Level 3 inputs include the life expectancy of the donor and discount rate. There were no changes to the number of annuity obligations during the years ended December 31, 2024 and 2023.

Note 4. Investments

Investment income (loss) for the years ended December 31 consisted of the following:

	2024	2023
Dividends and interest	\$ 2,107,225	\$ 1,753,497
Net realized and unrealized gains	7,239,841	8,984,719
Less investment management fees	(91,066)	(89,205)
	<u>\$ 9,256,000</u>	<u>\$ 10,649,011</u>

Note 5. Related Party Transactions

The System submits grant proposals to the Foundation. It also requests distributions of funds as expenses are incurred by the System that are consistent with the Foundation's fund purposes. Grant expenses of \$9,046,896 and \$8,497,591 were incurred for the years ended December 31, 2024 and 2023, respectively. Grants and distributions payable of \$595,529 and \$921,911 were due to the System for grants approved by the Foundation, but not yet paid, at December 31, 2024 and 2023, respectively. The MetroHealth System provided in-kind support to the Foundation for 2024 and 2023 representing salaries and benefits, purchased services, rent and other expenses which are included in these financial statements in the amount of \$4,090,829 and \$3,837,540, respectively. Grants receivable includes \$20,000 and \$199,107 at December 31, 2024 and 2023, respectively, of amounts due from the System.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 6. Endowment Funds

The Foundation's endowment consists of approximately 86 individual funds established to support the mission of The MetroHealth System. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Foundation is subject to the Ohio Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the 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 the Foundation.
7. The investment policies of the Foundation.

Underwater endowment funds: 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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations occurring shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs deemed prudent by the Board of Directors. No deficiencies of this nature exist as of December 31, 2024 and 2023.

Return objectives and risk parameters: The Foundation has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Foundation must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to produce results exceeding the price and yield results of the S&P 500 index, for the equity portion of the portfolio, while assuming a moderate level of investment risk.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 6. Endowment Funds (Continued)

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 places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value over the prior 36 months through the calendar year-end preceding the year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity and to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31 is as follows:

2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 20,722,121	\$ 20,722,121
Accumulated investment gains	-	14,344,287	14,344,287
Funds functioning as endowment funds	2,843,822	-	2,843,822
Total endowment funds	\$ 2,843,822	\$ 35,066,408	\$ 37,910,230
2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 19,875,771	\$ 19,875,771
Accumulated investment gains	-	11,632,743	11,632,743
Funds functioning as endowment funds	2,597,503	-	2,597,503
Total endowment funds	\$ 2,597,503	\$ 31,508,514	\$ 34,106,017

The MetroHealth Foundation, Inc.**Notes to Financial Statements**

Note 6. Endowment Funds (Continued)

Changes in endowment net assets for the years ended December 31 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2022	\$ 2,292,927	\$ 27,086,824	\$ 29,379,751
Investment income, net	309,000	4,044,628	4,353,628
Contributions	-	915,782	915,782
Appropriations	(4,424)	(538,720)	(543,144)
Endowment net assets, December 31, 2023	2,597,503	31,508,514	34,106,017
Investment income, net	250,792	3,393,926	3,644,718
Contributions	-	846,349	846,349
Appropriations	(4,473)	(682,381)	(686,854)
Endowment net assets, December 31, 2024	\$ 2,843,822	\$ 35,066,408	\$ 37,910,230

Note 7. Net Assets

Net assets without donor restrictions as of December 31, comprise the following:

	2024	2023
Net assets without donor restrictions:		
Operating	\$ 17,419,940	\$ 15,276,888
Funds functioning as endowment funds	2,843,822	2,597,503
Board designated	11,781,694	10,920,069
	<u>\$ 32,045,456</u>	<u>\$ 28,794,460</u>

Funds functioning as endowment consists of funds under the direction of the Board of Directors designated for the long-term benefit of the Foundation. Board designated funds represents unrestricted estate gifts in which the donor did not indicate a time horizon for spending. The board designated funds and funds functioning as endowment are both available for the future needs of the System and operating expenditures of the Foundation.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 7. Net Assets (Continued)

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	2023
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Supporting Mission of The MetroHealth System	<u>\$ 21,915,830</u>	<u>\$ 21,493,358</u>
Subject to passage of time:		
Promises to give, restricted by donors, supporting		
Mission of The MetroHealth System	6,092,765	2,103,238
Split interest agreements	269,137	237,666
	<u>6,361,902</u>	<u>2,340,904</u>
Subject to Foundation's spending policy and appropriation:		
Original donor-restricted gift amount and amounts		
required to be maintained in perpetuity by donor	20,722,121	19,875,771
Accumulated investment gains	14,344,287	11,632,743
Promises to give, endowment restricted by donors, supporting		
Mission of The MetroHealth System	<u>1,550,397</u>	<u>2,112,715</u>
	<u>36,616,805</u>	<u>33,621,229</u>
	<u><u>\$ 64,894,537</u></u>	<u><u>\$ 57,455,491</u></u>
	2024	2023
Satisfaction of purpose restrictions—supporting		
Mission of The MetroHealth System	<u><u>\$ 6,174,514</u></u>	<u><u>\$ 5,088,777</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events by the donors totaling \$6,174,514 and \$5,088,777 for the years ended December 31, 2024 and 2023, respectively.

Grantmaking program: Grants made by the Foundation to support the mission of the System include payments for capital equipment, education, fundraising, patient programs, research, recruitment and other related activities.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 8. Financial Assets and Liquidity

The following table reflects the Foundation's financial assets reduced by amounts not available for general expenditures within one year as of December 31:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 3,474,897	\$ 3,220,760
Promises to give	7,643,162	4,215,953
Grant receivable	221,986	310,473
Investments	86,132,352	79,384,552
Financial assets, at year-end	<u>97,472,397</u>	<u>87,131,738</u>
Less those not available for general expenditures within one year:		
Promises to give, restricted by donors, supporting the mission of The MetroHealth System	(3,796,328)	(2,623,943)
Original donor-restricted gift, amounts required to be maintained in perpetuity by donor and accumulated investment gains	(35,066,408)	(31,508,514)
Less earnings to be utilized within one year	1,000,000	675,000
Funds functioning as endowment funds	(2,843,822)	(2,597,503)
Board-designated funds	(11,781,694)	(10,920,069)
Less board-designated funds expected to be utilized within one year	450,000	450,000
Subject to expenditure for specified purpose	(21,915,830)	(21,493,358)
Less purpose-restricted funds expected to be released within one year	7,000,000	7,500,000
Investments held in annuity reserves	(556,364)	(534,118)
Financial assets available to meet cash needs for general expenditures within one year	<u>(67,510,446)</u>	<u>(61,052,505)</u>
	<u><u>\$ 29,961,951</u></u>	<u><u>\$ 26,079,233</u></u>

The Foundation receives substantial donor restricted gifts to establish endowments that will exist in perpetuity and contributions with donor time and purpose restrictions. The income generated from donor restricted endowments may be donor restricted or unrestricted as to use. In addition, the Foundation receives support without donor restrictions, investment income without donor restrictions and appropriated earnings from gifts with donor restrictions to fund its general expenditures.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining a sufficient level of asset liquidity, and
- Monitoring and maintaining reserves to provide reasonable assurance that long-term grant commitments and obligations related to endowments with donor restrictions will continue to be met, ensuring the sustainability of the Foundation.

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 8. Financial Assets and Liquidity (Continued)

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. The Foundation has board designated funds of \$11,781,694 and \$10,920,069 as of December 31, 2024 and 2023, respectively. Although the Foundation does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available, if necessary.

Note 9. Other Accomplishments

Donors occasionally make their gifts directly to The MetroHealth System. In 2024, The MetroHealth System's Office of Strategic Philanthropy was responsible for securing a grant from the Ohio Department of Health for \$1,087,982 to support the School Health Program, two grants from the Ohio Department of Children & Youth including \$787,500 to support the Nurse-Family Partnership program and \$240,000 for the medical-legal partnership. The department also collaborated with Western Reserve Land Conservancy to help secure a grant from the United States Department of Health and Human Services for \$706,780 to restore health equity and resilience through vacant land improvements.

Donors occasionally make their gifts directly to The MetroHealth System. In 2023, The MetroHealth System's Office of Strategic Philanthropy and Community Engagement was responsible for securing two grants from the Ohio Department of Health including \$763,000 to support the Nurse-Family Partnership program and \$156,000 for an improvement zone project in the Buckeye neighborhood. The department also secured four pieces of art valued at \$250,000 for the Center of Arts in Health.

These contributions are not recognized on the Foundation's financial statements.

Note 10. Special Event

The Foundation did not hold a special event for the year ended December 31, 2024.

In November 2023, the Foundation hosted nearly 300 guests at the Cleveland Heritage Medal Ceremony. The Cleveland Heritage Medal is bestowed upon individuals whose significant contributions through leadership, collaboration and service have left an indelible mark on all spheres of the Cleveland community

The GALA activity consisted of the following for the year ended December 31, 2023:

	2023				
	Revenue	Direct Benefit Expense to Donors	Special Event Revenue, Net	Fundraising Expense	Net Event Loss
Gala	\$ 106,000	55,998	50,002	51,210	\$ (1,208)

The MetroHealth Foundation, Inc.

Notes to Financial Statements

Note 11. In-Kind Contributions

For the years ended December 31, contributed nonfinancial assets recognized in the statements of activities and changes in net assets included:

	2024	2023
Salaries, wages and benefits	\$ 3,115,881	\$ 2,913,002
Catering and food service	1,594	2,339
Dues and licenses	18	-
Miscellaneous	499	-
Plant operations	5,143	5,090
Purchased services	313	-
Travel, training and seminars	4,709	1,431
Supplies	15,272	14,678
Occupancy and related overhead	947,400	901,000
	<hr/> <u>\$ 4,090,829</u>	<hr/> <u>\$ 3,837,540</u>

The Foundation recognized nonfinancial assets within revenue, the majority included salaries, wages and benefits and occupancy and related overhead, which were provided to support the Foundation's administrative and fundraising efforts. The Foundation utilized all contributed nonfinancial assets in operations. All contributed nonfinancial assets were without donor-imposed restrictions.

The values of salaries, wages and benefits were based on actual payroll, benefits and payroll taxes paid by the System for Foundation employees. Lastly, the value of occupancy and related overhead is based on a square footage allocation of direct costs incurred by the System for the building, utility and building operating costs for space occupied by the Foundation.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Finance and
Investment Committee
The MetroHealth Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The MetroHealth Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated March 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Finance and
Investment Committee
The MetroHealth Foundation, Inc.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 12, 2025

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OHIO AUDITOR OF STATE KEITH FABER



THE METROHEALTH FOUNDATION

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/10/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov