

**Good Health Foundation, Inc.**  
(A Component Unit of the Health Care  
District of Palm Beach County, Florida)

Financial Report  
September 30, 2017

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RSM US LLP

## Independent Auditor's Report

To the Board of Directors  
Good Health Foundation, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Good Health Foundation, Inc. (the Foundation), a nonprofit organization and component unit of the Health Care District of Palm Beach County, Florida, which comprise the statements of financial position as of September 30, 2017 and 2016, the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### 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 audits. We conducted our audits 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 Good Health Foundation, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

West Palm Beach, Florida  
March 1, 2018

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Statements of Financial Position**  
**September 30, 2017 and 2016**

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>Assets</b>                           |                     |                     |
| Cash and cash equivalents               | \$ 1,128,729        | \$ 1,135,536        |
| <b>Total assets</b>                     | <b>\$ 1,128,729</b> | <b>\$ 1,135,536</b> |
| <b>Liabilities and Net Assets</b>       |                     |                     |
| Liabilities:                            |                     |                     |
| Accounts payable                        | \$ 2,200            | \$ -                |
| <b>Total liabilities</b>                | <b>2,200</b>        | <b>-</b>            |
| Net assets:                             |                     |                     |
| Unrestricted                            | 51,099              | 59,106              |
| Temporarily restricted                  | 1,075,430           | 1,076,430           |
| <b>Total net assets</b>                 | <b>1,126,529</b>    | <b>1,135,536</b>    |
| <b>Total liabilities and net assets</b> | <b>\$ 1,128,729</b> | <b>\$ 1,135,536</b> |

See notes to financial statements.

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Statement of Activities and Changes in Net Assets**  
**Year Ended September 30, 2017**

|  | Unrestricted     | Temporarily<br>Restricted | Total               |
|--|------------------|---------------------------|---------------------|
| Contributions, revenues and other support:                     |                  |                           |                     |
| Contributions  | \$ 650           | \$ -                      | \$ 650              |
| Investment income  | 5,086            | -                         | 5,086               |
|  | <u>5,736</u>     | <u>-</u>                  | <u>5,736</u>        |
| Net assets released from restrictions for operations           | 1,000            | (1,000)                   | -                   |
| <b>Total contributions, revenues and<br/>    other support</b> | <u>6,736</u>     | <u>(1,000)</u>            | <u>5,736</u>        |
| Expenses:  |                  |                           |                     |
| General and administrative                                     | 14,743           | -                         | 14,743              |
| <b>Change in net assets</b>                                    | <u>(8,007)</u>   | <u>(1,000)</u>            | <u>(9,007)</u>      |
| Net assets, beginning of year                                  | <u>59,106</u>    | <u>1,076,430</u>          | <u>1,135,536</u>    |
| Net assets, end of year  | <u>\$ 51,099</u> | <u>\$ 1,075,430</u>       | <u>\$ 1,126,529</u> |

See notes to financial statements.

(A Component Unit of the Health Care District of Palm Beach County, Florida)

**Statement of Activities and Changes in Net Assets**  
**Year Ended September 30, 2016**

|  | Unrestricted     | Temporarily<br>Restricted | Total               |
|--|------------------|---------------------------|---------------------|
| Contributions, revenues and other support:                         |                  |                           |                     |
| Contributions  | \$ 1,520         | \$ 1,000                  | \$ 2,520            |
| Investment income  | 3,263            | -                         | 3,263               |
| <b>Total contributions, revenues and<br/>        other support</b> | <b>4,783</b>     | <b>1,000</b>              | <b>5,783</b>        |
| Expenses:  |                  |                           |                     |
| General and administrative   | 26,152           | -                         | 26,152              |
| <b>Change in net assets</b>  | <b>(21,369)</b>  | <b>1,000</b>              | <b>(20,369)</b>     |
| Net assets, beginning of year                                      | 80,475           | 1,075,430                 | 1,155,905           |
| Net assets, end of year  | <u>\$ 59,106</u> | <u>\$ 1,076,430</u>       | <u>\$ 1,135,536</u> |

See notes to financial statements.

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Statements of Cash Flows**  
**Years Ended September 30, 2017 and 2016**

|   | 2017                       | 2016                       |
|---|----------------------------|----------------------------|
| Cash flows from operating activities:   |                            |                            |
| Change in net assets  | \$ (9,007)                 | \$ (20,369)                |
| Adjustments to reconcile the change in net assets to net cash used in operating activities: |                            |                            |
| Changes in liabilities:   |                            |                            |
| Due to Palm Beach County Health Department  | -                          | (22,955)                   |
| Accounts payable  | 2,200                      | -                          |
| <b>Net cash used in operating activities and decrease in cash and cash equivalents</b>      | <b>(6,807)</b>             | <b>(43,324)</b>            |
| Cash and cash equivalents, beginning of year  | <u>1,135,536</u>           | <u>1,178,860</u>           |
| Cash and cash equivalents, end of year  | <u><u>\$ 1,128,729</u></u> | <u><u>\$ 1,135,536</u></u> |

See notes to financial statements.

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Notes to Financial Statements**

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**Note 1. Organization and Mission**

Good Health Foundation, Inc. (the Foundation) is a nonprofit corporation organized and operated under the laws of the State of Florida to provide philanthropic resources for the Health Care District of Palm Beach County, Florida (the District). The Foundation's mission is to advance the health of residents and visitors in Palm Beach County through access to local quality health care. The Foundation is a component unit of the District.

The Foundation was originally incorporated in September 1994 as the Trauma Foundation of the Palm Beaches, Inc. for the purpose of allowing patients treated in the District's trauma program and others to make tax-deductible charitable contributions to benefit the District's trauma program and the programs of other nonprofit organizations similarly engaged in trauma services, injury prevention and other educational activities related to trauma awareness. The Foundation's Board of Directors consisted of the District's governing Board.

In July 2006, the Foundation's name was changed to the Glades Healthcare Foundation, Inc., and its purpose was amended to provide financial support for the construction of a new hospital and medical campus in western Palm Beach County, Florida and thereafter to support the ongoing activities of the new hospital and related health care system. The Foundation's bylaws were also amended in July 2006, to provide for a board of directors of between 5 and 15 members, including at least one member of the District's governing Board and one member of the Lakeside Medical Center Board of Directors, with the remaining directors elected by the existing Board of Directors.

In February 2015, the Foundation's bylaws were amended to increase the minimum number of standing Directors from two to three, modify the Board's voting requirement on any proposals to require an affirmative vote of a majority of the Board members present, and modify the principal address of the corporation. Pursuant to the Board's approval at this meeting, the Foundation's name was also changed to the Good Health Foundation, Inc. with the State of Florida in May 2015. The name change became effective with the Internal Revenue Service (IRS) in July 2015.

**Note 2. Summary of Significant Accounting Policies**

**Financial statement presentation:** The financial statements are prepared using the accrual basis of accounting. In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Financial Statements of Not-for-Profit Organizations, changes in: (1) unrestricted net assets, (2) temporarily restricted net assets and (3) permanently restricted net assets are separately presented in the accompanying statement of activities and changes in net assets and the statement of financial position to distinguish among these three classes of net assets. The Foundation defines unrestricted net assets as those that are not limited by donor-imposed stipulations. Temporarily restricted net assets represent donor-designated funds to be used for specific projects or time periods. Such restrictions either expire by time or are satisfied through expenditures for the designated purpose. The Foundation does not have any permanently restricted net assets as of September 30, 2017 and 2016.

**Use of estimates:** Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and changes therein and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Liquidity:** The Foundation's assets and liabilities have been sequenced in the statement of financial position according to their nearness of conversion to cash and the nearness of their maturity and resulting use of cash, respectively.

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Cash and cash equivalents:** For purposes of reporting cash flows, the Foundation considers highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. The Foundation maintains cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. At September 30, 2017 and 2016, bank deposits exceeded federal deposit insurance limits by approximately \$879,000 and \$886,000, respectively. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to such deposits.

**Property and equipment:** The Foundation capitalizes all property and equipment acquisitions in excess of \$1,000 and with a useful life of one year or greater. At September 30, 2017 and 2016, the Foundation did not own any property and equipment.

**Contributions:** Contributions, including unconditional promises to give, are recognized as revenue in the period received or pledged. Contributions are reported as unrestricted or restricted net assets depending on the existence of donor stipulations that limit their use. The Foundation reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements. When a donor's restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions for operations. Net assets released from restriction were \$1,000 and \$0 for the fiscal years ended September 30, 2017 and 2016, respectively. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity, if necessary. There were no contributions receivable at September 30, 2017 and 2016.

**Grants:** The Foundation recognizes revenue from grants in the period in which the related grant expenses are incurred and the grant amounts are earned. The Foundation was not the recipient of any grants during the fiscal years ended September 30, 2017 and 2016.

**Investment income:** Interest and dividend income is recognized when earned. Investment income is included in the change in unrestricted net assets, unless its use is temporarily or permanently restricted by donor stipulations or law. When a donor restriction is met the amount is reclassified and reported as net assets released from restriction.

**In-kind donations:** Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. All other noncash donations are recorded as contributions at their fair values at the date of donation. The Foundation did not recognize in-kind donations for the fiscal years ended September 30, 2017 and 2016.

**Functional allocation of expenses:** Expenses that are associated with a specific program or activity are charged directly to that program or activity. Indirect expenses are allocated among the programs and supporting services benefited on a reasonable basis. Functional reporting is presented in the accompanying statement of activities and changes in net assets.

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Income taxes:** The IRS has determined that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Foundation evaluates its uncertain tax positions in accordance with ASC Topic 740, Income Taxes, which states that management's determination of the taxable status of an entity, including its status as a nonprofit entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Foundation has any significant uncertain tax positions that would be material to the financial statements. The Foundation is no longer subject to examinations by U.S. tax authorities for tax years prior to 2014.

**Subsequent events:** The Foundation evaluates the impact of subsequent events, events that occur after the statement of financial position date but before the financial statements are issued, for potential recognition in the financial statements as of the statement of financial position date or disclosure in the notes to the financial statements. The Foundation evaluated events occurring subsequent to September 30, 2017 through March 1, 2018, the date on which the accompanying financial statements were issued. During this period, there were no subsequent events that required recognition or disclosure in the financial statements.

**Note 3. Temporarily Restricted Net Assets**

Temporarily restricted net assets are those whose use has been limited to a specific time period or purpose as directed by the donors.

Temporarily restricted net assets are restricted for the following purposes as of September 30:

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| Assets with purpose limitations:                        |                     |                     |
| Improvements for Lakeside Medical Center                | \$ 728,894          | \$ 728,894          |
| Lakeside Medical Center Primary Care Program            | 181,777             | 181,777             |
| Diabetes Outreach Initiative at Lakeside Medical Center | 85,000              | 85,000              |
| Purchase of capital assets for Lakeside Medical Center  | 79,759              | 79,759              |
| Clinics dental assistance for seniors                   | -                   | 1,000               |
| Total temporarily restricted net assets                 | <u>\$ 1,075,430</u> | <u>\$ 1,076,430</u> |

**Note 4. Related-Party Transactions**

The District owns and operates Lakeside Medical Center through its wholly owned subsidiary, District Hospital Holdings, Inc. The Foundation's Board of Directors includes one member of the District's Governing Board and two members of the District's management. The Foundation is a component unit of the District, who provides the Foundation with management and administrative services. Accordingly, the Foundation's management and administration functions, including its accounting function, are handled by the District. The Foundation reimbursed the District for approximately \$15,000 and \$26,000 of management and administrative costs for the years ended September 30, 2017 and 2016, respectively.

**Good Health Foundation, Inc.**  
**(A Component Unit of the Health Care District of Palm Beach County, Florida)**

**Notes to Financial Statements**

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**Note 5. Due to Palm Beach County Health Department**

The Foundation previously had an arrangement to accept funds on behalf of the Palm Beach County Health Department's Volunteer Health Services Program. These funds were used for Palm Beach County Health Department volunteer recognition and bus passes and food vouchers for Palm Beach County Health Department patients. For the year ended September 30, 2016 the Foundation accepted total contributions of approximately \$14,000 and as of September 30, 2016 the Foundation reported no liabilities in connection with the arrangement. This arrangement terminated during the fiscal year ended September 30, 2016.

**Note 6. Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 will be effective for the Foundation beginning with its year ending September 30, 2020. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Foundation beginning with its year ending September 30, 2019. The Foundation is currently evaluating the impact of the adoption of this new standard on its financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for the Foundation beginning with its year ending September 30, 2019. The Foundation is currently evaluating the impact of the adoption of this new standard on its statement of cash flows.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 will be effective for the Foundation beginning with its year ending September 30, 2019. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.