

# **Hazelden Betty Ford Foundation and Subsidiaries**

Consolidated Financial Statements and  
Supplementary Information

December 31, 2022 and 2021

# **Hazelden Betty Ford Foundation and Subsidiaries**

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December 31, 2022 and 2021

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## Independent Auditors' Report

To the Board of Trustees of  
Hazelden Betty Ford Foundation and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Hazelden Betty Ford Foundation and Subsidiaries (the Foundation), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2022 and 2021, and the <Select One>changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as referenced in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
April 25, 2023

**HAZELDEN BETTY FORD FOUNDATION AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS  
As of December 31, 2022 and 2021  
(in thousands)

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,718	\$ 12,918
Patient and other receivables	26,621	26,157
Contributions receivable, net	3,452	2,296
Inventories	3,268	2,233
Prepaid expenses	1,630	2,658
Total current assets	40,689	46,262
<b>PROPERTY AND EQUIPMENT, net</b>	163,462	165,116
<b>LONG-TERM INVESTMENTS</b>	156,378	189,239
<b>LONG-TERM CONTRIBUTIONS RECEIVABLE, net</b>	13,738	5,479
<b>BENEFICIAL INTEREST IN SPLIT INTEREST AGREEMENTS</b>	1,283	1,546
<b>GOODWILL</b>	1,422	1,641
<b>INTANGIBLE ASSETS, net</b>	11,868	11,908
<b>RIGHT TO USE ASSETS - OPERATING LEASES</b>	4,861	6,226
<b>RIGHT TO USE ASSETS - FINANCE LEASES</b>	510	-
<b>OTHER ASSETS, net</b>	2,168	1,440
<b>TOTAL ASSETS</b>	\$ 396,379	\$ 428,857
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,814	\$ 12,772
Accrued expenses	24,937	24,159
Current portion of long-term debt	12,140	12,803
Operating lease liabilities	1,435	1,383
Finance lease liabilities	142	-
Total current liabilities	47,468	51,117
<b>LONG-TERM DEBT, net of current portion</b>	45,952	48,223
<b>OTHER LONG-TERM LIABILITIES</b>		
Other long term liabilities	550	641
Long-term credit agreement	-	954
Operating lease liabilities - non-current	3,706	5,124
Finance lease liabilities - non-current	388	-
Total other long-term liabilities	4,644	6,719
Total liabilities	98,064	106,059
<b>NET ASSETS</b>		
Without donor restrictions	246,929	272,630
With donor restrictions	51,386	50,168
Total net assets	298,315	322,798
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 396,379	\$ 428,857

See accompanying notes to the consolidated financial statements.

**HAZELDEN BETTY FORD FOUNDATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
For the Years Ended December 31, 2022 and 2021  
(in thousands)

	2022	2021
<b>OPERATING REVENUES</b>		
Patient service revenue, net	162,850	152,526
Publishing revenue, net	25,419	29,480
Net graduate school tuition	2,560	3,243
Contributions	10,288	2,912
Grant revenue	223	6,431
Other	2,979	2,097
Net assets released from restrictions - operations	8,785	8,056
Total operating revenues	213,104	204,745
<b>OPERATING EXPENSES</b>		
Salaries and wages	114,708	109,496
Benefits	27,910	27,704
Cost of sales - publishing	6,207	7,161
Purchased services and professional fees	30,216	25,811
Other	33,177	31,171
Total expenses before interest, depreciation, amortization and accretion	212,218	201,343
<b>Net Income before interest, depreciation, amortization and accretion</b>	886	3,402
Interest	1,276	1,549
Depreciation, amortization and accretion	18,968	17,981
Total interest, depreciation, amortization and accretion expense	20,244	19,530
<b>Operating Loss</b>	(19,358)	(16,128)
<b>NONOPERATING GAINS (LOSSES)</b>		
Investment returns, net	(19,648)	16,989
Gain from extinguishment of debt	10,335	-
Other losses	(221)	(20)
Total nonoperating (losses) gains, net	(9,534)	16,969
<b>EXCESS (DEFICIENCY) OF REVENUES AND GAINS OVER EXPENSES</b>	(28,892)	841
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Net assets released from restrictions - capital	3,191	3,238
Total other changes in net assets without donor restrictions	3,191	3,238
<b>Change in Net Assets Without Donor Restrictions</b>	(25,701)	4,079
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	19,156	11,942
Investment income	(5,962)	4,189
Net assets released from restrictions - operations	(8,785)	(8,056)
Net assets released from restrictions - capital	(3,191)	(3,238)
<b>Change in Net Assets With Donor Restrictions</b>	1,218	4,837
<b>Total Change in Net Assets</b>	(24,483)	8,916
NET ASSETS, BEGINNING OF YEAR	322,798	313,882
<b>NET ASSETS, END OF YEAR</b>	\$ 298,315	\$ 322,798

See accompanying notes to the consolidated financial statements.

**HAZELDEN BETTY FORD FOUNDATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2022 and 2021  
(in thousands)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (24,483)	\$ 8,916
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, amortization and accretion	18,800	17,935
Realized and unrealized (gains) losses on investments	27,384	(19,588)
Gain from extinguishment of debt	(10,335)	-
Unrealized loss on split interest agreements	263	102
Loss on disposition of assets	141	18
Gain on settlement of ARO	(5)	(87)
Contributions restricted for endowment and plant	(4,964)	(3,872)
Provision for doubtful accounts	5,747	5,378
Other asset and liability changes, net	(18,604)	(9,004)
Net cash flows from operating activities	(6,056)	(202)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment additions	(17,689)	(16,306)
Film and video additions	(402)	(177)
Increase in cash surrender value on life insurance policies	(4)	(27)
Proceeds from sales of long-term investments	35,252	208,375
Purchases of long-term investments	(29,775)	(207,027)
Net cash flows from investing activities	(12,618)	(15,162)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	14,000	-
Repayments of line of credit	(4,000)	-
Proceeds from issuance of long-term debt	-	10,335
Repayments of long-term debt	(2,469)	(2,540)
Contributions received restricted for endowment and plant	3,943	4,553
Net cash flows from financing activities	11,474	12,348
Change in cash and cash equivalents	(7,200)	(3,016)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,918	15,934
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,718</b>	<b>\$ 12,918</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest, net of capitalized interest	\$ 1,409	\$ 1,714
Capitalized interest	\$ 679	\$ 452
Noncash investing and financing activities		
Property and equipment acquired through accounts payable	\$ 1,020	\$ 1,929
Right of use assets obtained in exchange for financing lease liabilities	\$ 586	\$ 2,360

See accompanying notes to the consolidated financial statements.



# Hazelden Betty Ford Foundation and Subsidiaries

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Notes to Consolidated Financial Statements  
December 31, 2022 and 2021  
(In Thousands)

## 1. Significant Accounting Policies

### Nature of Organization

Founded in 1949, the Hazelden Betty Ford Foundation (formerly the Hazelden Foundation, which merged in 2014 with the Betty Ford Center) is headquartered in Center City, Minnesota. The organization has helped millions of people change their lives and is recognized around the globe for expertise, leadership, innovation and advocacy.

The Hazelden Betty Ford mission:

"Harnessing science, love and the wisdom of lived experience, we are a force of healing and hope for individuals, families and communities affected by substance use and mental health conditions."

As a health care provider, Hazelden Betty Ford's recovery services have been accredited by the Joint Commission since 1974. Utilizing medicines, peer support and evidence-based practices such as motivational interviewing, cognitive-behavioral therapy and Twelve Step Facilitation, our organization merges behavioral and medical science with the transformative spirit of love and community in a holistic, multidisciplinary, model that has long been the gold standard for addiction care.

In addition to treatment centers and telehealth services across the United States, Hazelden Betty Ford has a network of collaborators throughout the healthcare industry. Our organization also includes a fully accredited graduate school of addiction studies, a publishing division, an addiction research center, recovery advocacy and thought leadership, professional and medical education programs and services, school-based prevention resources and a specialized program for children who grow up in families with addiction.

With the support of philanthropy, Hazelden Betty Ford is able to continuously advance and enhance care, research, programs and services, and invest in its commitment to being an inclusive organization that reflects and embraces differences, and that honors, serves and advocates for people from diverse and underrepresented backgrounds.

Hazelden Betty Ford obtained its tax-exempt status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") by a Determination Letter issued by the IRS in the year 1950. Accordingly, the organization is exempt from federal income taxation under Section 501(c) of the Code, and donations to it are tax deductible. Our website is [HazeldenBettyFord.org](http://HazeldenBettyFord.org).

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(In Thousands)

The broad continuum of addiction-related services provided by the Foundation is represented in the table below:

Site Name/Location	Residential	Day Treatment	Out-Patient	Recovery Housing	Children's Program
Beaverton, OR		✓	✓		
Bellevue, WA		✓	✓		
Center City, MN	✓	✓		✓	✓
Chaska, MN			✓		
Chicago, IL		✓	✓		
Denver, CO					✓
Los Angeles, CA			✓		
Maple Grove, MN			✓		
Naples, FL	✓	✓	✓	✓	
Newberg, OR	✓	✓		✓	
Plymouth, MN	✓	✓	✓	✓	
Rancho Mirage, CA	✓	✓	✓	✓	✓
San Diego, CA			✓		
St. Paul, MN		✓	✓	✓	
Tribeca NYC, NY			✓		

In addition to on-site, in-person services provided at the physical locations listed above, the Foundation is also licensed to deliver virtual outpatient treatment in all of the listed states as well as in Arizona, Colorado, Idaho, Missouri, Montana, New Jersey, New Mexico, Wisconsin and Wyoming.

The Foundation publishes and distributes educational material through the Hazelden Publishing division, provides consulting, prevention programs, skills training and technology tools to government, healthcare systems, behavioral health providers and schools through the Enterprise Solutions division of Hazelden Publishing, provides education and training programs for counselors and other professionals through the Hazelden Betty Ford Graduate School of Addiction Studies, conducts various research and evaluation programs through the Butler Center for Research, and provides a number of community services, all related to long-term addictions and mental health conditions.

Representing our leadership in addiction treatment, the Foundation's Institute for Recovery Advocacy, as a National Voice and Thought Leader, serves to shape public policy and educate people everywhere about the problems of addiction, which currently affects more than 85 million Americans.

### Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting and include the accounts of Hazelden Betty Ford Foundation and its wholly owned subsidiaries: Hazelden New York, a New York nonprofit corporation, Hazelden Chicago, an Illinois nonprofit corporation and Recovery Partners, P.C., a controlled, for-profit corporation (collectively, the Foundation). All significant intercompany transactions have been eliminated in consolidation.

## Hazelden Betty Ford Foundation and Subsidiaries

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Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(In Thousands)

### Net Assets

The Foundation segregates its net assets into the following two categories according to the existence or absence of donor-imposed restrictions:

**Net Assets Without Donor Restrictions** - Net assets without donor restrictions include all assets, liabilities, related revenues and expenses arising from the care of patients, the sales of books and educational materials, tuition from the School and other operating activities. Contributions without donor restrictions, investment income and restricted funds expended for operations are reflected in this category.

**Net Assets With Donor Restrictions** - Certain restricted net assets consist of unexpended gifts received from donors who have restricted their gifts for specific purposes or to use in a specific time period. When a donor restriction expires, that is, when a stipulated restriction ends or purpose restriction is accomplished, those restricted net assets are reclassified to net assets without donor restriction and reported as net assets released from restrictions.

Other restricted net assets consist of restricted gifts and pledges whose principal balance is required by the donor to remain intact in perpetuity. Investment earnings on these restricted net assets are expended as directed by the donor with the approval of the Board of Trustees.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions, (i.e., the donor-stipulated purpose has been fulfilled, the stipulated time period has elapsed and/or board appropriation) are reported as reclassifications between the applicable classes of net assets.

### Release of Restrictions on Net Assets for Acquisition of Land, Building and Equipment

Contributions of land, buildings and equipment are reported as revenues of the net asset class without donor restriction. Contributions of cash or other assets to be used to acquire land, building and equipment are reported as revenues of the net asset class with donor restriction; the restrictions are considered to be released at the time such long-lived assets are placed in service.

### Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of 90 days or less, except for those held for long-term investment.

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2022 and 2021  
(In Thousands)

### Contributions Receivable

The following is a summary of contributions receivable at December 31:

	<u>2022</u>	<u>2021</u>
Without donor restrictions, operating	\$ 1,050	\$ 5
With donor restrictions:		
Patient Aid	1,242	1,380
Prevention	469	646
Research	182	521
Graduate School	44	167
Operations	6	58
Capital	4,193	3,043
Other	12,056	2,740
Endowments	544	596
	<u>19,786</u>	<u>9,156</u>
Less allowance for uncollectible contributions receivable	(1,888)	(834)
Less unamortized discount	(708)	(547)
	<u>17,190</u>	<u>7,775</u>
Amounts due in:		
Within one year	\$ 5,256	\$ 3,546
One to five years	14,530	5,610
	<u>\$ 19,786</u>	<u>\$ 9,156</u>

Unconditional contributions receivable are recognized at fair value in the period pledged. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions are met. Annually, contributions receivable are discounted to the net realizable value as appropriate to reflect the estimated timing of receipt for contributions due more than one year from the date of receipt. Contributions receivable beyond one year are discounted primarily between 0.2 percent and 4.3 percent for 2022 and 0.2 percent and 1.7 percent for 2021. Contributions receivable due within one year are not discounted. The allowance for uncollectible contributions receivable is determined based on historical experience and specific identification.

### Leases

The Foundation has entered into lease agreements principally for outpatient facilities. These leases provide the ability to conduct business operations in the locations in which the Foundation operates. The operating leases are included in operating lease right-of-use assets and operating lease liabilities in the consolidated balance sheets.

Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and are recognized as lease expense on a straight-line basis over the lease term. The leases recorded on the consolidated balance sheets do not provide an implicit lease rate; therefore, the Foundation has utilized an incremental borrowing rate as the basis to calculate the present value of future lease payments at lease commencement. The incremental borrowing rate represents the rate that would have to be paid to borrow funds on a collateralized basis over a similar term and in a similar economic environment.

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2022 and 2021  
(In Thousands)

### Beneficial Interest in Split Interest Agreements

The Foundation is the beneficiary of various split-interest agreements that provide for payment of interest income to designated beneficiaries and remainder interest upon the maturity of the agreements. Assets are recorded at fair value based on the present value of assets expected to be received in the future using actuarial and other assumptions. The donor life expectancy and the discount rate ranging from 1 percent to 4.1 percent, based on the risk of each agreement, are used to estimate the fair value.

The Foundation was not gifted any new split interest agreements during 2022 or 2021.

### Inventories

Inventories are valued at the lower of average cost, determined on a first-in, first-out (FIFO) basis or net realizable value and consist principally of educational materials.

### Property and Equipment

Property and equipment additions are recorded at cost if purchased and at fair value at the date of gift if contributed, and are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5 to 35 Years
Buildings	7 to 40 Years
Equipment	3 to 15 Years
Leasehold improvements	5 to 8 Years

Property and equipment of the Foundation consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 27,423	\$ 22,897
Buildings	250,891	245,432
Equipment	121,096	109,891
Leasehold improvements	3,233	3,218
Construction in progress	5,476	11,611
	<u>408,119</u>	<u>393,049</u>
Subtotal	408,119	393,049
Less accumulated depreciation	<u>(244,657)</u>	<u>(227,933)</u>
Total	<u>\$ 163,462</u>	<u>\$ 165,116</u>

Depreciation expense totaled \$18,294 and \$17,291 for the years ended December 31, 2022 and 2021, respectively. The Foundation capitalizes property and equipment expenditures in excess of \$5. Outstanding commitments on construction contracts totaled approximately \$953 at December 31, 2022.

### Carrying Value of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances require that a long-lived asset be tested for possible impairment. The Foundation first compares undiscounted cash flows expected to be generated by the use and eventual disposition of the asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, the fair value is determined through various valuation techniques including, but not limited to discounted cash flow models, quoted market values and independent third-party appraisals. To date, no such impairment losses have been recorded.

## **Hazelden Betty Ford Foundation and Subsidiaries**

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Notes to Consolidated Financial Statements  
December 31, 2022 and 2021  
(In Thousands)

### **Long-Term Investments**

Investments are managed centrally and are recorded at fair value. Investment returns, which consist of investment income and realized and unrealized gains and losses, are allocated to the various categories of net assets based upon their interest in the commingled investments at fair value.

Investments include funds without donor restrictions and funds with donor restrictions that are perpetual in nature and purpose or time restricted received from donors to help support Foundation services and other investments.

### **Goodwill**

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired, and is amortized on a straight-line basis over ten years. The Foundation tests goodwill annually for impairment or earlier upon the occurrence of certain events or substantive changes in circumstances that indicate goodwill is more likely than not impaired.

### **Intangible Assets**

Intangible assets consist principally of a favorable ground lease contract, an option to purchase land, the rights to use the Betty Ford Center name and associated marks, the Betty Ford Center licenses to operate as a chemical dependency hospital and a children's program with copyrighted marketing components (Beamers rights). The ground lease is amortized over the life of the lease of 84 years. The option to purchase land is amortized over 84 years and the children's program is amortized over 10 years.

Intangibles with indefinite lives, including the Betty Ford Center name and associated marks as well as the Betty Ford Center licenses are tested annually or more frequently if circumstances indicate potential impairment, by comparing their fair values to their carrying amounts.

### **Other Assets**

Other assets consist principally of curricula costs, film and video product development costs, the cash surrender value of life insurance policies and artwork. Curricula costs are amortized over three years. Film and video product development costs are amortized over the estimated periods during which benefits are realized.

### **Fine Arts and Antiques**

The Foundation has elected to recognize contributions of fine arts and antiques in the consolidated financial statements although they are held for public exhibition in furtherance of educational and patient service purposes rather than for financial gain. They are valued at appraised value at the date of the gift.

### **Asset Retirement Obligations**

The Foundation owns certain buildings that contain encapsulated asbestos material. A liability is recognized for the asset retirement obligation (ARO) related to the estimated remediation cost of such material. Subsequent to initial recognition, the Foundation records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

The estimates of the losses that are probable from environmental remediation liabilities for asbestos removal were calculated using the expected cash flow approach based upon estimated current market prices to remove the asbestos and using appropriate discount and inflation rates. It is reasonably possible that changes in this estimate could occur in the near term and that actual results could differ from this estimate and could have an impact on the consolidated financial statements.

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(In Thousands)

Changes in the accrual for asset retirement obligations, which is included in other long-term liabilities on the consolidated balance sheets, during the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Balance, Beginning	\$ 183	\$ 264
Abatements	(5)	(87)
Accretion expenses	<u>6</u>	<u>6</u>
Balance, Ending	<u>\$ 184</u>	<u>\$ 183</u>

### Revenue Recognition

Patient service revenue is the primary source of revenue for the Foundation and is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third party payers (including health insurers) and others. Generally, the Foundation bills the patients and third party payers after the services are performed and/or the patient is discharged from the level of care. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Foundation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Foundation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient residential care services. The inpatient residential services represent a bundle of services that are not distinct services. As such, payment for those services is based on the patient's diagnosis and encompasses all the services provided during the patient's stay. The Foundation measures the performance obligation from admission into a residential facility to the point of time when the patient is discharged. Outpatient services are traditionally provided on a daily basis for a specific service. The performance obligation is considered to be met each day that services are provided as the patient is not required to continue services in subsequent periods and reimbursement is not contingent on the patient's continued receipt of services.

The Foundation uses the portfolio approach as a practical expedient for contracts related to net patient service revenue. The Foundation accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. Based upon historical collection trends, the Foundation has concluded that revenue for a given portfolio would not be materially different than if revenue was accounted for on a contract-by-contract basis.

The Foundation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third party payers and discounts and/or implicit price concessions provided to patients in accordance with the Foundation's policy. Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Foundation also provides services to uninsured patients, and generally offers those uninsured patients a discount from standard charges. The Foundation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The Foundation determines its estimated contractual adjustments and discounts based on contractual agreements. Subsequent changes to the Foundation's estimate of the transaction price are recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of credit and collection issues not assessed at the date of service are recognized as bad debt expense. Bad debt expense for the years ended December 31, 2022 and 2021 was not significant.

## Hazelden Betty Ford Foundation and Subsidiaries

### Notes to Consolidated Financial Statements

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(In Thousands)

Net patient revenues are derived from the following payer sources during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Blue Cross Blue Shield	36 %	35 %
United Behavioral Health	10	10
Health Partners	7	10
Other insurance contracts	36	35
Self-pay (includes out of network insurance)	<u>11</u>	<u>10</u>
	<u>100 %</u>	<u>100 %</u>

Credit is granted without collateral to patients, most of whom are residents in the communities that the Foundation serves and are insured under third-party payer agreements. The following table presents the mix of net patient accounts receivable as of December 31:

	<u>2022</u>	<u>2021</u>
Blue Cross Blue Shield	35 %	36 %
United Behavioral Health	16	15
Health Partners	11	12
Other insurance contracts	33	32
Self-pay (includes out of network insurance)	<u>5</u>	<u>5</u>
	<u>100 %</u>	<u>100 %</u>

The composition of net patient revenue based on service lines was as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Inpatient residential	\$ 109,921	\$ 100,751
Outpatient	<u>52,929</u>	<u>51,775</u>
Total	<u>\$ 162,850</u>	<u>\$ 152,526</u>

The Foundation has other sources of revenue which include publishing and educational services and higher education tuition. Those revenues are reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing goods and services. These amounts are due from customers, students and others. Revenue is recognized as performance obligations are satisfied, which for publishing is generally when the goods or services are provided. Higher education tuition revenue is recognized over time as the related performance obligation is satisfied.

Tuition revenues are reported net of scholarships and discounts that totaled \$302 and \$385 in 2022 and 2021, respectively. Publishing revenues are reported net of returns and allowances and shipping costs totaling \$1,177 and \$1,051 in 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Publishing revenue	\$ 25,419	\$ 29,480
Tuition revenue	2,560	3,243



## Hazelden Betty Ford Foundation and Subsidiaries

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Notes to Consolidated Financial Statements

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The Foundation has received support under the Coronavirus Aid, Relief and Economic Security (CARES) Act, including Provider Relief Funds (PRF) and Higher Education Emergency Relief Funds (HEERF). In accordance with the terms and conditions of the PRF, the Foundation could apply the funding against lost revenues and eligible expenses. Noncompliance with the terms and conditions could result in repayment of some or all of the support. The Foundation received \$198 and \$5,374 of PRF receipts in 2022 and 2021, respectively. Total PRF funds recognized as operating revenue were \$198 and \$5,947 in 2022 and 2021, respectively. The Foundation recognized HEERF receipts as revenue in the period in which funds were expended in accordance with the terms and conditions of the grant. The Foundation received \$52 and \$484 of HEERF receipts in 2022 and 2021, respectively. Total HEERF funds recognized as operating revenue were \$52 and \$484 in 2022 and 2021, respectively. The Foundation also received and recognized various grants from state and local government agencies in 2022 and 2021. Revenue recognized related to PRF, HEERF and other grants are presented as grant revenue on the statement of operations.

### Charity Care

The Foundation provides services to individuals and families who seek and qualify for care but are unable to pay the full cost. The Foundation refers to this charity care as patient aid. The patient aid policy provides that the Foundation will annually establish a target amount of aid based on a minimum of five percent of budgeted net adjusted patient service revenue (budgeted gross charges less budgeted contractual discounts).

The estimated costs of providing charity care are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Foundation's total recovery care expenses divided by gross patient service revenue. The estimated costs to provide charity care were \$6,426 and \$4,349 in 2022 and 2021, respectively. The Foundation released \$1,358 and \$1,161 of net assets with donor restrictions from donor contributions for patient aid in 2022 and 2021, respectively.

### MNCare Tax

The Foundation pays state tax in the state of Minnesota (MNCare Tax) on receipts. The tax is 2.0 percent of all non-Medicare and non-Medicaid receipts. The Foundation recognized approximately \$1,692 and \$1,592 of MNCare tax in total operating expenses for the years ended December 31, 2022 and 2021, respectively.

### Advertising

Advertising costs are charged to operating expenses when incurred. Advertising costs totaled \$916 and \$457 for the years ended December 31, 2022 and 2021, respectively.

### Excess (Deficiency) of Revenues and Gains Over Expenses

The consolidated statements of operations and changes in net assets include the excess (deficiency) of revenues and gains over expenses as an indicator of operating performance. Changes in net assets without donor restrictions that are excluded from revenues and gains over expenses, consistent with industry practice, include investment return related to net assets with donor restrictions and contributions of (and assets released from donor restrictions related to) long-lived assets.

### Tax Status

The Foundation and its subsidiaries have received notification that they qualify as tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly are not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation. The Foundation is not currently under examination by any taxing jurisdiction.

## Hazelden Betty Ford Foundation and Subsidiaries

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Recovery Partners, P.C. is a for-profit corporation subject to federal and state income tax. Deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets are recognized for deductible temporary differences and tax operating loss and tax credit carry forwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax asset will not be realized. Recovery Partners, P.C. continues to maintain a full valuation allowance against its deferred tax assets based on management's determination that the probability of their realization is not deemed to be more likely than not.

In accounting for uncertain tax positions, the Foundation recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merit of the position. Examples of tax positions include the tax-exempt status of the Foundation and various tax positions related to potential sources of unrelated business taxable income. The Foundation had no uncertain tax positions as of December 31, 2022 and 2021.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### New Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU address presentation and disclosure of contributed nonfinancial assets and require that a not-for-profit entity present contributed nonfinancial assets as a separate line item in the statement of operations and changes in net assets, apart from contributions of cash and other financial assets. Disaggregated disclosures of contributed nonfinancial assets recognized within the statement of operations and changes in net assets are required to depict the type of contributed nonfinancial assets. In addition, qualitative information is required to be disclosed, including whether the contributed nonfinancial assets were either monetized or utilized during the reporting period and if utilized, a description of the programs or other activities in which those assets were used. Other required disclosures include the description of the not-for-profit's policy about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, and a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition. The amendments in this ASU were effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022, and were required to be applied retrospectively. The Foundation applied these changes with no material impact on its consolidated financial statements.

During March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The Foundation adopted ASU No. 2020-04 effective January 1, 2021 and elected the expedients and exceptions included in the aforementioned standard, resulting in no impact to its results of operation, financial position and cash flows.

## Hazelden Betty Ford Foundation and Subsidiaries

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During June 2016, FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022 (2023). The Foundation is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its consolidated financial statements.

### Reclassification

Certain amounts have been reclassified in the 2021 financial statements to conform to the 2022 presentation. There was no change in the Foundation's net assets or excess (deficiency) of revenues and gains over expenses as a result of these reclassifications.

## 2. Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The tables within this note are not intended to indicate the volatility of the investments.

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements

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(In Thousands)

The following tables summarizes financial instruments measured at fair value on a recurring basis by classification within the three-level hierarchy for the years ended December 31, 2022 and 2021:

	<b>2022</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Long-term investments:				
Cash and short-term equivalents	\$ 2,066	\$ 1,357	\$ 709	\$
Equity securities:				
U.S. equities	10,505	10,505		
Mutual funds:				
U.S. equity funds	36,675	36,675		
Non U.S. equity funds	29,920	29,920		
Fixed income funds	20,903	20,903		
Real assets funds	7,207	7,207		
Alternative investment:				
Private equity	3,341			3,341
Subtotal long-term investments	110,617	106,567	709	3,341
Beneficial interest in split-interest agreements	1,283		712	571
Total	<u>\$ 111,900</u>	<u>\$ 106,567</u>	<u>\$ 1,421</u>	<u>\$ 3,912</u>
Long-term investments measured at fair value	\$ 110,617			
Alternative investments measured using net asset value	45,761			
Total	<u>\$ 156,378</u>			

Alternative investments are measured at fair value using the net asset value (NAV) per share (or its equivalent) of such investment funds as a practical expedient for fair value.

## Hazelden Betty Ford Foundation and Subsidiaries

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(In Thousands)

	2021			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Long-term investments:				
Cash and short-term equivalents	\$ 9,922	\$ 3,742	\$ 6,180	\$
Equity securities:				
U.S. equities	12,095	12,095		
Mutual funds:				
U.S. equity funds	44,901	44,901		
Non U.S. equity funds	40,148	40,148		
Fixed income funds	25,166	25,166		
Real assets funds	8,248	8,248		
Alternative investment:				
Private equity	3,223			3,223
Subtotal long-term investments	143,703	134,300	6,180	3,223
Beneficial interest in split-interest agreements	1,546		790	756
Total	<u>\$ 145,249</u>	<u>\$ 134,300</u>	<u>\$ 6,970</u>	<u>\$ 3,979</u>
Long-term investments measured at fair value	\$ 143,703			
Alternative investments measured using net asset value	45,536			
Total	<u>\$ 189,239</u>			

Alternative investments are measured at fair value using the net asset value (NAV) per share (or its equivalent) of such investment funds as a practical expedient for fair value.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

### Cash and Short-Term Equivalents

The fair value of short-term investments, consisting primarily of money market funds, are classified as Level 1 if they are traded in an active market for which closing prices are readily available and as Level 2 if the funds are not traded on a regular basis.

### Equity Securities

Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

### Mutual Funds

Mutual funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

## Hazelden Betty Ford Foundation and Subsidiaries

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### Alternative Investment

An investment in private equity for which there is no readily determinable fair value is classified as Level 3 as the valuations are based on significant unobservable inputs.

### Beneficial Interest in Split Interest Agreements

Some of the beneficial interest in irrevocable split interest agreements held or controlled by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Others are classified as Level 2 as the fair values are based on observable inputs, including interest rates, yield curves, life expectancy tables and contractual cash flows. The fair values are estimated using the income approach by calculating the present value of the future distributions the Foundation expects to receive over the term of the agreements.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables present a reconciliation of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended December 31, 2022 and 2021:

	2022				
	Balances January 1, 2022	Realized and Unrealized Gains (Losses)	Purchases	Settlements	Balances December 31, 2022
Assets:					
Private equity	\$ 3,223	\$ 118	\$ -	\$ -	\$ 3,341
Beneficial interest in split-interest agreements	756	(185)	-	-	571
Total	<u>\$ 3,979</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,912</u>
	2021				
	Balances January 1, 2021	Realized and Unrealized Gains (Losses)	Purchases	Settlements	Balances December 31, 2021
Assets:					
Private equity	\$ 2,811	\$ 412	\$ -	\$ -	\$ 3,223
Beneficial interest in split-interest agreements	835	(72)	-	(7)	756
Total	<u>\$ 3,646</u>	<u>\$ 340</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ 3,979</u>

The fair value of certain funds has been estimated using the Net Asset Value (NAV) as reported by the management of the fund as a practical expedient.

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements

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(In Thousands)

The following table lists the investments in alternative investments by manager and category:

	Sona Credit Fund Limited Partnership (offshore)	Aurelius Capital International Fund II Limited Partnership (offshore)	Rimrock High Income Plus Commingled Vehicle (offshore)	Clear Lake Capital Partners VII Limited Partnership	Silchester Intl Value Equity Commingled Fund
Fair value, December 31, 2022	\$ 2,824	\$ 1,885	\$ 0	\$ 584	\$ 10,418
Fair value, December 31, 2021	\$ 0	\$ 0	\$ 359	\$ 0	\$ 11,131
Significant investment strategy	Hedge Fund Long/Short Credit	Hedge Fund Multi-Strategy	Opportunistic Fixed Income Multi-Strategy	Private Equity Value-oriented Buyout	International Value Equity Strategy
Remaining life	N/A	N/A	N/A	5 Years +	N/A
Dollar amount of unfunded commitments	None	None	None	\$ 799	None
Timing to draw down commitments	N/A	N/A	N/A	5+ Years	N/A
Redemption terms	Quarterly with 45 days' notice	Quarterly with 65 days' notice; 18 month lock-up	Quarterly with 45 days' notice	N/A	Monthly with 10 days' notice
Redemption restrictions	Redemptions are subject to a 25% fund level gate, with at least 45 days notice	Redemptions are subject to a 25% investor level gate, with at least 65 days notice	None	Illiquid	Minimum redemption of \$500
Redemption restrictions in place at year end	None	18 month lock-up period: initially funded April 2022	None	Illiquid	None

## Hazelden Betty Ford Foundation and Subsidiaries

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	Energy Capital Partners Mezzanine** (Limited Partnership)	Wellington Emerging Markets Commingled Vehicle	Renaissance RIDGE Commingled Fund (Offshore)	Lead Edge Capital VI** Limited Partnership	Davidson Kempner Offshore Limited Partnership
Fair value, December 31, 2022	\$ 35	\$ 8,450	\$ 1,760	\$ 70	\$ 3,531
Fair value, December 31, 2021	\$ 117	\$ 10,593	\$ 1,729	\$ 0	\$ 3,551
Significant investment strategy	Mezzanine investments in energy infrastructure	Emerging Markets Equity	Hedge Fund Multi-Strategy	Private Equity Growth-oriented / Late Stage Venture	Hedge Fund Multi-Strategy
Remaining life	5 + years	N/A	N/A	5 Years +	N/A
Dollar amount of unfunded commitments	\$ 96	None	None	\$ 1,350	None
Timing to draw down commitments	19% of Commitment (\$96) for remaining fund item	N/A	N/A	4+ Years	N/A
Redemption terms	N/A	Monthly	Monthly with 60 days' notice	N/A	Quarterly with 65 days' notice
Redemption restrictions	Illiquid	None	None*	Illiquid	Redemptions are subject to a 10% fund level gate, with at least 65 days' notice
Redemption restrictions in place at year end	Illiquid	None	None	Illiquid	None

\* No liquidity restraints. However, redemptions can be suspended or delayed in certain extraordinary circumstances.

\*\* Valuation date: September 30, 2022



## Hazelden Betty Ford Foundation and Subsidiaries

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Notes to Consolidated Financial Statements

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(In Thousands)

	<b>Hudson Bay International Fund* Commingled Fund (Offshore)</b>
Fair value, December 31, 2022	\$ 166
Fair value, December 31, 2021	\$ 1,659
Significant investment strategy	Hedge Fund Multi-Strategy
Remaining life	N/A
Dollar amount of unfunded commitments	None
Timing to draw down commitments	N/A
Redemption terms	Quarterly with 65 days' notice
Redemption restrictions	Redemptions are subject to a 25% ratable quarterly investor level gate with at least 65 days' notice
Redemption restrictions in place at year end	None

\* Market value represents a holdback which is expected to be paid out in April/May 2023

## Hazelden Betty Ford Foundation and Subsidiaries

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(In Thousands)

	<b>Atalan Offshore Limited Partnership</b>	<b>HG Vora Offshore Limited Partnership</b>	<b>Shellback Offshore Limited Partnership</b>	<b>Silverpoint Offshore Limited Partnership</b>
Fair value, December 31, 2022	\$ 1,453	\$ 1,689	\$ 1,386	\$ 2,542
Fair value, December 31, 2021	\$ 1,696	\$ 1,920	\$ 1,581	\$ 2,474
Significant investment strategy	Hedge Fund Multi-Strategy	Hedge Fund Multi-Strategy	Hedge Fund Multi-Strategy	Hedge Fund Multi-Strategy
Remaining life	N/A	N/A	N/A	N/A
Dollar amount of unfunded commitments	None	None	None	None
Timing to draw down commitments	N/A	N/A	N/A	N/A
Redemption terms	Quarterly with 60 days' notice	Quarterly with 90 days' notice	Quarterly with 45 days' notice	Quarterly with 90 days' notice
Redemption restrictions	Redemptions are subject to a 25% investor level gate, with at least 60 days' notice	Redemptions are subject to a 25% investor level gate, with at least 90 days' notice	3% penalty for redemptions during the first year of investment	The first installment (25%) may be redeemed on the first quarter- end that occurs following the one-year anniversary of the effective date of the Subscription. The other installments may be redeemed on each of the three subsequent quarter-ends.
Redemption restrictions in place at year end	None	None	None	None

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	<b>Tudor Riverbend Offshore Limited Partnership</b>	<b>Arkkan Opportunities Fund Offshore Limited Partnership</b>	<b>Pelham Long/Short Fund Offshore Limited Partnership</b>	<b>Brevan Howard MB Macro Fund Offshore Limited Partnership</b>
Fair value, December 31, 2022	\$ 2,573	\$ 2,407	\$ 927	\$ 3,061
Fair value, December 31, 2021	\$ 2,482	\$ 2,418	\$ 1,313	\$ 2,513
Significant investment strategy	Hedge Fund Multi-Strategy	Hedge Fund Multi-Strategy	Hedge Fund Multi-Strategy	Hedge Fund Multi-Strategy
Remaining life	N/A	N/A	N/A	N/A
Dollar amount of unfunded commitments	None	None	None	None
Timing to draw down commitments	N/A	N/A	N/A	N/A
Redemption terms	Quarterly with 60 days' notice	Quarterly with 90 days' notice	Monthly with 180 days' notice	Monthly with 3 months' notice
Redemption restrictions	None	Redemptions are subject to a 25% investor level gate, with at least 90 days' notice	Redemptions are subject to a 10% Master- Fund level gate, with at least 180 days' notice	Redemptions are subject to a 12.5% investor level gate, with at least 3 months' notice
Redemption restrictions in place at year end	None	None	None	None

## Hazelden Betty Ford Foundation and Subsidiaries

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### 3. Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Restricted for donor specified purposes:		
Patient aid	\$ 734	\$ 518
Prevention	943	511
Student aid	348	313
Research	777	998
Operations	149	123
Special projects	4,555	5,559
Contributions receivable	14,586	5,509
	<u>22,092</u>	<u>13,531</u>
Subject to Foundation spending policy and appropriation Restricted in perpetuity (including amounts above original gift appropriated, is expendable to support):		
Patient Aid	17,783	17,762
Operations	9,203	9,197
Prevention	1,654	1,604
Student Aid	833	827
Research	4,497	4,486
Special projects and other	504	488
Contributions receivable	388	435
	<u>34,862</u>	<u>34,799</u>
Earnings/(Underwater endowments)	<u>(5,568)</u>	<u>1,838</u>
Total	<u>\$ 51,386</u>	<u>\$ 50,168</u>

### 4. Net Assets Released From Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors are as follows during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Patient aid	\$ 1,358	\$ 1,161
Prevention	1,747	1,867
Student aid	265	235
Research	1,084	1,315
Operations	485	332
Other	2,388	1,658
Release of appropriated endowment amounts with purpose restrictions	<u>1,458</u>	<u>1,488</u>
Total	<u>\$ 8,785</u>	<u>\$ 8,056</u>

## Hazelden Betty Ford Foundation and Subsidiaries

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### 5. Long-Term Investments

The following summarizes the fair value of the Foundation's investments at December 31:

	<u>2022</u>	<u>2021</u>
Cash and short-term equivalents	\$ 2,066	\$ 9,922
Equity securities	10,505	12,095
Mutual funds	103,156	129,415
Fund of mutual funds	10,418	11,131
Alternative investments:		
Private equity	3,341	3,223
Mezzanine energy infrastructure fund	34	117
Hedge funds	26,858	23,336
	<u>\$ 156,378</u>	<u>\$ 189,239</u>

The following summarizes the investment returns of the Foundation's investments at December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,773	\$ 2,097
Realized gains on investments	3,520	48,176
Change in unrealized gain (loss) on investments	(24,941)	(32,776)
Investment income gain (loss), restricted investments	(5,962)	4,189
	<u>\$ (25,610)</u>	<u>\$ 21,686</u>

The Foundation's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to global and domestic equity, fixed income, commodities, real estate and private equity markets. The alternative investments were entered into to diversify the Foundation's portfolio, to manage exposure to volatility in overall earnings and to provide market neutral holdings.

The Foundation's endowment funds are included in long-term investments. See Note 15.

Investment returns are reported net of related expenses of \$480 and \$508 for the years ended December 31, 2022 and 2021, respectively.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

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### 6. Intangible Assets

A majority of the intangible assets were acquired as part of the Foundation's merger with Betty Ford Center in 2014 and consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Ground lease, net	\$ 536	\$ 543
Options, net	2,130	2,159
Betty Ford trade name	5,741	5,741
Licenses	2,620	2,620
Betty Ford program	820	820
Beamer rights, net	21	25
	<u>\$ 11,868</u>	<u>\$ 11,908</u>

Accumulated amortization was \$352 and \$312 as of December 31, 2022 and 2021, respectively. Amortization expense was \$40 and \$40 in 2022 and 2021, respectively. Estimated future amortization expense is as follows:

Years ended:	
2023	\$ 40
2024	40
2025	40
2026	40
2027	40
Thereafter	<u>2,486</u>
	<u>\$ 2,686</u>

### 7. Debt

#### Short-Term Debt

The Foundation has a \$25,000 revolving unsecured line of credit agreement through September 21, 2023. The interest rate is 1.5 percent plus the greater of (i) zero percent (0.0%) and (ii) the one-month LIBOR rate or any successor thereto which may be designated by Lender (effective rate of 6.08 percent at December 31, 2022 and 1.75 percent at December 31, 2021). At December 31, 2022, the amount outstanding was \$10,000. As of December 31, 2021, there was no amount outstanding on the line of credit.

In May 2021, the Foundation obtained two loans from U.S. Bank in the amount of \$10,335 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security (CARES) Act as amended by the Economic Aid Act and the American Rescue Plan Act (the Acts). Per the terms of the loans, the amounts borrowed may be forgiven in part or in full to the extent proceeds of the loans are used for eligible expenditures such as payroll and other expenses described in the Acts. The loans were accounted for as debt instruments in accordance with ASC 470, Debt. Interest accrued on the loans at a rate of 1% per annum and totaled \$78 at December 31, 2021. In February, 2022, the Foundation received notice of PPP forgiveness from the Small Business Administration (SBA) to the U. S. Bank, National Association indicating full forgiveness of the loans and accrued interest totaling \$10,413. During 2022, the Foundation performed an analysis and concluded that it had met all conditions relative to applying for and receiving subsequent forgiveness of the loan. As such, the Foundation recognized a gain on extinguishment of the PPP loan in 2022 which is presented in nonoperating gains and losses on the consolidated statements of operations and changes in net assets. The PPP loan is subject to audit by the SBA for a period of 6 years.

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### Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
City of Center City, Minnesota Fixed Rate Health Care Facilities Revenue Bonds, Series 2014	\$ 30,375	\$ 31,915
City of Center City, Minnesota Fixed Rate Health Care Facilities Revenue Bonds, Series 2019	15,040	15,575
Paycheck Protection Program, Hazelden Chicago	-	335
Paycheck Protection Program, Foundation	-	10,000
Line of credit, unsecured	10,000	-
Bank loans	-	394
	<u>55,415</u>	<u>58,219</u>
Bond premium	3,191	3,347
Less:		
Current portion	(12,140)	(12,803)
Deferred debt acquisition costs, net	(514)	(540)
	<u>(12,654)</u>	<u>(13,343)</u>
Total	<u>\$ 45,952</u>	<u>\$ 48,223</u>

#### City of Center City, Minnesota Fixed Rate Health Care Facilities Revenue Bonds, Series 2014

On July 1, 2014, the City of Center City, Minnesota issued \$38,730 in fixed rate health care facilities revenue bonds on behalf of the Foundation. The proceeds were used to construct and equip an addition to the existing St. Paul, Minnesota campus, to construct and equip a new patient unit at the existing Center City, Minnesota campus and to redeem the City of Center City Revenue Bonds Series 2000, 2002 and 2005. The bonds mature in serial increments or are otherwise subject to mandatory sinking fund redemptions, beginning November 1, 2015 through November 1, 2044 at fixed interest rates ranging from 2.0 percent to 5.0 percent. Under the loan agreement, serial maturities or mandatory sinking fund redemptions beginning on November 1, 2015 through 2044 range from \$595 to \$2,435.

#### City of Center City, Minnesota Fixed Rate Health Care Facilities Revenue Bonds, Series 2019

On August 5, 2019, the City of Center City, Minnesota issued \$16,640 in fixed rate health care facilities revenue bonds on behalf of the Foundation. The proceeds were used to redeem the Series 2011 revenue bonds in full. The bonds mature in serial increments or are otherwise subject to mandatory sinking fund redemptions, beginning November 1, 2019 through November 1, 2041 at fixed interest rates ranging from 3.0 percent to 4.0 percent. Under the loan agreement, serial maturities or mandatory sinking fund redemptions beginning on November 1, 2019 through 2041 range from \$40 to \$5,975.

On July 1, 2016, the Foundation entered into a 6-year loan agreement with U.S. Bank to refinance other bank loans. The agreement specifies quarterly principal payments of \$131. The unsecured loan bears a fixed interest rate of 2.97 percent per annum and was repaid in full in 2022.

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Principal payments are due as follows (in thousands):

2023	\$	12,140
2024		2,240
2025		2,345
2026		2,460
2027		2,575
Thereafter		<u>33,655</u>
	\$	<u>55,415</u>

Interest expense totaled \$1,276 and \$1,549 for the years ended December 31, 2022 and 2021, respectively. Capitalized interest of \$679 and \$452 is included in interest paid for the years ended December 31, 2022 and 2021, respectively.

Costs of debt issuance are deferred and amortized on a straight-line basis over the term of the related indebtedness. Amortization expense of \$25 and \$25 was recorded for the years ended December 31, 2022 and 2021, respectively. The amount of accumulated amortization was \$151 and \$126 as of December 31, 2022 and 2021, respectively. The unamortized balance is included as a reduction to long-term debt on the consolidated balance sheets.

The debt agreements contain covenants which, among other matters, require the Foundation to maintain certain financial ratios. The Foundation was in compliance with all such covenants at December 31, 2022 and 2021.

### 8. Charity Care and Community Benefit

In meeting the Foundation's mission and underlying charitable purpose, the Foundation invests time, financial resources and energy to help people and communities understand and address addiction as a treatable chronic disease, and spread the word that recovery is possible. "Be of service" is an integral core value which the Foundation demonstrates in a variety of ways.

The Foundation provides treatment services to individuals and families who seek and qualify for care but are unable to pay the full cost. The Foundation's patient aid policy provides that the Foundation will annually establish a target amount of patient financial assistance. The estimated costs to provide charity care were \$6,426 and \$4,349 in 2022 and 2021, respectively.

In addition to its annual provision for charity care (see Note 1), the Foundation provides a variety of other benefits for the public good including:

#### Graduate School of Addiction Studies

The Hazelden Betty Ford Graduate School of Addiction Studies prepares future leaders in addiction counseling through two available degrees: Master of Arts in Addiction Counseling: Advanced Practice and Master of Arts in Addiction Studies: Integrated Recovery for Co-Occurring Disorders. The school emphasizes public engagement as a means of serving constituent communities. In 2022, students provided approximately 46,791 hours of clinical services at agencies reaching underserved and economically disadvantaged populations.

The school offers a full scholarship each year to a student who works at Chisago County Health and Human Services, and we provide continuing education to these Chisago County professionals at no cost. In 2022, 68 students graduated from the school with master's degrees. Overall, more than 92% of graduates who seek careers in the addiction treatment field find employment in their home communities or at regional or national treatment agencies. Faculty and graduate school leaders participate in public service events throughout the United States and make research, educational and scholarly contributions to the field of addiction treatment.



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### Butler Center for Research

The Butler Center for Research (BCR) is dedicated to improving recovery from addiction by conducting clinical and institutional research, collaborating with other research centers and communicating scientific findings. It is the Center's vision that sustained recovery for all who seek help will be achieved through advancements in knowledge and integration of research into practice.

In 2022, the BCR participated in the following activities:

- As part of the Hazelden Betty Ford Foundation's commitment to evidence-based practice, a variety of projects were conducted to inform clinical care and academic programming, identify programmatic and treatment needs, drive data-based decision-making, and contribute to the professional and public knowledge of addiction treatment and recovery services. Projects included data collection, data analyses, research-based collaborations, published journal articles, industry trend reports, on-going consultation and webinars, among others.
- In response to the global novel coronavirus pandemic, the Foundation had to pivot the majority of its in-person services to virtual in March 2020. Given that very little was currently known about the efficacy of virtual group services for addiction, the BCR undertook an evaluation of the intensive outpatient and partial hospitalization program virtual services rollouts in order to better understand what type of patients benefit from in-person or virtual addiction care. Preliminary findings from these projects have already helped inform the Foundation's approach to providing virtual care as a viable alternative to some in-person services, and have resulted in manuscripts that are in press.
- Research collaborations with other industry leaders expanded in 2022 and included:
  - In partnership with Spark Biomedical, the BCR began the RESTORE study, funded by the National Institutes of Health HEAL Initiative. This multisite randomized clinical trial will examine how TAN (transcutaneous auricular neurostimulation) therapy, delivered by an FDA-approved non-invasive wearable device worn behind the ear, can improve relapse prevention for individuals with opioid use disorder. Recruitment began in 2022 and will continue in 2023. Findings from this study will ultimately help people stay engaged in their care, avoid returning to use, and sustain their recovery.
  - The BCR continued their multi-year collaboration with the Mayo Clinic through three separate research projects:
    - Funded by the National Institute on Alcohol Abuse and Alcoholism (NIAAA), Mayo & BCR researchers are examining the use of acamprosate, an FDA-approved medication targeting alcohol craving. This project aims to identify biomarkers that may predict patient response to the use of the medication, with the hope of finding new genes linked to alcoholism treatment response. The project continued recruitment throughout 2022, notwithstanding continued COVID-19 restrictions, and will be ongoing in 2023. Findings from this study could have substantial impact and inform substance use treatment on a national scale.

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- Similarly, this group is also studying the use of naltrexone and buprenorphine, FDA-approved medications for the treatment of cravings related to opioid use disorder (OUD). In this innovative donor-funded study, the BCR and Mayo will use internally developed breakthrough technology to “reprogram” the cell lines in patient blood samples over a 6-month period to differentiate into brain region specific organoids (so-called “mini brains” in a petri dish), which will then be exposed to the medications used to treat OUD to measure how each individual brain’s cells respond. Results obtained from this pilot study will be used to generate new hypotheses to better understand the molecular underpinning of OUD and response to FDA-approved therapeutic agents used in the treatment of OUD.
- Pain is common among adults with substance use disorders (SUD). Individuals with SUD, specifically with opioid use disorder (OUD) and co-occurring pain are at a significantly greater risk (i.e., 3-5 times more likely) of chronic substance use and relapse, in addition to the need for and consumption of greater quantities of health-related services. However, researchers have limited understanding of the diverse manifestations of pain among individuals with SUD. To fill this gap, this collaborative research between BCR and Dr. Hooten of the Mayo Clinic, aims to better understand the associated psychophysiological (linked beliefs, emotions, physiological stimuli and sensations) symptoms associated with pain tolerance and threshold in patients struggling with OUD. Data collection continued in 2022.
- BCR partnered with other organizations, such as
  - Virginia Commonwealth University researchers on a NIAAA grant-funded study, “Genes, addiction and personality.” This research is part of a genome-wide association study to learn more about the relationships between personality, mental health, substance use and genes. Data collection continued in 2022 and will be ongoing in 2023.
  - University of Minnesota assessing how differences between individuals with alcohol use disorder and opioid use disorder contribute to relapse.
  - Recovery Research Institute at Harvard Mass General, BCR is set to begin recruitment in 2023 for a research study to examine the role and influence of social identity and social networks in the development of recovery capital and substance use outcomes for adolescents with alcohol or other drug use disorder.

Research Updates continue to be written and disseminated to professionals, educators, researchers, students and other stakeholders. These brief summaries of scientific findings from the field of addiction treatment research are provided at no cost as a community benefit to policymakers, treatment professionals and the public at large. Research Updates are also available on the BCR web page at <https://www.hazeldenbettyford.org/research-studies/addiction-research>.

### Medical and Professional Education

The Professionals in Residence (PIR) program and the Summer Institute for Medical Students (SIMS) give medical students, residents, health care and legal professionals an in-depth experience with the dynamics of the disease of addiction. Intensive one-week programs blend classes presented by Hazelden Betty Ford Foundation physicians and expert clinicians with time spent interacting with patients and staff on residential and day treatment units. Participants learn about the latest research and evidence-based methods from our multidisciplinary faculty.

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A rotation on addiction for psychiatry, family medicine and internal medicine residents is available in Minnesota and California. A one-year ACGME-accredited Addiction Medicine Fellowship is available at the Betty Ford Center in Rancho Mirage, California, and a Course on Addiction and Recovery Education (CARE) is available worldwide. The Minnesota, California and Oregon sites offer customized programming for larger groups. In 2022, our Medical and Professional Education programs trained a total of 458 participants.

### **Public Advocacy**

By informing public audiences and key stakeholders about important issues, Hazelden Betty Ford seeks to diminish public stigma related to addiction and improve the formulation of policy at its earliest stages. Through its advocacy, the Foundation also supports each Hazelden Betty Ford facility, its employees and other interested stakeholders by responding to requests and providing information on relevant federal, state and local issues and legislation.

At the federal level, Hazelden Betty Ford continued contributions to the Partnership to Amend 42 CFR Part 2, a coalition that advocates for aligning conflicting federal laws related to the sharing of medical records to allow appropriate access to patient information that is essential for providing whole-person care. Additionally, Hazelden Betty Ford advocated for policy changes to improve access to quality prevention, treatment and recovery-related resources.

At the state level, Hazelden Betty Ford met and communicated with policymakers in California, Florida, Minnesota, New York, Oregon and elsewhere related to organizational priorities to expand services to people across the country. The firm Fredrikson & Byron, P.A., was retained to help with lobbying efforts in Minnesota.

Hazelden Betty Ford's advocacy leaders sponsored or provided speakers for numerous events in 2022 and distributed a monthly Advocacy Update email to a national list of subscribers, while also producing blogs and audio-video content, providing or securing media interviews to support its advocacy agenda, and generating thousands of social media impressions and website visitors. The Foundation regularly receives requests for information on addiction, treatment and recovery issues from policymakers, the media and the public. By serving as a reliable resource to many, the Foundation was able to influence policy and public attitudes in diverse ways.

### **Community Education and Relations**

Throughout 2022, COVID restrictions loosened and the Foundation was able to bring back many in person events, while continuing virtual support, speaking opportunities and meetings. We continued to deliver both virtual and in person events to our alumni and the recovery community. Between alumni events and live and recorded webinars, over 4,000 people were reached.

The Speakers Bureau helped place the organization's many spokespeople at events, with 87 different employees delivering 93 presentations in 36 locations, as well as virtual presentations available globally.

We also provided education and support at our free, open-to-the-public Caring Families groups, held online twice weekly for the Florida community. Educational scholarships from the Foundation totaling \$5,200 were awarded to students at six high schools in the Twin Cities and Center City areas of Minnesota, as well as two western Wisconsin high schools.

## **Hazelden Betty Ford Foundation and Subsidiaries**

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### **Publishing**

Hazelden Publishing is the leading publisher of state-of-the-art resources for preventing, treating and managing addiction and closely related issues. Translating research into practice, we help organizations treat the whole client by offering information, guidance, tools and support to meet their unique needs. With 149 new offerings in 2022, our publications continue to provide inspiration, guidance and encouragement to millions around the world every day. In 2022, Hazelden Publishing generated 30 new publications, six new Spanish translations, two new curriculums, six new distributed products, 16 new e-books, 11 new translation rights, 11 new subscriptions, 61 new and refreshed trainings, four new videos and two specialty gifts. If not for our mission and commitment, much of this material would not be published and available to consumers because of its limited appeal to mainstream publishers. Hazelden Publishing's materials also reach underserved populations, including many customers in the community treatment, faith-based and corrections markets. Additionally, through its BookAid program, Hazelden Publishing sent out book packages that reached people through libraries that serve programs and institutions in need. BookAid resources were sent to individuals and organizations in the United States and around the world.

Hazelden Publishing's Training and Consulting Solutions team transforms organizational systems and culture, empowering educators and providers in health care, treatment and social services to deliver evidence-based, best-practice services throughout the continuum of care. The Building Assets and Reducing Risk division—a strengths-based program that provides schools with a comprehensive approach to meeting the academic, social and emotional needs of all students through training and coaching—trained 126 schools in 2022, impacting the lives of over 30,000 students and 3,000 educators in a diverse range of communities. In addition, our Prevention Solutions division delivered intensive education to over 50,000 students across 220 schools in 33 states and 19 countries. Consultants and trainers in the Clinical and Medical Solutions division reached approximately 4,250 professionals in 26 states in 2022, addressing stigma associated with addiction and helping communities embrace recovery as the expectation. Finally, our Summer Institute for Medical Students and Professionals in Residence programs hosted 2,995 participants in 2022, expanding into new states with new partnerships across the country. For yet another year, the Training and Consulting team is empowering professionals to be agents of hope and healing.

### **Children's Programs**

The Hazelden Betty Ford Children's Program provides prevention and education services to children and families with addiction. Programs are located in California, Minnesota and Colorado. The year began with COVID-19 restrictions still in place, preventing the ability to resume in-person Children's programming until May of 2023. Based on the success in 2021 and into 2022, the Children's Program made a bold decision to keep both Virtual and In-Person programs going forward, knowing how important it was to not only help our surrounding communities, but to extend our reach to other underserved communities in need. The program hosted 92 total programs and served 534 children both virtual and in-person. Virtual programming includes a two-day initial Virtual Children's Program, Stage II and caregiver workshops. The traditional in-person program is a 4-day comprehensive program that includes caregivers. An additional 1,415 children received support through virtual and in-person continuing care offered weekly on Wednesday evenings for alumni of the Children's Program. No child has ever been turned away because of lack of financial ability to pay: All of the virtual participants attended at no cost, due to the generous donations received through philanthropic support.

Reengaging into our communities and understanding the current needs of children and families post pandemic is a top priority. The Children's staff put efforts into attending network and outreach opportunities, both in-person and virtually, across the nation last year. Collectively, the team provided program information and training through meetings, webinars and conferences to over 8000 professionals and community members.

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### Web and Social Networks

The corporate website, [www.HazeldenBettyFord.org](http://www.HazeldenBettyFord.org), continued to grow in 2022 with nearly 10 million sessions, an increase of 10,000 in organic sessions over 2021. “Thought for the Day” remained the most popular feature on the website, with an average of 20,000 visitors each day. “Thought for the Day” provides daily inspirational readings from one of five Hazelden Publishing meditation books.

More than 4 million people from 236 countries visited the website seeking information on a variety of addiction-related topics, including treatment, recovery, education, public advocacy and products in our online bookstore. Seventy percent of all visits to the [hazeldenbettyford.org](http://hazeldenbettyford.org) website were from a mobile device. Twenty-seven percent of sessions were from a desktop or laptop computer and only three percent were from a tablet.

Hazelden Betty Ford produced 23 new episodes of our award-winning Let’s Talk Addiction & Recovery educational podcast series, which generated 352,824 engagements; since July 2018, total podcast engagement is nearly 1.5 million worldwide. More than 250 Recovery Road episodes have been created with helpful excerpts from leading authors in addiction recovery and mental health, surpassing well over 200,000 downloads since the podcast began in May 2020 to provide support during the early days of the pandemic.

Mobile apps provided free of charge since March 2020 have had over 300,000 downloads in that time with nearly 98% of reviews rating the apps with five stars. Weekly Living in Recovery emails continued in 2022, reaching out with nearly six million emails that shared helpful resources, news and tools to help alumni and those in recovery continue their healing journey.

TheDailyPledge.org is an online support community for people in recovery and those who care about them. It is provided free of charge by the Hazelden Betty Ford Foundation. The Daily Pledge is built around the idea of pledging to stay sober one day at a time. It also offers chat recovery meetings, forum-style discussions, and other ways for people to interact and support each other in recovery.

Traffic to the site held steady in 2022. Total users topped 23,000 with over 85,000 page views. The community offered more than 900 meetings during the year with a total attendance of roughly 2,000 participants. We sent approximately 600 confirmations of attendance for those in court-ordered programs.

The Hazelden Betty Ford Foundation’s Facebook, Twitter, Instagram, YouTube, LinkedIn and other social media accounts, which have more than 127,000 followers (up 81.6% from 2021), along with its award-winning mobile apps—including several available at no cost—offered additional access to recovery resources, providing daily inspiration, information and fellowship.

### Resource Center

In 2022, Hazelden Betty Ford’s Resource Center and Referent Relations received 89,031 from people seeking or referring to substance use disorder and mental health treatment, as well as many more seeking information, assistance and products related to substance use and addiction.

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### Hazelden Betty Ford Library

In addition to its core mission of fulfilling the informational needs of the Foundation's staff and students, our Addiction Research Library-accessible at [www.hazeldenbettyford.org/education/bcr/addiction-research-library](http://www.hazeldenbettyford.org/education/bcr/addiction-research-library) serves the public by:

- Working daily with information sharing and advocacy efforts in the regional Minitex, national Docline and international SALIS (Substance Abuse Librarians and Information Specialists) networks.
- Facilitating on our website the preservation and access of archived versions of the ETOH and CORK addiction-related journal databases, free to all internet users and available nowhere else online.
- Providing scholarships, via the A.A. Heckman Endowed Fellowship Fund, to help individuals study the addiction-related archives housed on our campus in Center City, Minnesota.

Patient financial assistance and other costs to the Foundation of providing charity care and community benefits are as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Patient aid estimated cost	\$ 6,426	\$ 4,349
Minnesota Care Tax	1,692	1,592
Butler Center for Research	755	699
Information center	234	226
Institute for Recovery Advocacy	718	564
Professionals in residence, BFC Med Ed, BFC Institute	767	775
Children's Programs	1,037	853
Graduate School scholarships	302	376
	<u>\$ 11,931</u>	<u>\$ 9,434</u>

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#### 9. Functional Expenses

The Foundation provides healthcare services, publishing and educational services, and operates the School. Expenses by nature and function related to the Foundation's services are as follows for the years ended December 31, 2022 and 2021:

	2022							
	Program Activities				Supporting Activities			
	A	B	C	Programs Subtotal	General and Administration	Philanthropy	Supporting Subtotal	Total Expenses
Salaries and Benefits	\$ 92,944	\$ 12,847	\$ 1,782	\$ 107,573	\$ 30,517	\$ 4,528	\$ 35,045	\$ 142,618
Purchased service and professional fees	11,554	5,236	66	16,856	11,693	1,667	13,360	30,216
Interest	447	-	-	447	829	-	829	1,276
Depreciation	15,368	860	235	16,463	2,289	216	2,505	18,968
Other	25,539	9,199	234	34,972	3,849	563	4,412	39,384
Total expenses	<u>\$ 145,852</u>	<u>\$ 28,142</u>	<u>\$ 2,317</u>	<u>\$ 176,311</u>	<u>\$ 49,177</u>	<u>\$ 6,974</u>	<u>\$ 56,151</u>	<u>\$ 232,462</u>
	2021							
	Program Activities				Supporting Activities			
	A	B	C	Programs Subtotal	General and Administration	Philanthropy	Supporting Subtotal	Total Expenses
Salaries and Benefits	\$ 89,216	\$ 13,303	\$ 3,363	\$ 105,882	\$ 27,673	\$ 3,645	\$ 31,318	\$ 137,200
Purchased service and professional fees	7,780	3,814	104	11,698	13,104	1,009	14,113	25,811
Interest	1,549	-	-	1,549	-	-	-	1,549
Depreciation	14,665	885	179	15,729	2,093	159	2,252	17,981
Other	24,193	9,455	280	33,928	3,961	443	4,404	38,332
Total expenses	<u>\$ 137,403</u>	<u>\$ 27,457</u>	<u>\$ 3,926</u>	<u>\$ 168,786</u>	<u>\$ 46,831</u>	<u>\$ 5,256</u>	<u>\$ 52,087</u>	<u>\$ 220,873</u>

Program A - Recovery services;

Program B - Publishing and educational services;

Program C - Higher education and professional training.

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest and insurance which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

#### 10. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and other investments and accounts receivable. The Foundation places substantially all of its cash and liquid investments with financial institutions and limits the amount of credit exposure to any one financial institution; however, cash balances may periodically exceed federally insured limits. At December 31, 2022 and 2021, approximately 97 percent of the Foundation's investments are held with one custodian. Patient receivables are due from a variety of sources located throughout the world, but primarily in the United States of America.

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### 11. Commitments and Contingencies

The Foundation is subject to asserted and unasserted claims encountered in the normal course of its operations. In the opinion of management and legal counsel, disposition of these matters will not have a material effect on the Foundation's financial condition or results of operations.

The Foundation is self-insured for employee health insurance and has obtained specific and aggregate stop-loss coverage to limit their ultimate exposure. The reserve for claims incurred, but not yet reported, was \$4,413 and \$4,204 as of December 31, 2022 and 2021 and is included in accrued expenses in the consolidated balance sheets.

The Foundation has a self-insured worker's compensation program for its California operations and has acquired reinsurance for claims in excess of \$250 per occurrence on a claims-made basis. The reserve for claims incurred, but not yet reported was \$685 and \$685 as of December 31, 2022 and 2021 and is included in accrued expenses in the consolidated balance sheets.

The Foundation entered into a cancellable ground lease with Eisenhower Medical Center (EMC) in the amount of \$1 per year with the lease term expiring in 2099. As part of the cancellable ground lease, EMC bills the Foundation for additional common area operating expenses. In addition, EMC provides certain services to support the Center's normal business operations.

The Foundation entered into a license agreement with Elizabeth B. Ford Charitable Trust (Licensor) which granted an exclusive royalty-free license to utilize the name, full name, portrait, photograph or other likeness, the voice, autograph, the initials or other nicknames, if any, of the Licensor.

### 12. Retirement Plan

The Foundation has a 401(k) plan with a safe harbor clause which includes employer matching contributions, in addition to employee contributions. The plan covers substantially all employees. Total employer contributions related to the plan were \$5,751 and \$5,501 in 2022 and 2021, respectively.

### 13. Lease Obligations

The Foundation leases space to support its operations in various locations throughout the country. The terms of the Foundation's leases require monthly payments and expire in varying dates ranging from 2022 through 2030.

Most of the operating leases are subject to annual changes on a fixed percentage basis and are therefore treated as fixed lease payments. Most leases include options to renew, with renewal terms that can extend the lease term from one to 10 years or more. The exercise of lease renewal options is at the Foundation's sole discretion. The amounts disclosed in the consolidated balance sheet at December 31, 2022, pertaining to the right-of-use assets and lease liabilities, are measured based on current expectations of not exercising the available renewal options. The existing leases are not subject to any restrictions or covenants which preclude the Foundation's ability to obtain financing or enter into additional leases. As of December 31, 2022, the Foundation has not entered into any leases, which have not yet commenced, that would entitle the Foundation to significant rights or create additional obligations.

Total lease costs incurred during the years ended December 31, 2022 and 2021 were \$1,616 and \$1,981, respectively. The weighted average lease term for operating leases at December 31, 2022 was 4.7 years and the weighted average discount rate for operating leases at December 31, 2022 was 4.0 percent.

Cash paid for amounts included in the measurement of lease liabilities included in the consolidated statements of cash flows was \$1,571 and \$1,799 for the years ended December 31, 2022 and 2021, respectively.



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December 31, 2022 and 2021

(In Thousands)

The following table presents the future undiscounted maturities of operating and finance leases at December 31, 2022 and for each of the next five years and thereafter:

Years ending December 31:		
2023	\$	1,797
2024		1,851
2025		998
2026		533
2027		417
Thereafter		<u>737</u>
Total lease payments		6,333
Less interest		<u>662</u>
Present value of lease liabilities	\$	<u><u>5,671</u></u>

### 14. Liquidity and Availability

The Foundation's financial assets available within one year of December 31 for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,718	\$ 12,918
Patient and other receivables	26,621	26,157
Contributions receivable	3,452	2,296
Investments available for current use	<u>100,962</u>	<u>135,730</u>
	<u>\$ 136,753</u>	<u>\$ 177,101</u>

The Foundation's net assets with donor restrictions consist of funds restricted by donors with time or purpose restrictions not available for general expenditures, and donor-restricted endowments. See Note 15 for information regarding the Foundation's endowments and spending policy. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

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. To help manage unanticipated liquidity needs, the Foundation has a line of credit in the amount of \$25,000, which it could draw upon (See Note 7).

### 15. Endowments

The Foundation's endowment consists of 60 individual funds established for a variety of purposes. Endowment funds are classified and reported based upon donor-imposed restrictions as net assets with donor restrictions. This footnote does not include endowment contributions receivable and therefore contributions and endowment net assets are reported below based on cash transactions, which differs from the presentation in the consolidated statements of operations and changes in net assets.

## Hazelden Betty Ford Foundation and Subsidiaries

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Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(In Thousands)

The Board of Trustees of the Foundation has interpreted the Minnesota enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 permanent endowments (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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.

The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. 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.

## Hazelden Betty Ford Foundation and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2022 and 2021  
(In Thousands)

Change in endowment net assets for December 31, 2022 and 2021 is as follows:

	<u>With Donor Restrictions</u>	<u>Original Gifts</u>	<u>Total</u>
Endowment net assets, December 31, 2020	\$ (1,084)	\$ 34,187	\$ 33,103
Investment return:			
Investment income	388		388
Net appreciation (realized and unrealized)	<u>3,801</u>		<u>3,801</u>
Total investment return	4,189		4,189
Contributions		193	193
Appropriation of endowment assets for expenditure	<u>(1,488)</u>		<u>(1,488)</u>
Endowment net assets, December 31, 2021	<u>1,617</u>	<u>34,380</u>	<u>35,997</u>
Investment return:			
Investment income	447		447
Net depreciation (realized and unrealized)	<u>(6,409)</u>		<u>(6,409)</u>
Total investment return	(5,962)		(5,962)
Contributions		94	94
Appropriation of endowment assets for expenditure	<u>(1,458)</u>		<u>(1,458)</u>
Endowment net assets, December 31, 2022	<u>\$ (5,803)</u>	<u>\$ 34,474</u>	<u>\$ 28,671</u>

### 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 UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies exist in 56 donor-restricted endowment funds, which together have an original gift value of \$33,971, a current fair value of \$27,406 and a deficiency of \$6,565 as of December 31, 2022. These deficiencies resulted primarily from unrealized losses from investments. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. As of December 31, 2021, deficiencies existed in 23 donor-restricted endowment funds, which together have an original gift value of \$17,317, a current fair value of \$16,733 and a deficiency of \$584. The governing board appropriated expenditures of \$1,451 and \$724 from underwater funds during the years ended December 31, 2022 and 2021, respectively.

## **Hazelden Betty Ford Foundation and Subsidiaries**

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Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(In Thousands)

### **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 while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that outperform a custom benchmark (the Allocation Index) consisting of the appropriate indices of each asset class and their proportional weighting in the portfolio.

The Allocation Index is constructed by selecting appropriate indices (e.g., S&P 500, Russell 2000, MSCI EAFE, etc.) and assigning beginning of the quarter weightings by asset class. The total return of the invested assets is expected to exceed the total return of the Allocation Index.

### **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 5 percent of its endowment fund's average fair value over the prior 12 quarters ended September 30, 2021 and 2020, respectively. 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 at a rate sufficient to meet the Foundation's spending needs, while maintaining the inflation-adjusted principal of the endowment funds. The spending rate is only taken on the donor-restricted endowment funds. If actual earnings for any year are less than the current year spending rule, the deficiency is drawn from prior years' amounts that have accumulated but not yet spent.

## **16. Related Parties**

As discussed in Note 1, the Foundation has multiple locations and wholly-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. The Foundation has a policy of independence for members of the Board of Trustees, which includes annual conflict of interest certifications required for all members. Contributions made by non-compensated members of the Board of Trustees totaled approximately \$526 and \$992 for the years ended December 31, 2022 and 2021, respectively. Outstanding contribution receivables from members of the Board of Trustees totaled approximately \$2,763 and \$1,504 as of December 31, 2022 and 2021, respectively. There are no other unsecured or secured related party receivables at December 31, 2022 and 2021.

## **17. Subsequent Events**

The Foundation has evaluated subsequent events through April 25, 2023 which is the date that the financial statements were issued.

**SUPPLEMENTARY INFORMATION**

**HAZELDEN BETTY FORD FOUNDATION AND SUBSIDIARIES**

CONSOLIDATING BALANCE SHEET  
As of December 31, 2022  
With Comparative Totals for December 31, 2021  
(in thousands)

	2022							2021 Comparative Totals
	Hazelden Betty Ford Foundation	Hazelden New York	Hazelden Chicago	Recovery Partners P.C.	Sub- Total	Eliminations	Consolidated	
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 5,433	\$ 145	\$ -	\$ 140	\$ 5,718	\$ -	\$ 5,718	\$ 12,918
Patient and other receivables, net of allowance	25,972	296	353	-	26,621	-	26,621	26,157
Contributions receivable, net	3,407	45	-	-	3,452	-	3,452	2,296
Inventories	3,268	-	-	-	3,268	-	3,268	2,233
Prepaid expenses	1,630	-	-	-	1,630	-	1,630	2,658
Total current assets	<u>39,710</u>	<u>486</u>	<u>353</u>	<u>140</u>	<u>40,689</u>	<u>-</u>	<u>40,689</u>	<u>46,262</u>
<b>PROPERTY AND EQUIPMENT, net</b>	151,318	11,315	829	-	163,462		163,462	165,116
<b>INTER-COMPANY ACCOUNTS RECEIVABLE</b>	172,781	42,957	58,423	32,272	306,433	(306,433)	-	-
<b>LONG-TERM INVESTMENTS</b>	156,378	-	-	-	156,378	-	156,378	189,239
<b>LONG-TERM CONTRIBUTIONS RECEIVABLE, net</b>	13,655	83	-	-	13,738	-	13,738	5,479
<b>SPLIT INTEREST AGREEMENTS</b>	1,283	-	-	-	1,283	-	1,283	1,546
<b>GOODWILL</b>	1,422	-	-	-	1,422	-	1,422	1,641
<b>INTANGIBLE ASSETS, net</b>	11,868	-	-	-	11,868	-	11,868	11,908
<b>RIGHT TO USE LIABILITIES - OPERATING LEASES</b>	4,861	-	-	-	4,861	-	4,861	6,226
<b>RIGHT TO USE LIABILITIES - FINANCE LEASES</b>	510	-	-	-	510	-	510	-
<b>OTHER ASSETS, net</b>	2,160	-	8	-	2,168	-	2,168	1,440
<b>Total Assets</b>	<u>\$ 555,946</u>	<u>\$ 54,841</u>	<u>\$ 59,613</u>	<u>\$ 32,412</u>	<u>\$ 702,812</u>	<u>\$ (306,433)</u>	<u>\$ 396,379</u>	<u>\$ 428,857</u>

**HAZELDEN BETTY FORD FOUNDATION AND SUBSIDIARIES**

CONSOLIDATING BALANCE SHEET  
As of December 31, 2022  
With Comparative Totals for December 31, 2021  
(in thousands)

	2022						2021 Comparative Totals	
	Hazelden Betty Ford Foundation	Hazelden New York	Hazelden Chicago	Recovery Partners P.C.	Sub- Total	Eliminations		Consolidated
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 8,757	\$ 43	\$ 13	\$ 1	\$ 8,814	\$ -	\$ 8,814	\$ 12,772
Accrued expenses	24,661	67	42	167	24,937	-	24,937	24,159
Current portion of long-term debt	12,140	-	-	-	12,140	-	12,140	12,803
Operating Lease Liabilities	1,435	-	-	-	1,435	-	1,435	1,383
Finance Lease Liabilities	142	-	-	-	142	-	142	-
Total current liabilities	47,135	110	55	168	47,468	-	47,468	51,117
<b>INTER-COMPANY PAYABLES</b>	130,959	74,646	68,339	32,489	306,433	(306,433)	-	-
<b>LONG-TERM DEBT</b> , net of current portion	45,952	-	-	-	45,952	-	45,952	48,223
<b>OTHER LONG-TERM LIABILITIES</b>								
Other Long Term Liabilities	550	-	-	-	550	-	550	641
Long-term credit agreement	0	-	-	-	-	-	-	954
Operating Lease Liabilities	3,706	-	-	-	3,706	-	3,706	5,124
Finance Lease Liabilities	388	-	-	-	388	-	388	-
Total other long-term liabilities	4,644	-	-	-	4,644	-	4,644	6,719
Total liabilities	228,690	74,756	68,394	32,657	404,497	(306,433)	98,064	106,059
<b>NET ASSETS (DEFICIT)</b>								
Without Donor Restrictions	276,565	(20,499)	(8,892)	(245)	246,929	-	246,929	272,630
With Donor Restrictions	50,691	584	111	-	51,386	-	51,386	50,168
Total net assets (deficit)	327,256	(19,915)	(8,781)	(245)	298,315	-	298,315	322,798
<b>Total Liabilities and Net Assets</b>	<u>\$ 555,946</u>	<u>\$ 54,841</u>	<u>\$ 59,613</u>	<u>\$ 32,412</u>	<u>\$ 702,812</u>	<u>\$ (306,433)</u>	<u>\$ 396,379</u>	<u>\$ 428,857</u>

HAZELDEN BETTY FORD FOUNDATION AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

(in thousands)

	2022									
	Hazelden Betty Ford Foundation HBF			Hazelden New York	Hazelden Chicago	Recovery Partners P.C.	Subtotal	Eliminations	Consolidated	2021 Comparative Totals
	Excluding Graduate School of Addiction	Graduate School of Addiction Studies	Total Hazelden Betty Ford Foundation							
<b>OPERATING REVENUES</b>										
Patient service revenue, net	\$ 157,161	\$ -	\$ 157,161	\$ 2,749	\$ 2,940	\$ -	\$ 162,850		\$ 162,850	\$ 152,526
Publishing revenue, net	25,419	-	25,419	-	-	-	25,419		25,419	29,480
Net graduate school tuition	-	2,560	2,560	-	-	-	2,560		2,560	3,243
Contributions	10,288	-	10,288	-	-	-	10,288		10,288	2,912
Grant revenue	198	25	223	-	-	-	223		223	6,431
Other	2,754	225	2,979	-	-	5,330	8,309	(5,330)	2,979	2,097
Net assets released from restrictions - operations	8,086	329	8,415	315	55	-	8,785		8,785	8,056
Total operating revenues	203,906	3,139	207,045	3,064	2,995	5,330	218,434	(5,330)	213,104	204,745
<b>OPERATING EXPENSES</b>										
Salaries and wages	106,551	1,445	107,996	1,748	1,065	3,899	114,708		114,708	109,496
Benefits	25,612	406	26,018	490	298	1,104	27,910		27,910	27,704
Cost of sales - publishing	6,207	-	6,207	-	-	-	6,207		6,207	7,161
Purchased services and professional fees	34,753	61	34,814	183	332	217	35,546	(5,330)	30,216	25,811
Other	32,591	162	32,753	130	184	110	33,177		33,177	31,171
Corporate costs allocation	(3,658)	715	(2,943)	1,568	1,375	-	-		-	-
Corporate subsidy	415	(415)	-	-	-	-	-		-	-
Total expenses before interest, depreciation, amortization and accretion	202,471	2,374	204,845	4,119	3,254	5,330	217,548	(5,330)	212,218	201,343
<b>Net Income (Loss) before interest, depreciation, amortization and accretion</b>	1,435	765	2,200	(1,055)	(259)	-	886		886	3,402
Interest	1,438	-	1,438	(163)	1		1,276		1,276	1,549
Depreciation, amortization and accretion	18,232	86	18,318	520	130		18,968		18,968	17,981
Total interest, depreciation, amortization and accretion expense	19,670	86	19,756	357	131		20,244		20,244	19,530
<b>Operating Income (Loss)</b>	(18,235)	679	(17,556)	(1,412)	(390)	-	(19,358)	-	(19,358)	(16,128)
<b>NONOPERATING GAINS (LOSSES)</b>										
Investment returns, net	(19,648)		(19,648)				(19,648)		(19,648)	16,989
Gain from extinguishment of debt	10,000		10,000		335		10,335		10,335	-
Other losses	(91)		(91)	(130)			(221)		(221)	(20)
Total nonoperating gains (losses), net	(9,739)		(9,739)	(130)	335	-	(9,534)		(9,534)	16,969
<b>EXCESS (DEFICIENCY) OF REVENUES AND GAINS OVER EXPENSES</b>	\$ (27,974)	\$ 679	(27,295)	(1,542)	(55)	-	(28,892)	-	(28,892)	841
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>										
Net assets released from restrictions - capital			2,912	40	239		3,191		3,191	3,238
Total other changes in unrestricted net assets			2,912	40	239		3,191		3,191	3,238
<b>Change in Net Assets Without Donor Restrictions</b>			(24,383)	(1,502)	184	-	(25,701)		(25,701)	4,079
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>										
Contributions			18,683	410	63	-	19,156		19,156	11,942
Investment income			(5,922)	(23)	(17)		(5,962)		(5,962)	4,189
Net assets released from restrictions - operations			(8,428)	(310)	(47)		(8,785)		(8,785)	(8,056)
Net assets released from restrictions - capital			(2,912)	(40)	(239)		(3,191)		(3,191)	(3,238)
<b>Change in Net Assets With Donor Restrictions</b>			1,421	37	(240)	-	1,218		1,218	4,837
<b>Total Change in Net Assets</b>			(22,962)	(1,465)	(56)	-	(24,483)		(24,483)	8,916
NET ASSETS, BEGINNING OF YEAR			350,218	(18,450)	(8,725)	(245)	322,798		322,798	313,882
<b>NET ASSETS, END OF YEAR</b>			\$ 327,256	\$ (19,915)	\$ (8,781)	\$ (245)	\$ 298,315		\$ 298,315	\$ 322,798