

THE BATH COMMUNITY HOSPITAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Note 7. Note Receivable (Continued)

In the event PNC does not exercise its option, the Foundation has the right, and fully intends, to exercise a call option during the following six-month period, to purchase PNC's ownership interest in the Fund at an amount equal to the fair market value (as determined by an independent appraiser) of PNC's ownership interest. Taking this action should, in effect, cancel the debt.

Note 8. Affiliated Organizations

The Foundation exists for the purpose of supporting Bath Community Hospital's plans for development and community programs through philanthropy. The Foundation transferred \$4,133,805 and \$6,397,285 during 2020 and 2019 to the Hospital for the purpose of renovations to the Hospital's facilities and other support. In addition, the Foundation had accounts payable to the Hospital in the amount of \$11,333 and \$6,870 as of December 31, 2020 and December 31, 2019 respectively.

The Hospital is a named perpetual beneficiary of the Lettie Kate Evans Trust. As a named beneficiary, the Hospital receives substantial support on an annual basis. In December 2017, the board of the Hospital chose to begin passing this contribution to the Foundation. The intent of this decision is to grow the Foundation to ensure continued and long-term support of the Hospital. Total amounts passed through in 2020 and 2019 totaled \$5,160,277 and \$5,099,621 respectively.

Note 9. Subsequent Events:

Subsequent events have been evaluated through [REDACTED], 2021, the date the financial statements were available to be issued.

Note 10. New Accounting Standards:

The Financial Accounting Standards Board (FASB) has issued the following Statement which is not yet effective.

The FASB issued ASU 2016-02, *Leases*. The core principle of the new leases standard is that lessees should recognize assets and liabilities arising from all leases, except for leases with a lease term of 12 months or less. This will significantly gross-up many entities balance sheets. Nonpublic entities are required to adopt the new leases standard for reporting periods beginning after December 15, 2021. Early adoption is permitted.

Management has not determined the effects this new FASB Statement may have on prospective financial statements but will be assessing these changes in 2021 with the assistance of its accountants.