Motion Picture and Television Fund and Affiliated Entities

Consolidated Financial Statements
December 31, 2023 and 2022

Motion Picture and Television Fund and Affiliated Entities
Index
December 31, 2023 and 2022

MOSSADAMS

Report of Independent Auditors

The Board of Directors
Motion Picture and Television Fund and Affiliated Entities

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Motion Picture and Television Fund and Affiliated Entities, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 financial position of Motion Picture and Television Fund and Affiliated Entities as of December 31, 2023 and 2022 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Motion Picture and Television Fund and Affiliated Entities 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 Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Motion Picture and Television Fund and Affiliated Entities' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Motion Picture and Television Fund and Affiliated Entities' 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 Motion Picture and Television Fund and Affiliated Entities' 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.

Moss Adams LLP

Los Angeles, California
April 26, 2024

Motion Picture and Television Fund and Affiliated Entities
Consolidated Balance Sheets
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 6,611,000	$ 5,319,000
Patient accounts receivable	3,404,000	4,302,000
Other receivables	851,000	799,000
Pledges receivable, net	2,557,000	4,055,000
Other current assets	1,194,000	1,754,000
Total current assets	14,617,000	16,229,000
Investments	60,040,000	41,931,000
Land, buildings and equipment, net	17,197,000	18,670,000
Insurance recoveries receivable, net of current portion	4,348,000	3,869,000
Pledges receivable, net of current portion	13,353,000	13,884,000
Note receivable	5,000,000	-
Assets limited as to use, noncurrent	3,767,000	-
Assets held under split-interest agreements	136,000	247,000
Operating lease right-of-use assets, net	600,000	858,000
Other assets	410,000	382,000
Total assets	$ 119,468,000	$ 96,070,000
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 3,857,000	$ 3,820,000
Accrued liabilities	7,839,000	5,288,000
Current portion of operating lease liabilities	264,000	253,000
Current portion of long-term debt	755,000	-
Total current liabilities	12,715,000	9,361,000
Long-term debt, net of current portion	6,020,000	6,748,000
Operating lease liabilities, net of current portion	354,000	618,000
Accrued pension benefits, net of current portion	15,715,000	14,719,000
Insurance claim liability, net of current portion	8,105,000	7,089,000
Interest rate swap liability	-	13,000
Actuarial liability under split-interest agreements	88,000	226,000
Total liabilities	42,997,000	38,774,000
Commitments and contingencies (Note 17)		
Net assets		
Without donor restrictions	23,167,000	6,636,000
With donor restrictions	53,304,000	50,660,000
Total net assets	76,471,000	57,296,000
Total liabilities and net assets	$ 119,468,000	$ 96,070,000

The accompanying notes are an integral part of these consolidated financial statements.

Motion Picture and Television Fund and Affiliated Entities
Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Patient service and resident revenue	$ 33,894,000	$ -	$ 33,894,000
Other operating revenue	1,680,000	-	1,680,000
Contributions	28,617,000	5,458,000	34,075,000
Investment income	450,000	1,158,000	1,608,000
(Loss) gain on sale of investments	(228,000)	427,000	199,000
Unrealized gain on investments	351,000	681,000	1,032,000
Gain on sale of real estate	25,779,000	-	25,779,000
Net assets released from restrictions used for operations	5,037,000	(5,037,000)	-
Total revenues, gains, and other support	95,580,000	2,687,000	98,267,000
Expenses			
Salaries, wages, and benefits	47,509,000	-	47,509,000
Purchased services	13,373,000	-	13,373,000
Professional fees	4,732,000	-	4,732,000
Supplies	2,231,000	-	2,231,000
Depreciation	2,441,000	-	2,441,000
Market adjustment on interest rate swap	(9,000)	-	(9,000)
Interest and financing costs	410,000	-	410,000
Other expenses	9,472,000	-	9,472,000
Total expenses	80,159,000	-	80,159,000
Excess of revenues, gains, and other support over expenses	15,421,000	2,687,000	18,108,000
Other changes in net assets			
Minimum pension liability adjustment	932,000	-	932,000
Net assets released from restrictions used for purchase of property and equipment	178,000	(178,000)	-
Change in split-interest agreements	-	135,000	135,000
Total other changes in net assets	1,110,000	(43,000)	1,067,000
Total changes in net assets	16,531,000	2,644,000	19,175,000
Net assets			
Beginning of year	6,636,000	50,660,000	57,296,000
End of year	$ 23,167,000	$ 53,304,000	$ 76,471,000

The accompanying notes are an integral part of these consolidated financial statements.

Motion Picture and Television Fund and Affiliated Entities
Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Patient service and resident revenue	$ 31,808,000	$ -	$ 31,808,000
Other operating revenue	1,944,000	-	1,944,000
Contributions	24,311,000	10,703,000	35,014,000
Investment income	472,000	888,000	1,360,000
Loss on sale of investments	(439,000)	(431,000)	(870,000)
Unrealized loss on investments	(2,252,000)	(3,387,000)	(5,639,000)
Net assets released from restrictions used for operations	9,183,000	(9,183,000)	-
Total revenues, gains, and other support	65,027,000	(1,410,000)	63,617,000
Expenses			
Salaries, wages, and benefits	44,255,000	-	44,255,000
Purchased services	15,363,000	-	15,363,000
Professional fees	6,485,000	-	6,485,000
Supplies	2,587,000	-	2,587,000
Depreciation	2,601,000	-	2,601,000
Market adjustment on interest rate swap	(194,000)	-	(194,000)
Interest and financing costs	363,000	-	363,000
Other expenses	2,244,000	-	2,244,000
Total expenses	73,704,000	-	73,704,000
Deficiency of revenues, gains, and other support over expenses	(8,677,000)	(1,410,000)	(10,087,000)
Other changes in net assets			
Minimum pension liability adjustment	9,366,000	-	9,366,000
Net assets released from restrictions used for purchase of property and equipment	14,000	(14,000)	-
Change in split-interest agreements	-	(15,000)	(15,000)
Total other changes in net assets	9,380,000	(29,000)	9,351,000
Total changes in net assets	703,000	(1,439,000)	(736,000)
Net assets			
Beginning of year	5,933,000	52,099,000	58,032,000
End of year	$ 6,636,000	$ 50,660,000	$ 57,296,000

The accompanying notes are an integral part of these consolidated financial statements.

Motion Picture and Television Fund and Affiliated Entities
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Changes in net assets	$ 19,175,000	$ (736,000)
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized (gain) loss on investments	(1,032,000)	5,639,000
(Gain) loss on sale of investments	(199,000)	870,000
Gain on sale of real estate	(25,779,000)	-
Minimum pension liability adjustment	932,000	(9,366,000)
Depreciation and amortization, including bond issuance costs	2,468,000	2,628,000
Reduction of operating lease right-of-use assets	258,000	243,000
Receipt of contributed securities	(121,000)	(414,000)
Change in fair value of interest rate swap	(13,000)	(383,000)
Contributions restricted for buildings and equipment	(1,119,000)	(1,264,000)
Changes in annuity and trust liabilities	(111,000)	(39,000)
Contributions restricted for long-term investment	(200,000)	(200,000)
Changes in assets and liabilities		
Patient accounts receivable	898,000	(1,163,000)
Other receivables	16,000	1,072,000
Insurance recoveries receivable	(547,000)	(65,000)
Pledges receivable	2,029,000	(356,000)
Other current assets and other assets	532,000	(547,000)
Operating lease right-of-use assets and lease liabilities, net	(253,000)	(230,000)
Accounts payable and accrued liabilities	2,302,000	(1,164,000)
Accrued pension benefits	64,000	916,000
Insurance claim liability	1,244,000	(141,000)
Cash from operating activities	544,000	(4,700,000)
Cash flows from investing activities		
Purchases of buildings and equipment	(910,000)	(789,000)
Proceeds from sale of real estate	20,779,000	-
Purchases of investments	(34,355,000)	(51,017,000)
Proceeds from sales of investments	17,709,000	65,052,000
Cash from investing activities	3,223,000	13,246,000
Cash flows from financing activities		
Principal payment on long-term debt	-	(1,270,000)
Redemption of long-term debt	-	(6,965,000)
Payments made under split-interest agreements	(27,000)	(56,000)
Proceeds from contributions for		
Buildings and equipment	1,119,000	1,264,000
Long-term investment	200,000	200,000
Cash from financing activities	1,292,000	(6,827,000)
Net increase in cash and cash equivalents	5,059,000	1,719,000
Cash and cash equivalents		
Beginning of year	5,319,000	3,600,000
End of year	$ 10,378,000	$ 5,319,000
Supplemental disclosures of cash flow information		
Contributed securities	$ 122,000	$ 414,000
Interest paid	383,000	336,000
Accrued purchases of buildings and equipment	69,000	11,000
Issuance of note receivable in connection with sale of real estate	5,000,000	-

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

Founded in 1921, Motion Picture and Television Fund (MPTF) is an integrated health and social service organization that supports eligible active and retiree members of the entertainment industry (the Industry) and their families in Southern California. MPTF's operations include various community-based programs and the MPTF campus with a 122-bed multilevel care hospital offering geriatric psychiatry, skilled nursing and memory care, and a 186-unit senior living community with independent and assisted living accommodations. MPTF's activities include providing social services, palliative care, temporary financial assistance, various wellness and education programs, and childcare in MPTF's freestanding childcare facility.

MPTF is the sole member of The Industry Advantage, LLC, f/k/a, The Industry Health Network LLC (TIA LLC). TIA LLC provides health insurance services to the entertainment community.

Motion Picture and Television Fund and its affiliated entities are consolidated for financial statement presentation. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). MPTF classifies resources into two categories: without donor restrictions and with donor restrictions.

- *Without donor restrictions* – All revenues, expenditures, gains, and losses that are not restricted by donors are included in net assets without donor restrictions. Expenditures funded by restricted contributions are also reported in the without donor restrictions net asset class because funds used in accordance with donor stipulations result in the release of such restrictions.

- *With donor restrictions* – Net assets with donor restrictions can only be used in accordance with stipulations imposed by the donor and include unconditional pledges and accumulated appreciation on restricted endowments. Restrictions may either expire with the passage of time, be satisfied by action of MPTF, or may require that the funds be held in perpetuity. The donors of substantially all net assets held in perpetuity permit MPTF to use the income earned on the related investments for specific purposes.

Expiration of donor-imposed restrictions – Net assets are released from donor restrictions by incurring expenses to satisfy the restricted purpose and/or by occurrence of an event specified by the donor, including passage of time. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service or expenditures exceed the amount of the gift.

MPTF has elected to present contributions with donor-imposed restrictions that are fulfilled in the same period as donated within the net assets without donor restrictions classification.

Recently adopted accounting pronouncements
In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"*, which introduces an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including trade accounts receivables and contract assets. The new model, known as the Current Expected Credit Loss (CECL) model, requires a forward-looking approach to estimating expected credit losses, rather than the previous incurred loss model. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 326: ASU 2018-19, *Codification Improvements to Topic 326:* ASU 2019-04, *Codification Improvements to Topic 326 Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments;* and ASU 2019-05, *Targeted Transition Relief.*

Effective January 1, 2023, the Company adopted the CECL standard for accounting for credit losses on financial assets, including accounts receivable and contract assets. The adoption of the CECL standard resulted in a change in the Company's accounting policy for credit losses, as it requires a forward-looking approach to estimated expected credit losses, rather than the previous incurred loss method. The Company has implemented the CECL standard using a modified retrospective approach, which requires the cumulative effect of the change in accounting policy to be recognized as an adjustment to the opening balance of net assets as of the date of adoption. The adoption of the CECL standard did not have a material impact on the Company's financial position, results of operations, or cash flows, and resulted in enhanced disclosures only.

Reclassifications
Certain prior period amounts have been reclassified to conform to current year presentation.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and cash in checking and savings accounts. Marketable securities purchased with original maturities of three months or less are considered cash equivalents. At December 31, 2023, restricted cash equivalents are comprised of funds held by trustees.

The following table provides a reconciliation of cash and cash equivalents and restricted cash equivalents reported within the accompanying consolidated statement of financial position to the accompanying consolidated statements of cash flows as of December 31, 2023:

Cash and cash equivalents	$ 6,611,000
Restricted cash and cash equivalents, included in assets limited as to use	3,767,000
Cash and cash equivalents and restricted cash and cash equivalents as reported in statements of cash flows	$ 10,378,000

Assets limited as to use
Assets limited as to use include amounts held by trustees in accordance with indenture requirements for payments related to long-term debt are classified as noncurrent assets. At December 31, 2023, assets limited to use consisted of cash and cash equivalents.

Investments
Investments consist of money market funds, mutual funds (including fixed income and equity funds), U.S. government notes, municipal bonds, and other holdings comprised of non-publicly traded investments (alternative investments). Investments are classified as noncurrent as investments are not expected to be used for current operations in the next year. Marketable securities and alternative investments are valued in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*. Investment earnings (including gains and losses on investments, interest, and dividends) are included in operating revenue unless the income or loss is restricted by donor or law. MPTF records its investment income, realized and unrealized gains and losses on investments of donor restricted funds as additions to or deductions from the appropriate net asset category based on the donor's restriction.

Land, buildings, and equipment
Land, buildings, and equipment are stated at cost except for donated assets, which are recorded at fair market value at the date of donation. Depreciation is calculated on the straight-line basis over each asset's estimated useful life, which ranges from 5 to 40 years for building and improvements, 3 to 20 years for furniture and equipment and 10 years for land improvements. Estimated useful lives are assigned based on the Estimated Useful Lives of Depreciable Hospital Assets guide published by the American Hospital Association. In addition, MPTF records a liability for the fair value of any conditional asset retirement obligation, if determinable.

Significant replacements and improvements are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective asset, are charged to expense as incurred. Upon sale or disposal of land, buildings and equipment, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in the consolidated statements of operations and changes in net assets. MPTF capitalizes all expenditures for land, buildings, and equipment in excess of $1,000.

Pledges receivable
Unconditional promises to give (pledges) are recorded as receivables and contribution revenue and require MPTF to distinguish between contributions received for each net asset category in accordance with donors' wishes. Multi-year pledges are recorded at fair value on the date of donation. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and applicable to the years in which the pledges are received and recorded in their respective net asset category. Amortization of the discount is calculated using the effective interest method and included in contribution revenue in the consolidated statements of operations and changes in net assets. Conditional promises to give are not included as support until the conditions have been substantially met and in accordance with the CECL model.

Split-interest agreements
Split interest gift agreements consist primarily of irrevocable charitable gift annuities. Using the actuarial method, when a gift is received, the present value of estimated future payments to be made to the beneficiaries is recorded as a liability, based upon life expectancy tables and appropriate discount rates. The remainder is recorded as contribution revenue in the appropriate net asset category.

The actuarial liability is based on the present value of future payments discounted at rates ranging from 2.7% to 6.3% over estimated time periods derived from the Internal Revenue Service (IRS) actuarial tables on life expectancy. Liabilities are adjusted during the term of the agreements for changes in the fair value of the assets, accretion of discounts, and other changes in the estimates of future benefits. Valuation follows generally accepted actuarial methods and is based on the requirements of FASB ASC 958. Assets held under split-interest agreements are stated at fair market value and are invested in publicly traded securities.

Lease accounting
MPTF accounts for leases in accordance with ASU No. 2016-02, *Leases (Topic 842)* (ASC 842). MPTF determines if a contract is a lease or contains a lease at the inception of the contract and reassesses that conclusion if the contract is modified. All leases are assessed for classification as an operating lease or a finance lease. ROU assets represent MPTF's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. MPTF does not obtain and control its right to use the asset until the lease commencement date.

MPTF's lease liabilities are recognized at the applicable lease commencement date based on the present value of the lease payments required to be paid over the lease term. As MPTF's leases do not provide an implicit rate, MPTF uses its risk-free rate to discount the lease commencement date. The ROU asset equals the carrying amount of the related lease liability, adjusted for any lease payments made prior to lease commencement and lease incentives provided by the lessor. Variable lease payments are expensed as incurred and do not factor into the measurement of the applicable ROU asset or lease liability.

The terms of MPTF's leases equal the non-cancellable period of the lease, including any rent-free periods provided by the lessors, and also include options to renew or extend the lease (including by not terminating the lease) that MPTF is reasonably certain to exercise. MPTF establishes the term of each lease at lease commencement and reassesses that term in subsequent periods when one of the triggering events outlined in ASC 842 occurs. Operating lease costs for lease payments is recognized on a straight-line basis over the lease term.

Debt issuance costs
Costs incurred in the issuance of long-term debt, including legal fees, bank fees, and accounting and consulting costs, are amortized on the straight-line basis over the term of the related long-term debt. The straight-line method approximates the effective interest method. Unamortized debt issuance costs are presented as a reduction to long-term debt in accordance with FASB ASU No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30)*: *Simplifying the Presentation of Debt Issuance Costs*. Unamortized debt issuance costs totaling $195,000 and $222,000 at December 31, 2023 and 2022, respectively, are included as a reduction of long-term debt in the consolidated balance sheets.

Interest rate swap agreement
MPTF uses an interest rate swap to manage the interest rate exposure of its variable rate bonds. The swap is recognized on the consolidated balance sheets at its fair value and changes in the fair value and net cash payments or receipts are recorded in the consolidated statements of operations and changes in net assets.

Excess (deficiency) of revenues, gains, and other support over expenses
The consolidated statements of operations and changes in net assets include the caption excess (deficiency) of revenues, gains, and other support over expenses (operating indicator). Consistent with industry practice, changes in unrestricted net assets which are excluded from the operating indicator include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), changes in split-interest agreements, and minimum pension liability adjustments. As such, MPTF's operating indicator was $15,421,000 and ($8,677,000) for the years ended December 31, 2023 and 2022, respectively.

Revenue recognition
Patient service and resident revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

The following table shows patient service and resident revenue by line of service:

	Year Ended December 31,	
	2023	2022
Long-term care services		
Medi-Cal	$ 19,069,000	$ 17,910,000
Private	2,082,000	2,725,000
Other	491,000	518,000
Acute in-patient services		
Medicare	1,046,000	964,000
Kaiser Permanente Health Plan	3,830,000	2,313,000
Other	284,000	480,000
Residential services		
Private	7,092,000	6,898,000
Total	$ 33,894,000	$ 31,808,000

Beginning and ending contract balances were as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Patient accounts receivable	$ 3,404,000	$ 4,302,000	$ 3,139,000

Bequests and trusts
Amounts to be received from bequests and trusts are recorded at the time MPTF becomes entitled to the assets and the amounts to be received are assured and reasonably determined. Amounts to be received are recorded as other receivables on the consolidated balance sheets.

At December 31, 2023, MPTF has been named as a beneficiary in certain bequests and trusts which have not been recorded as they do not meet all the criteria for income recognition.

Charity care and community benefit
MPTF provides charity care for certain non-elective healthcare services to qualifying individuals who complete an application which is based on Federal Poverty Guidelines. MPTF also provides various community services including retirement housing and assisted living services, as well as various social service and community welfare programs and direct emergency financial assistance to eligible Industry employees, retirees, and their immediate families.

Professional and general liability
MPTF has a claims-made policy for all professional and general liability coverage, with nominal deductibles, that was purchased on January 1, 2003. Liabilities for MPTF's retained risk related to the professional and general liability coverage are determined by an actuary. The amounts representing the current portion of the professional and general liability and insurance recoveries receivable are $364,000 and $310,000 in both other current assets and accrued liabilities at December 31, 2023 and 2022, respectively. The amounts representing the long-term components of the professional and general liability are $3,321,000 and $2,831,000 in insurance recoveries receivable and $3,647,000 and $3,107,000 in insurance claims liability approximating a net liability of $326,000 and $276,000 at December 31, 2023 and 2022, respectively.

Workers' compensation insurance
MPTF maintains a workers' compensation insurance policy which became effective in November 2020 and renews on July 1, 2024. The policy covers MPTF's employees and has a $250,000 per occurrence deductible and $2,750,000 annual aggregate. During the period of November 2012 through November 2020, MPTF maintained a workers' compensation insurance policy with a $250,000 per occurrence deductible and an annual aggregate of $3,000,000. Liabilities for MPTF's retained risk related to the coverage are determined by an actuary. The amounts representing the current portion of the workers' compensation liability are $240,000 and $226,000 in other receivables and $1,042,000 and $868,000 in accrued liabilities at December 31, 2023 and 2022, respectively. The amounts representing the long-term components of the workers' compensation liability are $1,027,000 and $1,038,000 in insurance recoveries receivable and $4,458,000 and $3,982,000 in insurance claims liability approximating a net liability of $4,233,000 and $3,586,000 at December 31, 2023 and 2022, respectively.

MPTF had $3,298,000 and $3,155,000 held by the bank as collateral for the workers' compensation insurance carrier at December 31, 2023 and 2022, respectively. All deposited amounts are included in investments in the consolidated balance sheets.

Income taxes
MPTF is a nonprofit organization determined by the IRS and the California Franchise Tax Board to be exempt from federal and state income taxes, except to the extent of any unrelated business income. Certain of the affiliated entities included in the consolidated financial statements are subject to federal and state income taxes.

Concentration of credit risk
Financial instruments, which potentially subject MPTF to credit risk, consist principally of temporary cash investments, receivables and investments in marketable equity and other securities.

MPTF invests its excess cash in deposits with major financial institutions. MPTF has not experienced any losses on its temporary cash investments. Financial instruments that potentially expose MPTF to concentrations of credit risk consist principally of cash and cash equivalents on deposit with financial institutions, the balances of which frequently exceed federally insured limits. If any of the financial institutions with whom MPTF does business were to be placed into receivership, MPTF may be unable to access the cash it has on deposit with such institutions. If MPTF is unable to access its cash and cash equivalents as needed, its financial position and ability to operate our business could be adversely affected.

MPTF receives payment for services rendered to patients from the federal and state governments under the Medicare and Medi-Cal programs and other payors. The following table summarizes the percentages of gross patient accounts receivable from all payors:

	December 31,	
	2023	**2022**
Medi-Cal	72 %	55 %
Medicare	15 %	16 %
Kaiser	9 %	19 %
Others	4 %	10 %
Total	100 %	100 %

MPTF believes there is no significant credit risk associated with patient receivables from government programs. MPTF continually monitors and adjusts the reserves associated with patient receivables. MPTF estimates bad debt expense and the allowance for doubtful accounts based on historical collection experience.

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements
MPTF applies the provision of FASB ASC 820, *Fair Value Measurements*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the respective measurement date. The assets reported at fair value by MPTF on a recurring basis include investments, assets held under split-interest agreements and interest rate swap obligation. At December 31, 2023 and 2022, MPTF's financial instruments included accounts receivable, accounts payable, and other liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term maturities.

The following describes the hierarchy of inputs and the primary valuation methodologies used by MPTF for financial instruments measured at fair value on a recurring basis. The three level inputs are as follows:

- *Level 1* – Quoted prices in active markets for identical assets or liabilities.

- *Level 2* – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

- *Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Significant increases or decreases in these inputs in isolation may result in a significantly lower or higher fair value measurement, respectively.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

- *Market approach* – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

- *Cost approach* – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

- *Income approach* – Techniques to convert future amounts to a single present value amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The valuation techniques above may be used for assets and liabilities measured using Level 3 inputs and may use unobservable inputs such as projections, estimates and management's interpretation of current market data. These unobservable inputs are only utilized to the extent that observable inputs are not available, or not cost effective to obtain.

MPTF applies the authoritative guidance contained in FASB ASC 820-10, *Fair Value Measurements and Disclosures*, for estimating the fair value of investment funds that have calculated Net Asset Value (NAV) per share in accordance with FASB ASC 946-10, *Financial Services-Investment Companies* (formerly the American Institute of Certified Public Accountants Audit and Accounting Guide, Investment Companies). According to the guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date. Accordingly, MPTF uses NAV as reported by money managers as a practical expedient, to determine fair value of investments in investment funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

- *Money market funds* – Valued at the closing price reported on the active market on which the individual securities are traded at the measurement date.

- *Mutual funds* – Mutual funds classified as Level 1 under the fair value hierarchy are valued using the unadjusted quoted prices in active markets that are available at the measurement date. The composition of MPTF's investments in mutual funds at December 31, 2023 and 2022 was approximately 80% and 76% fixed income, 0% and 2% equity securities and 20% and 22% U.S. notes, respectively. Investments in mutual funds consist primarily of large capitalization securities, and are diversified among several industries, issuers and growth, value, indexed, bond and international funds.

- *Equities* – Equities include stock and exchange-traded funds. Exchange-traded funds in this category are comprised primarily of underlying stocks and other ownership interests in companies. Valuation is based on unadjusted quoted prices for identical assets in active markets that MPTF can access at the measurement date.

- *U.S. Government notes* – Valuation is based on unadjusted quoted prices for identical assets in active markets that MPTF can access at the measurement date. MPTF considers all U.S. government notes to be based on Level 1 fair value measurements.

- *Alternative investments* – These investments are valued at the NAV of the investments.

- *Interest rate swap obligation* – Valued at the net present value of future cash flows based on quotes from pricing sources and market data.

The following methods were used to estimate the fair value of all other financial instruments:

- *Cash and cash equivalents* – The carrying amount approximates fair value.

- *Long-term debt* – The carrying value of MPTF's long-term debt approximates fair value due to the variable nature of the interest rates.

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

3. Investments

The following is a summary of investments at fair value at December 31:

	2023	2022
Money market funds	$ 27,700,000	$ 8,770,000
Mutual funds	15,502,000	13,258,000
Equities	5,000	262,000
U.S. government notes	3,963,000	3,813,000
Alternative investments	12,870,000	15,828,000
Total investments	$ 60,040,000	$ 41,931,000

Investment return consists of the following for the years ended December 31:

	2023	2022
Investment income	$ 1,608,000	$ 1,360,000
Realized gain (loss) on investments	199,000	(870,000)
Unrealized gain (loss) on investments	1,032,000	(5,639,000)
Total	$ 2,839,000	$ (5,149,000)

Management fees paid were $109,000 and $112,000 for the years ended December 31, 2023 and 2022, respectively, and are presented net of investment income on the consolidated statements of operations and changes in net assets.

4. Fair Value Measurements

The tables below present the assets and liabilities measured at fair value on a recurring basis at December 31, categorized by the level of inputs used in the valuation:

2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Assets included in investments				
Money market funds	$ 27,700,000	$ -	$ -	$ 27,700,000
Mutual funds				
Domestic fixed income	15,502,000	-	-	15,502,000
Equities	5,000	-	-	5,000
U.S. government notes	3,963,000	-	-	3,963,000
Total assets included in investments at fair value	$ 47,170,000	$ -	$ -	47,170,000
Investments measured at NAV (practical expedient)				12,870,000
Investments at fair value				$ 60,040,000

2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Assets included in investments				
Money market funds	$ 8,770,000	$ -	$ -	$ 8,770,000
Mutual funds				
Domestic fixed income	13,258,000	-	-	13,258,000
Equities	262,000	-	-	262,000
U.S. government notes	3,813,000	-	-	3,813,000
Total assets included in investments at fair value	$ 26,103,000	$ -	$ -	26,103,000
Investments measured at NAV (practical expedient)				15,828,000
Investments at fair value				$ 41,931,000
Liabilities				
Interest rate swap liability	$ -	$ 13,000	$ -	$ 13,000

MPTF's policy is to recognize the transfer into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2, or 3 during the year ended December 31, 2023.

The following table shows the fair value and redemption restrictions for investments valued at NAV at December 31:

	2023				
		Fair Value	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Limited partnerships					
Hedge funds	$	2,194,000	monthly	10 business days	(1)
Hedge funds		2,006,000	monthly	15 calendar days	(1)
Hedge funds		2,223,000	quarterly	65 calendar days	(1)
Hedge funds		2,170,000	quarterly	60 calendar days	(1)
Hedge funds		710,000	closed end	closed end	(1)
Hedge funds		1,473,000	quarterly	30 calendar days	(1)
Hedge funds		2,094,000	monthly	10 business days	(1)
Totals	$	12,870,000			

	2022				
		Fair Value	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Limited partnerships					
Hedge funds	$	4,159,000	monthly	10 business days	(1)
Hedge funds		3,403,000	monthly	15 calendar days	(1)
Hedge funds		3,237,000	quarterly	65 calendar days	(1)
Hedge funds		1,777,000	quarterly	60 calendar days	(1)
Hedge funds		744,000	closed end	closed end	(1)
Hedge funds		2,505,000	quarterly	30 calendar days	(1)
Hedge funds		3,000	quarterly	end calendar month	(1)
Totals	$	15,828,000			

(1) Limited partnerships are invested with managers whose investment strategies include, but are not limited to, absolute return, capital appreciation with low volatility relative to equity markets, global fixed income and equity, currencies, electronic transfer funds, futures, forwards, options, swaps, asset and security mispricings capture, commodities and other derivatives.

5. Government Reimbursement Programs

MPTF has contractual agreements with government sponsored programs, Medicare and Medi-Cal. Some revenues received under these reimbursement agreements are subject to retroactive adjustment based upon cost reports prepared by MPTF and subsequent audits by fiscal intermediaries for these programs.

Acute in-patient services are reimbursed by Medicare under the prospective payment system, which provides for payment at predetermined amounts based on the discharge diagnosis. Medicare reimburses for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications. The difference between customary charges and actual third-party payments is accounted for as a contractual allowance (i.e., explicit price concession), which is a deduction from patient service and resident revenue.

Long-term care services are reimbursed by Medi-Cal on a per-diem basis. MPTF is licensed as a Distinct-Part Long-Term Care Facility for provision of these services.

Medicare cost reports have been finalized through December 31, 2021. Medi-Cal cost reports have been finalized through December 31, 2021. Reserves, where applicable, have been accrued for all years subject to adjustment. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is a risk that recorded estimates will change in the near term. In the opinion of management, subsequent settlement adjustments, if any, would not have a materially adverse effect on MPTF's consolidated financial position.

6. Assets Limited as to Use

Assets limited as to use include funds in a debt service reserve account pledged to the debt holders to secure payment of the Bonds, as described in Note 11. Assets limited as to use that are available for the payment of principal and interest payments on long term debt are classified as noncurrent assets and have a balance of approximately $3,767,000 at December 31, 2023. At December 31, 2023, assets limited as to use consisted of cash and cash equivalents.

7. Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and contribution revenue in the appropriate net asset category. Pledges are recorded at the discounted net present value of the future cash flows, using discount rates ranging from 3.2% to 9.9% at December 31, 2023 and 2022.

Unconditional promises to give are expected to be realized in the following periods:

	2023	2022
In one year or less	$ 2,557,000	$ 4,055,000
Between one year and five years	9,634,000	10,112,000
Five years and more	15,250,000	16,210,000
Total pledges receivable, gross	27,441,000	30,377,000
Less discount for pledges receivable	(11,531,000)	(12,438,000)
Total pledges receivable, net	15,910,000	17,939,000
Less current portion	(2,557,000)	(4,055,000)
Pledges receivable, net of current portion	$ 13,353,000	$ 13,884,000

Pledges receivable at December 31 have the following restrictions:

	2023	2022
Program expenses	$ 12,435,000	$ 13,637,000
Building construction	3,100,000	2,175,000
Permanent endowment - other program support	-	200,000
Time restricted/general benefit	11,906,000	14,365,000
Total pledges receivable, gross	$ 27,441,000	$ 30,377,000

8. Note Receivable

In December 2023, MPTF sold an undeveloped land parcel and recognized a gain from the sale for approximately $25,779,000 which was recorded on the consolidated statement of operations for the year ended December 31, 2023. As consideration, MPTF received total cash proceeds of approximately $20,779,000 at the time of sale and a $5,000,000 note receivable maturing on December 15, 2030. The note accrues interest on a non-compounding basis at a rate of 3% per annum. Principal and interest are due upon maturity. The note is non-recourse, guaranteed by the buyer and subordinated to any other debt that the seller may incur to develop the property. MPTF evaluated the credit worthiness of the buyer and determined that the note is fully collectible. No reserves were recorded at December 31, 2023.

9. Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31 is as follows:

	2023	2022
Buildings and improvements	$ 79,843,000	$ 79,745,000
Furniture and equipment	39,674,000	38,741,000
Land and improvements	13,898,000	13,824,000
Construction-in-progress	429,000	576,000
	133,844,000	132,886,000
Less accumulated depreciation	(116,647,000)	(114,216,000)
Land, buildings, and equipment	$ 17,197,000	$ 18,670,000

Total depreciation expense was $2,441,000 and $2,601,000 for the years ended December 31, 2023 and 2022, respectively.

10. Operating Leases

MPTF has operating leases for corporate offices with lease terms of two to four years. Certain operating leases contain options to extend the lease. As MPTF is not reasonably certain to exercise these options, they are not included in the lease terms of the operating leases.

The components of lease costs during the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Operating lease minimum rent payments	$ 258,000	$ 243,000
Total lease cost	$ 258,000	$ 243,000

Other information related to leases as of and for the year ended December 31, 2023 and 2022 is as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows from operating leases	$ 253,000	$ 1,102,000
Weighted-average remaining lease terms (in years)	2.51	3.46
Weighted-average discount rate	1.43%	1.37%

To calculate the ROU assets and lease liabilities, MPTF uses the discount rate implicit in lease agreements when available. When the implicit discount rates are not readily determinable, MPTF has elected to use the risk-free rate for all assets classes.

Maturities of lease liabilities at December 31, 2023 are as follows:

Year Ending December 31,	
2024	$ 272,000
2025	210,000
2026	151,000
2027	-
2028	-
Thereafter	-
Total	$ 633,000
Less: amount representing interest	(15,000)
Less: lease liabilities, current	(264,000)
Operating lease liabilities, net of current portion	$ 354,000

11. Long-Term Debt

A summary of long-term debt at December 31 follows:

	2023	2022
Series 2017A Variable Rate Revenue Bonds	$ 6,970,000	$ 6,970,000
Unamortized debt issuance costs	(195,000)	(222,000)
Long-term debt, including current portion	6,775,000	6,748,000
Current portion of long-term debt	(755,000)	-
Long-term debt, net of current portion	$ 6,020,000	$ 6,748,000

On December 28, 2017, the California Statewide Communities Development Authority (CSCDA) issued, on behalf of MPTF, its Series 2017A Variable Rate Revenue Bonds (the 2017 Bonds) in the aggregate principal amount of $19,805,000. The 2017 Bonds were purchased by Northern Trust Company (the Purchaser) and MPTF and the Purchaser entered into a Continuing Covenant Agreement (the CCA). The 2017 Bonds, issued pursuant to a Bond Indenture dated as of December 1, 2017 (the Indenture), were issued for the purpose of retiring the 2001 Bonds and to pay certain costs of issuance related to the 2017 Bonds.

The Indenture required the mandatory tender and remarketing of the 2017 Bonds on December 28, 2022, the date of expiration of the current London Inter-Bank Offered Rate (LIBOR) index rate period, unless the Purchaser agreed to a new index rate period. On December 28, 2022, MPTF and the Purchaser agreed to a new index rate period expiring on December 28, 2025. Pursuant to this agreement, the Indenture and CCA were amended to provide for certain terms and conditions including and index rate based on the secured overnight financing rate (SOFR), the establishment and funding of a debt service reserve account and an account pledged to the Purchaser to secure payment of the Bonds, MPTF’s redemption of a portion of the Bonds then outstanding and changes to certain restrictive financial covenants. The redemption payment of $6,965,000 was made by MPTF in December 2022.

The 2017 Bonds bear interest at variable rates (4.4366% as of December 28, 2023), which are reset and payable monthly in arrears. Principal on the 2017 Bonds is payable March 1 of each year. Principal payment amounts range from $775,000 to $990,000, with final payment due in 2031.

The 2017 Bonds may be redeemed early at the request of MPTF through the CSCDA in whole or part, on any interest payment date. Payment of principal and interest on the 2017 Bonds is collateralized by a pledge against the gross revenue of MPTF.

MPTF used an interest rate swap, with a notional value of $4,000,000 at December 31, 2023, to manage the interest rate exposure of the 2017 Bonds. The swap agreement was amended and restated in October 2012. Under the terms of the restated swap agreement, which expires January 1, 2024, MPTF pays the counterparty a fixed interest rate of 3.53% and receives a variable rate, indexed at 67% of the one-month LIBOR (3.65% at December 31, 2023), on the notional principal amount of the swap.

The interest rate swap agreement was recognized on the consolidated balance sheets at its estimated fair market value, corroborated by market data and therefore classified within Level 2 (See Note 4). The estimated fair value of the interest rate swap is recorded as a liability of $0 and $13,000 as of December 31, 2023 and 2022, respectively.

The interest rate swap has not been designated as a hedge under ASC 825, *Derivatives and Hedging,* and as such the change in fair value is recorded as decreases of $13,000 and $383,000 in the consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022, respectively. In addition, cash payments and receipts resulted in net cash disbursements of $4,000 and $189,000 for the years ended December 31, 2023 and 2022, respectively.

The 2017 Bonds are subject to certain restrictive covenants requiring certain quarterly and annual financial information, both unaudited and audited, and compliance with liquidity and debt service coverage requirements.

The amounts due on the 2017 Bonds at December 31, 2023 are as follows:

Year Ending December 31,	
2024	$ 755,000
2025	790,000
2026	820,000
2027	850,000
2028	885,000
Thereafter	2,870,000
Total long-term debt	$ 6,970,000

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2023	2022
Subject to expenditure for specified purpose		
Buildings and equipment	$ 1,281,000	$ 1,376,000
Patient and resident support	280,000	301,000
Emergency financial assistance	2,978,000	555,000
Other program support	858,000	690,000
	5,397,000	2,922,000
Subject to the passage of time	15,910,000	17,739,000
Subject to endowment spending policy and appropriation		
Patient and resident support	8,418,000	8,018,000
Grounds maintenance	4,682,000	4,336,000
Other program support	18,897,000	17,645,000
	31,997,000	29,999,000
Total net assets with donor restrictions	$ 53,304,000	$ 50,660,000

Net assets released from restrictions by incurring expenses satisfying the restricted purpose or by the passage of time comprise the following at December 31:

	2023	2022
Buildings and equipment	$ 178,000	$ 14,000
Emergency Financial Assistance	154,000	41,000
Other program support	4,883,000	9,142,000
Total releases from restriction	$ 5,215,000	$ 9,197,000

13. Endowments

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. MPTF's nineteen endowments are donor-restricted and established for a variety of purposes. MPTF does not have any Board of Directors (the "Board") designated endowments at December 31, 2023 or 2022.

MPTF classifies as net assets with donor restrictions: (a) the portion of the gift explicitly stipulated to be retained permanently in the subject gift instrument, or (b) in the absence of such stipulation, the fair value of the endowment gift as of the gift date. Investment income relating to an endowment gift, including interest, dividends and realized net gains is temporarily classified as net assets with donor restrictions until such amounts are appropriated for expenditure, unless otherwise explicitly stipulated in the gift instrument.

Changes in endowment net assets with donor restrictions for the years ended December 31 had the following activity:

	2023	2022
Endowment net assets, beginning of year	$ 29,999,000	$ 32,916,000
Investment income	1,158,000	888,000
Net realized and unrealized appreciation (depreciation)	1,108,000	(3,818,000)
Total investment return	2,266,000	(2,930,000)
Contributions	-	13,000
Changes in donor restrictions	(268,000)	-
Endowment net assets, end of year	$ 31,997,000	$ 29,999,000

From time to time, the fair value of endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor requires MPTF to retain as a fund of perpetual duration, referred to as underwater endowments. Deficiencies of this nature that are reported in net assets without donor restrictions were $0 and $1,195,000 at December 31, 2023 and 2022, respectively.

MPTF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. Endowment assets include those assets of donor-restricted funds that MPTF must hold in perpetuity or for donor-specified periods. Under the investment policy, as approved by the Board, the endowment assets are invested primarily in fixed income and alternative investments which are intended to produce results that exceed a policy index that consists of a 60% allocation to the ICE BofA US Corporate, Government & Mortgage Index, a 35% allocation to the HFRI Fund Weighted Composite Index, and a 5% allocation to the Bloomberg US Corporation High Yield Index. To satisfy its long-term rate-of-return objectives, MPTF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realize and unrealized) and income (from interest and dividends), while seeking to minimize the risk of principal loss.

MPTF's Board has established a spending policy whereby expenditures shall not exceed seven percent of the endowment fund's fair market value in any year.

14. Functional Expenses

Expenses incurred comprise the following program and support services for the years ended December 31:

2023	Program Services				Support Services			
	Inpatient	Residential	Other	Program Subtotal	Management and General	Fundraising	Support Subtotal	2023 Total
Salaries, wages, and benefits	$ 22,972,000	$ 12,440,000	$ 4,558,000	$ 39,970,000	$ 5,899,000	$ 1,640,000	$ 7,539,000	$ 47,509,000
Purchased services	3,370,000	4,758,000	1,021,000	9,149,000	1,556,000	2,668,000	4,224,000	13,373,000
Professional fees	2,903,000	734,000	301,000	3,938,000	451,000	343,000	794,000	4,732,000
Supplies	1,581,000	387,000	53,000	2,021,000	153,000	57,000	210,000	2,231,000
Depreciation	1,145,000	480,000	590,000	2,215,000	144,000	82,000	226,000	2,441,000
Other	736,000	391,000	8,513,000	9,640,000	126,000	107,000	233,000	9,873,000
Total expenses	$ 32,707,000	$ 19,190,000	$ 15,036,000	$ 66,933,000	$ 8,329,000	$ 4,897,000	$ 13,226,000	$ 80,159,000

2022	Program Services				Support Services			
	Inpatient	Residential	Other	Program Subtotal	Management and General	Fundraising	Support Subtotal	2022 Total
Salaries, wages, and benefits	$ 21,198,000	$ 11,493,000	$ 4,196,000	$ 36,887,000	$ 5,816,000	$ 1,552,000	$ 7,368,000	$ 44,255,000
Purchased services	3,438,000	4,649,000	771,000	8,858,000	1,416,000	5,089,000	6,505,000	15,363,000
Professional fees	3,512,000	825,000	461,000	4,798,000	650,000	1,037,000	1,687,000	6,485,000
Supplies	1,901,000	457,000	60,000	2,418,000	125,000	44,000	169,000	2,587,000
Depreciation	1,158,000	524,000	662,000	2,344,000	166,000	91,000	257,000	2,601,000
Other	1,277,000	466,000	264,000	2,007,000	108,000	298,000	406,000	2,413,000
Total expenses	$ 32,484,000	$ 18,414,000	$ 6,414,000	$ 57,312,000	$ 8,281,000	$ 8,111,000	$ 16,392,000	$ 73,704,000

Expenses are summarized and categorized based upon their functional classification as either program or support services. Specific expenses readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses attributable to more than one program or support service require allocation on a reasonable basis that is consistently applied. Allocated expenses include salaries, wages and benefits, dietary, plant maintenance, and housekeeping which are allocated based on estimates of time and effort, and depreciation expense which is allocated based on usage of the underlying assets. Management and general expenses are support services that are not directly identifiable with any specific program service function but provide for the overall support and direction of MPTF.

15. Pension Plan

MPTF sponsors a defined benefit pension plan (the Plan) that was frozen for represented and non-represented employees on February 28, 2014 and July 1, 2011, respectively. Benefits are based on service with MPTF and the highest five years of earnings. MPTF's policy is to fund pension costs at a level at least as great as the required minimum contribution under Employee Retirement Income Security Act (ERISA).

The following table sets forth the Plan's funded status and amounts recognized, shown in MPTF's consolidated financial statements, at December 31:

	2023	2022
Change in benefit obligation		
Projected benefit obligation at beginning of year	$ 62,132,000	$ 80,288,000
Service cost	961,000	864,000
Interest cost	2,942,000	2,035,000
Benefits paid	(5,055,000)	(4,819,000)
Actuarial (gain)/loss	1,650,000	(16,236,000)
Projected benefit obligation at end of year	62,630,000	62,132,000
Change in plan assets		
Fair value of plan assets at beginning of year	47,845,000	57,686,000
Actual return on plan assets	4,554,000	(5,355,000)
Employer contributions	-	333,000
Benefits paid	(4,142,000)	(3,967,000)
Administrative expenses	(913,000)	(852,000)
Fair value of plan assets at end of year	47,344,000	47,845,000
Net unfunded status at year-end	$ (15,286,000)	$ (14,287,000)

Amounts recognized in the balance sheet are included in noncurrent liabilities.

Net benefit expense for the years ended December 31 includes the following components:

	2023	2022
Components of net periodic benefit cost		
Service cost	$ 961,000	$ 864,000
Interest cost	2,942,000	2,035,000
Expected return on plan assets	(2,746,000)	(3,371,000)
Recognized net actuarial loss	822,000	1,771,000
Total net periodic benefit cost	1,979,000	1,299,000
Changes in plan assets and benefit obligations recognized in net assets without donor restrictions		
Net actuarial gain (loss) arising during the year	999,000	(7,981,000)
Amounts recognized as a component of net periodic benefit cost		
Amortization of loss	(1,979,000)	(1,299,000)
Total recognized in net assets without donor restrictions	(980,000)	(9,280,000)
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ 999,000	$ (7,981,000)
Estimated amounts that will be amortized from net assets without donor restrictions over the next year		
Unrecognized loss	(650,000)	(822,000)
Total	$ (650,000)	$ (822,000)

Additional information and assumptions are as follows:

	2023	2022
Assumptions		
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	4.7%	4.9%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31		
Discount rate	4.9%	2.6%
Expected long-term rate of return on plan assets	6.0%	6.0%
Rate of compensation increase	N/A	N/A

The expected long-term rate of return on Plan assets was selected by MPTF based on investment return modeling which incorporates historical returns and future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. The compensation increase assumption for the Plan is no longer applicable, as compensation increases and service accruals were frozen as of February 28, 2014 and July 1, 2011 for represented and non-represented employees, respectively.

Plan assets

The primary investment objective is to provide capital appreciation of the investment portfolio over long periods of time. The portfolio is perpetual in nature and is invested to withstand the loss of purchasing power from inflation.

The table below presents the pension plan assets at fair value on a recurring basis at December 31, categorized by inputs used in the valuation of each investment:

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Plan Assets at Fair Value				
Cash equivalents	$ 817,000	$ -	$ -	$ 817,000
Mutual funds				
Domestic fixed income	8,039,000	-	-	8,039,000
Domestic equity	6,418,000	-	-	6,418,000
Global equity	9,564,000	-	-	9,564,000
Alternative investments	4,190,000	-	-	4,190,000
Plan assets in fair value hierarchy	$ 29,028,000	$ -	$ -	29,028,000
Plan assets measured at NAV (practical expedient)				18,316,000
Total plan assets at fair value				$ 47,344,000

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Plan Assets at Fair Value				
Cash equivalents	$ 1,022,000	$ -	$ -	$ 1,022,000
Mutual funds				
Domestic fixed income	9,315,000	-	-	9,315,000
Domestic equity	6,813,000	-	-	6,813,000
Global equity	9,606,000	-	-	9,606,000
Alternative investments	6,154,000	-	-	6,154,000
Plan assets in fair value hierarchy	$ 32,910,000	$ -	$ -	32,910,000
Plan assets measured at NAV (practical expedient)				14,935,000
Total plan assets at fair value				$ 47,845,000

Allocation of Assets
The year-end asset allocation, which approximates the weighted-average allocation for the Plan assets at December 31 in comparison to the current investment policy established ranges for each category, is as follows:

	2023	2022
Asset Category		
Equity securities	31.7 %	34.3 %
Debt securities (fixed income)	24.5 %	21.6 %
Alternative investments [(a)]	43.8 %	44.1 %
Total	100.0 %	100.0 %

(a) The Alternatives investment policy range consists of the consolidated ranges for the Balance/Flexible, Private Real Estate, Commodities, Private Credit, and Private Equity asset classes, as reported in the Plan's investment policy statement.

Inappropriate investments, according to the Plan's investment policy, include options, futures and unregistered securities, and short sales or the use of margin. All investments are valued at the closing price reported on the active market on which the mutual funds are traded. As described in Note 2, MPTF uses a hierarchy to report invested assets, including the invested assets of the Plan.

MPTF expects to contribute $850,000 to its pension plan in 2024.

Estimated future benefit payments
The following benefit payments, which reflect expected future service and compensation, as appropriate, are expected to be paid by MPTF:

	Expected Benefits
Year Ending December 31,	
2024	$ 4,367,000
2025	4,543,000
2026	4,572,000
2027	4,545,000
2028	4,572,000
2029 – 2030	22,014,000

16. Supplemental Executive Retirement Plan

MPTF provides supplemental executive retirement plan (SERP) benefits to certain executives. The SERP provides benefits which are not subject to regulatory controls requiring funding of the obligation, and consequently, the benefits are payable out of general corporate assets. The projected SERP benefit obligation assuming a 4.90% and 2.50% discount rate and a 0% annual compensation increase is $437,000 and $440,000 at December 31, 2023 and 2022, respectively. Effective January 1, 2002, MPTF's defined benefit pension plan, as described in Note 15, was amended to provide supplemental retirement benefits to certain plan participants, which participants are also participants in the SERP.

The following amounts are recognized, as shown in MPTF's consolidated financial statements, at December 31:

	2023	2022
Benefit cost charged for the year	$ (8,000)	$ (7,000)
Accrued benefit cost recognized in accrued pension benefits on the consolidated balance sheets	$ 437,000	$ 440,000

Estimated future benefit payments
The following benefit payments, which reflect expected future service and compensation, as appropriate, are expected to be paid by MPTF:

Year Ending December 31,	Expected Benefits
2024	$ 35,000
2025	35,000
2026	35,000
2027	34,000
2028	34,000
2029–2030	159,000

17. Commitments and Contingencies

MPTF is involved in various legal proceedings that are incidental to the conduct of its operations. In the opinion of management, based on the current facts and circumstances known by MPTF, the resolution of these matters will not have a material adverse effect on the financial position or results of operations of MPTF.

18. Available Resources and Liquidity

The following reflects MPTF's financial assets as of the consolidated balance sheets date, reduced by amounts not available for general use within one year of the consolidated balance sheets date because of contractual or donor-imposed restrictions:

	2023
Cash and cash equivalents	$ 6,611,000
Patient accounts receivable, net	3,404,000
Other receivables	851,000
Pledges receivable, net	2,557,000
Other current assets	1,194,000
Investments	60,040,000
Land, buildings, and equipment, net	17,197,000
Insurance recoveries receivable, net of current portion	4,348,000
Pledges, net of current portion	13,353,000
Note receivable	5,000,000
Assets as to limited use	3,767,000
Assets held under split-interest agreements	136,000
Operating lease right-of-use asset, net	600,000
Other assets	410,000
Total assets	119,468,000
Exclude nonfinancial assets	
Other current assets - prepaid insurance and inventory	(1,194,000)
Land, buildings, and equipment, net	(17,197,000)
Operating lease right-of-use asset, net	(600,000)
Other assets	(410,000)
Total assets, excluding nonfinancial assets	100,067,000
Less	
Amounts expected to be available for use in more than one year	
Assets held by a trustee	(3,767,000)
Insurance recoveries receivable	(4,952,000)
Pledges, net of current portion	(13,353,000)
Note receivable	(5,000,000)
Assets held under split-interest agreements	(136,000)
Investments - endowment funds	(31,997,000)
Investments - workers comp insurance trusts	(3,298,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 37,564,000

Management monitors and reviews MPTF's liquidity requirements with the Board and relevant committees of the Board during the annual budget process and periodically throughout the year. The General Fund investment policy is designed to ensure adequate liquidity to meet obligations of MPTF as they come due.