BAY MEDICAL CENTER PENSION PLAN

PANAMA CITY, FLORIDA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Tipton, Marler, Garner & Chastain
The CPA Group

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Bay Medical Center Pension Plan
Panama City, Florida

Opinions

We have audited the accompanying financial statements of the Bay Medical Center Pension Plan, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Bay Medical Center Pension Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bay Medical Center Pension Plan, as of December 31, 2022 and 2021, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bay Medical Center Pension Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay Medical Center Pension Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bay Medical Center Pension Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bay Medical Center Pension Plan'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of changes in net pension liability and related ratios, schedules of employer contributions, and schedules of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Lipton, Marler, Garner & Chastain

Panama City, Florida
December 12, 2023

BAY MEDICAL CENTER PENSION PLAN
STATEMENTS OF PLAN FIDUCIARY NET POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents		
Money market funds	$ 3,327,160	$ 1,468,910
Investments, at fair value		
U.S. government and agency bonds	4,062,119	4,387,227
Mutual funds	71,711,222	93,701,946
Equity securities	12,470,692	16,689,834
Corporate bonds	2,971,778	2,631,757
Total investments	91,215,811	117,410,764
Receivables		
Accrued interest and dividends	47,077	28,939
Total Assets	94,590,048	118,908,613
Liabilities		
Payables		
Accounts payable and accrued expenses	73,718	94,932
Net Position Restricted for Pensions	$ 94,516,330	$ 118,813,681

See the independent auditor's report and accompanying notes.

BAY MEDICAL CENTER PENSION PLAN
STATEMENTS OF CHANGES IN PLAN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Additions		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	$ (16,376,598)	$ 12,616,516
Interest	216,856	118,733
Dividends	1,164,037	1,213,617
Total investment income (loss)	(14,995,705)	13,948,866
Less investment expense	(317,221)	(380,799)
Net investment income (loss)	(15,312,926)	13,568,067
Contributions		
Employer	-	13,163
Total additions (deletions)	(15,312,926)	13,581,230
Deductions		
Distributions to members		
Benefits paid to participants	8,984,425	8,831,556
Net increase (decrease) in fiduciary net position	(24,297,351)	4,749,674
Net position restricted for pensions		
Beginning of year	118,813,681	114,064,007
End of year	$ 94,516,330	$ 118,813,681

See the independent auditor's report and accompanying notes.

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Bay Medical Center Pension Plan (the Plan) provides only general information. Participants should refer to the Bay Medical Center Pension Plan Summary Plan Description booklet for a more complete description of the Plan's provisions. These general descriptions of the Plan are for the years ended December 31, 2022 and 2021.

General Description and Plan Amendments

Effective January 1, 2004, Bay Medical Center (BMC) adopted a resolution, approved by the Board of Trustees, authorizing the merger of the BayMed Staffing, Inc. Pension Plan into the Bay Medical Center Pension Plan. The Plan is a noncontributory, single-employer defined benefit pension plan, administered by a committee appointed by BMC. Under the provisions of the Plan, the BMC Board of Trustees has the authority to amend the Plan. It is intended that this Plan will be a governmental plan that meets all the applicable requirements of the laws of the State of Florida and the Internal Revenue Code of 1986, as amended from time to time, and will be operated for the exclusive benefit of the Plan's participants and beneficiaries.

Effective January 1, 2008, the Plan was restated to comply with the applicable provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the applicable provisions of various administrative pronouncements promulgated by the Internal Revenue Service. This restatement, approved by the Board of Trustees, also included provisions intended to qualify as good-faith amendments to comply with the applicable provisions of the Pension Protection Act of 2006.

Effective January 1, 2010, the Plan was restated to reflect various amendments, approved by the Board of Trustees, including the reduction of retirement credits, the elimination of certain cost of living adjustments and health insurance subsidies, the removal of the so-called "suspension of benefits" provisions, changing the required beginning date for minimum distribution purposes and the adoption of procedures for qualified domestic relation orders.

Effective January 1, 2011, the Plan was restated to reflect various amendments approved by the Board of Trustees. These amendments cease benefit accruals under Part A of the Plan as of December 31, 2010 and include the following provisions related thereto:

- Credited service after December 31, 2010 is disregarded for purposes of determining the amount of pension benefits under the Plan for purposes of determining entitlement to the increased benefit rate percentage for the special postponed retirement benefit and the early retirement benefit. However, credited service after December 31, 2010 continues for purposes of satisfying the credited service eligibility condition for attaining normal and early retirement age and participants that ceased to be eligible employees pursuant to the Plan;

- Participant's eligible earnings attributable to periods after December 31, 2010 are disregarded for purposes of determining such participant's final average eligible earnings with respect to the calculation of the amount of pension benefits under the Plan; and

NOTE 1 – DESCRIPTION OF PLAN (Continued)

- New participation in the Plan ceases and therefore, effective January 1, 2011, all participants shall only accrue pension benefits under the pension benefit formula contained in Part B of the Plan.

The Plan covered substantially all regular, benefited employees of BMC who have attained the age of 21 and completed one year of service in which 1,000 or more hours of credited service have been earned.

In 2012 various amendments were made to the Plan which included, but were not limited to the following:

- All new participation in the Plan ceased on March 31, 2012;

- In order for a participant to receive retirement credits under Section 1.52 for the 2012 plan year, such participant must complete at least 1,000 hours of service between January 1, 2012 and March 31, 2012;

- Any participant that does not attain his normal or postponed retirement age on or before March 31, 2012 shall not be eligible for a normal or postponed retirement benefit but may be eligible for an early or deferred vested benefit;

- Any participant that does not attain his early retirement age on or before March 31, 2012 shall not be eligible for an early retirement benefit but shall be eligible for a deferred vested benefit if such participant is 100% vested on or before March 31, 2012 or becomes 100% vested after March 31, 2012 as a result of the “imputed” vesting service provisions;

- Participants whose employment with the employer terminated on March 31, 2012 as the result of sale/lease of the hospital to Bay County Health System, LLC (or one or more entities related thereto) are not eligible for a disability retirement benefit; and

- No preretirement survivor benefit shall be payable with respect to participants dying after March 31, 2012 because these provisions require participants to be employed by the employer on the date of death. However, preretirement survivor benefits may become payable with respect to any participant dying after March 31, 2012 (because these provisions do not require participants to be employed by the employer on the date of death) as long as such participant is 100% vested on the date of death (either because the participant was 100% vested on or before March 31, 2012 or becomes 100% vested after March 31, 2012) as a result of the “imputed” vesting service provisions.

Participants entitled to pension benefits, the actuarial present value of which is less than $5,000, shall be paid such amounts in single lump sums, in lieu of and in full satisfaction of benefits entitled under the Plan.

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Effective January 1, 2013, the Plan was restated to reflect an amendment approved by the Board of Trustees on December 10, 2012. The purpose of the amendment was to clarify that any participant who was employed by the employer on March 31, 2012 that is 100% vested on or before March 31, 2012 or becomes 100% vested after March 31, 2012 as a result of the "imputed" vesting service provisions of the Plan and is entitled to a deferred vested benefit, may elect to commence payment thereof on the first day of any month following the later of his attainment of age fifty or the date on which he is credited with five years of vesting service.

Effective December 8, 2014, the Plan was amended to reflect an amendment approved by the Board of Trustees on December 8, 2014. The purpose of the amendment was to: (a) comply with the requirements of IRS Notice 2014-19 relating to same-sex marriages as well as certain requirements of Florida Law that void spousal beneficiary designations after divorce; (b) clarify once benefit distributions commence, a participant (i) cannot change forms of benefit payment, and (ii) cannot change his beneficiary (subject to one exception for ten year term certain annuity payments); and (c) increase the lump sum payment threshold from $5,000 to $10,000, whereby if a participant's or beneficiary's actuarial equivalent value is $10,000 or less, they may receive their entire benefit in one lump sum payment.

Effective May 1, 2017, the Plan was amended and restated to reflect an amendment approved by the Board of Trustees on May 1, 2017. The purpose of the restatement was to substitute the spousal consent requirements currently applicable to certain participant benefit payment options with a new spousal "acknowledgement" provision, which is analogous to the rules applicable to the Florida Retirement System. Although the new spousal acknowledgement provisions are generally applicable to distributions made on or after their May 1, 2017 effective date, if a participant filed an application for Plan Benefits with the Committee prior to May 1, 2017, such participant shall be subject to the prior spousal consent requirements unless they affirmatively elected to utilize the new provisions. However, if such participant selected a form of benefit payment that did not require spousal consent, they shall be deemed to have elected not to utilize the new spousal acknowledgement provisions. In addition to the foregoing, this restatement also clarifies certain provisions relating to Florida law that void spousal designations after divorce.

Effective January 1, 2019, the Board of Trustees adopted a resolution amending the Plan. The purpose of the amendment was to update the actuarial assumptions that are used to convert one form of benefit payment to another benefit payment, determine the single sum present value of the accrued benefit, and convert Part B account balances to a single life annuity.

Effective January 1, 2020, the Board of Trustees adopted a resolution amending the Plan. The purpose of the amendment was to comply with the SECURE Act and to make other revisions changing the minimum distribution age from 70 ½ to 72.

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Plan Membership

Plan membership consisted of the following:

	2022	2021
Inactive Plan members entitled to but not receiving benefits	733	767
Inactive Plan members or beneficiaries currently receiving benefits	705	696
Total	1,438	1,463

Vesting

Vesting in the Plan was based on years of service, including credit for years of service prior to the effective date of the Plan. A participant was 100% vested after five years of credited service. In addition, a participant became fully vested upon attainment of normal retirement age.

Pension Benefits

Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age (62) equal to 1.6% of the participant's final average eligible earnings for each year of credited service.

Death and Disability Benefits

If an active employee died after normal retirement age (62), the death benefit payable is 50% of the benefit payable to the spouse had the participant retired on the date of death. If death occurs prior to attainment of normal retirement but after completion of five years of credited service the benefit payable is 50% of the benefit payable had the participant terminated on the date of death and commenced receipt of benefits on the earliest date possible with a 50% Joint and Survivor form of payment selected. If an active employee became totally disabled after ten years of service, they receive a monthly life annuity of two benefits combined, the conversion benefit and the cash balance. The conversion benefit is the unreduced accrued benefit as of December 31, 2010 and the cash balance benefit is the retirement account balance converted to an actuarially equivalent life annuity as of the benefit commencement date.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual method of accounting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, liabilities, and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest income is recognized when earned. The Plan presents in the statements of changes in plan fiduciary net position available for plan benefits, the net appreciation/depreciation in fair value of its investments, which consists of realized gains or losses and the unrealized appreciation/depreciation on those investments.

Contributions

BMC is required to make contributions to fund the Plan at such times and amounts as the actuary shall certify to the employer as being required. Participant contributions to the Plan are not permitted.

Benefits Paid

Benefits are recorded and recognized when paid.

Administrative and Investment Expenses

Pursuant to the Plan document, administrative expenses and investment expenses are paid by the Plan, unless the Plan sponsor, BMC, elects to pay such expenses. For the years ended December 31, 2022 and 2021, the Plan incurred investment fees of $317,221 and $380,799, respectively. BMC elected to pay all other administrative expenses related to the Plan.

NOTE 3 – FUNDING POLICY

BMC's funding policy for the Plan is to contribute each year an amount that is not less than the minimum required contribution established under Chapter 112 of the Florida Statutes. The required contribution for each Plan year ended December 31, was determined as part of the January 1, of the same year actuarial valuation. BMC's contributions to the Plan for the years ended December 31, 2022 and 2021 met the minimum funding requirements of Chapter 112 of the Florida Statutes.

NOTE 3 – FUNDING POLICY (Continued)

No amendment to the Plan, however, can cause any reduction in the accrued pension of any participant or the elimination or reduction of certain protected benefits (such as early retirement benefits and optional forms of benefit payments) with respect to accrued pensions as of the later of the adoption date or effective date of the amendment, except as allowed by law.

The money which BMC has contributed towards financing the Plan must be used to provide the benefits to the Plan participants and may not be returned except for contributions made as a result of a mistake of fact.

NOTE 4 – PLAN TERMINATION

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by state regulations, generally to provide the following benefits:

> If the Plan is completely terminated, accruals of additional benefits under the Plan will cease. Benefits already earned under the Plan at the time of such termination, to the extent then funded, will become fully vested. The assets of the Plan will be allocated to pay such earned benefits. If excess assets remain after all of the Plan's liabilities for such earned benefits are satisfied, those excess assets will be returned to BMC.

NOTE 5 – INVESTMENTS

Rate of Return

For the years ended December 31, 2022 and 2021, the annual money-weighted rate of return on the Plan investments, net of pension plan investment expense, was (13.45%) and 12.40%, respectively. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policies described below provide guidelines for the credit ratings of specific types of investments. Presented below is the rating as of the years ended for each investment type.

NOTE 5 – INVESTMENTS (Continued)

The Plan had the following investments as rated by Moody's:

As of December 31, 2022:

Investment Type	Fair Value	Credit Rating (if applicable)
Equity securities	$ 12,470,692	N/A
Mutual funds	71,711,222	N/A
U.S. government and agency bonds	4,062,119	Aaa
Corporate bonds	438,198	A3
Corporate bonds	763,998	A2
Corporate bonds	673,739	A1
Corporate bonds	182,658	Aa3
Corporate bonds	659,857	Baa1
Corporate bonds	138,333	Baa2
Corporate bonds	114,995	Baa3
Total Investments	$ 91,215,811	

As of December 31, 2021:

Investment Type	Fair Value	Credit Rating (if applicable)
Equity securities	$ 16,689,834	N/A
Mutual funds	93,701,946	N/A
U.S. government and agency bonds	4,387,227	Aaa
Corporate bonds	272,808	A3
Corporate bonds	801,778	A2
Corporate bonds	449,837	A1
Corporate bonds	54,813	Aa2
Corporate bonds	395,847	Baa1
Corporate bonds	510,408	Baa2
Corporate bonds	146,266	Baa3
Total Investments	$ 117,410,764	

As of December 31, 2022 and 2021, the Plan did not hold any investments that were considered to be a credit risk.

NOTE 5 – INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan's investment policies do not provide specific restrictions as to maturity length of investments. Information about sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided below, using the segmented time distribution method.

As of December 31, 2022:

Investment Type	Fair Value	Years to Maturity (if applicable)
Equity securities*	$ 12,470,692	N/A
Mutual funds*	71,711,222	N/A
U.S. government and agency bonds	765,480	2-5 Years
U.S. government and agency bonds	789,693	5-10 Years
U.S. government and agency bonds	2,506,946	>10 Years
Corporate bonds	2,061,685	2-5 Years
Corporate bonds	666,407	5-10 Years
Corporate bonds	243,686	>10 Years
Total Investments	$ 91,215,811	

As of December 31, 2021:

Investment Type	Fair Value	Years to Maturity (if applicable)
Equity securities*	$ 16,689,834	N/A
Mutual funds*	93,701,946	N/A
U.S. government and agency bonds	100,069	<1 Year
U.S. government and agency bonds	1,378,471	2-5 Years
U.S. government and agency bonds	1,724,811	5-10 Years
U.S. government and agency bonds	1,183,876	>10 Years
Corporate bonds	1,013,710	2-5 Years
Corporate bonds	1,120,419	5-10 Years
Corporate bonds	497,628	>10 Years
Total Investments	$ 117,410,764	

*Included but not required to be presented by maturity date.

NOTE 5 – INVESTMENTS (Continued)

Investment Policy

The investment policy of the Plan is established and amended by the Board of Trustees. The Bay Medical Pension Fund seeks to provide post-retirement benefits to the covered employees of Bay Medical Center (the "Sponsor") who are entitled to receive benefits under the Plan. The Plan's overall goal is to pay benefits as promised by the Plan in such a way that the cost and risk are manageable for the Sponsor.

The general investment objective is to obtain a total rate of return that achieves the actuarial interest rate assumption on average over the life of the plan. The total rate of return is defined as interest and dividend income plus realized and unrealized capital gains and/or losses.

Portfolio assets shall be managed as a balanced portfolio comprised of two major components: an equity portion and a fixed income portion. The expected role of Plan equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments.

The long-term strategic asset allocation guidelines, determined by the Board to be the most appropriate, given the Plan's long-term objectives and short-term constraints are approximately 65 percent equity and 35 percent fixed income investments. The Board of Trustees may authorize asset allocation changes of 10 percent around this normal policy, i.e., equities may range from 55 percent to 75 percent, fixed income from 25 percent to 45 percent. The Board of Trustees will provide flexibility to the investment managers and managers may recommend asset allocation changes within these ranges to the Board of Trustees at any time.

Allowable Investment Classes

1. Bonds, notes, or other obligations of (i) the United States, its organized territories, or its agencies, or (ii) of any state, county, city, district, or other local government entity or agency of a state or territory of the United States.

2. Commercial paper, time drafts or bills of exchange drawn on and accepted by a commercial bank that are accepted by a member bank of the Federal Reserve System.

3. Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars.

4. Short-term obligations purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.

5. Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C.ss.80a-1 et seq.

NOTE 5 – INVESTMENTS (Continued)

6. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

7. Mortgage securities, which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

8. Group annuity contracts of the pension investment type with insurers licensed to do business in Florida that are rated investment grade by at least one nationally recognized rating service.

9. Certain interests in real property and related personal property, as defined in Section 215.47(2)(e), Florida Statutes.

10. Fixed-income obligations issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

11. Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

12. Asset-backed securities.

13. Common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock.

14. Interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States.

15. Corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States or its possessions or territories.

16. Futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission.

17. Investment products, such as mutual funds or exchange-traded funds, that consist only of allowable investment classes. In this Section III.B are allowed, provided that such products are not leveraged and are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or The Commodity Futures Trading Commission.

18. Notwithstanding the above, any investment or investment class authorized by Section 112.661, Florida Statutes, provided that if such investment is made pursuant to Section 215.47(6), Florida Statutes, such investment must be authorized by a written resolution of the Board of Trustees.

NOTE 5 – INVESTMENTS (Continued)

Diversification Policy

Diversification across and within asset classes is the primary means by which the Board of Trustees expects the portfolio to avoid undue risk of large losses over long time periods. To protect the portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Board of Trustees will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. Except for fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total portfolio assets at the Plan level.

2. Except for passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total portfolio assets at the Plan level.

3. With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

In addition, all investments within each asset class and sub-asset class shall meet such other standards of prudent diversification and risk management as the Board of Trustees may from time to time adopt.

NOTE 6 – INVESTMENT MEASUREMENT AT FAIR VALUE

Fair Value Hierarchy

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where as the unobservable inputs are classified as Level 3.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified

NOTE 6 – INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

(contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of December 31, 2022 and 2021:

- *Mutual funds* – The rationale for inclusion in Level 1 and Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's open. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities. The investments with unobservable inputs are reported as Level 3.

- *Equity securities* – Valued at quoted market prices for identical assets in active markets.

- *Bonds* – Bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those bonds. Bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Corporation and Bloomberg, L.P. to value bonds based on the bonds' relationship to benchmark quoted prices.

NOTE 6 – INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

		Fair Value Measurements Using		
Investments by fair value level	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U. S. government and agency bonds	$ 4,062,119	$ 1,911,520	$ 2,150,599	$ -
Equity securities	12,470,692	12,470,692	-	-
Corporate bonds	2,971,778	2,971,778	-	-
Mutual funds - fixed income	22,123,787	124,151	21,999,634	2
Mutual funds - equities	47,961,628	18,355,193	29,587,670	18,765
Mutual funds - real estate	1,625,807	-	-	1,625,807
Total investments by fair value level	$ 91,215,811	$ 35,833,334	$ 53,737,903	$ 1,644,574

		Fair Value Measurements Using		
Investments by fair value level	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U. S. government and agency bonds	$ 4,387,227	$ 3,202,702	$ 1,184,525	$ -
Equity securities	16,689,834	16,689,834	-	-
Corporate bonds	2,631,757	2,631,757	-	-
Mutual funds - fixed income	28,200,394	190,731	28,008,437	1,226
Mutual funds - equities	62,221,557	24,220,968	37,965,657	34,932
Mutual funds - real estate	3,279,995	-	-	3,279,995
Total investments by fair value level	$ 117,410,764	$ 46,935,992	$ 67,158,619	$ 3,316,153

NOTE 7 – NET PENSION LIABILITY

The components of the net pension liability were as follows:

	2022	2021
Total pension liability	$ 115,667,489	$ 113,272,955
Plan fiduciary net position, per actuary	(94,516,330)	(118,813,681)
Net pension liability (asset)	$ 21,151,159	$ (5,540,726)
Plan fiduciary net position as a percentage of the total pension liability:	81.71%	104.89%

Significant Actuarial Assumption

The total pension liability as of December 31, 2022 and 2021 was determined based on a roll-forward of entry age normal liabilities from the January 1, 2022 and January 1, 2021, actuarial assumptions, applied to all periods included in the measurements.

Mortality

As of December 31, 2022 and 2021:

For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

	2022	2021
Inflation	2.50%	2.50%
Investment Return	6.75%, compounded annually, net of investment expenses	7.25%, compounded annually, net of investment expenses
Lump Sum Conversion Basis for Cash Balance Participants	4.25% per year	4.25% per year

NOTE 7 – NET PENSION LIABILITY (Continued)

Salary Increase Factors

None – severance date not later than March 31, 2012.

Cost-of-Living Increases

Effective May 23, 2009, 0% or 3% cost-of-living adjustment paid to retirees and beneficiaries who were in payment status of a conversion benefit on September 1, 2009.

Long-Term Expected Rate of Return

As of December 31, 2022:

The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed using the forward-looking long-term investment returns of seven national investment consultants using a building block approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	70%	6.63%
Fixed Income	30%	1.94%
Total	100%	

For actuarial purposes, the long-term expected rate of return is calculated weighting the expected future real rates of return by target allocation percentage and then adding the actuarial expected inflation. For actuarial purposes, the 6.75% assumed annual investment rate of return used in calculation of the total pension liability includes a 4.25% real rate of return and a 2.50% inflation component.

As of December 31, 2021:

The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed using the forward-looking long-term investment returns of six national investment consultants using a building block approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	70%	6.30%
Fixed Income	30%	0.45%
Total	100%	

NOTE 7 – NET PENSION LIABILITY (Continued)

For actuarial purposes, the long-term expected rate of return is calculated weighting the expected future real rates of return by target allocation percentage and then adding the actuarial expected inflation. For actuarial purposes, the 6.75% assumed annual investment rate of return used in calculation of the total pension liability includes a 4.25% real rate of return and a 2.50% inflation component.

Discount Rate

As of December 31, 2022:

A discount rate of 7.25% was used to measure the December 31, 2022 total pension liability. This discount rate was based on the expected rate of return on Plan investments of 6.75%. The projection of cash flows used to determine this discount rate assumed sponsor contributions will be made at rates equal to the actuarially determined contribution rates. Based upon these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected expected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of December 31, 2021:

A discount rate of 7.25% was used to measure the December 31, 2021 total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.25%. The projection of cash flows used to determine this discount rate assumed sponsor contributions will be made at rates equal to the actuarially determined contribution rates. Based upon these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected expected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Assumption Changes

In 2022 the investment return was updated to 6.75% compounded annually. In 2020 the mortality assumption was updated. In 2018 the investment return was updated to 7.25%, compounded annually. Form and timing of payment, lump sum conversion basis and retirement rates were updated. In 2017 the cash balance interest crediting rule assumption was updated. In 2016 the mortality assumption was updated. In 2014 assumed retirement ages were updated. In 2013 the method used for determining the actuarial value of assets was updated to market value. In 2012 investment return was updated to 7.5%, compounded annually. Employee withdrawal rates, salary increase factors, disability rates and assumed retirement ages were updated. In 2011 healthy lives mortality table was updated to project mortality improvements to 2018.

NOTE 7 – NET PENSION LIABILITY (Continued)

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

	Measurement Date: December 31, 2022		
	1% Decrease	Current Discount Rate	1% Increase
Discount rate	5.75%	6.75%	7.75%
Net pension liability	$31,605,309	$ 21,151,159	$ 12,190,078

	Measurement Date: December 31, 2021		
	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.25%	7.25%	8.25%
Net pension liability (asset)	$4,562,624	$(5,540,726)	$(14,211,865)

NOTE 8 – TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated August 27, 2002 that the Plan was designed in accordance with the applicable sections of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 9 – RISK AND UNCERTAINTIES

Plan contributions are made and the actuarial benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements. Additionally, the projection of benefits for financial reporting purposes does not incorporate the potential effects of legal or contractual funding limitations.

NOTE 10 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments money market funds are managed by SunTrust Bank N.A. SunTrust Bank N.A. is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Fees paid during the year by the Plan sponsor for investment management, actuarial, and other professional services rendered by parties-in-interest were based on customary and reasonable rates for such services.

NOTE 10 – PARTY-IN-INTEREST TRANSACTIONS (Continued)

The sponsor provides certain accounting and management services to the Plan at no cost to the Plan.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2023, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BAY MEDICAL CENTER PENSION PLAN
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2022
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Interest	$ 7,597,920	$ 7,955,649	$ 8,061,503	$ 8,264,052	$ 8,316,988	$ 8,399,414	$ 8,380,457	$ 7,966,699	$ 7,882,274	$ 7,394,877
Differences between expected and actual experiences	(1,078,267)	(797,299)	(720,990)	(815,143)	(433,106)	(368,553)	53,646	566,504	1,756,490	4,176,894
Changes of assumptions	4,859,306	-	(1,820,023)	-	2,738,431	2,857	5,111,076	-	4,365,444	(118,392)
Benefit payments, including refunds of member contributions	(8,984,425)	(8,831,556)	(8,616,982)	(8,416,639)	(8,047,374)	(7,912,306)	(7,611,704)	(7,617,588)	(7,028,644)	(7,007,729)
Net change in total pension liability	2,394,534	(1,673,206)	(3,096,492)	(967,730)	2,574,939	121,412	5,933,475	915,615	6,975,564	4,445,650
Total pension liability - beginning	113,272,955	114,946,161	118,042,653	119,010,383	116,435,444	116,314,032	110,380,557	109,464,942	102,489,378	98,043,728
Total pension liability - ending (a)	115,667,489	113,272,955	114,946,161	118,042,653	119,010,383	116,435,444	116,314,032	110,380,557	109,464,942	102,489,378
Plan Fiduciary Net Position										
Contributions - employer	-	13,163	1,245,996	4,304,011	6,354,376	2,980,173	3,007,355	1,625,102	1,538,372	2,400,542
Net investment income (loss)	(15,312,926)	13,568,067	11,878,958	17,046,485	(4,768,988)	14,327,633	6,349,221	126,484	5,379,105	14,717,357
Benefit payments, including refunds of member contributions	(8,984,425)	(8,831,556)	(8,616,982)	(8,416,639)	(8,047,374)	(7,912,306)	(7,611,704)	(7,617,588)	(7,028,644)	(7,007,729)
Other	-	-	-	-	-	-	-	-	-	2,873
Net change in plan fiduciary net position	(24,297,351)	4,749,674	4,507,972	12,933,857	(6,461,986)	9,395,500	1,744,872	(5,866,002)	(111,167)	10,113,043
Plan fiduciary net position - beginning	118,813,681	114,064,007	109,556,035	96,622,178	103,084,164	93,688,664	91,943,792	97,809,794	97,920,961	87,807,918
Plan fiduciary net position - ending (b)	94,516,330	118,813,681	114,064,007	109,556,035	96,622,178	103,084,164	93,688,664	91,943,792	97,809,794	97,920,961
Net pension liability (asset) - ending (a) - (b)	$ 21,151,159	$ (5,540,726)	$ 882,154	$ 8,486,618	$ 22,388,205	$ 13,351,280	$ 22,625,368	$ 18,436,765	$ 11,655,148	$ 4,568,417
Plan fiduciary net position as a percentage of the total pension liability	81.71%	104.89%	99.23%	92.81%	81.19%	88.53%	80.55%	83.30%	89.35%	95.54%
Covered employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notes to Schedule:										
Valuation Date	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013

Update procedures were used to roll forward the TPL to the measurement dates.

See page 26 for assumption changes in 2014, 2016, 2017, 2018, 2020, and 2022. No assumption changes for 2015, 2019, 2021, and 2023. No benefit changes in 2014 through 2023.

BAY MEDICAL CENTER PENSION PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2022
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ -	$ 13,163	$ 1,245,996	$ 2,904,011	$ 2,354,376	$ 2,980,173	$ 3,007,355	$ 1,625,062	$ 1,388,975	$ 1,732,484
Contributions in relation to the actuarially determined contribution	-	13,163	1,245,996	4,304,011	6,354,376	2,980,173	3,007,355	1,625,102	1,538,372	2,400,542
Contribution deficiency (excess)	$ -	$ -	$ -	$ (1,400,000)	$ (4,000,000)	$ -	$ -	$ (40)	$ (149,397)	$ (668,058)
Covered employee payroll (1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Projected prior to fiscal year ended December 31, 2013.

See the independent auditor's report and accompanying notes to the schedules of employer contributions.

Valuation Date:	Actuarially determined contributions are calculated using a valuation date as of the beginning of the Plan year (each January 1st).

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar, closed
Amortization Period	15 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	N/A
Investment Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For healthy participants, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.
Cost-of-Living Increases	0% or 3.0%

Other Information:

Benefit changes
Effective March 31, 2012, the cash balance plan was frozen and interest credits were applied to the retirement account on the last day of each Plan year, one year of credited service will be earned if the employee had worked 1,000 hours through March 31, 2012 and one month of imputed credit service will be earned on the first day of each month ending on the date of death, disability benefits are no longer provided under the Plan, the Plan was closed to new entrants and no compensation will be considered after March 31, 2012, no retirement credits will be earned after March 31, 2012 and one year of vesting service will be earned upon survival to December 31, 2011: The Conversion Benefit formula was frozen effective December 31, 2010 and participants will continue to earn additional benefits under the cash

balance formula. Additional service accruals may be earned towards the unreduced early retirement option at 30 years but will not be counted towards the increased multiplier under the Special Postponed Retirement Benefit or due to working past 30 years.

Assumption changes

In 2022, the investment return was updated to 6.75% compounded annually. In 2020, mortality assumption was updated. In 2018, investment return was updated to 7.25%, compounded annually. Form and timing of payment, lump sum conversion basis and retirement rates were updated. In 2017, cash balance interest crediting rate assumption updated and the inflation rate decreased from 3.0% in 2016 to 2.75% in 2017. In 2016, mortality assumption updated. In 2014, assumed retirement ages were updated. In 2013, the method used for determining the actuarial value of assets was updated to market value. In 2012, investment return was updated to 7.5%, compounded annually. Employee withdrawal rates, salary increase factors, disability rates and assumed retirement ages were updated. In 2011, the healthy lives mortality table was updated to project mortality improvements to 2018.

BAY MEDICAL CENTER PENSION PLAN
SCHEDULES OF INVESTMENT RETURNS
YEAR ENDED DECEMBER 31, 2022
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-13.45%	12.40%	11.29%	18.30%	-4.62%	15.97%	7.22%	0.14%	5.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, we have only presented information for those years for which information is available.

See the independent auditor's report.