REPORT OF

SINGING RIVER HEALTH SYSTEM
EMPLOYEES' RETIREMENT PLAN AND TRUST

SEPTEMBER 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Special Fiduciary
of the Singing River Health System
Employees' Retirement Plan and Trust

Opinion

We have audited the accompanying financial statements of the Singing River Health System Employees' Retirement Plan and Trust (the Plan), which comprise the statement of fiduciary net position as of September 30, 2022, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, 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 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.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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

Management has omitted the management's discussion and analysis that U.S. generally accepted accounting principles requires 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 opinion on the basic financial statements is not affected by this missing information.

U.S. generally accepted accounting principles require that the schedules of changes in the net pension liability and related ratios, employer contributions, and investment returns be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires 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.

Williams Keepers LLC

Columbia, Missouri
March 11, 2024

SINGING RIVER HEALTH SYSTEM
EMPLOYEES' RETIREMENT PLAN AND TRUST

STATEMENT OF FIDUCIARY NET POSITION
September 30, 2022

ASSETS	
Investments	$ 92,330,154
Accrued interest and dividends	101,062
Settlement contribution receivable	67,113,615
Prepaid expenses	1,045,049
Total assets	$ 160,589,880
NET POSITION	
Restricted for pension benefits	$ 160,589,880

The notes to financial statements are an integral part of these statements.

SINGING RIVER HEALTH SYSTEM
EMPLOYEES' RETIREMENT PLAN AND TRUST

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2022

ADDITIONS:	
Investment loss	$ (12,887,239)
Investment expenses	(1,853,927)
Total investment loss, net	(14,741,166)
Interest income on settlement contribution receivable	4,527,775
Total additions, net	(10,213,391)
DEDUCTIONS:	
Benefits	12,554,028
Administrative expenses	384,523
Total deductions	12,938,551
Net change	(23,151,942)
Net position - restricted for pension benefits	
Beginning of year	183,741,822
End of year	$ 160,589,880

The notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. PLAN DESCRIPTION

The following description of the Singing River Health System Employees' Retirement Plan and Trust (the Plan) provides only general information. Plan members should refer to the Plan Document for a complete description of the Plan's provisions.

The Plan is a single-employer defined benefit pension plan sponsored by the Singing River Health System (the Health System). The Plan was established on February 17, 1983 and covers eligible plan members who were employed by the Health System on a full-time basis prior to October 1, 2011. The Plan was frozen to new entrants on October 1, 2011.

The Health System is a governmental entity and as such, the Plan is exempt from the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

A court-appointed "Special Fiduciary" was named trustee of the Plan on October 19, 2015, and was given responsibility for plan administration, asset management, and benefit determination.

Contributions: Active members were required to contribute 3% of annual compensation to the Plan through November 29, 2014, at which point employee contributions were frozen. On September 26, 2018, the Fifth Circuit Court of Appeals upheld a class-action lawsuit that provides the Health System will fund the Plan with approximately $150 million over 35-years. Funding of the settlement contribution receivable is the Health System's only obligation to the Plan. The payment of the settlement contribution receivable may require modification to the Plan to equitably distribute the benefits paid. Any adjustment to the Plan can only be done with Special Fiduciary recommendation and Chancery Court approval after 60-days' notice to the class members and opportunity for hearing.

Benefits: The Plan provides retirement, disability, and death benefits to eligible plan members and their beneficiaries. Employees with 10-years of credited service are eligible for normal retirement at age 65, or early retirement at age 60. Terminated employees and active plan members are entitled to their accumulated plan contributions, plus interest.

Benefit accruals were frozen effective November 29, 2014. Earnings and employment after this date are excluded from eligibility and benefit determinations.

Except as described below, normal retirement benefits are calculated based on average monthly compensation during measurement periods in the 10-years of employment immediately preceding the earlier of November 29, 2014, or the date of termination from full-time employment.

Normal retirement benefits are calculated in monthly installments as the sum of the following:

- 1.625% of average monthly earnings multiplied by years of service, for up to 20-years
- 1.75% of average monthly earnings multiplied by years of service in excess of 20-years, up to 30-years
- 2% of average monthly earnings multiplied by years of service in excess of 30-years

For members with less than 20-years of credited service as of September 30, 2011, the normal retirement benefit may not exceed 50% of the final earnings at retirement, and in no case will the normal retirement benefit exceed $90,000 per year. The minimum annual normal retirement benefit for eligible members is equal to years of credited service multiplied by $60.

The early retirement benefit is equal to the normal retirement benefit, reduced by 3% for each year preceding normal retirement date. A member with 30-years or more of credited service is eligible for early retirement without any reductions.

After 10-years of service, employees are eligible for disability benefits if they are eligible for Social Security disability benefits. Disability benefits under the Plan are determined using final average earnings at the date of disability, with adjustment factors based on age and years of service.

Death benefits are equal to the normal retirement benefit with a reduction factor for years left to retirement.

The Plan provides for annual cost-of-living adjustments to retirement benefit payments equal to half of the change in the Consumer Price Index, up to 2.5%. Cost-of-living increases have been suspended.

Retirement benefits are paid out as an annuity when the actuarial value of the benefit is greater than $5,000 and as a lump sum payment when the actuarial value of the benefit is equal to or less than $5,000.

As amended on April 12, 2018, the benefits paid out, as described above, are reduced by 25% effective May 1, 2018. Also included in this amendment, all plan members may elect to take an in-service lump sum distribution, which will total all employee contributions, adjusted with interest. Upon election of the lump sum distribution, the members' accrued retirement benefit derived from employer contributions will be cancelled, and the member will cease to be a member of the Plan, with the member or beneficiary receiving no more further plan benefits.

Members: The number of members and benefit recipients served by the plan as of September 30, 2022, were:

Retirees and beneficiaries receiving benefits	819
Terminated employees entitled to but not yet receiving benefits	620
Current active plan members	329
Total	1,768

Tax status: The Internal Revenue Service has determined and informed the Plan by letter dated August 5, 2014, that the Plan as amended through May 29, 2013, is in a form acceptable under the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Special Fiduciary believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting: The financial statements of the Plan are prepared using the accrual basis of accounting. Benefit payments to participants are recorded upon distribution. Administrative expenses are paid out of plan assets. Certain administrative functions are performed by employees of the Health System.

Method used to value investments: 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. The fair value of securities traded in active markets are based on quoted market prices. Non-marketable securities are valued based on the Plan's proportionate interest in the net asset value of the funds as reported by the fund administrators.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes interest and dividends, as well as realized gains and losses on investments sold or redeemed and the change in unrealized gains and losses on securities held during the year.

Prepaid expenses: Prepaid expenses represent one month of benefit payments paid in the current fiscal year for the following fiscal year.

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events: Events that have occurred subsequent to September 30, 2022, have been evaluated through March 11, 2024, which represents the date the Plan's financial statements were approved by management and therefore available to be issued.

3. INVESTMENTS

Investment Disclosures

The following summarizes the Plan's investments by type as of September 30, 2022:

Mutual funds	$ 39,605,989
Private equity and other alternative investments	24,124,560
Common stock and other marketable equity securities	13,566,176
Corporate and government bonds	10,311,757
Money market funds	4,721,672
Total	$ 92,330,154

Funds are invested by outside managers under policies established by the Plan's Special Fiduciary and approved by the Chancery Court. The policy requires that its investment managers invest the Plan's assets with the care, skill, and diligence a prudent person familiar with such matters acting in a like capacity would use in a similar enterprise with like objectives.

The following table illustrates the Plan's approved asset allocation as of September 30, 2022:

Investment type	Policy target	Policy ranges
Debt securities		
Cash equivalent	2%	0% - 10%
US intermediate fixed income	12%	5% - 40%
High yield	4%	0% - 15%
Total debt securities	18%	
Equity securities		
US large cap equities	15%	5% - 25%
US mid cap equities	13%	5% - 25%
US small cap equities	11%	5% - 20%
Real estate securities	4%	0% - 10%
International developed	9%	0% - 15%
International small cap	3%	0% - 10%
Emerging markets equities	7%	0% - 15%
Total equity securities	62%	
Alternative securities		
Hedge funds	6%	0% - 10%
Global macro	5%	0% - 10%
Timberland	5%	0% - 10%
Direct real estate	4%	0% - 10%
Total alternative securities	20%	
Total	100%	

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan does not have a formal investment policy addressing interest rate risk.

The following summarizes the debt securities' maturities by investment type as of September 30, 2022:

		Investment maturities (in years)			
Investment type	Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. government and agency securities	$ 2,972,559	$ -	$ 1,113,342	$ 369,023	$ 1,490,194
Corporate bonds and notes	7,339,198	-	2,610,089	3,952,940	776,169
Total	$ 10,311,757	$ -	$ 3,723,431	$ 4,321,963	$ 2,266,363

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Plan. The Plan's policy limits investments to investment grade fixed income with ratings dependent on type of investment.

The following summarizes the debt securities' investments by credit rating category as of September 30, 2022:

Credit rating level	Total	U.S. government and agency securities	Corporate bonds and notes
Guaranteed	$ 2,972,559	$ 2,972,559	$ -
A	640,479	-	640,479
A-	1,991,208	-	1,991,208
A+	462,729	-	462,729
AA	309,051	-	309,051
AA-	403,893	-	403,893
AA+	70,133	-	70,133
AAA	115,710	-	115,710
BBB	673,389	-	673,389
BBB-	460,579	-	460,579
BBB+	2,212,027	-	2,212,027
Total	$ 10,311,757	$ 2,972,559	$ 7,339,198

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The following investments by issuer represent 5% or more of the Plan's total investments as of September 30, 2022:

Fidelity Mid Cap Index Instl	$ 8,755,778
Elliot International Ltd. Class B	7,771,858
Schwab S&P 500 Fund - Select	7,515,656
Fidelity Total International Index Fund	6,477,302
Invesco US Income	5,893,025
Wells Fargo Special U.S. Small Cap Value Fund	5,246,596

Money-weighted rate of return: The annual money-weighted rate of return on the Plan's investments, net of the Plan's investment expenses, was (12.4)% for the year ended September 30, 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts invested.

Fair Value Disclosures

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – unadjusted quoted prices for identical instruments in active markets.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations for which all significant inputs are observable.
- Level 3 – valuations derived from valuation techniques in which significant inputs are unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets recorded at fair value.

U.S. government and agency securities: Valued at the closing price reported in the market in which the individual security is traded.

Corporate bonds and notes: Certain corporate bonds are valued at the closing price reported in the inactive market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Mutual funds: Certain mutual funds are valued at quoted market prices available on an active market which is based on the underlying net asset value of shares held by the Plan at year-end. Other mutual funds are valued based on comparable mutual funds.

Common and preferred stocks: Valued at quoted market prices available on an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following summarizes the Plan's assets measured at fair value as of September 30, 2022, aggregated by the level in the fair value hierarchy within which those measurements fall:

Investments by type	Total	Level 1	Level 2	Level 3
Money market funds	$ 4,721,672	$ -	$ 4,721,672	$ -
U.S. government and agency securities	2,972,559	-	2,972,559	-
Corporate bonds and notes	7,339,198	-	7,339,198	-
Mutual funds	39,605,989	5,246,596	34,359,393	-
Common and preferred stocks:				
Healthcare	2,420,150	2,420,150	-	-
Consumer goods	2,812,257	2,812,257	-	-
Computer and technology	2,014,082	2,014,082	-	-
Utilities	816,676	816,676	-	-
Business services	742,225	742,225	-	-
Insurance	382,979	382,979	-	-
Electrical equipment	818,503	818,503	-	-
Other	3,559,304	3,559,304	-	-
Total investments measured at fair value	68,205,594	$ 18,812,772	$ 49,392,822	$ -
Investments measured at net asset value (NAV)				
Credit opportunities funds	1,646,963			
Real estate funds	12,431,855			
Global opportunities hedge funds	7,771,858			
Private equity limited partnership funds	2,273,884			
Total investments measured at NAV	24,124,560			
Total	$ 92,330,154			

Investments measured at NAV	Total	Unfunded commitments	Redemption frequency	Redemption notice period
Credit opportunities funds	$ 1,646,963	$ -	Illiquid, monthly	N/A, 45 days
Real estate funds	12,431,855	253,376	Illiquid, quarterly	N/A, 45 days
Global opportunities hedge funds	7,771,858	-	Quarterly	45 days
Private equity limited partnership funds	2,273,884	-	Not eligible	N/A
Total	$ 24,124,560	$ 253,376		

Credit opportunities funds: Consists of funds that invest in a broad range of financial instruments within the credit markets, seeking to maximize return through current income and capital appreciated by investing within various sectors of the credit markets.

Real estate funds: Consists of funds that invest primarily in domestic timberland, commercial and multifamily real estate.

Global opportunities hedge funds: Consists of funds that generally hold debt instruments of issuers located in emerging markets including distressed, high yield and defaulted debt. These funds use a variety of hedging strategies.

Private equity limited partnership funds: Consists of funds that are not eligible for redemption. Distributions are received as underlying investments within the funds when liquidated.

4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statement of fiduciary net position

Plan contributions are made, and the actuarial present value of accumulated plan 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 estimation and assumption 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.

5. RELATED PARTY TRANSACTIONS

The court-appointed Special Fiduciary charged with administration of the Plan, asset management, and benefit determination is a principal owner of the actuarial firm used by the Plan. Amounts paid to the Special Fiduciary and the actuarial firm totaled approximately \$91,000 and \$160,000, respectively, during the year ended September 30, 2022.