

**ST. LUKE'S HEALTH CARE FOUNDATION**

FINANCIAL STATEMENTS

December 31, 2017 and 2016

# ST. LUKE'S HEALTH CARE FOUNDATION

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# Hauser Financial Group

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## INDEPENDENT AUDITORS' REPORT

**Board of Directors**  
**St. Luke's Health Care Foundation**  
**Wheaton, Illinois**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **St. Luke's Health Care Foundation**, which comprise the statement of financial position as of December 31, 2017 and 2016 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **St. Luke's Health Care Foundation** as of December 31, 2017 and 2016 and the results of its activities and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



August 31, 2018

**ST. LUKE'S HEALTH CARE FOUNDATION**

Statements of Financial Position  
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 890,280	\$ 570,073
Accounts receivable	2,928	-
Pledges	-	-
	<u>\$ 893,208</u>	<u>\$ 570,073</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 5,257	\$ 1,435
Unrestricted and undesignated net assets -		
Available for general activities	248,880	207,595
Benevolence endowment	68,275	25,757
Temporarily restricted	570,796	335,286
	<u>887,951</u>	<u>568,638</u>
	<u>\$ 893,208</u>	<u>\$ 570,073</u>

See notes to financial statements

# ST. LUKE'S HEALTH CARE FOUNDATION

## Statements of Activities Years Ended December 31, 2017 and 2016

	2017	2016
Changes in Unrestricted Net Assets:		
Support and Revenue:		
Contributions	\$ 186,525	\$ 185,823
Investment income	3,121	2,428
	189,646	188,251
Net Assets released from restrictions:		
Satisfaction of purpose restriction	244,220	288,283
	433,866	476,534
Expenses:		
Program services	286,641	351,919
Management and general	46,049	49,760
Fund raising	17,373	1,500
	350,063	403,179
Increase (decrease)	83,803	73,355
Changes in Temporarily restricted Net Assets:		
Contributions	479,730	190,561
Net assets released from restriction	244,220	288,283
Increase (decrease)	235,510	(97,722)
Increase (decrease) in net assets	319,313	(24,367)
Net Assets, beginning of Year	568,638	593,005
Net Assets, end of Year	\$ 887,951	\$ 568,638

See notes to financial statements

## ST. LUKE'S HEALTH CARE FOUNDATION

### Statements of Cash Flows Years Ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Contributions and other public support	\$ 663,327	\$ 376,384
Other	3,121	2,428
Cash paid to suppliers, contractors and grantees	(346,241)	(405,622)
Net inflow (outflow)	320,207	(26,810)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of equipment and other assets	-	-
Retirement of equipment	-	-
Net inflow (outflow)	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advance from board member	-	-
Cancellation of debt	-	-
Net inflow (outflow)	-	-
Decrease in Cash and Cash Equivalents	320,207	(26,810)
Cash and Cash Equivalents, Beginning of Year	570,073	596,883
Cash and Cash Equivalents, End of Year	\$ 890,280	\$ 570,073
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 319,313	\$ (24,367)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	-
Change in:		
Receivables	(2,928)	-
Payables	3,822	(2,443)
Net inflow (outflow)	\$ 320,207	\$ (26,810)

See notes to financial statements

## **ST. LUKE'S HEALTH CARE FOUNDATION**

Notes to Financial Statements

December 31, 2017 and 2016

### **1. NATURE OF ORGANIZATION:**

St. Luke's Health Care Foundation (SLHCF) was created to support faith based health care in Africa, primarily by supporting the operations of a hospital located in Soddo, Ethiopia.

SLHCF was incorporated on July 9, 2003 under the laws of the State of Illinois as a not-for-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, classified as a publicly supported organization, which is not a private foundation under Section 509(a). It is exempt from federal and state income taxes and contributions by the general public are deductible for income tax purposes.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### **CASH AND CASH EQUIVALENTS**

Cash held in checking, savings and money market accounts, as well as certificates of deposit with maturities of less than one year are classified as cash and cash equivalents. Balances at times may exceed federally insured credit limits, thus exposing SLHCF to credit risk. Management believes such risk is manageable.

#### **SUPPORT AND REVENUES**

Contributions are recorded when made which may be when cash is received, unconditional promises are made or ownership of other assets is transferred to SLHCF. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts-in-kind are shown as contributions in the accompanying statements at their fair market values at date of receipt. Revenues are recorded when earned.

## ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2017 and 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### EXPENSES

Expenses are recorded when incurred. The costs of providing various program activities have been summarized on a functional basis. The value of certain functions provided by volunteer effort has not been reflected in the financial statements.

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets:

*Unrestricted net assets* are those currently available for ministry purposes under the direction of the Board of Directors, those designated by the Board for a specific use and those invested in equipment.

*Temporarily restricted net assets* are those contributed with donor stipulations for specific operating purposes or programs, and those with time restrictions. They are not currently available until commitments regarding their use have been fulfilled. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### 3. RELATED PARTY TRANSACTIONS:

One current member and two former members of the board of directors hold an investment interest in an entity, which owns the hospital supported by SLHCF. The investment interest is held in trust for the benefit of and under the direction of SLHCF, effectively offsetting any potential conflict of interest with and for these individuals, who receive no personal benefit from their investment. The Ethiopian government, law and regulations do not permit a US charitable organization to have a direct ownership interest in real property.

### 4. CONCENTRATIONS:

During 2017 46% of total donations were received from three individual donors. During 2016 28% of total donations were received from four individual donors.

### 5. SUBSEQUENT EVENTS:

Events subsequent to December 31, 2017 have been evaluated through the date of the report of the independent auditors. Events after this date, if any, have not been evaluated.



## **SUPPLEMENTAL INFORMATION**

# Hauser Financial Group

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

**Board of Directors**  
**St. Luke's Health Care Foundation**  
**Wheaton, Illinois**

Our report on our audits of the basic financial statements of **St. Luke's Health Care Foundation** as of December 31, 2017 and 2016 appears on page 1. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 8 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



August 31, 2018

**ST. LUKE'S HEALTH CARE FOUNDATION**

Schedule of Functional Expenses  
Year Ended December 31, 2017 and 2016

	<u>Program Services</u>	<u>Management and General Services</u>	<u>Fund Raising Services</u>	<u>2017 Total</u>	<u>2016 Total</u>
Supplies -	\$	\$	\$	\$	\$
Medical	51,840			<b>51,840</b>	28,066
Non-medical	3,693			<b>3,693</b>	6,013
Buildings	55,996			<b>55,996</b>	42,082
Benevolence	99,767			<b>99,767</b>	112,335
Medical equipment	33,103			<b>33,103</b>	115,232
Various other projects	42,242			<b>42,242</b>	48,191
Professional fees and services		33,403	17,373	<b>50,776</b>	42,630
Travel		8,043		<b>8,043</b>	6,263
Bank charges and fees		4,603		<b>4,603</b>	2,367
<b>Totals for 2017</b>	<b><u>\$ 286,641</u></b>	<b><u>\$ 46,049</u></b>	<b><u>\$ 17,373</u></b>	<b><u>\$ 350,063</u></b>	
Totals for 2016	<u>\$ 351,919</u>	<u>\$ 49,760</u>	<u>\$ 1,500</u>		<u>\$ 403,179</u>