

ST. LUKE'S HEALTH CARE FOUNDATION

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

ST. LUKE'S HEALTH CARE FOUNDATION

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of St. Luke's Health Care Foundation (an Illinois nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 basis for our audit opinion.

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

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, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of St. Luke's Health Care Foundation as of December 31, 2019, were audited by other auditors whose report dated October 20, 2020, expressed an unmodified opinion on those statements.

Capin Crouse LLP

Naperville, Illinois
September 21, 2021

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 901,730	\$ 278,194
Accounts receivable	192,410	149,129
Investments	163,240	411,430
Total Assets	<u>\$ 1,257,380</u>	<u>\$ 838,753</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 171,684	\$ 25,112
	<u>171,684</u>	<u>25,112</u>
Net Assets:		
Without donor restrictions	246,257	235,264
With donor restrictions:		
Restricted by purpose or time	686,122	440,428
Restricted in perpetuity	153,317	137,949
	<u>839,439</u>	<u>578,377</u>
Total net assets	<u>1,085,696</u>	<u>813,641</u>
Total Liabilities and Net Assets	<u>\$ 1,257,380</u>	<u>\$ 838,753</u>

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Contributions	\$ 375,907	\$ 743,361	\$ 1,119,268	\$ 141,985	\$ 525,959	\$ 667,944
Investment income	5,004	-	5,004	8,820	3,457	12,277
	<u>380,911</u>	<u>743,361</u>	<u>1,124,272</u>	<u>150,805</u>	<u>529,416</u>	<u>680,221</u>
Net assets released from restrictions	482,299	(482,299)	-	671,619	(671,619)	-
Total support and revenues	<u>863,210</u>	<u>261,062</u>	<u>1,124,272</u>	<u>822,424</u>	<u>(142,203)</u>	<u>680,221</u>
EXPENSES:						
Program services	799,504	-	799,504	762,670	-	762,670
Management and general	48,003	-	48,003	62,586	-	62,586
Fundraising	4,710	-	4,710	1,192	-	1,192
Total expenses	<u>852,217</u>	<u>-</u>	<u>852,217</u>	<u>826,448</u>	<u>-</u>	<u>826,448</u>
Change in Net Assets	10,993	261,062	272,055	(4,024)	(142,203)	(146,227)
Net Assets, Beginning of Year	<u>235,264</u>	<u>578,377</u>	<u>813,641</u>	<u>239,288</u>	<u>720,580</u>	<u>959,868</u>
Net Assets, End of Year	<u>\$ 246,257</u>	<u>\$ 839,439</u>	<u>\$ 1,085,696</u>	<u>\$ 235,264</u>	<u>\$ 578,377</u>	<u>\$ 813,641</u>

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Supplies	\$ 7,521	\$ 278	\$ -	\$ 7,799
Project grants	299,643	-	-	299,643
Benevolence	114,883	-	-	114,883
Medical equipment	172,728	-	-	172,728
Supplies, doctor training and other	204,729	-	-	204,729
Professional fees and services	-	37,232	4,710	41,942
Travel and meals	-	1,095	-	1,095
Bank charges and fees	-	9,398	-	9,398
Total Expenses	<u>\$ 799,504</u>	<u>\$ 48,003</u>	<u>\$ 4,710</u>	<u>\$ 852,217</u>

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statement of Functional Expenses

Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Supplies	\$ 13,253	\$ 622	\$ -	\$ 13,875
Project grants	291,349	-	-	291,349
Benevolence	190,386	-	-	190,386
Medical equipment	110,290	-	-	110,290
Supplies, doctor training and other	157,392	-	-	157,392
Professional fees and services	-	40,632	1,192	41,824
Travel and meals	-	11,165	-	11,165
Bank charges and fees	-	10,167	-	10,167
Total Expenses	<u>\$ 762,670</u>	<u>\$ 62,586</u>	<u>\$ 1,192</u>	<u>\$ 826,448</u>

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 272,055	\$ (146,227)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in:		
Accounts receivable	(43,281)	(63,075)
Accounts payable	146,572	22,490
Net Cash Provided (Used) by Operating Activities	<u>375,346</u>	<u>(186,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	-	(228,555)
Proceeds from maturities of certificates of deposit	161,741	153,273
Proceeds from sale of securities	86,449	-
Net Cash Provided (Used) by Investing Activities	<u>248,190</u>	<u>(75,282)</u>
Change in Cash and Cash Equivalents	623,536	(262,094)
Cash and Cash Equivalents, Beginning of Year	<u>278,194</u>	<u>540,288</u>
Cash and Cash Equivalents, End of Year	<u>\$ 901,730</u>	<u>\$ 278,194</u>

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

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's revenues consist primarily of contributions from foundations, churches and individuals.

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

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of SLHCF have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The more significant accounting policies are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings and money market accounts. Certificates of deposit with a maturity of three months or less when purchased are considered cash equivalents. Certain items that meet the definition of cash equivalents, but are part of a larger pool of investments, are included in investments.

SLHCF maintains cash balances at several financial institutions. From time to time cash accounts may exceed federally insured limits. At December 31, 2020 and 2019, SLHCF's cash balances exceeded federally insured limits by \$183,267 and \$28,194, respectively. SLHCF does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due for hospital purchases. SLHCF believes that all amounts are collectible within one year; therefore, no allowance for uncollectible amounts has been recorded.

INVESTMENTS

Investments are recorded at fair value with gains and losses reported in the statements of activities. Donated investments are recorded at fair value at the date of donation and liquidated immediately. Investment income and realized and unrealized gains and losses are included in investment income without donor restrictions unless a donor or law restricts their use.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are not subject to donor-imposed restrictions and are available for ministry purposes under the direction of the Board of Directors. Items that affect this category principally consist of cash and contributions that are not restricted, interest income whose use is not restricted, grant revenues, as well as all expenses incurred in connection with the operations of SLHCF.

Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of SLHCF or the passage of time. Items that affect this category are gifts for which restrictions have not been met. These amounts are reclassified to net assets when such restrictions are met or have expired.

REVENUES

Gifts, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give (pledges) expected to be collected within one year increase net assets with donor restrictions and are reported at their net realizable value. Unconditional gifts expected to be collected in future years increase net assets with donor restrictions and are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue, consistent with donor-imposed restrictions on the contributions, if any. Conditional promises to give and intentions to give are not recognized until the conditions are substantially met.

DONATED SERVICES

Donated services are recognized as contributions if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

A substantial number of individuals regularly provide voluntary services to support SLHCF's programs and supporting services. These services have a significant impact on making SLHCF's program and supporting services effective. However, the value of these services is not reflected in the financial statements because they do not meet the necessary accounting criteria.

EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

3. INVESTMENTS:

Investments are presented at fair value based on reference to quoted market prices and consist of the following:

	December 31,	
	2020	2019
Money market funds	\$ 31,637	\$ -
Certificates of deposit	121,827	411,430
Common stock	9,776	-
Total investments	\$ 163,240	\$ 411,430

4. FAIR VALUE MEASUREMENTS:

SLHCF follows accounting standards which establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy 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). The three levels of the fair value hierarchy under accounting standards are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation.

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

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level of input that is significant to the fair value measurement in its entirety.

Fair values of assets measured on a recurring basis are as follows:

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Common stock	\$ 9,776	\$ -	\$ 9,776	\$ -

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

4. FAIR VALUE MEASUREMENTS, continued:

Valuation techniques: Fair values for common stocks are determined by reference to quoted market prices and other relevant information generated by market transactions.

Changes in valuation techniques: None.

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	December 31,	
	2020	2019
Restricted by purpose:		
Building projects and equipment	\$ 427,917	\$ 309,008
Benevolence	103,897	68,848
Special projects	122,563	11,944
Doctor training	5,065	10,730
Other program purposes	19,658	35,737
Permanent endowment earnings not yet expended	7,022	4,161
Restricted in perpetuity	153,317	137,949
	\$ 839,439	\$ 578,377

6. RELATED PARTY TRANSACTIONS:

One current member and two former members of the board of directors of SLHCF hold an investment interest in an entity which owns Soddo Christian Hospital in Soddo, Ethiopia, the hospital that is supported by SLHCF. The investment interest is held in a 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 reason for this legal set up and structure is because the Ethiopian government, law and regulations do not permit a U.S. charitable organization to have a direct ownership interest in real property. SLHCF is not a general or limited partner of, and does not control or have a controlling financial interest of either the entity which owns the hospital or the hospital itself, and as such, the financial position and results of operations of Soddo Christian Hospital are not included in the financial statements of SLHCF.

7. CONCENTRATION:

During the year ended December 31, 2020, SLHCF received 28% of total contributions from two donors. During the year ended December 31, 2019, SLHCF received 21% of total contributions from four donors.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2020 and 2019

8. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects SLHCF's financial assets as of December 31 2020 and 2019, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, have contractual or donor-imposed restrictions, or because the governing board has set aside the funds for specific contingency reserves and projects. These board designations could be drawn upon if the board approves such action.

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 901,730	\$ 278,194
Accounts receivable	192,410	149,129
Investments	163,240	411,430
Financial assets, at year end	<u>1,257,380</u>	<u>838,753</u>
Less those unavailable for general expenditures within one year, due to:		
Restricted by purpose:	686,122	440,428
Restricted in perpetuity	153,317	137,949
	<u>839,439</u>	<u>578,377</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 417,941</u>	<u>\$ 260,376</u>

As part of SLHCF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

9. RISKS AND UNCERTAINTIES:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global economic activity and contributed to significant declines and volatility in financial markets, in addition to significant job loss. COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of COVID-19. Nevertheless, COVID-19 presents uncertainty and risk with respect to SLHCF and its financial results.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 21, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.