

**BISHOP ANDERSON FOUNDATION
CHICAGO, ILLINOIS**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Bishop Anderson Foundation
1653 W. Congress Parkway
Chicago, Illinois 60612-3833

We have audited the accompanying financial statements of the Bishop Anderson Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bishop Anderson Foundation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Evans, Marshall & Pease, P.C.

Evans, Marshall & Pease, P.C.
Certified Public Accountants

Rolling Meadows, Illinois
April 4, 2018

BISHOP ANDERSON FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	<u>2017</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 253,036
Investments	<u>2,654,869</u>
Total Current Assets	<u>2,907,905</u>
Property and Equipment:	
Furniture and equipment	27,644
Leasehold improvements	11,780
Less: Accumulated depreciation	<u>(19,622)</u>
Property and Equipment, Net	<u>19,802</u>
TOTAL ASSETS	<u><u>\$ 2,927,707</u></u>
<u>NET ASSETS</u>	
Unrestricted	\$ 2,926,707
Temporarily restricted	<u>1,000</u>
TOTAL NET ASSETS	<u><u>\$ 2,927,707</u></u>

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

BISHOP ANDERSON FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND SUPPORT:			
Contributions and grants:			
Regular	\$ 188,029	\$ -	\$ 188,029
All angels	6,872	-	6,872
Capital campaign	54,180	-	54,180
Episcopal charities	67,000	-	67,000
Chaplains training program	21,245	-	21,245
Investment returns, before investment expenses	318,643	-	318,643
Contributed office space	94,680	-	94,680
	<u>750,649</u>	<u>-</u>	<u>750,649</u>
TOTAL REVENUES, GAINS AND SUPPORT			
EXPENSES AND LOSSES:			
Program services:			
Chaplain program	17,189	-	17,189
Deaf ministry program	7,649	-	7,649
Other programs	1,131	-	1,131
Professional services	187	-	187
Total Program services	<u>26,156</u>	<u>-</u>	<u>26,156</u>
Support services:			
Audit and accounting	3,310	-	3,310
Bank charges	1,620	-	1,620
Conferences and retreats	11,408	-	11,408
Depreciation	3,254	-	3,254
Dues	2,023	-	2,023
Fringe benefits	59,095	-	59,095
Insurance - general	3,789	-	3,789
Investment expenses	17,812	-	17,812
Maintenance	1,194	-	1,194
Miscellaneous	1	-	1
Payroll service	1,485	-	1,485
Payroll taxes	11,340	-	11,340
Postage	2,129	-	2,129
Public relations	22,873	-	22,873
Rental	94,680	-	94,680
Salaries - clerical	255,247	-	255,247
Supplies	3,586	-	3,586
Travel	5,451	-	5,451
Total Support services	<u>500,297</u>	<u>-</u>	<u>500,297</u>

(Continued)

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

BISHOP ANDERSON FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
EXPENSES AND LOSSES:			
Fundraising:			
Spring and fall benefit expenses	\$ 25,340	\$ -	\$ 25,340
Capital campaign expenses	54,429	-	54,429
Total Fundraising	<u>79,769</u>	<u>-</u>	<u>79,769</u>
TOTAL EXPENSES AND LOSSES	<u>606,222</u>	<u>-</u>	<u>606,222</u>
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	144,427	-	144,427
Impairment loss	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
CHANGE IN NET ASSETS	129,427	-	129,427
NET ASSETS, BEGINNING OF YEAR	<u>2,797,280</u>	<u>1,000</u>	<u>2,798,280</u>
NET ASSETS, END OF YEAR	<u>\$ 2,926,707</u>	<u>\$ 1,000</u>	<u>\$ 2,927,707</u>

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

BISHOP ANDERSON FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017
CASH FLOWS FROM OPERATING ACTIVITIES:	
(Increase) in net assets	\$ 129,427
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,254
Impairment loss	15,000
Investment returns, before investment expenses	(318,643)
Investment expenses	17,812
	(153,150)
NET CASH USED IN OPERATING ACTIVITIES	(153,150)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Dividends received	44,070
Interest received	23,048
Capital gains received	13,294
Other investment income	18
Investment expenses	(17,812)
Purchases of investments	(846,976)
Sales of investments	792,348
Donated securities	(2,254)
	5,736
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,736
(DECREASE) IN CASH	(147,414)
CASH, BEGINNING	400,450
CASH, ENDING	\$ 253,036

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

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 – DESCRIPTION OF ORGANIZATION / NATURE OF ACTIVITIES

Bishop Anderson Foundation (the “Foundation”) is a nonprofit corporation formed on January 29, 1951. It received a religious exemption from the State of Illinois on June 6, 1972.

The purpose of the Foundation is to conduct a charitable program of religious, educational, benevolent, cultural and social activities for the benefit of members of the medical profession, patients, students, and members (including the families of all of the foregoing persons) of the faculties and staffs of hospitals, schools and other institutions relating to or connected with the medical profession.

The Foundation’s charitable purpose is primarily funded through contributions and grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2017, there are no permanently restricted net assets.

Operations

In its measure of operations, the Foundation includes all revenues and expenses that are an integral part of its chaplaincy, education and supporting services.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash

Cash consists of cash on deposit and money market funds with banks and other financial institutions.

Investments

Investments, which include publicly traded debt instruments, equity securities, mutual funds, and exchange traded funds, are recorded at fair value, generally determined on the basis of quoted market values. Changes in the fair value of investments are determined on a recurring basis and are recorded in the Statement of Activities in the period in which they occur. Such changes are reported as increases or decreases in unrestricted net assets unless subject to donor restrictions. Dividends and interest are recognized as revenue when received.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification, defined fair value, established a framework for measuring fair value, and expanded disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

Level I: Quoted prices are available in publicly traded markets for identical assets or liabilities as of the measurement date. The type of investments in Level I include listed equities held in the name of the Foundation.

Level II: Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in publicly traded markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of valuation methodologies.

Level III: Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

Property and Equipment

Property and equipment having a unit cost per management’s guidelines and a useful life of more than one year are capitalized at cost. Donated assets are capitalized at the estimated fair value on the date of donation.

Depreciation is computed using the straight-line method over the useful lives of the assets. Useful lives are estimated at 5 to 7 years for furniture and equipment and 10 years for leasehold improvements.

Other Assets

The Foundation holds manuscripts that carry cultural value to its mission. The manuscripts are recorded at cost but are not depreciated.

At December 31, 2017, the Foundation determined that the estimated recoverable value of the manuscripts was zero. Accordingly, the carrying amount was reduced to zero.

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 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. Actual results could differ from those estimates.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

NOTE 3 – CASH

At December 31, 2017, the Foundation's carrying amount of deposits held in checking and savings accounts totaled \$139,943; bank balances totaled \$94,602. The carrying amount of funds held in money market accounts totaled \$113,093; financial institution balances totaled \$113,093. The carrying amount of all cash is \$253,036 at December 31, 2017.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the Foundation's cash was held in bank checking accounts and in money market accounts with maturities of 90 days or less.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of bank failure, the Foundation will not be able to recover the value of its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance or collateral held in the Foundation's name.

As of December 31, 2017, the Foundation's cash held in depository accounts, \$94,602, is covered by Federal Deposit Insurance Company (FDIC) insurance. Of the Foundation's cash equivalents held in its brokerage account, \$100,000 is insured by the Securities Investor Protection Corporation (SIPC), while \$13,093 is collateralized by the Foundation's agent in the Foundation's name.

NOTE 4 – INVESTMENTS

Investment objectives and policies are approved by the Foundation's Board of Trustees and are carried forward and implemented by external investment managers which are selected and monitored by the Board of Trustees.

Investments consist of the following, shown within the fair value hierarchy, at December 31, 2017:

	2017			
	Level I	Level II	Level III	Total
Equity securities	\$ 1,087,879	\$ -	\$ -	\$ 1,087,879
Mutual funds and exchange traded funds	932,583	-	-	932,583
Debt securities	634,407	-	-	634,407
	\$ 2,654,869	\$ -	\$ -	\$ 2,654,869

The Foundation's investment portfolio is exposed to various risks, such as interest rate risk, market risk and credit risk. Because of the level of risk associated with such investments, changes in their values will occur and such changes could materially affect the amounts reported in the accompanying financial statements.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 – INVESTMENTS (CONT'D)

The following table presents a summary of investment returns for the years ended December 31, 2017:

	2017
Dividends received	\$ 44,070
Interest received	23,048
Realized gains/(losses) on sales of investments	48,012
Gains/(losses) in fair value of investments	203,495
Other	18
Total investment returns, before investment expenses	318,643
Less: investment expenses	(17,812)
Total investment returns, after investment expenses	\$ 300,831

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017:

Property and Equipment	2017
Furniture and equipment	\$ 27,644
Leasehold improvements	11,780
Total	39,424
Less: Accumulated Depreciation	
Furniture and equipment	(17,266)
Leasehold improvements	(2,356)
Total	(19,622)
Total Property and Equipment, net	\$ 19,802

Depreciation expense is \$3,254 for the year ended December 31, 2017.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 6 – CONTRIBUTED OFFICE SPACE

The Rush-Presbyterian St. Luke’s Medical Center provides gratis, contiguous and self-contained office space (including utilities except telephone) of approximately 1,300 square feet in perpetuity or until such time as the Foundation ceases to exist or carry on religious and charitable activities within the Medical Center District.

The value of this contributed office space recognized as revenue and expense for the year ended December 31, 2017 was \$94,680.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

The Foundation may receive contributions from donors that are restricted for particular purposes. When received, the Foundation records these donations as restricted net assets. When the funds are spent for the donor’s intended purpose, the restricted net assets are released from restriction and reclassified to unrestricted net assets.

The Foundation internally monitors restricted net assets by separately monitoring each restricted purpose as a fund. The Foundation’s restricted net assets are comprised of the following funds including a description of the restricted purposes for which they are held:

- *Episcopal Church of Women Grant Fund*: contributions are restricted for the Foundation’s activities at John H. Stroger Jr. Hospital of Cook County.

Restricted net asset activity for the year ended December 31, 2017 is summarized in the following schedule:

	2017			
	Beginning	<u>Contributions</u>	<u>Released From Restrictions</u>	Ending
Episcopal Church of Women Grant Fund	\$ 1,000	\$ -	\$ -	\$ 1,000
Total	\$ 1,000	\$ -	\$ -	\$ 1,000

NOTE 8 – BOARD-DESIGNATED UNRESTRICTED NET ASSETS

The Executive Committee of the Board of Trustees of the Foundation may designate portions of the Foundation’s unrestricted net assets for intended purposes. The Foundation internally monitors designated unrestricted net assets by separately monitoring each designation as a fund.

During the year ended December 31, 2017, the Executive Committee had the following designations:

- *Strategic Planning Fund*: designated for the research and implementation of alternative or best practices in executing the Foundation’s mission.
- *Curriculum Fund*: designated for the purpose of expanding the Spiritual Care Visitor (SCV) program.
- *Capital Campaign Fund*: designated for the purpose of fundraising for the growth of the Foundation’s charitable mission.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8 – BOARD-DESIGNATED UNRESTRICTED NET ASSETS (CONT'D)

Board-designated unrestricted net asset activity for the year ended December 31, 2017, is summarized in the following schedule:

	2017			
	Beginning Net Assets	Additions	Deletions	Ending Net Assets
Strategic Planning Fund	\$ 20,000	\$ -	\$ 20,000	\$ -
Curriculum Fund	4,885	-	-	4,885
Capital Campaign Fund	-	104,429	54,429	50,000
Total	\$ 24,885	\$ 104,429	\$ 74,429	\$ 54,885

Board-designated unrestricted net assets are decided by the Executive Committee of the Board of Trustees, not restricted by donors. The amounts presented above are components of the total unrestricted net assets as presented in the accompanying financial statements.

NOTE 9 – STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about changes in cash from operating activities, investing activities and financing activities. For the year ended December 31, 2017, net cash used in operating activities reflects cash payments of \$-0- for interest and \$-0- for income taxes.

NOTE 10 – CONCENTRATIONS

The Foundation receives a substantial amount of its support from individuals, churches, and charitable organizations. A significant reduction in the level of contributions, if this were to occur, could have an adverse impact on the Foundation's programs and services.

NOTE 11 – IMPAIRMENT LOSS

Annually, the Foundation reviews its assets to determine whether there is any indication of an impairment loss. When there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately on the Statement of Activities.

At December 31, 2017, the Foundation reviewed its other assets and estimated that the recoverable amount was zero. Accordingly, an impairment loss of \$15,000 has been recorded on the statement of activities for the year ended December 31, 2017.

NOTE 12 – SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through April 4, 2018, when these financial statements were available to be issued.