

**BISHOP ANDERSON FOUNDATION  
CHICAGO, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
<b>Basic Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	6
Notes to Financial Statements	7



# EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

1875 Hicks Road  
Rolling Meadows, Illinois 60008

Telephone (847) 221-5700

Facsimile (847) 221-5701

## 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, 2018, 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, 2018, 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.

### **Change in Accounting Principle**

As discussed in Note 12 to the financial statements, in 2018 the Bishop Anderson Foundation adopted new accounting guidance, ASU 2016-14, Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

*Evans, Marshall & Pease, P.C.*

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

Rolling Meadows, Illinois  
June 6, 2019  
(15)

BISHOP ANDERSON FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

---

	<u>2018</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 613,466
Investments	<u>2,353,678</u>
Total Current Assets	<u>2,967,144</u>
Property and Equipment:	
Furniture and equipment	14,530
Leasehold improvements	11,780
Less: Accumulated depreciation	<u>(9,762)</u>
Property and Equipment, Net	<u>16,548</u>
TOTAL ASSETS	<u>\$ 2,983,692</u>
<u>NET ASSETS</u>	
Without donor restrictions	\$ 2,877,692
With donor restrictions	<u>106,000</u>
TOTAL NET ASSETS	<u>\$ 2,983,692</u>

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

BISHOP ANDERSON FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>REVENUES, GAINS AND SUPPORT:</b>			
Contributions and grants:			
Regular	\$ 242,309	\$ -	\$ 242,309
All angels	7,649	-	7,649
Capital campaign	150,421	106,000	256,421
Episcopal charities	55,000	-	55,000
Chaplains training program	11,577	-	11,577
Investment returns, before investment expenses	(29,969)	-	(29,969)
Contributed office space	94,680	-	94,680
Gift-in-kind	3,601	-	3,601
Miscellaneous income	749	-	749
Net assets released from restrictions	51,000	(51,000)	-
<b>TOTAL REVENUES, GAINS AND SUPPORT</b>	<b>587,017</b>	<b>55,000</b>	<b>642,017</b>
<b>EXPENSES AND LOSSES:</b>			
Program services:			
Deaf ministry program	6,077	-	6,077
Education seminars	1,702	-	1,702
Spiritual care visitor training program	73,963	-	73,963
Core chaplain program	17,734	-	17,734
Stroger chaplain program	86,768	-	86,768
<b>Total Program services</b>	<b>186,244</b>	<b>-</b>	<b>186,244</b>
Support services:			
Audit and accounting	19,147	-	19,147
Bank charges	2,312	-	2,312
Conferences and retreats	5,619	-	5,619
Contributed office space	94,680	-	94,680
Depreciation	3,254	-	3,254
Development and public relations	117,991	-	117,991
Dues & subscriptions	3,618	-	3,618
Fringe benefits	14,174	-	14,174
Gift in kind	3,601	-	3,601
Insurance - general	3,726	-	3,726
Investment expenses	20,227	-	20,227
Miscellaneous	40	-	40
Payroll service	1,234	-	1,234
Payroll taxes	4,591	-	4,591
Postage	440	-	440
Professional services	614	-	614
Salaries - administration	29,604	-	29,604
Supplies	689	-	689
Travel	4,087	-	4,087
<b>Total Support services</b>	<b>329,648</b>	<b>-</b>	<b>329,648</b>

(Continued)

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

BISHOP ANDERSON FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
EXPENSES AND LOSSES:			
Fundraising:			
Spring and fall benefit expenses	\$ 43,170	\$ -	\$ 43,170
Capital campaign expenses	26,970	-	26,970
Total Fundraising	70,140	-	70,140
TOTAL EXPENSES AND LOSSES	586,032	-	586,032
CHANGE IN NET ASSETS	985	55,000	55,985
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	2,926,707	1,000	2,927,707
PRIOR PERIOD ADJUSTMENT			
Donor Restriction Reclassification	(50,000)	50,000	-
NET ASSETS, BEGINNING OF YEAR, RESTATED	2,876,707	51,000	2,927,707
NET ASSETS, END OF YEAR	\$ 2,877,692	\$ 106,000	\$ 2,983,692

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

BISHOP ANDERSON FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

---

	2018
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 55,985
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,254
Investment activity, before investment expenses	29,969
Investment expenses	20,227
NET CASH PROVIDED BY OPERATING ACTIVITIES	109,435
CASH FLOWS FROM INVESTING ACTIVITIES:	
Dividends received	51,884
Interest received	35,057
Capital gains received	15,419
Other investment income	25
Investment expenses	(20,227)
Purchases of investments	(1,207,453)
Sales of investments	1,483,543
Donated securities	(107,253)
NET CASH PROVIDED BY INVESTING ACTIVITIES	250,995
INCREASE IN CASH	360,430
CASH, BEGINNING	253,036
CASH, ENDING	\$ 613,466

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

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**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 two classes of net assets: without donor restrictions and with donor restrictions.

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 net assets without donor restrictions if the restrictions expire in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified as net assets without donor restrictions.

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 net assets without donor restrictions unless subject to donor restrictions. Dividends and interest are recognized as revenue when received.

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

Liquidity Management

It is the policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. On the Statement of Financial Position, assets have been presented in current and non-current asset and liability format.

Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) 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.

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.

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.

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 3 – CASH**

At December 31, 2018, the Foundation's carrying amount of deposits held in checking and savings accounts totaled \$229,552; bank balances totaled \$229,555. The carrying amount of funds held in money market accounts totaled \$383,914; financial institution balances totaled \$383,914. The carrying amount of all cash is \$613,466 at December 31, 2018.

*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, 2018, the Foundation's cash held in depository accounts, \$229,552, is covered by Federal Deposit Insurance Company (FDIC) insurance. Of the Foundation's brokerage account, \$100,000 is insured by the Securities Investor Protection Corporation (SIPC), while \$54,398 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, 2018:

	2018			
	Level I	Level II	Level III	Total
Equity securities	\$ 1,044,664	\$ -	\$ -	\$ 1,044,664
Mutual funds and exchange traded funds	407,946	-	-	407,946
Debt securities	901,068	-	-	901,068
	\$ 2,353,678	\$ -	\$ -	\$ 2,353,678

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, 2018

**NOTE 4 – INVESTMENTS (CONT'D)**

The following table presents a summary of investment returns for the years ended December 31, 2018:

	2018
Dividends received	\$ 51,884
Interest received	35,082
Realized gains/(losses) on sales of investments	131,723
Gains/(losses) in fair value of investments	(248,658)
Total investment returns, before investment expenses	(29,969)
Less: investment expenses	(20,227)
Total investment returns, after investment expenses	\$ (50,196)

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2018:

Property and Equipment	2018
Furniture and equipment	\$ 14,530
Leasehold improvements	11,780
Total	26,310
Less: Accumulated Depreciation	
Furniture and equipment	(6,228)
Leasehold improvements	(3,534)
Total	(9,762)
Total Property and Equipment, net	\$ 16,548

Depreciation expense is \$3,254 for the year ended December 31, 2018.

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**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, 2018 was \$94,680.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

The Foundation may receive contributions from donors that are restricted for particular purposes. When received, the Foundation records these donations as with donor restricted net assets. When the funds are spent for the donor’s intended purpose, the with donor restricted net assets are released from restriction and reclassified to without donor restricted net assets.

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

- *Stroger Hospital Fund*: contributions are restricted for the purpose of fundraising to bring spiritual care to the patients of John H. Stroger Jr. Hospital of Cook County.
- *Episcopal Church of Women Grant Fund*: contributions are restricted for the Foundation’s activities at John H. Stroger Jr. Hospital of Cook County.
- *Spiritual Care Visitor Training Fund*: contributions are restricted for the education of individuals in the arts of spiritual care skill and faith community support.

With donor restricted net asset activity for the year ended December 31, 2018 is summarized in the following schedule:

	2018			
	(Restated) Beginning	Contributions	Released From Restrictions	Ending
Stroger Hospital Fund	\$ 50,000	\$ 50,150	\$ -	\$ 100,150
Episcopal Church of Women Grant Fund	1,000	-	1,000	-
Spiritual Care Visitor Training Fund	-	55,850	50,000	5,850
Total	\$ 51,000	\$ 106,000	\$ 51,000	\$ 106,000

**NOTE 8 – BOARD-DESIGNATED NET ASSETS (WITHOUT DONOR RESTRICTIONS)**

The Executive Committee of the Board of Trustees of the Foundation may designate portions of the Foundation’s net assets without donor restrictions for intended purposes. The Foundation internally monitors board designated net assets without donor restrictions by separately monitoring each designation as a fund.

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 8 – BOARD-DESIGNATED NET ASSETS (WITHOUT DONOR RESTRICTIONS) (CONT'D)**

During the year ended December 31, 2018, the Executive Committee had the following designations:

- *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.
- *Spiritual Care Visitor Training Online Fund*: designated for the Foundation's web-based internet modules in Clinical Pastoral Education.

Board-designated net assets without donor restrictions activity for the year ended December 31, 2018, is summarized in the following schedule:

	2018			
	Beginning Net Assets	Additions	Deletions	Ending Net Assets
Curriculum Fund	\$ 4,885	\$ -	\$ 4,885	\$ -
Capital Campaign Fund	-	50,000	26,970	23,030
Spiritual Care Visitor Training Online Fund	-	100,000	35,351	64,649
<b>Total</b>	<b>\$ 4,885</b>	<b>\$ 150,000</b>	<b>\$ 67,206</b>	<b>\$ 87,679</b>

Board-designated net assets without donor restrictions are decided by the Executive Committee of the Board of Trustees, not restricted by donors. The amounts presented above are components of the total net assets without donor restrictions 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, 2018, 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.

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 11 – IMPAIRMENT LOSS (CONT'D)**

At December 31, 2018, the Foundation reviewed its other assets and estimated that the recoverable amount was zero. There was no impairment loss recorded on the statement of activities for the year ended December 31, 2018.

**NOTE 12 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

In August 2016, the Federal Accounting Standards Board issued ASU 2016-14, Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses and liquidity and availability of resources. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

Opening net assets were restated due to a donor restriction reclassification. Net assets without donor restrictions decreased \$50,000, while net assets with donor restrictions increased \$50,000. Overall net assets were not affected by the adjustment.

**NOTE 14 – SUBSEQUENT EVENTS**

The Foundation evaluated subsequent events through June 6, 2019, when these financial statements were available to be issued.