

**BISHOP ANDERSON FOUNDATION
CHICAGO, ILLINOIS**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

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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

Report on the Financial Statements

We have audited the accompanying financial statements of the Bishop Anderson Foundation (a nonprofit organization), which comprise the statement of assets and net assets – modified cash basis as of December 31, 2019, and the related statement of support, revenue, and expenses – modified cash basis and the related statement of cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 assets and net assets of the Bishop Anderson Foundation as of December 31, 2019, and its support, revenue, and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, Illinois
July 27, 2020

BISHOP ANDERSON FOUNDATION
STATEMENT OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2019

	2019
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 465,015
Investments	2,940,973
Total Current Assets	3,405,988
Property and Equipment:	
Furniture and equipment	14,530
Leasehold improvements	11,780
Less: Accumulated depreciation	(13,016)
Property and Equipment, Net	13,294
Other Assets:	
Security deposits	30
Total Other Assets	30
TOTAL ASSETS	\$ 3,419,312
<u>NET ASSETS</u>	
Without donor restrictions	\$ 3,109,662
With donor restrictions	309,650
TOTAL NET ASSETS	\$ 3,419,312

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

BISHOP ANDERSON FOUNDATION
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUES, GAINS AND SUPPORT:			
Contributions and grants:			
Regular	\$ 269,339	\$ 92,500	\$ 361,839
All angels	7,649	-	7,649
Capital campaign	40,085	111,150	151,235
Episcopal charities	65,500	-	65,500
Chaplains training program	6,840	-	6,840
Investment returns, before investment expenses	69,696	-	69,696
Contributed office space	94,680	-	94,680
Gift-in-kind	400	-	400
	<u>554,189</u>	<u>203,650</u>	<u>757,839</u>
EXPENSES AND LOSSES:			
Program services:			
Deaf ministry program	4,315	-	4,315
Education seminars	3,705	-	3,705
Spiritual care visitor training program	67,978	-	67,978
Spirituality and wellness	22,826	-	22,826
Stroger chaplain program	92,280	-	92,280
	<u>191,104</u>	<u>-</u>	<u>191,104</u>
Support services:			
Administration salaries and benefits	55,606	-	55,606
Audit and accounting	21,293	-	21,293
Bank charges	2,098	-	2,098
Conferences and retreats	7,618	-	7,618
Contributed office space	94,680	-	94,680
Depreciation	3,254	-	3,254
Development and public relations	126,619	-	126,619
Dues and subscriptions	4,543	-	4,543
Gift-in-kind	400	-	400
Insurance - general	3,850	-	3,850
Investment expenses	21,502	-	21,502
Maintenance	979	-	979
Miscellaneous	2	-	2
Payroll service	1,368	-	1,368
Postage	307	-	307
Professional services	1,203	-	1,203
Supplies	929	-	929
Travel	4,061	-	4,061
	<u>350,312</u>	<u>-</u>	<u>350,312</u>

(Continued)

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

BISHOP ANDERSON FOUNDATION
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
EXPENSES AND LOSSES:			
Fundraising:			
Spring and fall benefit expenses	\$ 28,738	\$ -	\$ 28,738
Capital campaign expenses	723	-	723
Total Fundraising	29,461	-	29,461
TOTAL EXPENSES AND LOSSES	570,877	-	570,877
CHANGE IN NET ASSETS	(16,688)	203,650	186,962
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	2,877,692	106,000	2,983,692
PRIOR PERIOD ADJUSTMENT			
Fair market value adjustment	248,658	-	248,658
NET ASSETS, BEGINNING OF YEAR, RESTATED	3,126,350	106,000	3,232,350
NET ASSETS, END OF YEAR	\$ 3,109,662	\$ 309,650	\$ 3,419,312

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

BISHOP ANDERSON FOUNDATION
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 186,962
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	3,254
Investment activity, before investment expenses	(69,696)
Investment expenses	21,502
NET CASH PROVIDED BY OPERATING ACTIVITIES	142,022
CASH FLOWS FROM INVESTING ACTIVITIES:	
Dividends received	37,455
Interest received	45,779
Capital gains received	6,317
Other investment income	25
Investment expenses	(21,502)
Purchases of investments	(1,296,321)
Sales of investments	937,773
NET CASH (USED IN) INVESTING ACTIVITIES	(290,473)
NET (DECREASE) IN CASH	(148,451)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	613,466
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 465,015

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

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

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 Presentation

The Foundation maintains its financial statements on the modified cash basis of accounting. Under this method, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred. Modifications to the cash basis of accounting result from management’s decision to record property and equipment and related depreciation in the accompanying statements of assets and net assets – modified cash basis.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and maybe expended for any purpose in performing, the primary objectives of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Support, Revenue, and Expenses – Modified Cash Basis.

Measure of Operations

The statements of revenues, expenses and changes in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. In its measure of operations, the Foundation includes all revenues and expenses that are an integral part of its chaplaincy, education, and supporting services.

Cash and Cash Equivalent

Cash consists of cash on deposit with banks and other financial institutions. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Property and Equipment, Net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from five to seven years for furniture and equipment and ten years for leasehold improvements. The Foundation's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. The Foundation's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Investments

Investments, which include publicly traded debt instruments, equity securities, mutual funds, and exchange traded funds, are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported 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 Support, Revenue, and Expenses – Modified Cash Basis 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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. generally accepted accounting principles establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level I: Unadjusted quoted market prices for identical assets or liabilities in active as of the measurement date.

Level II: Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborating by other observable market data.

Level III: Unobservable inputs that cannot be corroborating by observable market data.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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 Statement of Support, Revenue, and Expenses – Modified Cash Basis as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-Kind Donations

The Foundation received a donated gift of \$400 for the year ended December 31, 2019. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as gift-in-kind on the accompanying Statement of Support, Revenue, and Expenses – Modified Cash Basis.

Several volunteers have made significant contributions of their time in furtherance of the Foundation's mission. These services were not reflected in the accompanying Statement of Support, Revenue, and Expenses – Modified Cash Basis because they do not meet the necessary criteria for recognition under U.S. generally accepted accounting principles.

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 disclosure of contingent assets 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 income tax under Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation’s financial assets at December 31, 2019:

	2019
Financial assets at year end:	
Cash and cash equivalents	\$ 465,015
Investments	2,940,973
Total financial assets	3,405,988
Less amounts not available to be used within one year:	
Net assets with donor restrictions	309,650
	309,650
Financial assets available to meet general expenditures over the next twelve months	\$ 3,096,338

NOTE 4 – CASH AND CASH EQUIVALENTS

At December 31, 2019, the Foundation’s carrying amount of deposits held in checking and savings accounts totaled \$360,330; bank balances totaled \$298,739. The carrying amount of funds held in money market accounts totaled \$104,685; financial institution balances totaled \$104,685. The carrying amount of all cash is \$465,015 at December 31, 2019.

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, 2019, the Foundation’s cash held in depository accounts, \$360,330, 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 \$123,557 is collateralized by the Foundation’s agent in the Foundation’s name.

NOTE 5 – 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 are reported at cost, if purchased, or at fair value, if donated.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statement of Support, Revenue, and Expenses – Modified Cash Basis in the period in which the securities are sold. Interest and dividends are recorded when earned.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5 – INVESTMENTS (CONT'D)

The following is a summary of investments at December 31, 2019:

	<u>2019</u>
Equity securities	\$ 1,404,730
Mutual funds and exchange traded funds	499,786
Debt securities	<u>1,036,457</u>
	<u>\$ 2,940,973</u>

As of December 31, 2019 all investments were considered level 1 investments.

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.

The following table presents a summary of investment returns for the years ended December 31, 2019:

	<u>2019</u>
Dividends received	\$ 37,455
Interest received	45,804
Realized gains/(losses) on sales of investments	<u>(13,563)</u>
Total investment returns, before investment expenses	69,696
Less: investment expenses	<u>(21,502)</u>
Total investment returns, after investment expenses	<u>\$ 48,194</u>

BISHOP ANDERSON FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at December 31, 2019:

	2019
Furniture and equipment	\$ 14,530
Leasehold improvements	11,780
Total	26,310
Less: accumulated depreciation	
Furniture and equipment	(8,304)
Leasehold improvements	(4,712)
Total	(13,016)
Total property and equipment, net	\$ 13,294

Depreciation expense is \$3,254 for the year ended December 31, 2019.

NOTE 7 – CONTRIBUTED OFFICE SPACE

The Rush University 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, 2019 was \$94,680.

NOTE 8 – 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 Chaplaincy 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.
- *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, 2019 is summarized in the following schedule:

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONT'D)

	2019			
	Beginning	Contributions	Released From Restrictions	Ending
Stroger Chaplaincy Fund	\$ 100,150	\$ 177,500	\$ -	\$ 277,650
Spiritual Care Visitor Training Fund	5,850	26,150	-	32,000
Total	\$ 106,000	\$ 203,650	\$ -	\$ 309,650

NOTE 9 – 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.

During the year ended December 31, 2019, the Executive Committee had the following designations:

- *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 spiritual care visitor training.

Board-designated net assets without donor restrictions activity for the year ended December 31, 2019, is summarized in the following schedule:

	2019			
	Beginning	Additions	Deletions	Ending
Capital Campaign Fund	\$ 23,030	\$ -	\$ 23,030	\$ -
Spiritual Care Visitor Training Online Fund	64,649	-	64,649	-
Total	\$ 87,679	\$ -	\$ 87,679	\$ -

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 10 – 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, 2019, net cash used in operating activities reflects cash payments of \$-0- for interest and \$-0- for income taxes.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 – 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 12 – 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 Support, Revenue, and Expenses – Modified Cash Basis.

At December 31, 2019, the Foundation reviewed its other assets and estimated that the recoverable amount was zero. There was no impairment loss recorded on the Statement of Support, Revenue, and Expenses – Modified Cash Basis for the year ended December 31, 2019.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

Opening net assets were restated due to investment balances which included fair market value. This resulted in an unrealized loss, which is not necessary under the modified cash basis of accounting. Stock, bond, and mutual fund investments increased \$248,658, resulting in an increase of net assets of \$248,658.

NOTE 14 – SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through July 27, 2020, when these financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact changes in net assets. Other financial impact could occur though such potential impact is unknown at this time.