

**BISHOP ANDERSON FOUNDATION  
CHICAGO, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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## 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, liabilities and net assets – modified cash basis as of December 31, 2020, and the related statement of revenues, other support, 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 statement of assets, liabilities and net assets of the Bishop Anderson Foundation as of December 31, 2020, and its statement of revenues, other support 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  
May 14, 2021  
(15)

BISHOP ANDERSON FOUNDATION  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2020

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	<u>2020</u>
ASSETS	
Cash and cash equivalents	\$ 604,257
Investments	3,576,380
Property and equipment, net	11,207
Security deposits	<u>90</u>
TOTAL ASSETS	<u>\$ 4,191,934</u>
LIABILITIES	
Other	<u>\$ 692</u>
TOTAL LIABILITIES	<u>692</u>
NET ASSETS	
Without donor restrictions	3,693,567
With donor restrictions	<u>497,675</u>
TOTAL NET ASSETS	<u>4,191,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,191,934</u>

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

BISHOP ANDERSON FOUNDATION  
STATEMENT OF REVENUES, OTHER SUPPORT AND EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUES AND OTHER SUPPORT			
Contributions and grants	\$ 284,476	\$ 282,299	\$ 566,775
Episcopal charities	59,200	-	59,200
Chaplains training program	1,825	-	1,825
Investment returns, before investment expenses	627,193	-	627,193
Contributed office space	94,680	-	94,680
Net assets released from restrictions	94,274	(94,274)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>1,161,648</b>	<b>188,025</b>	<b>1,349,673</b>
EXPENSES			
Program services	194,848	-	194,848
Support services			
Administrative and general	377,545	-	377,545
Fundraising	5,350	-	5,350
<b>TOTAL EXPENSES</b>	<b>577,743</b>	<b>-</b>	<b>577,743</b>
CHANGE IN NET ASSETS	583,905	188,025	771,930
NET ASSETS, BEGINNING OF YEAR	3,109,662	309,650	3,419,312
NET ASSETS, END OF YEAR	<u>\$ 3,693,567</u>	<u>\$ 497,675</u>	<u>\$ 4,191,242</u>

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, 2020

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	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 771,930
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	3,449
Donated securities	(127,857)
Net (appreciation) on investments	(322,494)
(Increase) in security deposits	(60)
Increase in other liabilities	692
NET CASH PROVIDED BY OPERATING ACTIVITIES	325,660
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	(1,362)
Purchases of investments	(2,108,084)
Proceeds from sales and maturities of investments	1,923,028
NET CASH (USED IN) INVESTING ACTIVITIES	(186,418)
NET INCREASE IN CASH AND CASH EQUIVALENTS	139,242
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	465,015
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 604,257

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

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BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**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; and record investments at fair value.

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 revenues, other support and expenses – modified cash basis.

Measure of Operations

The statements of revenues, other support and expenses reports all changes in net assets. 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 Equivalents

Cash consists of checking and savings accounts. 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, 2020

**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

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, which include equities and fixed income, are reported 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 revenues, other support 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, 2020

**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 revenues, other support and expenses 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 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, 2020 was \$94,680. 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 contributed office space on the accompanying statement of revenues, other support 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 revenues, other support 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 the modified cash basis financial statements 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, 2020

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents the Foundation’s financial assets at December 31, 2020:

	2020
Financial assets at year end	
Cash and cash equivalents	\$ 604,257
Investments	3,576,380
Total	4,180,637
Less amounts not available to be used within one year	
Net assets with donor restrictions	497,675
Financial assets available to meet general expenditures over the next twelve months	\$ 3,682,962

As part of its liquidity plan, excess cash is invested in mutual funds, equities and fixed income.

**NOTE 4 – CASH AND CASH EQUIVALENTS**

At December 31, 2020, the Foundation’s carrying amount of deposits held in checking, savings and money market accounts totaled \$604,257; bank balances totaled \$601,894.

*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, 2020, the Foundation’s cash and cash equivalents held in depository accounts, \$175,195, 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 \$326,699 is collateralized by the Foundation’s agent in the Foundation’s name.

**NOTE 5 – INVESTMENTS**

The following is a summary of investments at December 31, 2020:

	2020
Equities	\$ 1,998,737
Fixed income	1,577,643
	\$ 3,576,380

As of December 31, 2020, all investments were considered level 1 investments.

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 5 – INVESTMENTS (CONT'D)**

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, 2020:

	2020
Dividends received	\$ 18,667
Interest received	55,685
Realized gains (losses)	229,411
Total investment returns, before investment expenses	303,763
Less: investment expenses	(23,735)
Total investment returns, after investment expenses	\$ 280,028

**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following at December 31, 2020:

	2020
Furniture and equipment	\$ 11,780
Leasehold improvements	15,892
Total	27,672
Less: accumulated depreciation	
Furniture and equipment	(5,890)
Leasehold improvements	(10,575)
Total	(16,465)
Total property and equipment, net	\$ 11,207

Depreciation expense is \$3,449 for the year ended December 31, 2020.

**NOTE 7 – NET ASSETS**

Net assets with donor restrictions were as follows for the year ended December 31, 2020:

	Beginning	Increases	Decreases	Ending
Specific Purpose				
Stroger Chaplaincy Fund	\$ 277,650	\$ 227,857	\$ 67,500	\$ 438,007
Spiritual Care Visitor Training Fund	32,000	26,250	25,000	33,250
Other	-	28,192	1,774	26,418
Total	\$ 309,650	\$ 282,299	\$ 94,274	\$ 497,675

BISHOP ANDERSON FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 7 – NET ASSETS (CONT'D)**

Net assets without donor restrictions were as follows for the year ended December 31, 2020:

Undesignated	\$ 3,692,367
Board-designated	<u>1,200</u>
Total	<u>\$ 3,693,567</u>

**NOTE 8 – 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, 2020, net cash provided by operating activities reflects cash payments of \$-0- for interest and \$-0- for income taxes.

**NOTE 9 – SUBSEQUENT EVENTS**

The Foundation evaluated subsequent events through May 14, 2021, 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.