

ANNUAL FINANCIAL REPORT

**BISHOP ANDERSON FOUNDATION
CHICAGO, ILLINOIS**

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

**BISHOP ANDERSON FOUNDATION
TABLE OF CONTENTS
DECEMBER 31, 2022**

	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Statement of Revenues, Other Support and Expenses – Modified Cash Basis	4
Statement of Cash Flows – Modified Cash Basis	5
Notes to Basic Financial Statements	6



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

Opinion

We have audited the accompanying financial statements of Bishop Anderson Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statement of revenues, other support and expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Bishop Anderson Foundation as of December 31, 2022, and its revenues, other support and expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bishop Anderson Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about Bishop Anderson Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be used.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bishop Anderson Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bishop Anderson Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Evans, Marshall & Pease, P.C.

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

Rolling Meadows, Illinois
May 4, 2023
(15)

BISHOP ANDERSON FOUNDATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2022

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 389,688
Investments	3,453,038
Property and equipment, net	4,311
Security deposits	<u>90</u>
 TOTAL ASSETS	 <u>\$ 3,847,127</u>
LIABILITIES	
Other	<u>\$ -</u>
 TOTAL LIABILITIES	 <u>-</u>
NET ASSETS	
Without donor restrictions	3,385,321
With donor restrictions	<u>461,806</u>
 TOTAL NET ASSETS	 <u>3,847,127</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,847,127</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, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and grants	\$ 427,719	\$ 5,599	\$ 433,318
Episcopal charities	64,800	-	64,800
Chaplains training program	3,776	-	3,776
Investment returns, before investment expenses	(663,007)	-	(663,007)
Contributed office space	94,680	-	94,680
Net assets released from restrictions	-	-	-
TOTAL REVENUES AND OTHER SUPPORT	(72,032)	5,599	(66,433)
EXPENSES			
Program services	280,151	-	280,151
Support services			
Administrative and general	388,906	-	388,906
Fundraising	21,187	-	21,187
TOTAL EXPENSES	690,244	-	690,244
CHANGE IN NET ASSETS	(762,276)	5,599	(756,677)
NET ASSETS, BEGINNING OF YEAR	4,147,597	456,207	4,603,804
NET ASSETS, END OF YEAR	\$ 3,385,321	\$ 461,806	\$ 3,847,127

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, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (756,677)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,447
Net depreciation on investments	<u>739,534</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(13,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(872,765)
Proceeds from sales and maturities of investments	<u>983,598</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>110,833</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	97,137
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>292,551</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 389,688</u></u>

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

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, 2022

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, 2022 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, 2022

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31, 2022:

	<u>2022</u>
Financial assets at year end	
Cash and cash equivalents	\$ 389,688
Investments	<u>3,453,038</u>
Total	<u>3,842,726</u>
Less amounts not available to be used within one year	
Net assets with donor restrictions	<u>461,806</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 3,380,920</u></u>

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, 2022, the Foundation's carrying amount of deposits held in checking, savings and money market accounts totaled \$389,688; bank balances totaled \$374,659.

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, 2022, the Foundation's cash and cash equivalents held in depository accounts, \$202,673, is covered by Federal Deposit Insurance Company (FDIC) insurance.

NOTE 5 – INVESTMENTS

The following is a summary of investments at December 31, 2022:

	<u>2022</u>
Equities	\$ 2,110,534
Fixed income	<u>1,342,504</u>
	<u><u>\$ 3,453,038</u></u>

As of December 31, 2022, all investments were considered level 1 investments.

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022:

	<u>2022</u>
Dividends received	\$ 27,642
Interest received	56,628
Realized gains/(losses)	<u>(8,902)</u>
Total investment returns, before investment expenses	75,368
Less: investment expenses	<u>(29,406)</u>
Total investment returns, after investment expenses	<u><u>\$ 45,962</u></u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at December 31, 2022:

	<u>2022</u>
Furniture and equipment	\$ 15,892
Leasehold improvements	<u>11,780</u>
Total	<u>27,672</u>
Less: accumulated depreciation	
Furniture and equipment	(15,115)
Leasehold improvements	<u>(8,246)</u>
Total	<u>(23,361)</u>
Total property and equipment, net	<u><u>\$ 4,311</u></u>

Depreciation expense is \$3,447 for the year ended December 31, 2022.

NOTE 7 – NET ASSETS

Net assets with donor restrictions were as follows for the year ended December 31, 2022:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Specific Purpose				
Stroger Chaplaincy Fund	\$ 438,007	\$ -	\$ -	\$ 438,007
Spiritual Care Visitor Training Fund	9,500	-	-	9,500
Other	<u>8,700</u>	<u>5,599</u>	<u>-</u>	<u>14,299</u>
Total	<u><u>\$ 456,207</u></u>	<u><u>\$ 5,599</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 461,806</u></u>

BISHOP ANDERSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – NET ASSETS (CONT'D)

Net assets without donor restrictions were as follows for the year ended December 31, 2022:

Undesignated	\$ 3,304,321
Board-designated	<u>81,000</u>
Total	<u>\$ 3,385,321</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, 2022, net cash provided by operating activities reflects cash payments of \$-0- for interest and \$-0- for income taxes.

NOTE 9 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 4, 2023, which is the date the financial statements were available to be issued. The Foundation is not aware of any material subsequent events.