

Saint Francis Foundation

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Saint Francis Foundation

We have audited the accompanying financial statements of Saint Francis Foundation (a California non-profit organization, the "Foundation"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 Foundation'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 Foundation'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 Saint Francis Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (continued)

Correction of Error

As discussed in Note O to the financial statements, due to an error by the Foundation in considering itself as financially interrelated with the Hospital, the financial statements of Saint Francis Foundation as of June 30, 2016 have been restated to reflect agency funds held for the benefit of Saint Francis Memorial Hospital. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 29 and 30 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DZH Phillips LLP

San Francisco, California
November 3, 2017

Saint Francis Foundation

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

| | 2017 | 2016 |
|---|----------------------|----------------------|
| ASSETS | | |
| ASSETS | | |
| Cash and cash equivalents | \$ 1,420,639 | \$ 630,338 |
| Bequests and grants receivable | - | 100,000 |
| Unconditional promises to give - net | 221,392 | 1,426,758 |
| Other receivables | 598 | 9,126 |
| Due from single investor fund | - | 2,500,000 |
| Investment in single investor fund | 83,684,484 | 79,923,688 |
| Investments in marketable securities | 228,223 | 232,497 |
| Prepaid expenses and other assets | 25,423 | 52,392 |
| Split interest agreements - net | 3,562,403 | 3,517,602 |
| Furniture and equipment - net | 26,064 | 36,471 |
| | <u>\$ 89,169,226</u> | <u>\$ 88,428,872</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 33,005 | \$ 209,730 |
| Due to Saint Francis Memorial Hospital | 244,625 | 144,945 |
| Accrued liabilities | 93,608 | 101,778 |
| Annuity contracts payable | 103,031 | 150,857 |
| Grants payable to Saint Francis Memorial Hospital | 2,551,595 | 3,947,258 |
| Funds held for Saint Francis Memorial Hospital | 6,289,903 | 7,696,011 |
| | <u>9,315,767</u> | <u>12,250,579</u> |
| NET ASSETS | | |
| Unrestricted | 38,899,085 | 37,418,100 |
| Temporarily restricted | 26,895,496 | 24,701,315 |
| Permanently restricted | 14,058,878 | 14,058,878 |
| | <u>79,853,459</u> | <u>76,178,293</u> |
| | <u>\$ 89,169,226</u> | <u>\$ 88,428,872</u> |

The accompanying notes are an integral part of these statements.

Saint Francis Foundation

STATEMENTS OF ACTIVITIES

Years ended June 30, 2017 and 2016

| | 2017 | | | | 2016 | | | |
|---|----------------------|---------------------------|---------------------------|----------------------|----------------------|---------------------------|---------------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Support | | | | | | | | |
| Contributions | \$ 34,971 | \$ 281,345 | \$ - | \$ 316,316 | \$ 35,990 | \$ 2,708,902 | \$ - | \$ 2,744,892 |
| Bequests | 178,983 | 21,734 | - | 200,717 | - | 121,330 | - | 121,330 |
| Grant income | 2,500 | 231,585 | - | 234,085 | - | 141,320 | - | 141,320 |
| Event income | 111,484 | 280,803 | - | 392,287 | - | 268,205 | - | 268,205 |
| In-kind contributions | 202,700 | - | - | 202,700 | - | - | - | - |
| Total support | <u>530,638</u> | <u>815,467</u> | <u>-</u> | <u>1,346,105</u> | <u>35,990</u> | <u>3,239,757</u> | <u>-</u> | <u>3,275,747</u> |
| Less: Amounts designated by donors for specific organizations | <u>-</u> | <u>(374,116)</u> | <u>-</u> | <u>(374,116)</u> | <u>-</u> | <u>(459,164)</u> | <u>-</u> | <u>(459,164)</u> |
| Net support | 530,638 | 441,351 | - | 971,989 | 35,990 | 2,780,593 | - | 2,816,583 |
| Investment income (loss) | 3,967,278 | 3,294,547 | - | 7,261,825 | (1,403,638) | (1,370,208) | - | (2,773,846) |
| Less: investment loss (income) on agency funds held for others | <u>-</u> | <u>(221,481)</u> | <u>-</u> | <u>(221,481)</u> | <u>-</u> | <u>89,859</u> | <u>-</u> | <u>89,859</u> |
| Net investment income | 3,967,278 | 3,073,066 | - | 7,040,344 | (1,403,638) | (1,280,349) | - | (2,683,987) |
| Other income | | | | | | | | |
| Other income | 6,211 | - | - | 6,211 | 3,052 | - | - | 3,052 |
| Change in value of split interest agreements | <u>(5,041)</u> | <u>41,851</u> | <u>-</u> | <u>36,810</u> | <u>-</u> | <u>(96,834)</u> | <u>-</u> | <u>(96,834)</u> |
| Total other income | 1,170 | 41,851 | - | 43,021 | 3,052 | (96,834) | - | (93,782) |
| Net assets released from restrictions | <u>1,362,087</u> | <u>(1,362,087)</u> | <u>-</u> | <u>-</u> | <u>1,641,747</u> | <u>(1,641,747)</u> | <u>-</u> | <u>-</u> |
| Total support and revenue | <u>5,861,173</u> | <u>2,194,181</u> | <u>-</u> | <u>8,055,354</u> | <u>277,151</u> | <u>(238,337)</u> | <u>-</u> | <u>38,814</u> |
| Expenses | | | | | | | | |
| Program services | | | | | | | | |
| Aid and donations | 1,126,123 | - | - | 1,126,123 | 6,374,951 | - | - | 6,374,951 |
| Supporting services | | | | | | | | |
| Fundraising | 1,235,383 | - | - | 1,235,383 | 1,433,364 | - | - | 1,433,364 |
| General and administrative | 2,276,046 | - | - | 2,276,046 | 1,438,573 | - | - | 1,438,573 |
| Total expense | <u>4,637,552</u> | <u>-</u> | <u>-</u> | <u>4,637,552</u> | <u>9,246,888</u> | <u>-</u> | <u>-</u> | <u>9,246,888</u> |
| Less: Agency funds released | <u>(257,364)</u> | <u>-</u> | <u>-</u> | <u>(257,364)</u> | <u>(3,250,881)</u> | <u>-</u> | <u>-</u> | <u>(3,250,881)</u> |
| Net expense | 4,380,188 | - | - | 4,380,188 | 5,996,007 | - | - | 5,996,007 |
| Change in net assets | 1,480,985 | 2,194,181 | - | 3,675,166 | (5,718,856) | (238,337) | - | (5,957,193) |
| Net assets - beginning of year - as originally stated | - | - | - | - | 43,117,660 | 19,181,177 | 30,414,236 | 92,713,073 |
| Restatements (Note O) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,296</u> | <u>5,758,475</u> | <u>(16,355,358)</u> | <u>(10,577,587)</u> |
| Net assets - beginning of year - as restated | <u>37,418,100</u> | <u>24,701,315</u> | <u>14,058,878</u> | <u>76,178,293</u> | <u>43,136,956</u> | <u>24,939,652</u> | <u>14,058,878</u> | <u>82,135,486</u> |
| Net assets - end of year | <u>\$ 38,899,085</u> | <u>\$ 26,895,496</u> | <u>\$ 14,058,878</u> | <u>\$ 79,853,459</u> | <u>\$ 37,418,100</u> | <u>\$ 24,701,315</u> | <u>\$ 14,058,878</u> | <u>\$ 76,178,293</u> |

The accompanying notes are an integral part of these statements.

Saint Francis Foundation
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|--------------------------|
| Cash flows provided by (used in) operating activities: | | |
| Contributions, bequests and grants | \$ 2,956,551 | \$ 409,383 |
| Investment and other income | (122,533) | 378,418 |
| Aid and donations | (2,264,422) | (3,756,370) |
| Payment of fundraising, general and administrative expenses | <u>(3,166,796)</u> | <u>(2,842,712)</u> |
| Net cash used in operating activities | <u>(2,597,200)</u> | <u>(5,811,281)</u> |
| Cash flows provided by (used in) investing activities: | | |
| Purchase of investments | (64,407) | (1,641,893) |
| Proceeds from sale of investments | 3,500,000 | 6,301,150 |
| Purchase of equipment and improvements | <u>(48,092)</u> | <u>(14,919)</u> |
| Net cash provided by investing activities | <u>3,387,501</u> | <u>4,644,338</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 790,301 | (1,166,943) |
| Cash and cash equivalents - beginning of year | <u>630,338</u> | <u>1,797,281</u> |
| Cash and cash equivalents - end of year | <u><u>\$ 1,420,639</u></u> | <u><u>\$ 630,338</u></u> |

The accompanying notes are an integral part of these statements.

Saint Francis Foundation

STATEMENTS OF CASH FLOWS (continued)

Years ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Reconciliation of change in net assets to net cash provided by (used in) operating activities: | | |
| Change in net assets | \$ 3,675,166 | \$ (5,957,193) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 26,871 | 35,768 |
| Net realized and unrealized loss (gain) on investments and accrued income | (6,972,760) | 2,985,604 |
| Loss on sale of equipment | - | 2,442 |
| Contribution of charitable remainder trust | - | (2,187,482) |
| Change in value of split interest agreements | (13,173) | (22,497) |
| Changes in operating assets and liabilities | | |
| Other receivables | 8,528 | 3,262 |
| Unconditional promises to give | 127,375 | 36,112 |
| Prepaid expenses and other assets | 26,969 | 77,038 |
| Due from single investor fund | 2,500,000 | - |
| Accounts payable | (176,725) | 169,957 |
| Due to Saint Francis Memorial Hospital | 99,680 | (90,987) |
| Accrued liabilities | (8,170) | (42,551) |
| Annuity contracts payable | (47,826) | 80,892 |
| Funds held for Saint Francis Memorial Hospital | (447,472) | 1,979,930 |
| Grants payable to Saint Francis Memorial Hospital | (1,395,663) | (2,881,576) |
| | <u>\$ (2,597,200)</u> | <u>\$ (5,811,281)</u> |

SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transaction:

| | | |
|---|------|--------------|
| Transfer of investments into single investor fund | \$ - | \$ 1,125,695 |
|---|------|--------------|

The accompanying notes are an integral part of these statements.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE A - DESCRIPTION OF OPERATIONS

Saint Francis Foundation (the “Foundation”) is a non-profit corporation organized under the laws of the State of California. The mission of the Foundation is to raise funds and make grants that support and enhance the ability of Saint Francis Memorial Hospital (the “Hospital”) to deliver exceptional health care services and compassionate care to its patients and to the communities the Hospital serves.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States as applicable to non-profit corporations. A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

Financial statement presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets consist of all resources received to help further the Foundation’s primary purpose to improve healthcare generally and in particular, but without limitation, to act for the benefit of the Hospital and the community it serves that have not been restricted as to time or a specific purpose by a donor.

Temporarily Restricted Net Assets

Temporarily restricted net assets include cash and other assets received with donor stipulations that limit the use of the donated assets. Donor stipulations are either purpose or time restricted. Upon expiration of a time restriction or completion of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets where the use has been restricted for investment in perpetuity. The income from these assets is available for either general operations or specific purposes as specified by the donor.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Fair value

The Foundation considers the use of market-based information over entity specific information in valuing its financial assets measured at fair value. This includes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- *Level 1* inputs to the valuation methodology - quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
- *Level 3* inputs to the valuation methodology - unobservable and significant to the fair value measurement.

An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

In accordance with the authoritative guidance on fair value measurements and disclosures, as a practical expedient, an entity holding investments in certain entities that calculate net asset value ("NAV") per share or its equivalent for which the fair value is not readily determinable is permitted to measure the fair value of such investments on the basis of that NAV or its equivalent without adjustment.

FASB issued an Accounting Standards Update 2015-07 ("ASU 2015-07"), Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent), which removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities are reported at fair value. The fair values are based upon quoted market prices. Changes in fair values are reported in the statement of activities.

Investment in single investor fund

The Foundation is a limited partner in Saint Francis Foundation Fund, L.P. (the "Fund"), a Single Investor Fund (refer to Note D). As a limited partner holding 99.9% interest in the Fund, the Foundation determined that it did not meet the requirements of control in order to consolidate the Fund in accordance with FASB ASC 810, Consolidation. The Foundation elected to record the investment in the Fund at fair value using the net asset value of the Fund.

Liquidation of the Single Investor Fund is subject to the terms of the partnership agreement.

Prepaid expenses

Prepaid expenses consist primarily of consulting fees and prepaid fundraising expenses.

Furniture and equipment

Furniture and equipment with a cost in excess of \$2,000 purchased with estimated useful lives in excess of one year are capitalized at cost. Donated assets are capitalized at the fair market value on the date of receipt. Depreciation is computed on the straight-line method using an estimated useful life of five years. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Split-interest agreements

Split-interest agreements consist of donated property subject to life estate interest and charitable remainder trusts. Donated residential properties are recorded at fair value at the date of the gift. Such properties are depreciated over their estimated useful lives of forty years on the straight-line method. Upon disposal or retirement, the cost of assets and accumulated depreciation are eliminated, and any resulting gain or loss is recorded. In one case, the Foundation made a partial purchase of the property by agreeing to pay an annuity to the donors. The Foundation's charitable remainder trusts are recorded at fair value (refer to Notes E and F).

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of revenue

Unconditional contributions are reflected in the accounts of the Foundation when their receipt is reasonably assured. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

Contributions and grants receivable are reviewed for collectability, and reserves for uncollectible amounts are established when needed.

Funds held for Saint Francis Memorial Hospital

Many of the Foundation's fundraising efforts and contributions accepted by the Foundation help further its primary purpose to act for the benefit of the Hospital. However, the Hospital does not influence or control decisions made on the Foundation's behalf. Accordingly, the Foundation considers itself to not be financially interrelated with the Hospital as defined by FASB Accounting Standard Codification 958-20, Financially Interrelated Entities. Accordingly, certain donations received by the Foundation for the Hospital, whereby the Foundation is not granted variance power, is recorded by the Foundation as a fiscal agent transaction (refer to Note H).

Income taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code, Section 23701d. Accordingly, it has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position the Foundation has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Foundation has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Foundation has evaluated subsequent events, with the exception of market values of the investment portfolio, through the date the financial statements are available to be issued, November 3, 2017. The Foundation reviewed the market value of its investment portfolio through November 3, 2017 the latest date of available information.

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset class. The following is a summary of unconditional promises to give at June 30, 2017 and 2016:

| | 2017 | 2016 |
|---------------------------------|------------|--------------|
| Due in one year or less | \$ 127,000 | \$ 164,000 |
| Due in one to five years | 9,997 | 403,302 |
| Due in more than five years | 100,000 | 1,100,000 |
| | 236,997 | 1,667,302 |
| Less: discount to present value | (15,605) | (240,544) |
| | \$ 221,392 | \$ 1,426,758 |

Unconditional promises to give due after June 30, 2017 are stated at their net present values. Management has discounted these promises to give using a risk free rate of return of 1.8% determined at the time of the promise to give.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE D - INVESTMENTS

At June 30, 2017 and 2016, investments consisted of the following:

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|-----------------------|-----------------------|
| | <u>Carrying Value</u> | <u>Carrying Value</u> |
| Fixed income securities | \$ 228,223 | \$ 232,497 |
| Investment in single investor fund | <u>83,684,484</u> | <u>79,923,688</u> |
| Total investments | <u>\$ 83,912,707</u> | <u>\$ 80,156,185</u> |

The Foundation invested in the Saint Francis Foundation Fund, L.P., a limited partnership (the “Fund”), and is the sole limited partner. The general partner, an unrelated third party, owns 0.1% of the Fund and manages the Fund’s daily operations.

The Fund is intended to serve as a single investor fund for the administrative convenience of the Foundation.

The Fund will generally seek to achieve long-term equity-like returns through broadly diversifying by asset class, investment manager, geography, economic sector, and security, through an allocation of its assets among unaffiliated limited partnerships, unaffiliated limited liability companies, unaffiliated private equity and/or venture capital funds, including offshore funds, other investment entities and/or separate accounts managed pursuant to investment management agreements (collectively, the “Underlying Funds”), as well as publicly-traded stocks, mutual funds, and pooled funds.

The Fund has made commitments of \$36,525,000 to underlying private equity funds. As of June 30, 2017, \$11,660,097 remains unfunded. The unfunded amount captures prior contributions made by the Foundation prior to inception of the Fund. These Underlying Funds are expected to be liquidated in 1-12 years unless terminated earlier or extended longer as permitted in the Underlying Funds’ partnership agreements.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE D - INVESTMENTS (continued)

At June 30, 2017 and 2016, the percentage breakdown of the investments held in the Fund is as follows:

| | <u>2017</u> | <u>2016</u> |
|-----------------------------|----------------|----------------|
| Commingled Funds | | |
| Real assets | 6.21% | 7.99% |
| Global ex U.S. Common Stock | 13.74% | 9.40% |
| U.S. Common Stock | 5.91% | 11.20% |
| Nominal Bonds | 4.85% | 4.41% |
| Diversifiers | 2.94% | 0.00% |
| Hedge Funds | | |
| Diversifiers | 9.33% | 11.20% |
| Growth | 8.00% | 7.72% |
| U.S. Common Stock | 3.07% | 2.71% |
| Mutual Funds | | |
| Global ex U.S. Common Stock | 7.58% | 8.92% |
| Nominal Bonds | 7.20% | 7.89% |
| Real assets | 1.36% | 1.41% |
| U.S. Common Stock | 9.96% | 5.41% |
| Private Equity Funds | | |
| Private Equity Funds | 4.05% | 4.79% |
| Private Natural Resources | 4.06% | 3.51% |
| Private Real Estate | 1.80% | 1.94% |
| Venture Capital | 9.16% | 8.27% |
| Money Market Mutual Funds | 0.78% | 3.23% |
| | <u>100.00%</u> | <u>100.00%</u> |

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE D - INVESTMENTS (continued)

For the years ending June 30, 2017 and 2016, investment income (loss) consisted of the following:

| | 2017 | 2016 |
|--|---------------------|-----------------------|
| Dividends and interest | \$ 619,815 | \$ 798,764 |
| Net realized and unrealized gains (losses) | <u>7,192,115</u> | <u>(3,085,563)</u> |
| | 7,811,930 | (2,286,799) |
| Less: investment management fees | <u>(550,105)</u> | <u>(487,047)</u> |
| | 7,261,825 | (2,773,846) |
| Investment loss (income) on agency funds held for others | <u>(221,481)</u> | <u>89,859</u> |
| | <u>\$ 7,040,344</u> | <u>\$ (2,683,987)</u> |
| Investment gain (loss) recognized as | | |
| Unrestricted | \$ 3,967,278 | \$ (1,403,638) |
| Temporarily restricted (from endowment funds) | <u>3,294,547</u> | <u>(1,370,208)</u> |
| | 7,261,825 | (2,773,846) |
| Investment loss (income) on agency funds held for others | <u>(221,481)</u> | <u>89,859</u> |
| Total investment income (loss) | <u>\$ 7,040,344</u> | <u>\$ (2,683,987)</u> |

Due to market volatility, the investment portfolio of the Foundation may experience declines in value.

NOTE E - SPLIT-INTEREST AGREEMENTS

The Foundation acquired certain residential properties, part purchase and part gift, for which the Foundation granted back to the donors a life estate interest that entitles the donors the right to live in the residences for the remainder of their lives. Original cost and accumulated depreciation on such properties are as follows:

| | 2017 | 2016 |
|-----------------------------------|-------------------|-------------------|
| Remainder interest in real estate | \$ 724,142 | \$ 676,050 |
| Accumulated depreciation | <u>(230,475)</u> | <u>(214,011)</u> |
| | <u>\$ 493,667</u> | <u>\$ 462,039</u> |

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE E - SPLIT-INTEREST AGREEMENTS (continued)

Subsequent to year end, one of the properties was sold (refer to Note P).

The Foundation is the beneficiary of two charitable remainder trusts. The terms of the agreement provide that at the time of the donor's death, the Foundation is to be distributed an agreed upon amount of the remaining trust assets based on the agreements. The fair value of the trusts' assets are based on the fair value of the Foundation's share of the trust assets, the donor's life expectancy, and a 2.4% discount rate (1.8% for 2016). The present values of future benefits expected to be received by the Foundation was estimated to be \$3,068,736 and \$3,055,563 at June 30, 2017 and 2016, respectively.

NOTE F - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

| | Fair Value | Fair Value Measurements Using | | |
|---|----------------------|-------------------------------|-------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| <u>June 30, 2017</u> | | | | |
| Fixed income securities | \$ 228,223 | \$ 228,223 | \$ - | \$ - |
| Investment in single investor fund measured at net asset value (a) | 83,684,484 | - | - | - |
| Subtotal investments | 83,912,707 | 228,223 | - | - |
| Split interest agreements - charitable remainder trusts (note E) | 3,068,736 | - | - | 3,068,736 |
| | <u>\$ 86,981,443</u> | <u>\$ 228,223</u> | <u>\$ -</u> | <u>\$ 3,068,736</u> |
| <u>June 30, 2016</u> | | | | |
| Fixed income securities | \$ 232,497 | \$ 232,497 | \$ - | \$ - |
| Investment in single investor fund measured at net asset value (a) | 79,923,688 | - | - | - |
| Subtotal investments | 80,156,185 | 232,497 | - | - |
| Split interest agreement - charitable remainder trusts (note E) | 3,055,563 | - | - | 3,055,563 |
| | <u>\$ 83,211,748</u> | <u>\$ 232,497</u> | <u>\$ -</u> | <u>\$ 3,055,563</u> |

(a) Investment is measured at fair value using the net asset value per share (or its equivalent) practical expedient and therefore have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE F - FAIR VALUE MEASUREMENTS (continued)

The table below includes a roll-forward of the amounts for the years ended June 30, 2017 and 2016 (including the change in fair value) classified by the Foundation within level 3 of the fair value hierarchy.

| | Charitable Remainder Trusts |
|----------------------------|--------------------------------|
| Fair value - June 30, 2015 | \$ 845,584 |
| Total gains | 22,497 |
| Contributions | 2,187,482 |
| Fair value - June 30, 2016 | 3,055,563 |
| Total gains | 13,173 |
| Fair value - June 30, 2017 | \$ 3,068,736 |

The amount of total gains or losses for the year included in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date is as follows:

| | |
|---------------|-----------|
| June 30, 2016 | \$ 22,497 |
| June 30, 2017 | \$ 13,173 |

The fair value of the beneficial interest in the charitable remainder trusts (level 3) is determined by calculating the estimated future payments using a discount rate as disclosed in Note E, and applicable mortality tables. Total gains and losses for the charitable remainder trusts (also level 3) are included in the change in value of split interest agreements in the statements of activities.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE F - FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the investment that has a calculated net asset value per unit along with its related unfunded commitments and redemption features:

| | <u>Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency (if currently eligible)</u> | <u>Redemption Notice Period</u> |
|---------------------------------|----------------------|---------------------------------|---|---|
| <u>Single Investor Fund (a)</u> | <u>\$ 83,684,484</u> | <u>\$ -</u> | Daily | Daily |

(a) Includes a balanced portfolio of investments in U.S. equity securities, foreign equity securities, fixed income securities, U.S. alternative investments, foreign alternative investments, and money market funds. The Fund's investment strategy is intended to produce results that earn an average annual inflation-adjusted (real) total return of at least 5% over the long term, net of all investment management fees and operating expenses. The fair value of this investment has been estimated using the net asset value of the Fund.

NOTE G - ANNUITY CONTRACTS PAYABLE

The Foundation holds two charitable gift annuities that provide for fixed payments to designated annuity beneficiaries over their respective lifetimes. Annuity contracts payable have been recognized at present value, using discount rates ranging from 4.5% to 6%, of the estimated future payments to be paid over the life expectancies of the annuitants using the 1983 Standard Annuity Reserve Tables. Assets received in conjunction with such charitable gift annuities were recorded at their fair value at the date of receipt.

NOTE H - FUNDS HELD FOR SAINT FRANCIS MEMORIAL HOSPITAL

The Foundation acts as a fiscal agent for Saint Francis Memorial Hospital. There were no administrative fees charged for these services during the years ended June 30, 2017 and 2016.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE H - FUNDS HELD FOR SAINT FRANCIS MEMORIAL HOSPITAL (continued)

The activity related to these funds was as follows:

| | Endowed Funds | Other | Total |
|-----------------------------------|---------------------|---------------------|---------------------|
| Balance - July 1, 2015 | \$ 2,717,176 | \$ 7,860,411 | \$ 10,577,587 |
| Funds received | - | 459,164 | 459,164 |
| Investment return | (89,859) | - | (89,859) |
| Funds paid | - | (3,250,881) | (3,250,881) |
| Balance - June 30, 2016 | 2,627,317 | 5,068,694 | 7,696,011 |
| Funds received | 200 | 373,916 | 374,116 |
| Investment return | 221,481 | - | 221,481 |
| Funds paid | (2,000) | (255,364) | (257,364) |
| Write-off of uncollectible pledge | - | (1,744,341) | (1,744,341) |
| Balance - June 30, 2017 | <u>\$ 2,846,998</u> | <u>\$ 3,442,905</u> | <u>\$ 6,289,903</u> |

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

| | 2017 | 2016 |
|---------------------------------------|----------------------|----------------------|
| Community Benefit | \$ 115,397 | \$ 26,104 |
| Pierotti Fund | 20,475,103 | 18,892,867 |
| Time restricted | 2,312,103 | 2,270,253 |
| | <u>22,902,603</u> | <u>21,189,224</u> |
| <u>Endowment accumulated earnings</u> | | |
| Other restricted funds | 8,279 | 5,555 |
| Unrestricted as to purpose | 3,984,614 | 3,506,536 |
| | <u>3,992,893</u> | <u>3,512,091</u> |
| | <u>\$ 26,895,496</u> | <u>\$ 24,701,315</u> |

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE J - ENDOWMENTS

The Foundation's endowments consist of five individual funds established for a variety of purposes and include only donor-restricted endowment funds. These funds are classified as permanently restricted net assets. At June 30, 2017 and 2016, the Foundation did not have any board designated endowment funds.

Endowments also consist of funds the Foundation received from donors as an agency transaction for the benefit of the Hospital to be held as endowments.

The Foundation is subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) governing endowments. The Foundation has interpreted this law as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed under the law.

From time to time, the fair market value of assets associated with the endowment funds may fall below the level required to be retained as funds of perpetual duration. At June 30, 2017 and 2016, the fair market value of endowment assets exceeded the required corpus of the funds.

The Foundation has adopted investment and spending policies for endowment assets that attempt to preserve and enhance the inflation-adjusted (real) value of the corpus in perpetuity, provide a relatively stable stream of earnings consistent with the Foundation's grant making activities, and to balance the needs of current and future beneficiaries of the Foundation.

Under this policy, the endowment assets are invested in a manner that is intended to produce results that earn an average annual inflation-adjusted (real) total return of at least 5%, net of all investment management fees and operating expenses over the long term. The actual return in any given year may vary from this amount. To satisfy its long-term rate-of-return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE J - ENDOWMENTS (continued)

The Foundation's annual spending rate from the endowment is 4.0% of the average market value calculated over the prior twelve quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. The Foundation has flexibility to appropriate more than the 4% spending rate in any one year based on additional considerations of program needs, general economic conditions and if the evaluation of the selected spending rate indicates exercise of prudence based on the judgment of management and the Board of Directors. Certain endowment gifts are designated for specific purposes, the income from which (included in the spending rate) is spent in accordance with those designations.

Changes in endowment net assets for the fiscal years ended June 30, 2017 and 2016 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Endowment net assets - June 30, 2015 | \$ - | \$ 5,126,583 | \$ 14,058,878 | \$ 19,185,461 |
| Investment return: | | | | |
| Interest and dividends | - | 71,302 | - | 71,302 |
| Net realized and unrealized gains (losses) | - | (705,794) | - | (705,794) |
| Total investment return | - | (634,492) | - | (634,492) |
| Appropriation for expenditure | - | (980,000) | - | (980,000) |
| Endowment net assets - June 30, 2016 | - | 3,512,091 | 14,058,878 | 17,570,969 |
| Investment return: | | | | |
| Interest and dividends | - | 14,219 | - | 14,219 |
| Net realized and unrealized gains | - | 1,467,001 | - | 1,467,001 |
| Total investment return | - | 1,481,220 | - | 1,481,220 |
| Appropriation for expenditure | - | (1,000,418) | - | (1,000,418) |
| Endowment net assets - June 30, 2017 | <u>\$ -</u> | <u>\$ 3,992,893</u> | <u>\$ 14,058,878</u> | <u>\$ 18,051,771</u> |

The following table reflects endowed funds held by the Foundation as an agent for the benefit of the Hospital:

| | <u>Accumulated Earnings</u> | <u>Corpus</u> | <u>Total</u> |
|---|---------------------------------|---------------------|---------------------|
| Balance - June 30, 2015 | \$ 813,580 | \$ 1,903,596 | \$ 2,717,176 |
| Investment return: | | | |
| Interest and dividends | 10,098 | - | 10,098 |
| Net realized and unrealized gains | (99,957) | - | (99,957) |
| Total investment return on agency funds held for the Hospital | (89,859) | - | (89,859) |
| Balance - June 30, 2016 | 723,721 | 1,903,596 | 2,627,317 |
| Investment return: | | | |
| Interest and dividends | 2,126 | - | 2,126 |
| Net realized and unrealized gains | 219,355 | - | 219,355 |
| Total investment return on agency funds held for the Hospital | 221,481 | - | 221,481 |
| Funds received | - | 200 | 200 |
| Funds paid | (2,000) | - | (2,000) |
| Balance - June 30, 2017 | <u>\$ 943,202</u> | <u>\$ 1,903,796</u> | <u>\$ 2,846,998</u> |

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE K - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets (endowments) are restricted to the following:

| | 2017 | 2016 |
|-------------------------------------|---------------|---------------|
| Community Benefit | \$ 12,547 | \$ 12,547 |
| Education | 19,178 | 19,178 |
| Earnings unrestricted as to purpose | 14,027,153 | 14,027,153 |
| | \$ 14,058,878 | \$ 14,058,878 |

NOTE L - RETIREMENT PLANS

Cash balance plan

Eligible staff of the Foundation participate in a multi-employer retirement plan sponsored by the Hospital's parent company, Dignity Health. The plan has a church plan exemption and provides for both a defined benefit pension plan and a combination of a 403(b) and 401(a) plan (the savings plan). The savings portion of the plan includes an employer matching component of 50 cents on the dollar up to 6% of eligible compensation. The plan also includes certain vesting provisions. Benefits are generally based on years of service and the employee's compensation. Contributions to the pension portion of the plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to the plan participants.

Defined benefit pension plan

The Foundation participates in a separate trustee-managed multiemployer defined benefit pension plan. The plan is applicable to non-union employees of the Hospital. The plan generally provides retirement benefits to employees based on years of service to the Foundation.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE L - RETIREMENT PLANS (continued)

The multiemployer pension plans are each managed by a board of trustees. Although the Foundation is not represented on any of the boards of trustees, other contributing employers are members of the boards.

The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Foundation chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plan at the time of withdrawal, the associated withdrawal liabilities could be material to the Foundation's change in net assets in the period of the withdrawal. The Foundation has no plans to withdraw from its multiemployer pension plans.

The following presents information about the Foundation's multiemployer pension plans as of years ended June 30, 2017 and 2016:

| Name of Pension Fund | EIN and Plan Number, if Available | Pension Protection Act Zone Status | | FIP/RP Status | Contributions for the year ended June 30, | | Surcharge Imposed | Expiration of Collective Bargaining Agreement |
|--|-----------------------------------|------------------------------------|-------------------|---------------|---|------|-------------------|---|
| | | 2017 | 2016 | | 2017 | 2016 | | |
| Dignity Health Pension Plan | 94-1196203 Plan No. 001 | N/A | N/A | N/A | * | * | No | Not applicable |
| Retirement Plan for Hospital Employees | 94-2995676 Plan No. 001 | Green 12/31/16 | Green 12/31/15 | N/A | * | * | No | Not applicable |

Plan information for the Dignity Health Pension Plan is not publicly available. This plan provides for benefits based on years of service and the employee's compensation. The Foundation is unable to provide additional qualitative information about total plan assets, accumulated benefit obligations, and the amount by which this plan is funded without undue cost and effort. The Foundation did not contribute more than 5% of the total contribution to the plan.

The Foundation is not obligated for any minimum contributions for the Retirement Plan for Hospital Employees (the "Plan"). Based on the most recently available Forms 5500 for the Plan (plan year end December 31, 2015), the Foundation did not contribute more than 5% of total contributions to the Plan.

* Contributions of \$72,572 and \$65,044 were charged to pension expense for ongoing participation in these plans for the years ended June 30, 2017 and 2016, respectively.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE M - CONCENTRATIONS

Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Foundation also holds uninsured money market accounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Concentrations of credit risk with respect to unconditional promises to give are limited due to the financial stability of the donors.

Investments held by the Saint Francis Foundation Fund, L.P.

Certain underlying funds held by the Saint Francis Foundation Fund, L.P. may concentrate their investments in a single industry, sector or country. Concentration of investments entails greater risk than an investment in a fund that invests its assets in numerous industries, sectors or countries. A fund may be vulnerable to financial, economic, political or other developments in the industry or country in which it invests. As a result, an underlying fund's net assets may fluctuate more widely in value than those of a fund investing in a number of different industries, sectors or countries.

NOTE N - IN-KIND CONTRIBUTIONS

Saint Francis Memorial Hospital provides occupancy and certain administrative services to the Foundation at no cost. During the year ended June 30, 2017, the value of the occupancy and services totaled \$120,000. In addition, the Foundation received in-kind gifts for auction of \$82,700 during the year ended June 30, 2017.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE O - RESTATEMENT OF FINANCIAL STATEMENTS

Financial Interrelationship

During the fiscal year ended June 30, 2016, the Foundation determined they did not meet the conditions of being financially interrelated with the Hospital as defined in FASB Accounting Standard Codification 958-20 (refer to Note B). During June 30, 2017, management determined that due to not being financially interrelated, all contributions collected and related grant awards paid by the Foundation for the benefit of the Hospital, where the Foundation does not have variance power, and recorded as contribution revenue and program expenses as allowed with a financially interrelated relationship under ASC 958-20, should have been recorded as an agent transaction and reflected as transactions through the liability for the benefit of the Hospital. Accordingly, the Foundation restated its financial statements for the year ended June 30, 2016.

The effect of the restatement on the Foundations statement of was to increase change in net assets by \$2,881,576. In addition, the Foundation restated its net assets of July 1, 2015 by (\$10,577,587) for the cumulative effect of the restatement.

Restriction reclassification

During the fiscal year ended June 30, 2017, the Foundation performed additional analysis and determined that the Pierotti Fund, in the amount of \$14,421,764, previously re-classified as a permanently restricted fund, is actually a temporarily restricted fund, based on the underlying donor documents. As a result, permanently restricted net assets were reduced by \$14,421,764, with a corresponding increase to temporarily restricted net assets. Accumulated unspent income at the time of the reclassification of \$5,107,351 as of July 1, 2015 continues to be reflected as temporarily restricted. This adjustment had no effect on total net assets at June 30, 2017 and 2016 or on the total change in net assets for the years then ended.

Saint Francis Foundation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017 and 2016

NOTE O - RESTATEMENT OF FINANCIAL STATEMENTS (continued)

The effect of the restatement on the Foundation's financial position and activities as of June 30, 2016 and for the year then ended is as follows:

| | June 30, 2016 | |
|---|---------------------------|----------------|
| | As originally reported | As restated |
| Funds held for Saint Francis Memorial Hospital | \$ - | \$ 7,696,011 |
| Unrestricted net assets | \$ 37,459,153 | \$ 37,418,100 |
| Temporarily restricted net assets | \$ 16,000,915 | \$ 24,701,315 |
| Permanently restricted net assets | \$ 30,414,236 | \$ 14,058,878 |
| Unrestricted contributions | \$ 94,131 | \$ 35,990 |
| Temporarily restricted contributions | \$ 2,650,761 | \$ 2,708,902 |
| Unrestricted investment income (loss) | \$ (1,401,429) | \$ (1,403,638) |
| Temporarily restricted investment income (loss) | \$ (1,372,417) | \$ (1,370,208) |
| Amounts designated by donors for specific organizations | \$ - | \$ (459,164) |
| Investment loss (income) on funds held for others | \$ - | \$ 89,859 |
| Net assets released from restrictions | \$ (4,892,627) | \$ (1,641,747) |
| Agency funds released | \$ - | \$ (3,250,881) |
| Change in net assets | \$ (8,838,769) | \$ (5,957,193) |

NOTE P - SUBSEQUENT EVENT

Subsequent to June 30, 2017, the Foundation entered into agreement with the donor of one if its split-interest properties. The agreement calls for the sale of the property, and for the Foundation and donor to receive a 91% and 9% split of the proceeds, respectively. On July 11, 2017, the property was sold for \$2,525,000.

SUPPLEMENTAL INFORMATION

Saint Francis Foundation

AID AND DONATION ACTIVITY

Year ended June 30, 2017

| Grant Name | Grants Payable June 30, 2016 | Aid and Donations Granted | Distributed | Grants Completed Under Budget or Closed Funds Returned | Grants Payable June 30, 2017 |
|--|---------------------------------|------------------------------|----------------|---|---------------------------------|
| Perioperative surgery equipment and instruments | \$ 471,987 | \$ 173,337 | \$ (490,669) | \$ - | \$ 154,655 |
| Radiology diagnostic equipment for 1st fl and sports med | 700,000 | - | - | - | 700,000 |
| Media/advertising grant for Hospital & Foundation | 7,417 | - | (7,417) | - | - |
| Palliative Care Assistant | 91,443 | 73,067 | (75,186) | - | 89,324 |
| Hospital building evaluation and proposal to upgrade staff office spaces | - | 165,000 | - | - | 165,000 |
| Telemetry Monitoring System | 78,576 | - | - | - | 78,576 |
| Nurse Call System for Radiology imaging department | 70,000 | - | - | (70,000) | - |
| Diagnostic Imaging Project (MRI) | 1,084,641 | - | - | - | 1,084,641 |
| Burn Unit Grants Payable | 1,252,048 | - | (1,127,048) | - | 125,000 |
| Grants under \$35,000 approved by the President | 170,367 | 56,797 | (48,663) | (74,101) | 104,400 |
| Tenderloin Health Improvement Program | 12,500 | 416,148 | (374,691) | (3,958) | 49,999 |
| Community Department | 8,279 | - | (8,279) | - | - |
| Other grant disbursements | - | 389,833 | (389,833) | - | - |
| | \$ 3,947,258 | \$ 1,274,182 | \$ (2,521,786) | \$ (148,059) | \$ 2,551,595 |

Saint Francis Foundation

AID AND DONATION ACTIVITY

Year ended June 30, 2016

| Grant Name | Grants Payable June 30, 2015 | Aid and Donations Granted | Distributed | Grants Completed Under Budget or Closed Funds Returned | Grants Payable June 30, 2016 |
|--|---------------------------------|------------------------------|-----------------------|---|---------------------------------|
| Perioperative surgery equipment and instruments | \$ - | \$ 639,376 | \$ (167,389) | \$ - | \$ 471,987 |
| Radiology diagnostic equipment for 1st floor and sports medicine | - | 700,000 | - | - | 700,000 |
| Media / advertising grant for Hospital & Foundation | - | 305,000 | (297,583) | - | 7,417 |
| Palliative care assistant | - | 150,000 | (58,557) | - | 91,443 |
| Telemetry Monitoring System | 145,276 | - | (66,700) | - | 78,576 |
| Nurse call system for radiology imaging department | 70,000 | - | - | - | 70,000 |
| Diagnostic Imaging Project (MRI) | 1,309,131 | - | (224,490) | - | 1,084,641 |
| Hospital shuttle / courier van | 50,000 | - | (50,000) | - | - |
| Bladder scanners | 71,000 | - | (71,000) | - | - |
| Larkin Street medical clinic | - | 110,000 | (110,000) | - | - |
| Burn unit grants payable | - | 1,252,048 | - | - | 1,252,048 |
| Grants under \$35,000 approved by the President | 337,880 | 78,232 | (236,034) | (9,711) | 170,367 |
| Tenderloin Health Improvement Program | 25,000 | 528,000 | (540,500) | - | 12,500 |
| Community department | 59,000 | - | (50,721) | - | 8,279 |
| TLHIP additional grant disbursements | - | 500,313 | (500,313) | - | - |
| Burn unit payout 2016 | - | 1,065,087 | (1,065,087) | - | - |
| Buildout for cancer infusion room | - | 94,420 | (94,420) | - | - |
| Hospital family room refurbishment | - | 54,355 | (54,355) | - | - |
| Pain management center equipment | - | 128,695 | (128,695) | - | - |
| Transitional care staff | - | 302,926 | (302,926) | - | - |
| Other grant disbursements | - | 476,210 | (476,210) | - | - |
| | <u>\$ 2,067,287</u> | <u>\$ 6,384,662</u> | <u>\$ (4,494,980)</u> | <u>\$ (9,711)</u> | <u>\$ 3,947,258</u> |