

ST. LUKE'S HEALTH CARE FOUNDATION

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

ST. LUKE'S HEALTH CARE FOUNDATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Luke's Health Care Foundation
Wheaton, Illinois

Opinion

We have audited the accompanying financial statements of St. Luke's Health Care Foundation (an Illinois nonprofit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 financial position of St. Luke's Health Care Foundation as of December 31, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management 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, and 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 St. Luke's Health Care Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
St. Luke's Health Care Foundation
Wheaton, Illinois

Auditors' 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 auditors' 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 St. Luke's Health Care 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 St. Luke's Health Care 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.

Capin Crouse LLP

Naperville, Illinois
May 14, 2024

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 3,289,410	\$ 1,868,113
Cash held for board designations	130,000	130,000
Accounts receivable	350,365	231,803
Investments	171,984	323,344
	<u>3,941,759</u>	<u>2,553,260</u>
Total Assets	\$ 3,941,759	\$ 2,553,260
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 63,697	\$ 46,793
Deferred revenue	-	1,005,020
Total liabilities	<u>63,697</u>	<u>1,051,813</u>
Net Assets:		
Without donor restrictions:		
Without donor restrictions	273,356	330,366
Board designated	130,000	130,000
With donor restrictions:		
Restricted by purpose	3,307,989	881,814
Restricted in perpetuity	166,717	159,267
	<u>3,474,706</u>	<u>1,041,081</u>
Total net assets	<u>3,878,062</u>	<u>1,501,447</u>
Total Liabilities and Net Assets	\$ 3,941,759	\$ 2,553,260

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Contributions	\$ 223,610	\$ 1,286,366	\$ 1,509,976	\$ 558,570	\$ 817,051	\$ 1,375,621
Grants	-	4,469,459	4,469,459	-	369,205	369,205
In Kind donations	8,813	-	8,813	164,307	-	164,307
Investment income	85,602	7,450	93,052	6,067	1,250	7,317
Other income	1,396	-	1,396	12,217	-	12,217
	<u>319,421</u>	<u>5,763,275</u>	<u>6,082,696</u>	<u>741,161</u>	<u>1,187,506</u>	<u>1,928,667</u>
Net assets released from restrictions	3,329,650	(3,329,650)	-	1,008,532	(1,008,532)	-
Total Support and Revenues	<u>3,649,071</u>	<u>2,433,625</u>	<u>6,082,696</u>	<u>1,749,693</u>	<u>178,974</u>	<u>1,928,667</u>
EXPENSES:						
Program services	3,541,693	-	3,541,693	1,629,572	-	1,629,572
Management and general	107,984	-	107,984	112,128	-	112,128
Fundraising	56,404	-	56,404	50,651	-	50,651
Total Expenses	<u>3,706,081</u>	<u>-</u>	<u>3,706,081</u>	<u>1,792,351</u>	<u>-</u>	<u>1,792,351</u>
Change in Net Assets	(57,010)	2,433,625	2,376,615	(42,658)	178,974	136,316
Net Assets, Beginning of Year	<u>460,366</u>	<u>1,041,081</u>	<u>1,501,447</u>	<u>503,024</u>	<u>862,107</u>	<u>1,365,131</u>
Net Assets, End of Year	<u>\$ 403,356</u>	<u>\$ 3,474,706</u>	<u>\$ 3,878,062</u>	<u>\$ 460,366</u>	<u>\$ 1,041,081</u>	<u>\$ 1,501,447</u>

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Functional Expenses

Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Project grants	\$ 3,072,011	\$ -	\$ -	\$ 3,072,011
Benevolence	208,020	-	-	208,020
Medical and training supplies	24,887	-	-	24,887
Medical equipment	120,674	-	-	120,674
Salaries	30,000	33,296	39,850	103,146
Professional fees and services	13,074	58,560	-	71,634
Bank charges and fees	-	944	5,458	6,402
Supplies	37,274	3,594	-	40,868
Travel and meals	12,559	8,650	2,567	23,776
Other	23,194	2,940	8,529	34,663
Total Expenses	\$ 3,541,693	\$ 107,984	\$ 56,404	\$ 3,706,081

Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Project grants	\$ 824,203	\$ -	\$ -	\$ 824,203
Benevolence	154,546	-	-	154,546
Medical and training supplies	294,002	-	-	294,002
Medical equipment	300,297	-	-	300,297
Salaries	22,545	44,352	30,000	96,897
Professional fees and services	14,000	45,382	-	59,382
Bank charges and fees	-	15,999	4,290	20,289
Supplies	16,622	2,013	256	18,891
Travel and meals	3,357	751	14,995	19,103
Other	-	3,631	1,110	4,741
Total Expenses	\$ 1,629,572	\$ 112,128	\$ 50,651	\$ 1,792,351

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,376,615	\$ 136,316
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized losses	(1,654)	1,717
Change in:		
Accounts receivable	(118,562)	56,695
Accounts payable	16,904	33,201
Deferred revenue	(1,005,020)	922,047
Net Cash Provided by Operating Activities	1,268,283	1,149,976
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(157,796)	(56,848)
Proceeds from sale of securities	310,810	-
Net Cash Provided (Used) by Investing Activities	153,014	(56,848)
Change in Cash, Cash Equivalents, and Designated Cash	1,421,297	1,093,128
Cash, Cash Equivalents, and Designated Cash, Beginning of Year	1,998,113	904,985
Cash, Cash Equivalents, and Designated Cash, End of Year	\$ 3,419,410	\$ 1,998,113

See notes to financial statements

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

St. Luke's Health Care Foundation (SLHCF) was created to support faith based health care in Africa, primarily by supporting the operations of a hospital located in Soddo, Ethiopia.

SLHCF's revenues consist primarily of contributions from foundations, churches and individuals.

SLHCF was incorporated on July 9, 2003, under the laws of the State of Illinois as a not-for-profit organization and is exempt from federal income taxes under section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. It is classified as a publicly supported organization, which is not a private foundation under Section 509(a).

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of SLHCF have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The more significant accounting policies are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking, savings, money market accounts, and treasury bills. Certificates of deposit with a maturity of three months or less when purchased are considered cash equivalents.

SLHCF maintains cash balances at several financial institutions. From time to time cash accounts may exceed federally insured limits. At December 31, 2023 and 2022, SLHCF's cash balances exceeded federally insured limits by \$3,083,433 and \$231,752, respectively.

Cash, cash equivalents, and designated cash consists of the following:

	December 31,	
	2023	2022
Cash and equivalents	\$ 3,289,410	\$ 1,868,113
Cash held for board designations	130,000	130,000
	<u>\$ 3,419,410</u>	<u>\$ 1,998,113</u>

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due for hospital purchases. SLHCF believes that all amounts are fully collectible; therefore, no allowance for uncollectible amounts has been recorded.

INVESTMENTS

Investments are recorded at fair value with gains and losses reported in the statements of activities. Donated investments are recorded at fair value at the date of donation and liquidated immediately. Investment income and realized and unrealized gains and losses are included in investment income without donor restrictions unless a donor or law restricts their use. Certificates of deposit with greater than three months maturity are carried at cost.

NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are not subject to donor-imposed restrictions and are available for ministry purposes under the direction of the Board of Directors. Items that affect this category principally consist of cash and contributions that are not restricted, interest income whose use is not restricted, grant revenues, as well as all expenses incurred in connection with the operations of SLHCF.

Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of SLHCF or the passage of time. Items that affect this category are gifts for which restrictions have not been met. These amounts are reclassified to net assets when such restrictions are met or have expired.

REVENUES

Gifts, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift. When a donor 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 statements of activities as net assets released from restrictions. Unearned grants are recorded as a liability on the statements of financial position.

DONATED EQUIPMENT AND SERVICES

Donated equipment is recognized as contributions if they are provided to SLHCF at no cost. Donated services are recognized as contributions if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. These contributions are recognized at their estimated fair market value at the date of the donation. These amounts are included in In Kind donations revenue and program expenses on the statements of activities.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DONATED EQUIPMENT AND SERVICES, continued

A substantial number of individuals regularly provide voluntary services to support SLHCF's programs and supporting services. These services have a significant impact on making SLHCF's program and supporting services effective. However, the value of these services is not reflected in the financial statements because they do not meet the necessary accounting criteria.

For the years ended December 31, gift-in-kind contributions recognized within the statements of activities included:

	December 31,	
	2023	2022
Medical equipment	\$ 8,813	\$ 164,307

Contributions of medical equipment are unrestricted in nature and provided to the hospital in Soddo, Ethiopia. They are recognized in the In Kind program expenses in the year they are received. The equipment donated is normally used in operations and the fair market value is determined using third party retail sites.

EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

3. INVESTMENTS:

Investments are presented at fair value based on reference to quoted market prices and consist of the following:

	December 31,	
	2023	2022
Money market mutual funds	\$ -	\$ 1,085
Fixed income securities	171,984	322,259
Total investments	<u>\$ 171,984</u>	<u>\$ 323,344</u>

Investment income (loss) consists of:

	Year Ended December 31,	
	2023	2022
Interest and dividends	\$ 91,398	\$ 9,034
Net realized and unrealized income (loss)	1,654	(1,717)
	<u>\$ 93,052</u>	<u>\$ 7,317</u>

4. FAIR VALUE MEASUREMENTS:

The Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) established a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

4. FAIR VALUE MEASUREMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2023:

	Total	Level 1	Level 2	Level 3
Fixed income securities	\$ 171,984	\$ -	\$ 171,984	\$ -
	\$ 171,984	\$ -	\$ 171,984	\$ -

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2022:

	Total	Level 1	Level 2	Level 3
Money market mutual funds	\$ 1,085	\$ 1,085	\$ -	\$ -
Fixed income securities	322,259	-	322,259	-
	\$ 323,344	\$ 1,085	\$ 322,259	\$ -

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	December 31,	
	2023	2022
Restricted by purpose:		
Building projects and equipment	\$ 2,936,340	\$ 608,366
Benevolence	181,973	173,145
Special projects	163,950	89,027
Doctor training	21,246	10,852
Permanent endowment earnings not yet expended	4,480	424
Restricted in perpetuity	166,717	159,267
	\$ 3,474,706	\$ 1,041,081

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

6. RELATED PARTY TRANSACTIONS:

One current member and two former members of the board of directors of SLHCF hold an investment interest in an entity which owns Soddo Christian Hospital in Soddo, Ethiopia, the hospital that is supported by SLHCF. The investment interest is held in a trust for the benefit of and under the direction of SLHCF, effectively offsetting any potential conflict of interest with and for these individuals, who receive no personal benefit from their investment. The reason for this legal set up and structure is because the Ethiopian government, law and regulations do not permit a U.S. charitable organization to have a direct ownership interest in real property. SLHCF is not a general or limited partner of, and does not control or have a controlling financial interest of either the entity which owns the hospital or the hospital itself, and as such, the financial position and results of operations of Soddo Christian Hospital are not included in the financial statements of SLHCF.

During the years ended December 31, 2023 and 2022, approximately \$83,944 and \$274,000 in contributions were received from board members, respectively.

7. CONCENTRATION:

During the year ended December 31, 2023, SLHCF received 40% of total contributions from one donor. During the year ended December 31, 2022, SLHCF received 48% of total contributions from four donors.

8. ENDOWMENT FUND:

SLHCF's endowment consists of one account. The endowment includes one donor-restricted endowment fund to support the objectives of Soddo Christian Hospital. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of SLHCF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 of this interpretation, SLHCF 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 organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

8. ENDOWMENT FUND, continued:

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Changes in endowment net assets for the year ended December 31, 2023:

	Restricted by purpose or time	Restricted in perpetuity	Total
Endowment net assets beginning of year	\$ 424	\$ 159,267	\$ 159,691
Investment return, net	788	-	788
Contributions	3,293	7,450	10,743
Amounts appropriated for expenditure	(25)	-	(25)
	4,056	7,450	11,506
Endowment net assets end of year	\$ 4,480	\$ 166,717	\$ 171,197

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

8. ENDOWMENT FUND, continued:

Changes in endowment net assets for the year ended December 31, 2022:

	<u>Restricted by purpose or time</u>	<u>Restricted in perpetuity</u>	<u>Total</u>
Endowment net assets beginning of year	\$ 420	\$ 158,017	\$ 158,437
Investment return, net	54	-	54
Contributions	-	1,250	1,250
Amounts appropriated for expenditure	(50)	-	(50)
	<u>4</u>	<u>1,250</u>	<u>1,254</u>
Endowment net assets end of year	<u>\$ 424</u>	<u>\$ 159,267</u>	<u>\$ 159,691</u>

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires SLHCF to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2023 and 2022.

RETURN OBJECTIVES AND RISK PARAMETERS

SLHCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that SLHCF must hold in perpetuity or for a donor-specified period.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, SLHCF 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).

ST. LUKE'S HEALTH CARE FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

9. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects SLHCF's financial assets as of December 31 2023 and 2022, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, have contractual or donor-imposed restrictions, or because the governing board has set aside the funds for specific contingency reserves and projects. These board designations could be drawn upon if the board approves such action.

	December 31,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 3,289,410	\$ 1,868,113
Cash held for board designations	130,000	130,000
Accounts receivable	350,365	231,803
Investments	171,984	323,344
Financial assets, at year end	<u>3,941,759</u>	<u>2,553,260</u>
Less those unavailable for general expenditures within one year, due to:		
Board designated	130,000	130,000
Restricted by purpose	3,307,989	881,814
Restricted in perpetuity	166,717	159,267
	<u>3,604,706</u>	<u>1,171,081</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 337,053</u>	<u>\$ 1,382,179</u>

As part of SLHCF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 14, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.