DEACONESS FOUNDATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

Deaconess Foundation

CONTENTS

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

Independent Auditors' Report

Board of Trustees
Deaconess Foundation
St. Louis, Missouri

We have audited the accompanying financial statements of Deaconess Foundation which comprise the statements of financial position as of December 31, 2015 and 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deaconess Foundation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
June 21, 2016

FINANCIAL STATEMENTS

Deaconess Foundation

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	$ 1,023,416	$ 960,720
Notes receivable	551,917	302,268
Investments	46,714,882	50,577,337
Other investment	900,000	900,000
Beneficial interest in perpetual trusts	889,943	954,543
Managed physician retirement funds	475,955	478,382
Unitrust receivables	263,987	476,639
Equipment, net	27,408	14,532
Other assets	175,118	173,535
Total Assets	$ 51,022,626	$ 54,837,956

LIABILITIES AND NET ASSETS

	2015	2014
LIABILITIES		
Accounts payable and accrued expenses	$ 81,469	$ 108,231
Grants payable	176,609	-
Managed physician retirement liability	475,955	478,382
Total Liabilities	734,033	586,613
NET ASSETS		
Unrestricted		
Available for general use	37,146,476	37,677,648
Board designated	-	36,827
Total Unrestricted	37,146,476	37,714,475
Temporarily restricted	11,637,844	14,967,995
Permanently restricted	1,504,273	1,568,873
Total Net Assets	50,288,593	54,251,343
Total Liabilities and Net Assets	$ 51,022,626	$ 54,837,956

See accompanying notes to financial statements

Deaconess Foundation
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUES, AND GAINS				
Donations	$ 32,673	$ 142,950	$ -	$ 175,623
Investment (loss) income, net of expenses	(315,074)	(306,743)	-	(621,817)
Change in value of beneficial interest in trust	-	-	(64,600)	(64,600)
Other program fees	98,722	-	-	98,722
Total Support, Revenues, and Gains	(183,679)	(163,793)	(64,600)	(412,072)
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	311,210	(311,210)	-	-
Total Support, Revenues, and Gains	127,531	(475,003)	(64,600)	(412,072)
EXPENSES				
Program Services:				
Major grant programs	2,080,651	-	-	2,080,651
Parish nurse programs	-	-	-	-
Small grant programs	149,189	-	-	149,189
Nursing scholarship program	120,000	-	-	120,000
Total Program Services	2,349,840	-	-	2,349,840
Supporting Services:				
General and administrative expenses	693,596	-	-	693,596
Grant administration expenses	507,242	-	-	507,242
Total Supporting Services	1,200,838	-	-	1,200,838
Total Expenses	3,550,678	-	-	3,550,678
CHANGE IN NET ASSETS	(3,423,147)	(475,003)	(64,600)	(3,962,750)
Transfer of Net Assets	2,855,148	(2,855,148)	-	-
Transfer of Net Assets of Deaconess Parish Nurse Ministries (Note A)	-	-	-	-
NET ASSETS, Beginning of year	37,714,475	14,967,995	1,568,873	54,251,343
NET ASSETS, End of year	$ 37,146,476	$ 11,637,844	$ 1,504,273	$ 50,288,593

See accompanying notes to financial statements

Year Ended December 31, 2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 22,321	$ -	$ -	$ 22,321
1,896,390	732,314	-	2,628,704
-	-	(7,789)	(7,789)
36,844	-	-	36,844
1,955,555	732,314	(7,789)	2,680,080
196,504	(196,504)	-	-
2,152,059	535,810	(7,789)	2,680,080
1,954,877	-	-	1,954,877
173,788	-	-	173,788
123,500	-	-	123,500
120,000	-	-	120,000
2,372,165	-	-	2,372,165
732,605	-	-	732,605
380,534	-	-	380,534
1,113,139	-	-	1,113,139
3,485,304	-	-	3,485,304
(1,333,245)	535,810	(7,789)	(805,224)
-	-	-	-
(204,128)	(26,987)	-	(231,115)
39,251,848	14,459,172	1,576,662	55,287,682
$ 37,714,475	$ 14,967,995	$ 1,568,873	$ 54,251,343

Deaconess Foundation

STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	($ 3,962,750)	($ 805,224)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	4,498	7,302
Change in value of beneficial interest in trusts	64,600	7,789
Realized and unrealized losses on investments	3,384,036	95,793
(Increase) decrease in assets:		
Accounts receivable	-	923
Other assets	(1,583)	(5,601)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(26,762)	(58,486)
Grants payable	176,609	-
Net Change in Cash and Cash Equivalents from Operating Activities	(361,352)	(757,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,698,153)	(17,003,648)
Proceeds from sales of investments	6,176,572	18,097,093
Change in investment in notes receivable	(249,649)	302,269
Change in unitrust receivables	212,652	4,213
Transfer of Deaconess Parish Nurse Ministries	-	(167,505)
Purchases of equipment	(17,374)	(7,891)
Net Change in Cash and Cash Equivalents from Investing Activities	424,048	1,224,531
NET CHANGE IN CASH AND CASH EQUIVALENTS	62,696	467,027
CASH AND CASH EQUIVALENTS, Beginning of year	960,720	493,693
CASH AND CASH EQUIVALENTS, End of year	$ 1,023,416	$ 960,720
SUPPLEMENTAL CASH FLOW INFORMATION		
Amounts paid for:		
Interest	$ -	$ -
Income tax	$ -	$ -

See accompanying notes to financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Deaconess Foundation (the "Foundation") was established for the purpose of supporting the health care and health education ministry of the Missouri Mid-South Conference and Illinois South Conference of the United Church of Christ. Its mission is: "In the spirit of our faith heritage, the mission of Deaconess Foundation is the improved health of the metropolitan St. Louis community and its people." The Foundation's Board of Trustees is composed of fifteen church and community representatives.

During 2001, the Foundation established a newly created, separate legal entity, Deaconess Parish Nurse Ministries, LLC ("DPNM") to own and operate the Deaconess Parish Nurse Program. The Foundation is the sole member of the limited liability corporation.

On January 1, 2014, the Foundation withdrew as the sole member of DPNM and transferred its entire membership interest, including all of the assets and liabilities of DPNM, to Deaconess Faith Community Nurse Ministries, a separate 501(c)(3) organization. For the year ended December 31, 2014, the transfer of the net assets of DPNM of $231,115 is reflected outside of operations in the accompanying Statements of Activities.

Basis of Presentation

The Foundation follows accounting standards set by the Financial Accounting Standards Board (FASB).

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the FASB Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Foundation to utilize funds in furtherance of its mission.

Board Designated Net Assets is a subset of unrestricted net assets, and includes the unspent portion of the $100,000 commitment designated by the Deaconess Board of Trustees to respond to civil unrest in St. Louis County. The unspent portion at December 31, 2014 was $36,827.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

Temporarily Restricted Net Assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds or limitations imposed by law. Temporary restrictions may expire either because of the passage of time or because certain actions are taken by the Foundation which fulfill the restriction.

Permanently Restricted Net Assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be retained permanently.

Fair Value of Financial Instruments

The fair values of financial instruments including cash and cash equivalents, accounts receivable, other assets, and accounts payable and accrued expenses approximate carrying value due to the short-term nature of these accounts.

The Foundation has determined the fair value of certain assets on a recurring basis through application of ASC 820, as disclosed in Note H to the financial statements.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes investments reported at net asset value per share with lock-up periods of 90 days or less. Level 2 methods are also used in measuring the initial fair value of long-term pledges.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

There were no triggering events that required fair value measurements of the Foundation's nonfinancial assets and liabilities at December 31, 2015 and 2014.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Equipment

Equipment is valued at historical or estimated cost. Donated assets are recorded at fair market value when received. Depreciation is computed using the straight-line method. Equipment is depreciated over estimated useful lives ranging from five to ten years. Expenditures for maintenance and repairs are charged to operations as incurred and expenditures for improvements and major rehabilitations that extend the useful life of an asset are capitalized.

Investments

The Foundation's investments are carried at fair value and net realized and unrealized gains and losses are reflected in the Statement of Activities (see Note E). Gains and losses on sales of investments are generally determined on a specific cost identification basis. The Foundation is provided with estimates regarding fair value measures for these investments by its investment managers, who have derived these values from available information from actively traded markets. This information has been used by the Foundation in preparing the financial statements.

Income Taxes

The Foundation qualifies as a not-for-profit religious organization under Internal Revenue Code Section 501(c)(3) and as a non-private foundation under Section 509(a)(3) of the Code and, therefore, is exempt from federal, state, and local income taxes.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes *(Continued)*

The Foundation follows the provisions of ASC 740-10-25 requiring disclosure of uncertain tax positions. There has been no interest or penalties recognized in the Statements of Activities or in the Statements of Financial Position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Foundation evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures and discussions with outside experts.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. At December 31, 2015 and 2014, the Foundation had credit risk arising from cash deposits in excess of federally insured limits of $250,000. The Foundation has not incurred any loss resulting from these excess cash balances during the periods under audit.

New Accounting Pronouncement

In May 2015, the FASB issued ASC 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate New Asset Value per Share (or Its Equivalent)* (ASU 2015-07). The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 affects only the Foundation's disclosures and requires retrospective application. The Foundation elected to early adopt this guidance during the period. Refer to the asset disclosures in Note H of the Notes to the Financial Statements for more information.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events

In accordance with ASC 855, the Foundation has evaluated subsequent events through June 21, 2016, which is the date the financial statements were available to be issued.

B. NOTES RECEIVABLE

Notes receivable is comprised of the following at December 31:

	2015	2014
Loans to community development financial institutions, interest at 3% payable quarterly	$550,000	$300,000
Interest receivable	1,917	2,268
Total Notes Receivable	$551,917	$302,268

At December 31, 2015, the Foundation considers notes receivable to be fully collectible; accordingly, an allowance is not required. If amounts become uncollectible, they will be charged to operations when that determination is made.

C. INVESTMENTS

Investments are carried at fair market value and consist of the following at December 31:

	2015	2014
Equity securities and mutual funds	$20,812,728	$22,021,067
U.S. government bonds and mutual funds	6,579,475	7,854,626
Limited partnerships	10,807,563	12,231,516
Hedge funds	8,002,226	8,032,744
Cash and cash equivalents	512,890	437,384
Total investments at market value	46,714,882	50,577,337
Total investments at cost	47,258,306	46,565,169
Cumulative Unrealized (Loss) Gain on Investments	($ 543,424)	$ 4,012,168

D. OTHER INVESTMENT

Other investment consists of a 2.3% equity interest in a closely held corporation and is carried at estimated fair market value at December 31, 2015 and 2014.

E. INVESTMENT (LOSS) INCOME

Investment (loss) income is comprised of the following for the years ended December 31:

	2015	2014
Interest, dividend, and distribution income	$3,015,110	$3,010,939
Net realized gains on sales of investments	1,171,556	2,065,806
Change in net unrealized (losses) on investments	(4,555,592)	(2,161,599)
Investment expenses	(252,891)	(286,442)
Total Investment (Loss) Income, Net of Expenses	($ 621,817)	$2,628,704

Investment (loss) income consists of interest income, dividend income, realized gains, and unrealized gains and is allocated among the various funds of the Foundation. Allocation is based on the relative value of each fund in relation to the total value of all funds.

F. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts consists of unconditional promises to give from perpetual trusts created by independent donors, which are not in the possession or control of the Foundation but are held and administered by independent bank trustees. The Foundation, along with other specified not-for-profit organizations, is the beneficiary of these trusts. The Foundation only derives income from these trusts, which is included in donations on the Statements of Activities. The principal of each trust is not available to the Foundation. The Foundation has recorded promises to give equal to the Foundation's estimated share of the current fair value of the trusts. For the years ended December 31, 2015 and 2014, the Foundation's share of the change in fair value of the trusts was ($64,600) and $(7,789), respectively.

The values of the underlying assets within the Foundation's beneficial interest in perpetual trusts are determined by the benefactors' investment managers, who have derived these values from available information in actively traded markets. However, the Foundation does not have access to any existing markets in which its beneficial interest could be bought or sold. As a result, management has classified its interest in beneficial trusts as Level 3 (subject to unobservable inputs) for purposes of fair value disclosure requirements at Note H.

G. ENDOWMENT

The Foundation endowment consists of seventeen individual donor restricted funds established for a variety of purposes. In accordance with FASB ASC 958-205-45, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in investments in the Statements of Financial Position.

G. ENDOWMENT *(Continued)*

The Board of Trustees of the Foundation has interpreted the State of Missouri enacted version of 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, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment 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 by UPMIFA.

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, and
(7) The investment policies of the Organization.

The Foundation 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 the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved both through 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.

The Foundation has a policy for distribution of grants each year based on five percent of its average annual market value of assets over the prior 12 quarters through the calendar year-end proceeding the year in which the grants will be awarded. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment assets.

G. ENDOWMENT *(Continued)*

The changes in endowment net assets for the year ended December 31, 2015 are as follows:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2015	($ 36,827)	$ 36,827	$ 14,967,995	$ 614,330	$ 15,582,325
Contributions	-	-	142,950	-	142,950
Transfer of Net Assets	-	-	(2,855,148)	-	(2,855,148)
Investment return:					
Investment income, net of realized gains and expenses	-	-	1,061,866	-	1,061,866
Net depreciation	-	-	(1,368,609)	-	(1,368,609)
Expenses	36,827	(36,827)	-		
Net assets released from restriction	-	-	(311,210)	-	(311,210)
Endowment net assets, December 31, 2015	$ -	$ -	$ 11,637,844	$ 614,330	$ 12,252,174

The changes in endowment net assets for the year ended December 31, 2014 are as follows:

	Unrestricted	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2014	$ -	$ -	$ 14,432,185	$ 614,330	$ 15,046,515
Contributions	-	-	-	-	-
Transfer of Net Assets	(100,000)	100,000	-	-	-
Investment return:					
Investment income, net of realized gains and expenses	-	-	1,350,000	-	1,350,000
Net depreciation		-	(617,686)	-	(617,686)
Expenses	63,173	(63,173)	-		
Net assets released from restriction	-	-	(196,504)	-	(196,504)
Endowment net assets, December 31, 2014	($ 36,827)	$ 36,827	$ 14,967,995	$ 614,330	$ 15,582,325

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount which the donor originally contributed to the Foundation to retain as a fund of perpetual duration.

H. FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at December 31, 2015 and 2014 is as follows:

December 31, 2015	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stocks:				
Financial Services	$ 3,104,360	$ 3,104,360	$ -	$ -
Consumer	4,115,759	4,115,759	-	-
Technology	2,055,167	2,055,167	-	-
Biotechnology and Medical	2,878,296	2,878,296	-	-
Energy	2,450,098	2,450,098	-	-
Communications	1,400,381	1,400,381	-	-
Metals and Materials	570,809	570,809	-	-
Other	2,055,460	2,055,460	-	-
Total Common Stocks	18,630,330	18,630,330	-	-
Emerging Market Equity Fund	2,182,398	2,182,398	-	-
Domestic Bond Fund	5,077,623	-	5,077,623	-
Global Bond Fund	1,501,852	-	1,501,852	-
Cash and Cash Equivalents	512,890	512,890	-	-
Beneficial Interests in Perpetual Trusts	889,943	-	-	889,943
Other Investments	900,000	-	900,000	-
Unitrust Receivables	263,987	263,987	-	-
Total at Fair Value	$ 29,959,023	$ 21,589,605	$7,479,475	$ 889,943
Investments reported at NAV	$ 18,809,789			
Total	$ 48,768,812			

H. FAIR VALUE MEASUREMENTS *(Continued)*

December 31, 2014	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stocks:				
Financial Services	$ 3,211,631	$ 3,211,631	$ -	$ -
Consumer	4,030,534	4,030,534	-	-
Technology	1,658,585	1,658,585	-	-
Biotechnology and Medical	2,794,684	2,794,684	-	-
Energy	2,960,497	2,960,497	-	-
Communications	1,458,768	1,458,768	-	-
Metals and Materials	719,764	719,764	-	-
Other	2,624,929	2,624,929	-	-
Total Common Stocks	19,459,392	19,459,392	-	-
Emerging Market Equity Fund	2,561,668	2,561,668	-	-
Domestic Bond Fund	5,454,706	-	5,454,706	-
Global Bond Fund	2,399,920	-	2,399,920	-
Cash and Cash Equivalents	437,391	437,391	-	-
Beneficial Interests in Perpetual Trusts	954,543	-	-	954,543
Other Investments	900,000	-	900,000	-
Unitrust Receivables	476,639	476,639	-	-
Total at Fair Value	$ 32,644,259	$ 22,935,090	$8,754,626	$ 954,543
Investments reported at NAV	$ 20,264,260			
Total	$ 52,908,519			

Fair value for investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Fair value for investments valued using Level 2 inputs are based primarily on available quoted prices for similar assets in active or inactive markets. Investments in the Level 2 category include fixed income bonds and fixed income commodity future contracts. Fair value for Level 3 investments is determined using inputs which are unobservable and significant to the fair value measurements.

The Foundation uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

H. FAIR VALUE MEASUREMENTS *(Continued)*

Per Accounting Standards Update (ASU) 2009-12, the following table lists investments in other investment companies (limited partnerships) by major category:

	Strategy	NAV of Funds	Number of Funds	Remaining Life	Amount of Unfunded Commitments
Private Equity	Venture and buyout in U.S. and International	$ 4,109,431	7	2 to 8 years	$ 1,580,517
Real Assets	Real estate and natural resources, primarily in U.S.	6,698,132	6	1 to 5 years	511,605
Total		$ 10,807,563	13		$ 2,092,122

Private equity funds have no ability to be redeemed. Certain funds in the private real assets category have lock-up provisions ranging from six quarters to up to five years. Hedge funds have redemption terms ranging between quarterly redemption with 60 days notice to semi-annual redemption with 30 days notice. Certain hedge funds have lock-up provisions of one year.

I. MANAGED PHYSICIAN RETIREMENT LIABILITY

In conjunction with the 1997 sale of assets of Deaconess Incarnate Word Health System, the funds held under certain physician retirement agreements were transferred to the Foundation. The funds remaining relate to physician retirement agreements Deaconess Central Hospital held with three of its employees under Section 457 of the Internal Revenue Code. These agreements are funded with annuity policies from various insurers having an aggregate market value of approximately $475,955 and $478,382 at December 31, 2015 and 2014, respectively. These amounts are shown in the Statements of Financial Position as both an asset and a liability of the Foundation.

J. EQUIPMENT

Equipment consists of the following at December 31:

	2015	2014
Equipment	$225,457	$208,084
Less: accumulated depreciation	(198,049)	(193,552)
	$ 27,408	$ 14,532

Depreciation expense for the years ended December 31, 2015 and 2014 was $4,498 and $7,302, respectively.

K. LEASES

The Foundation leases certain office space from an outside party under a lease arrangement, which expires in December 2016. Rent expense under this lease arrangement totaled approximately $81,040 and $76,849 for the years ended December 31, 2015 and 2014, respectively. Future minimum rentals of $74,298 are due through the year ended December 31, 2016:

L. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	2015	2014
Ballman family trust	$ 6,288,912	$ 6,367,223
Scholarships	4,467,419	4,755,569
Medical equipment	497,584	553,582
Unitrusts - time	263,987	476,639
Indigent patient care	101,942	264,216
Ferguson youth organizing	18,000	-
Children's health	-	2,550,766
Total Temporarily Restricted Net Assets	$11,637,844	$14,967,995

M. TRANSFER OF NET ASSETS

During the year ended December 31, 2015, certain temporarily restricted net assets of $2,855,148 were released from restriction based on an analysis of expenditures which satisfied the terms of the donor restriction.

N. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. Income from permanently restricted net assets is restricted for community programs at December 31, 2015 and 2014. Such unspent amounts are included in the Temporarily Restricted Net Assets (Note L).

O. RETIREMENT PLAN

The Foundation maintains a 403(b) retirement plan, which covers all eligible employees. The Foundation contributes an amount equal to 5% of eligible employee salaries, which totaled $26,671 and $17,329 during the years ended December 31, 2015 and 2014, respectively.

P. GRANTS

The Foundation disburses grants to selected organizations. The Foundation has not made any unconditional grant commitments that should be recorded in the financial statements at December 31, 2015 and 2014.

Q. AGREEMENT WITH EDEN THEOLOGICAL SEMINARY

During the year ended December 31, 2007, the Foundation executed a Funding Agreement (the "Agreement") with Eden Theological Seminary ("Eden") to provide for the long-term organizational and financial stability of Eden as a center of theological study and learning. In accordance with the Agreement, the Foundation's Board of Trustees designated $15,000,000 of the Foundation's unrestricted net assets, plus a pro rata share of the Foundation's investment earnings each year, to fulfill the terms of the Agreement. The commitment was payable to Eden over a five year period ending 2011. The Agreement provided the Foundation with certain termination rights and required certain best practices to be followed by Eden. As stipulated by the Agreement, the Foundation also retained an interest in the real property on which Eden is located (Eden Property).

In November 2009, the Agreement was terminated and a new agreement was executed (the "New Agreement"). In accordance with the New Agreement, the Foundation contributed $14,380,419 to Eden as the Foundation's final funding commitment. As stipulated in the New Agreement, the $14,380,419 was to be used to establish a permanent endowment at Eden, redeem certain bond liabilities, and provide interim funding of Eden's operations. The amount was paid in full to Eden during the year ended December 31, 2010.

The New Agreement contains certain termination provisions, investment criteria provisions related to the establishment of a permanent endowment and the Foundation continues to retain an interest in the Eden Property.

R. RISKS AND UNCERTAINTIES

The Foundation's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to current economic conditions, it is at least reasonably possible changes in the value of the Foundation's investments will occur in the near term and those changes could materially affect the amounts reported in the Foundation's financial statements.