



RANDLE & ASSOCIATES, LLC
Certified Public Accountants

DEACONESS FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Consolidated Statement Of Financial Position.....	3
Consolidated Statement Of Activities	4
Consolidated Statement Of Cash Flows.....	5
Consolidated Statements Of Functional Expenses.....	6 - 7
Notes To Consolidated Financial Statements.....	8 - 25
 Supplementary Information	
Consolidating Statements Of Financial Position.....	26 - 27
Consolidating Statements Of Activities	28 - 29
Consolidating Statements Of Expenses	30 - 31



RANDLE & ASSOCIATES, LLC, CPAs

Certified Public Accountants

(314) 731-8085

www.randlecpa.com

70 Black Jack Ct.
Florissant, MO 63033

Independent Auditors' Report

Board of Trustees
Deaconess Foundation
St. Louis, Missouri

We have audited the accompanying consolidated financial statements of Deaconess Foundation and Deaconess Center for Child Well-Being which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Deaconess Foundation and Deaconess Center for Child Well-Being as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report On Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements on pages 26 through 31 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

Randall & Associates, LLC, CPAs

Florissant, Missouri
May 5, 2020

DEACONESS FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	December 31,	
	2019	2018
Assets		
Cash, cash equivalents and restricted cash	\$ 855,815	\$ 1,347,490
Accounts receivable	50,191	4,093
Grants receivable	500,000	—
Notes and interest receivable	1,002,006	802,006
New Markets Tax Credit notes receivable	3,964,200	3,964,200
Investments	51,240,610	44,612,981
Other investment	900,000	900,000
Beneficial interest in perpetual trusts	1,026,370	903,254
Managed physician retirement funds	616,721	537,590
Unitrust receivables	296,102	270,156
Land	454,153	454,153
Property and equipment, net	7,605,444	7,860,866
Other assets	107,450	125,235
Total Assets	\$ 68,619,062	\$ 61,782,024

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 104,692	\$ 101,908
Grants payable	330,000	157,374
New Markets Tax Credit notes payable	5,620,087	5,581,550
Note payable	6,675,000	6,675,000
Managed physician retirement liability	616,721	537,590
Total Liabilities	13,346,500	13,053,422
Net Assets		
Without donor restrictions	38,542,374	35,000,927
With donor restrictions	16,730,188	13,727,675
Total Net Assets	55,272,562	48,728,602
Total Liabilities And Net Assets	\$ 68,619,062	\$ 61,782,024

DEACONESS FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Year Ended December 31, 2019			For The Year Ended December 31, 2018		
	Without		With	Without		With
	Restrictions	Donor	Donor	Restrictions	Donor	Donor
		Restrictions	Total		Restrictions	Restrictions
Support, Revenues, And Gain (Losses)						
Donations	\$ 99,596	\$ 632,931	\$ 732,527	\$ 77,468	\$ 84,653	\$ 162,121
Facility shared services	64,413	—	64,413	48,180	—	48,180
Investment income (loss), net of expenses	7,248,442	2,627,002	9,875,444	(2,330,919)	(871,487)	(3,202,406)
Change in value of beneficial interest in perpetual trusts	—	123,116	123,116	—	(113,109)	(113,109)
Other program fees	—	—	—	37,435	—	37,435
Net assets released from restrictions	380,535	(380,535)	—	296,286	(296,286)	—
Total Support, Revenues, And Gains (Losses)	7,792,986	3,002,514	10,795,500	(1,871,550)	(1,196,229)	(3,067,779)
Expenses						
Program Services:						
Major grant programs	1,981,217	—	1,981,217	1,219,179	—	1,219,179
Nursing scholarship program	200,000	—	200,000	200,000	—	200,000
Facility operations and management	608,731	—	608,731	600,045	—	600,045
Grant administration expenses	404,369	—	404,369	319,079	—	319,079
Total Program Services	3,194,317	—	3,194,317	2,338,303	—	2,338,303
Supporting Services:						
General and administrative expenses	1,057,223	—	1,057,223	1,083,749	—	1,083,749
Total Supporting Services	1,057,223	—	1,057,223	1,083,749	—	1,083,749
Total Expenses	4,251,540	—	4,251,540	3,422,052	—	3,422,052
Change In Net Assets	3,541,446	3,002,514	6,543,960	(5,293,602)	(1,196,229)	(6,489,831)
Net Assets - Beginning Of Year	35,000,927	13,727,675	48,728,602	40,294,529	14,923,904	55,218,433
Net Assets - End Of Year	\$ 38,542,373	\$ 16,730,189	\$ 55,272,562	\$ 35,000,927	\$ 13,727,675	\$ 48,728,602

See the notes to consolidated financial statements.

DEACONESS FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 6,543,960	\$ (6,489,831)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	288,435	301,150
Amortization of debt issuance costs	38,537	38,538
Change in value of beneficial interest in perpetual trusts	(123,116)	113,109
Net realized and unrealized gains on investments	(8,758,289)	4,843,323
Changes in assets and liabilities:		
Accounts receivable	(46,098)	20,770
Grants receivable	(500,000)	—
Other assets	17,785	27,868
Accounts payable and accrued expenses	2,784	(2,539,665)
Grants payable	172,626	95,000
Net Cash Flows Used In Operating Activities	(2,363,376)	(3,589,738)
Cash Flows From Investing Activities		
Purchases of investments	(14,717,346)	(18,129,035)
Proceeds from sales of investments	16,848,006	20,360,474
Issuance of notes receivable	(200,000)	(550,089)
Change in unitrust receivables	(25,946)	29,613
Purchases of property and equipment	(33,013)	(1,155,360)
Net Cash Flows Provided By Investing Activities	1,871,701	555,603
Net Change In Cash, Cash Equivalents And Restricted Cash	(491,675)	(3,034,135)
Cash, Cash Equivalents And Restricted Cash - Beginning Of Year	1,347,490	4,381,625
Cash, Cash Equivalents And Restricted Cash - End Of Year	\$ 855,815	\$ 1,347,490
Supplemental Cash Flow Information		
Amounts paid for:		
Interest	\$ 356,481	\$ 322,525

DEACONESS FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2019

	Program Services				Program Services			Supporting Services	
	Major Grant Programs	Nursing Scholarship Program	Facility Operations And Management		Administration Expenses	Grant Expenses	Program Services	General And Administrative Expenses	Total
Expenses									
Grant Awards:									
Anchor Institutions Grants	\$ 401,487	\$ —	\$ —		\$ —		\$ 401,487	\$ —	401,487
Responsive Grants	731,500	—	—		—		731,500	—	731,500
Ecosystem Leadership Grants	193,000	—	—		—		193,000	—	193,000
Church Related Grants	87,895	—	—		—		87,895	—	87,895
Policy Campaigns/Collaborative Grants	120,000	—	—		—		120,000	—	120,000
Community Engagement	30,584	—	—		—		30,584	—	30,584
Nursing Scholarship Program	—	200,000	—		—		200,000	—	200,000
Miscellaneous Grants	8,000	—	—		—		8,000	—	8,000
Non-Grant Support	123,025	—	—		—		123,025	—	123,025
Policy Development and Advocacy	106,306	—	—		—		106,306	—	106,306
Philanthropic Infrastructure Support	37,366	—	—		—		37,366	—	37,366
Total Grant Awards	1,839,163	200,000	—		—		2,039,163	—	2,039,163
Personnel	142,054	—	—		233,010		375,064	527,328	902,392
Facility Management	—	—	177,596		—		177,596	—	177,596
Facility Operations	—	—	72,147		—		72,147	—	72,147
Professional Services	—	—	—		71,473		71,473	109,869	181,342
Rent	—	—	—		2,000		2,000	2,000	4,000
Public Relations	—	—	—		22,938		22,938	22,938	45,876
Office Operations	—	—	—		23,537		23,537	23,536	47,073
Travel and Meetings	—	—	—		38,830		38,830	38,830	77,660
Governance	—	—	—		4,552		4,552	4,551	9,103
Insurance	—	—	16,804		5,316		22,120	5,316	27,436
Memberships	—	—	—		2,713		2,713	2,712	5,425
Interest Expense	—	—	103,184		—		103,184	253,297	356,481
Annuity Payments	—	—	—		—		—	650	650
Unitrust Payments	—	—	—		—		—	16,761	16,761
Depreciation	—	—	239,000		—		239,000	49,435	288,435
Total Functional Expenses	\$ 1,981,217	\$ 200,000	\$ 608,731		\$ 404,369		\$ 3,194,317	\$ 1,057,223	\$ 4,251,540

See the notes to consolidated financial statements.

DEACONESS FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2018

Expenses	Program Services					Program Services		Supporting Services	
	Major Grant Programs	Nursing Scholarships	Facility Operations And Management		Total	Grant Administration	Program Expenses	General And Administrative Expenses	Total
			Program	Management					
Grant Awards:									
Anchor Institutions Grants	\$ 268,703	\$ —	\$ —	\$ —	\$ 268,703	\$ —	\$ —	\$ —	\$ 268,703
Responsive Grants	447,000	—	—	—	447,000	—	—	—	447,000
Ecosystem Leadership Grants	74,632	—	—	—	74,632	—	—	—	74,632
Church Related Grants	69,321	—	—	—	69,321	—	—	—	69,321
Policy Campaigns/Collaborative Grants	15,000	—	—	—	15,000	—	—	—	15,000
Community Engagement	15,787	—	—	—	15,787	—	—	—	15,787
Nursing Scholarship Program	—	200,000	—	—	200,000	—	—	—	200,000
Miscellaneous Grants	2,250	—	—	—	2,250	—	—	—	2,250
Non-Grant Support	53,895	—	—	—	53,895	—	—	—	53,895
Policy Development and Advocacy	29,338	—	—	—	29,338	—	—	—	29,338
Evaluation	50,010	—	—	—	50,010	—	—	—	50,010
Philanthropic Infrastructure Support	53,756	—	—	—	53,756	—	—	—	53,756
Total Grant Awards	1,079,692	200,000	—	—	1,279,692	—	—	—	1,279,692
Personnel	139,487	—	—	—	284,793	145,306	—	464,924	749,717
Facility Management	—	—	117,704	—	117,704	—	—	—	117,704
Facility Operations	—	—	78,033	—	78,033	—	—	—	78,033
Professional Services	—	—	65,520	—	155,325	89,805	—	89,806	245,131
Rent	—	—	—	—	2,000	2,000	—	2,000	4,000
Deaconess Center Shared Services	—	—	—	—	—	—	—	—	—
Public Relations	—	—	—	—	11,918	11,918	—	11,918	23,836
Office Operations	—	—	—	—	24,052	24,052	—	24,051	48,103
Travel and Meetings	—	—	—	—	33,189	33,189	—	33,188	66,377
Governance	—	—	—	—	5,870	5,870	—	5,870	11,740
Insurance	—	—	16,746	—	20,773	4,027	4,028	4,028	24,801
Memberships	—	—	—	—	2,912	2,912	—	2,912	5,824
Interest Expense	—	—	103,185	—	103,185	—	—	257,878	361,063
Deaconess Center Introduction Events	—	—	—	—	—	—	—	129,471	129,471
Annuity Payments	—	—	—	—	—	—	—	650	650
Unitrust Payments	—	—	—	—	—	—	—	13,298	13,298
Depreciation	—	—	218,857	—	218,857	—	—	43,755	262,612
Total Functional Expenses	\$ 1,219,179	\$ 200,000	\$ 600,045	\$ 319,079	\$ 2,338,303	\$ 1,083,749	\$ 3,422,052		

See the notes to consolidated financial statements.

DEACONESS FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 And 2018

1. Summary Of Significant Accounting Policies

Organization

Deaconess 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." Deaconess Foundation's Board of Trustees is composed of fifteen church and community representatives.

In 2017, Deaconess Foundation established a single purpose not-for-profit entity, Deaconess Center For Child Well-Being (the "Center"), to facilitate New Markets Tax Credit (NMTC) transactions. As a community action tank, the Center's sole purpose is to provide financial and operational support of the Foundation's offices and community convening space to further its mission to build power to advance child well-being in the St. Louis region.

Basis Of Presentation

The consolidated financial statements consist of the accounts of Deaconess Foundation and the Center (collectively, the "Foundation"). Significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements of the Foundation have been prepared on the accrual basis and in accordance with U.S. generally accepted accounting principles ("US GAAP"), the Foundation reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Trustees ("Board"). From time to time, the Board designates a portion of net asset for specified purposes which make them unavailable for use at management's discretion. In 2019, the Board designated \$150,000 for the Racial Healing Fund.

Net assets with donor restrictions - Net assets that are subject to donor and grantor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions will never lapse, thus requiring that the funds be retained permanently.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

Cash And Cash Equivalents

For purposes of the consolidated statement 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, 2019 and 2018, 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.

The Center's NMTC funds of \$151,667 and \$183,667 at December 31, 2019 and 2018, respectively, are held under the control of the investor bank to the NMTC financing transaction (as described in Note 12) and are restricted for use toward construction of the office building and convening space.

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 8 to the consolidated 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 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.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

There were no triggering events that required fair value measurements of the Foundation's nonfinancial assets and liabilities at December 31, 2019 and 2018.

Revenue Recognition

Unconditional contributions are recognized when the donor makes a promise to give to the Foundation. Contributions restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Accounts Receivable

Accounts receivable of \$50,191 and \$4,093 at December 31, 2019 and 2018, respectively, are considered by the Foundation's management to be fully collectible and accordingly, elects not to establish an allowance account.

Property And Equipment

Property and equipment is valued at historical or estimated cost, less accumulated depreciation. Donated assets are recorded at fair market value when received. Depreciation is computed using the straight-line method. Property and equipment is depreciated over estimated useful lives ranging from 5 to 39 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 purchased investments are initially recorded at cost. Thereafter, they are carried at fair value. Contributed securities are stated at their fair value on the date of receipt using a Level 1, 2 or 3 fair value approach depending on the type of contributed security. It is the policy of the Foundation to sell all contributed securities as soon as they are received. 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 consolidated financial statements. Investment income (loss), net of expenses is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

Debt Issuance Costs

The Center incurred costs associated with its NMTC transactions (Note 12) of \$256,988 in 2017. This amount is included as an offset to New Markets Tax Credit notes payable on the accompanying consolidated statement of financial position. This amount will be amortized to interest expense by the straight line method over the life of the related notes payable.

Income Taxes

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

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 consolidated statement of activities or in the consolidated statement 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.

Recent Accounting Pronouncements

Revenue Recognition - In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. This standard applies to most contracts with customers and prescribes a five-step framework in accounting for revenues from contracts, including (a) identification of the contract, (b) identification of the performance obligation under the contract, (c) determination of the transaction price, (d) allocation of the transaction price to the identified performance obligation and (e) recognition of revenue as the identified performance obligation is satisfied. There was no material impact to the Foundation's consolidated financial statements as a result of adoption.

Contributions Received and Contributions Made – In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The implementation did not have a material impact on the Foundation's consolidated financial statements.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

Restricted Cash – In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The objective of this change is to reduce diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. This amendment requires that amounts generally described as restricted cash be included with cash when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows. The implementation did not have a material impact on the Foundation's consolidated financial statements.

Functional Expense Allocation

The costs of providing the various programs of the Foundation have been summarized on a functional basis in the consolidated statement of activities. The following expenses have been charged to program services and general and administrative expenses on the basis of time and expense studies: personnel, professional services, rent, public relations, office operations, travel and meetings, governance, insurance, and memberships. The Foundation's other expenses are charged directly as program services and general and administrative expenses based on the nature of the expense.

Use Of Estimates

The preparation of consolidated 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.

Reclassifications

Certain amounts in the 2018 consolidated financial statements were reclassified, where appropriate, to conform to the presentation used in the 2019 consolidated financial statements.

2. Notes And Interest Receivable

Notes and interest receivable is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Loans to community development financial institutions, interest at 3% payable quarterly	\$ 1,000,000	\$ 800,000
Interest receivable	<u>2,006</u>	<u>2,006</u>
Total notes and interest receivable	<u>\$ 1,002,006</u>	<u>\$ 802,006</u>

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (Continued)

At December 31, 2019 and 2018, 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.

3. Investments

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

	2019	2018
Common stocks	\$ 36,058,580	\$ 30,292,493
Fixed income	4,958,019	3,539,428
Limited partnerships	1,794,010	2,554,485
Hedge funds	4,504,461	4,218,119
Commodities	1,470,264	1,291,950
Cash and cash equivalents	2,455,276	2,716,506
Total investments at market value	51,240,610	44,612,981
Total investments at cost	48,156,687	49,470,975
Cumulative Unrealized Gain (Loss) On Investments	\$ 3,083,923	\$ (4,857,994)

4. 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, 2019 and 2018.

5. Investment Income (Loss)

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

	2019	2018
Interest, dividend, and distribution income	\$ 1,268,593	\$ 1,785,659
Net realized gains on sales of investments	816,372	1,799,809
Unrealized gains (losses) on investments	7,941,917	(6,643,132)
Investment expense	(151,438)	(144,742)
Total investment income (loss), net of expenses	\$ 9,875,444	\$ (3,202,406)

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

Investment income (loss) consists of interest income, dividend income, distribution income, investment expense, realized gains, and unrealized gains (losses) 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.

6. 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 consolidated statement 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, 2019 and 2018, the Foundation's share of the change in fair value of the trusts was \$123,116 and (\$113,109), 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 8.

7. Endowment

The Foundation endowment consists of two 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 consolidated statement of financial position.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*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 unspendable net assets with donor restrictions (a) the original value of the gifts donated to the unspendable endowment, and (b) the original value of subsequent gifts to the unspendable endowment. The remaining portion of the donor-restricted endowment that is not classified in unspendable net assets with donor restrictions is classified as spendable net assets with donor restrictions 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 Foundation 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 Foundation 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 Foundation, and
- (7) The investment policies of the Foundation.

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. The Foundation's spending policies include annual cash distributions of 4% in 2019 and 2018 and a minimum of 5% in 2020 and future years of the average annual market value of assets to be used for program expenses in alignment with the Foundation's strategic direction and an annual cash distribution target of 1.5% in 2019 and 2018 and 2.0% in 2020 and future years of the annual market value of assets to be used for general operations of the Foundation. 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.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

To satisfy its long-term rate-of-return objectives, the Foundation has outsourced the management and investment of its portfolio to an Outsourced Chief Investment Officer, defined as an independent third party that provides full discretionary investment management services, while adhering to a defined Trust Fiduciary Standard. 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 to achieve a rate of return greater than inflation as represented by the Consumer Price Index plus 5%.

The Foundation has a policy for distribution of spendable assets for program related expenses each year based on the average annual market value of assets over the prior 28 quarters through the calendar year preceding the year in which the program expenses are incurred. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment assets. The Foundation does not spend from underwater endowments.

The changes in endowment assets for the year ended December 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Spendable	Unspendable	Total
Endowment assets, January 1, 2019	\$ —	\$ 17,986	\$ 594,967	\$ 612,953
Net appreciation	—	12,073	—	12,073
Endowment assets, December 31, 2019	\$ —	\$ 30,059	\$ 594,967	\$ 625,026

The changes in endowment assets for the year ended December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Spendable	Unspendable	Total
Endowment assets, January 1, 2018	\$ —	\$ 31,450	\$ 614,329	\$ 645,779
Net depreciation	—	(4,087)	—	(4,087)
Net assets released from restriction	—	(9,377)	(19,362)	(28,739)
Endowment assets, December 31, 2018	\$ —	\$ 17,986	\$ 594,967	\$ 612,953

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. There were no underwater endowment funds at December 31, 2019 or 2018.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements *(Continued)*

8. Fair Value Measurements

Fair value of assets measured on a recurring basis at December 31, 2019 and 2018 is as follows:

		Active Market Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2019	Fair Value			
Common Stocks:				
Financial Services	\$ 5,315,889	\$ 5,315,889	\$ —	\$ —
Consumer	4,273,606	4,273,606	—	—
Technology	6,021,419	6,021,419	—	—
Health Care	4,256,736	4,256,736	—	—
Energy	1,079,160	1,079,160	—	—
Communications	2,451,163	2,451,163	—	—
Materials	1,486,041	1,486,041	—	—
Industrial	3,507,541	3,507,541	—	—
Other	7,667,025	7,667,025	—	—
Total Common Stocks	36,058,580	36,058,580	—	—
Fixed Income	4,958,019	—	4,958,019	—
Commodities	1,470,264	1,470,264	—	—
Cash and Cash Equivalents	2,455,276	2,455,276	—	—
Beneficial Interests in Perpetual Trusts	1,026,370	—	—	1,026,370
Other Investment	900,000	—	900,000	—
Unitrust Receivables	296,102	296,102	—	—
Total at Fair Value	47,164,611	\$ 40,280,222	\$ 5,858,019	\$ 1,026,370
Investments reported at NAV	6,298,471			
Total	\$ 53,463,082			

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

		Active Market Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2018	Fair Value			
Common Stocks:				
Financial Services	\$ 3,929,939	\$ 3,929,939	\$ —	\$ —
Consumer	3,220,650	3,220,650	—	—
Technology	4,273,241	4,273,241	—	—
Health Care	3,442,024	3,442,024	—	—
Energy	1,144,640	1,144,640	—	—
Communications	1,579,589	1,579,589	—	—
Materials	1,237,423	1,237,423	—	—
Industrial	2,371,533	2,371,533	—	—
Other	9,093,454	9,093,454	—	—
Total Common Stocks	30,292,493	30,292,493	—	—
Fixed Income	3,539,428	—	3,539,428	—
Commodities	1,291,950	1,291,950	—	—
Cash and Cash Equivalents	2,716,506	2,716,506	—	—
Beneficial Interests in Perpetual Trusts	903,254	—	—	903,254
Other Investment	900,000	—	900,000	—
Unitrust Receivables	270,156	270,156	—	—
Total at Fair Value	39,913,787	\$ 34,571,105	\$ 4,439,428	\$ 903,254
Investments reported at NAV	6,772,604			
Total	\$ 46,686,391			

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. The fair values of these Level 2 investments are based on a market approach with prices obtained from third-party pricing services. Observable inputs used to value these investments can include, but are not limited to, reported trades, benchmark yields, issuer spreads and nonbinding broker quotes. Fair value for Level 3 investments is determined using inputs which are unobservable and significant to the fair value measurements. The fair value of Level 3 investments increased \$123,116 in 2019 and decreased (\$113,109) in 2019 and 2018, respectively, due to the change in value in both years. During 2019 and 2018, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Foundation's assets.

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.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

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

		NAV Of Funds 2019	NAV Of Funds 2018	Number Of Funds	Remaining Life
Strategy					
Private Equity	Venture and buyout in U.S. and International	\$ 1,317,106	\$ 1,836,287	7	1 to 6 years
Real Assets	Real estate and natural resources, primarily in U.S.	476,904	718,198	2	1 to 3 years
Total		\$ 1,794,010	\$ 2,554,485	9	

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.

9. Liquidity And Availability Of Resources

Financial assets available for grants and operating expenses within one year of the consolidated statement of financial position date comprise the following at December 31:

	2019	2018
Cash and cash equivalents	\$ 704,148	\$ 1,163,823
Accounts receivable	50,191	4,093
Investments made available for current use	3,605,336	2,671,745
	<u>\$ 4,359,675</u>	<u>\$ 3,839,661</u>

As described in Note 7, the Foundation's annual spend rate for 2019 and 2020 is 5.5% and 7.0%, respectively, of the average annual market value of Endowment assets over the prior 28 quarters through the calendar year preceding the year budgeted. A spendable amount of at least \$3,605,036 and \$2,671,745 will be made available in 2020 and 2019, respectively, for grantmaking and administrative expenses.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

The Foundation manages its investments so that assets are available as needed for payment of awarded grants, general expenditures, liabilities, and other obligations as they become due.

10. 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 \$616,721 and \$537,590 at December 31, 2019 and 2018, respectively. These amounts are shown in the consolidated statement of financial position as both an asset and a liability of the Foundation.

11. Property And Equipment

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Property and equipment	\$ 8,227,911	\$ 8,194,897
Less: accumulated depreciation	<u>(622,467)</u>	<u>(334,031)</u>
	<u>\$ 7,605,444</u>	<u>\$ 7,860,866</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$288,435 and \$301,150, respectively.

12. New Markets Tax Credit Financing

During the year ended December 31, 2017, the Foundation entered into several debt transactions to access funds through the New Markets Tax Credit (NMTC) Program. As part of these transactions, the Foundation created a new entity, Deaconess Center For Child Well-Being. These funds were used to construct the Foundation's new office and community convening space on Vandeventer Avenue. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in designated Community Development Entities (CDEs). These CDEs must use substantially all of the proceeds (87%) to make Qualified Low-Income Community Investments (QLICIs). The investor is provided with a tax credit, which is claimed over a seven-year period. The Foundation partnered with an investor, Capital One, N.A., to utilize the NMTC Program.

Capital One, N.A. established a special purpose entity, COCRF Investor 98, LLC, to raise capital for the transaction. COCRF, LLC was funded with \$2,035,800 from Capital One, N.A. and a \$3,964,200 loan from the Foundation.

The \$3,964,000 loan from the Foundation requires interest-only payments at 1% until August 2024. In September 2024, COCFR Investor 98, LLC will make a \$43,222 principal and interest payment to the Foundation. Thereafter, the payments will consist of quarterly installments of \$48,288 of principal plus accrued interest at 1% through June 2047.

The capital raised by COCRF Investor 98, LLC was used to make a \$1,000,000 QEI in the CDE, COCRF SubCDE, LLC and a \$5,000,000 QEI in the CDE, St. Louis New Markets Tax Credit Fund, LLC. These proceeds were used by the CDEs to make loans in the aggregate of \$5,800,000 to the Center. These loans bear interest at 1.1146% and require interest-only payments through August 2024, at which time payments increase to fully amortize the note over 23 years, with final maturity in June 2047. The Center is using the loan proceeds to fund the construction of the Foundation's offices and community convening space. This capital asset serves as collateral to the financing arrangement. The loans are classified as New Markets Tax Credit notes payable on the accompanying consolidated statement of financial position, net of debt issuance costs.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

Interest incurred related to the NMTC financing for the year ended December 31, 2017 of \$21,725 has been capitalized as property and equipment in the accompanying consolidated statement of financial position, as such amount was incurred during the construction phase of the Foundation's office and community convening space.

Notes receivable and notes payable related to the NMTC financing reflected on the consolidated statement of financial position as of December 31, 2019 and 2018 are as follows:

	2019	2018
Notes Receivable:		
Deaconess Foundation Loan	\$ 3,964,200	\$ 3,964,200
Notes Payable:		
QLICI Loan A1	\$ 660,700	\$ 660,700
QLICI Loan A2	339,300	339,300
QLICI Loan B1	3,303,500	3,303,500
QLICI Loan B2	1,496,500	1,496,500
Less: Debt Issuance Costs	(179,913)	(218,450)
	\$ 5,620,087	\$ 5,581,550

The seven-year compliance period for the NMTC financing will end in August 2024, at which time Capital One, N.A. may exit the transaction through the exercise of a call/put agreement which it has entered into with the Foundation. Under the agreement, Capital One, N.A. may "put" its interest in COCRF Investor 98, LLC to the Foundation for a purchase price of \$1,000. In the event that Capital One, N.A. has not exercised this put option, the Foundation has 180 days to exercise its call option to purchase Capital One, N.A.'s entire interest in COCRF Investor 98, LLC for a purchase price equal to the appraised value of Capital One, N.A.'s interest. To exercise the call option, the Foundation must be current on all payments under the four notes payable. The Foundation will realize its savings from the NMTC transactions through the exercise of this put or call option, at which time it will control COCRF Investor 98, LLC and can effectively forgive the remaining QLICI loans. No amounts have been recorded in the accompanying consolidated financial statements related to these put and call options.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

13. Note Payable

In conjunction with the NMTC financing described in Note 12, the Foundation entered into a \$6,675,000 note payable agreement with a bank. Interest is payable quarterly at a fixed rate of 3.8% through August 25, 2024, at which time the entire balance of principal and interest is due. The note is secured by the Foundation's investment assets. The Foundation's obligation under this note payable contains certain covenants. The Foundation was in compliance with all covenants at December 31, 2019.

Interest expense related to the note payable for the year ended December 31, 2019 and 2018 was \$253,297 and \$257,878, respectively, and is included in general and administrative expenses in the accompanying consolidated statement of activities.

14. Net Assets With Donor Restrictions

Net assets with donor restrictions for the following purposes at December 31 consist of the following:

	2019	2018
With Donor Restrictions - Spendable		
Ballman Family Trust	\$ 8,789,598	\$ 7,236,390
Scholarships	5,502,968	4,700,504
Unitrusts - time	296,102	270,156
Racial Healing	500,000	—
Black Funders of St. Louis Giving Circle	20,183	22,404
	<u>15,108,851</u>	<u>12,229,454</u>
With Donor Restrictions - Unspendable		
Community Programs	1,621,337	1,498,221
	<u>\$ 16,730,188</u>	<u>\$ 13,727,675</u>

15. 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 \$32,517 and \$22,971 during the years ended December 31, 2019 and 2018, respectively.

DEACONESS FOUNDATION

Notes To Consolidated Financial Statements (*Continued*)

16. Grants

The Foundation disburses grants to selected organizations. The Foundation has unconditional grant commitments of \$330,000 and \$157,374 that are recorded in the consolidated financial statements at December 31, 2019 and 2018, respectively.

17. 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 net assets without donor restrictions, 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.

18. 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 consolidated financial statements.

19. Subsequent Event

During March and April 2020, the Foundation's operations were affected, as a result of the Coronavirus (COVID-19) outbreak experienced throughout the world. COVID-19 resulted in the Foundation adjusting the services offered. The overall impact and implications on the Foundation is unknown at the date of the consolidated financial statements' availability and cannot be predicted at this time.

Management evaluates subsequent events through the date the consolidated financial statements are available for issuance, which is the date of the Independent Auditors' Report.

DEACONESS FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION For The Year Ended December 31, 2019

	Deaconess Foundation	Deaconess Center For Child Well-Being	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 72,557	\$ 783,258	\$ —	\$ 855,815
Accounts receivable	95,196	116,255	(161,260)	50,191
Grants receivable	500,000	—	—	500,000
Notes and interest receivable	1,002,006	—	—	1,002,006
New Market Tax Credit notes receivable	3,964,200	—	—	3,964,200
Deaconess Center for Child Well-Being note receivable	1,250,000	—	(1,250,000)	—
Investments	51,240,610	—	—	51,240,610
Other investment	900,000	—	—	900,000
Beneficial interest in perpetual trusts	1,026,370	—	—	1,026,370
Managed physician retirement funds	616,721	—	—	616,721
Unitrust receivables	296,102	—	—	296,102
Land	—	454,153	—	454,153
Property and equipment, net	439,322	7,166,122	—	7,605,444
Other assets	107,450	—	—	107,450
Total Assets	\$ 61,510,534	\$ 8,519,788	\$ (1,411,260)	\$ 68,619,062
Liabilities				
Accounts payable and accrued expenses	\$ 205,679	\$ 60,273	\$ (161,260)	\$ 104,692
Grants payable	330,000	—	—	330,000
New Market Tax Credit notes payable	—	5,620,087	—	5,620,087
Note payable	6,675,000	1,250,000	(1,250,000)	6,675,000
Managed physician retirement liability	616,721	—	—	616,721
Total Liabilities	7,827,400	6,930,360	(1,411,260)	13,346,500
Net Assets				
Without donor restrictions	36,952,946	1,589,428	—	38,542,374
With donor restrictions	16,730,188	—	—	16,730,188
Total Net Assets	53,683,134	1,589,428	—	55,272,562
Total Liabilities And Net Assets	\$ 61,510,534	\$ 8,519,788	\$ (1,411,260)	\$ 68,619,062

DEACONESS FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION For The Year Ended December 31, 2018

	Deaconess Foundation	Deaconess Center For Child Well-Being	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 490,226	\$ 857,264	\$ —	\$ 1,347,490
Restricted cash and cash equivalents	—	—	—	—
Accounts receivable	148,682	100,816	(245,405)	4,093
Notes and interest receivable	802,006	—	—	802,006
New Market Tax Credit notes receivable	3,964,200	—	—	3,964,200
Deaconess Center for Child Well-Being note receivable	1,250,000	—	(1,250,000)	—
Investments	44,612,981	—	—	44,612,981
Other investment	900,000	—	—	900,000
Beneficial interest in perpetual trusts	903,254	—	—	903,254
Managed physician retirement funds	537,590	—	—	537,590
Unitrust receivables	270,156	—	—	270,156
Land	—	454,153	—	454,153
Property and equipment, net	455,744	7,405,122	—	7,860,866
Other assets	125,235	—	—	125,235
Total Assets	\$ 54,460,074	\$ 8,817,355	\$ (1,495,405)	\$ 61,782,024
Liabilities				
Accounts payable and accrued expenses	\$ 184,024	\$ 163,289	\$ (245,405)	\$ 101,908
Grants payable	157,374	—	—	157,374
New Market Tax Credit notes payable	—	5,581,550	—	5,581,550
Note payable	6,675,000	1,250,000	(1,250,000)	6,675,000
Managed physician retirement liability	537,590	—	—	537,590
Total Liabilities	7,553,988	6,994,839	(1,495,405)	13,053,422
Net Assets				
Without donor restrictions	33,122,411	1,878,516	—	35,000,927
With donor restrictions	13,727,675	—	—	13,727,675
Total Net Assets	46,850,086	1,878,516	—	48,728,602
Total Liabilities And Net Assets	\$ 54,404,074	\$ 8,873,355	\$ (1,495,405)	\$ 61,782,024

DEACONESS FOUNDATION

CONSOLIDATING STATEMENT OF ACTIVITIES For The Year Ending December 31, 2019

	Deaconess Foundation	Deaconess Center For Child Well-Being	Eliminations	Total
Support, Revenues, And Gains				
Donations	\$ 731,917	\$ 610	\$ —	\$ 732,527
Lease income	—	315,000	(315,000)	—
Facility shared services	—	178,928	(114,515)	64,413
Investment income, net of expenses	9,887,944	—	(12,500)	9,875,444
Change in value of beneficial interest in perpetual trusts	123,116	—	—	123,116
Other program fees	68,000	—	(68,000)	—
Total Support, Revenues, and Gains	10,810,977	494,538	(510,015)	10,795,500
Expenses				
Program Services:				
Major grant programs	2,230,829	—	(249,612)	1,981,217
Nursing scholarship program	200,000	—	—	200,000
Facility operations and management	—	621,231	(12,500)	608,731
Grant administration expenses	499,119	—	(93,210)	405,909
Total Program Services	2,929,948	621,231	(355,322)	3,195,857
Supporting Services:				
General and administrative expenses	1,103,981	106,395	(154,693)	1,055,683
Total Supporting Services	1,103,981	106,395	(154,693)	1,055,683
Total Expenses	4,033,929	727,626	(510,015)	4,251,540
Change In Net Assets	6,777,048	(233,088)	—	6,543,960
Net Assets - Beginning Of Year	46,906,086	1,822,516	—	48,728,602
Net Assets - End Of Year	\$ 53,683,134	\$ 1,589,428	\$ —	\$ 55,272,562

DEACONESS FOUNDATION

CONSOLIDATING STATEMENT OF ACTIVITIES For The Year Ending December 31, 2018

	Deaconess Foundation	Deaconess Center For Child Well-Being	Eliminations	Total
Support, Revenues, And Gains (Losses)				
Donations	\$ 162,061	\$ 60	\$ —	\$ 162,121
Lease income	—	288,750	(288,750)	—
Facility shared services	—	162,695	(114,515)	48,180
Investment income (loss), net of expenses	(3,189,906)	—	(12,500)	(3,202,406)
Change in value of beneficial interest in perpetual trusts	(113,109)	—	—	(113,109)
Other program fees	92,995	440	(56,000)	37,435
Total Support, Revenues, and Gains (Losses)	(3,047,959)	451,945	(471,765)	(3,067,779)
Expenses				
Program Services:				
Major grant programs	1,445,084	—	(225,905)	1,219,179
Nursing scholarship program	200,000	—	—	200,000
Facility operations and management	—	668,545	(68,500)	600,045
Grant administration expenses	407,759	—	(88,680)	319,079
Total Program Services	2,052,843	668,545	(383,085)	2,338,303
Supporting Services:				
General and administrative expenses	1,172,429	—	(88,680)	1,083,749
Total Supporting Services	1,172,429	—	(88,680)	1,083,749
Total Expenses	3,225,272	668,545	(471,765)	3,422,052
Change In Net Assets	(6,273,231)	(216,600)	—	(6,489,831)
Net Assets - Beginning Of Year	53,179,317	2,039,116	—	55,218,433
Net Assets - End Of Year	\$ 46,906,086	\$ 1,822,516	\$ —	\$ 48,728,602

DEACONESS FOUNDATION

CONSOLIDATING STATEMENT OF EXPENSES

For The Year Ending December 31, 2019

	Deaconess Foundation	Deaconess Center For Child Well-Being	Eliminations	Total
Expenses				
Grant Awards:				
Anchor Institutions Grants	\$ 401,487	\$ —	\$ —	\$ 401,487
Responsive Grants	731,500	—	—	731,500
Ecosystem Leadership Grants	193,000	—	—	193,000
Church Related Grants	87,895	—	—	87,895
Policy Campaigns/Collaborative Grants	120,000	—	—	120,000
Community Engagement	30,584	—	—	30,584
Convening Space	174,191	—	(174,191)	—
Nursing Scholarship Program	200,000	—	—	200,000
Miscellaneous Grants	8,000	—	—	8,000
Non-Grant Support	123,025	—	—	123,025
Policy Development and Advocacy	106,306	—	—	106,306
Vision for Children at Risk	28,005	—	(28,005)	—
Unleashing Potential	47,416	—	(47,416)	—
Philanthropic Infrastructure Support	37,366	—	—	37,366
Total Grant Awards	2,288,775	—	(249,612)	2,039,163
Personnel	902,392	—	—	902,392
Facility Management	—	177,596	—	177,596
Facility Operations	—	72,147	—	72,147
Professional Services	142,947	106,395	(68,000)	181,342
Rent	149,904	—	(145,904)	4,000
Deaconess Center Shared Services	33,999	—	(33,999)	—
Public Relations	45,876	—	—	45,876
Office Operations	47,073	—	—	47,073
Travel and Meetings	77,660	—	—	77,660
Governance	9,103	—	—	9,103
Insurance	10,632	16,804	—	27,436
Memberships	5,425	—	—	5,425
Interest Expense	253,297	115,684	(12,500)	356,481
Annuity Payments	650	—	—	650
Unitrust Payments	16,761	—	—	16,761
Depreciation	49,435	239,000	—	288,435
Total Expenses	\$ 4,033,929	\$ 727,626	\$ (510,015)	\$ 4,251,540

DEACONESS FOUNDATION

CONSOLIDATING STATEMENT OF EXPENSES
For The Year Ending December 31, 2018

	Deaconess Foundation	Deaconess Center For Child Well-Being	Eliminations	Total
Expenses				
Grant Awards:				
Anchor Institutions Grants	\$ 268,703	\$ —	\$ —	\$ 268,703
Responsive Grants	447,000	—	—	447,000
Ecosystem Leadership Grants	74,632	—	—	74,632
Church Related Grants	69,321	—	—	69,321
Policy Campaigns/Collaborative Grants	15,000	—	—	15,000
Community Engagement	15,787	—	—	15,787
Convening Space	174,192	—	(174,192)	—
Nursing Scholarship Program	200,000	—	—	200,000
Miscellaneous Grants	2,250	—	—	2,250
Non-Grant Support	53,895	—	—	53,895
Policy Development and Advocacy	29,338	—	—	29,338
Vision for Children at Risk	28,005	—	(28,005)	—
Unleashing Potential	23,708	—	(23,708)	—
Evaluation	50,010	—	—	50,010
Philanthropic Infrastructure Support	53,756	—	—	53,756
Total Grant Awards	1,505,597	—	(225,905)	1,279,692
Personnel	749,717	—	—	749,717
Facility Management	—	117,704	—	117,704
Facility Operations	—	78,033	—	78,033
Professional Services	179,611	121,520	(56,000)	245,131
Rent	147,362	—	(143,362)	4,000
Deaconess Center Shared Services	33,998	—	(33,998)	—
Public Relations	23,836	—	—	23,836
Office Operations	48,103	—	—	48,103
Travel and Meetings	66,377	—	—	66,377
Governance	11,740	—	—	11,740
Insurance	8,055	16,746	—	24,801
Memberships	5,824	—	—	5,824
Interest Expense	257,878	115,685	(12,500)	361,063
Deaconess Center Introduction Events	129,471	—	—	129,471
Annuity Payments	650	—	—	650
Unitrust Payments	13,298	—	—	13,298
Depreciation	43,755	218,857	—	262,612
Total Expenses	\$ 3,225,272	\$ 668,545	\$ (471,765)	\$ 3,422,052