

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND
ST. ANNE'S BEVERLY TERRACE, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTAL STATEMENTS**

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Anne's Maternity Home, St. Anne's Foundation,
and St. Anne's Beverly Terrace, LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Anne's Maternity Home, St. Anne's Foundation (nonprofit organizations), and St. Anne's Beverly Terrace, LLC, which comprise the Consolidated Statement of Financial Position as of December 31, 2018, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

INDEPENDENT AUDITORS' REPORT

continued

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of St. Anne's Maternity Home, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC as of December 31, 2018, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited St. Anne's Maternity Home, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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 Supplementary Statements on page 24 through 29 are presented for the purpose 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. The 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 or to 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, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019, on our consideration of St. Anne's Maternity Home, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Anne's Maternity Home, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Anne's Maternity Home, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
May 15, 2019

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND
ST. ANNE'S BEVERLY TERRACE, LLC**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2018

With comparative totals at December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	2018	2017
ASSETS				
Cash and cash equivalents (Note 2)	\$ 2,873,290	\$ 1,005,282	\$ 3,878,572	\$ 2,853,932
Accounts receivable	2,940,654		2,940,654	2,274,491
Notes receivable (Note 4)	2,779,610		2,779,610	2,779,610
Pledges receivable, net of discount of \$11,092 (Note 5)	88,500	151,807	240,307	623,399
Prepaid expenses and other assets	78,040		78,040	66,779
Investments (Note 6)	4,113,906	5,957,287	10,071,193	10,844,317
Split-interest agreements (Note 7)		2,851,676	2,851,676	3,198,419
Gift annuities (Note 8)	14,557		14,557	14,386
Property and equipment (Note 10)	10,432,857		10,432,857	10,724,359
TOTAL ASSETS	\$ 23,321,414	\$ 9,966,052	\$ 33,287,466	\$ 33,379,692
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 761,004	\$ -	\$ 761,004	\$ 679,867
Accrued liabilities (Note 11)	2,450,156		2,450,156	1,660,282
Liability for pension benefits (Note 17)	1,801,114		1,801,114	1,772,810
Deferred revenue	711,646		711,646	291,175
Note payable (Note 12)	400,000		400,000	400,000
TOTAL LIABILITIES	6,123,920	-	6,123,920	4,804,134
NET ASSETS				
Without donor restrictions	17,197,494		17,197,494	17,442,485
With donor restrictions (Note 14)		9,966,052	9,966,052	11,133,073
TOTAL NET ASSETS	17,197,494	9,966,052	27,163,546	28,575,558
TOTAL LIABILITIES AND NET ASSETS	\$ 23,321,414	\$ 9,966,052	\$ 33,287,466	\$ 33,379,692

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

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND
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CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

With comparative totals for the year ended December 31, 2017

	Without Donor Restricted	With Donor Restrictions	2018	2017
REVENUE AND SUPPORT				
Program service fees (Note 16)	\$ 22,803,448	\$ -	\$ 22,803,448	\$ 20,164,366
Grants and contributions	2,100,585	536,165	2,636,750	2,496,668
Interest and dividends	358,219	249,807	608,026	551,212
Catering services	461,496		461,496	362,998
Other income	358,678		358,678	288,496
Property rentals	356,558		356,558	438,057
Special events, net of \$127,060 of expenses	147,053		147,053	291,922
Net assets released from program restrictions (Note 14)	551,458	(551,458)	-	-
Net assets released from time restrictions (Note 14)	366,134	(366,134)	-	-
TOTAL REVENUE AND SUPPORT	27,503,629	(131,620)	27,372,009	24,593,719
EXPENSES				
Program services	24,658,955		24,658,955	22,433,865
Support services	2,990,398		2,990,398	2,983,342
TOTAL EXPENSES	27,649,353	-	27,649,353	25,417,207
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(145,724)	(131,620)	(277,344)	(823,488)
Change in value of split-interest agreements	(28,853)	(317,890)	(346,743)	274,827
(Loss) gain on investments	(236,025)	(624,387)	(860,412)	985,432
Pension-related changes other than net periodic pension cost (Note 17)	79,216		79,216	(191,477)
Contributions - capital campaign		(6,729)	(6,729)	34,099
Net assets released from capital campaign	86,395	(86,395)	-	-
CHANGE IN NET ASSETS	(244,991)	(1,167,021)	(1,412,012)	279,393
NET ASSETS, BEGINNING OF YEAR	17,442,485	11,133,073	28,575,558	28,296,165
NET ASSETS, END OF YEAR	\$ 17,197,494	\$ 9,966,052	\$ 27,163,546	\$ 28,575,558

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

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2018

With comparative totals for the year ended December 31, 2017

	Total Program Services	Support Services		Total Support Services	Total Expenses	
		Administration	Resources and Development		2018	2017
Salaries and benefits	\$ 18,349,968	\$ 1,533,876	\$ 573,864	\$ 2,107,740	\$ 20,457,708	\$ 18,623,508
Professional fees and services	1,814,004	179,009	49,000	228,009	2,042,013	2,165,270
Repairs and maintenance	801,873	14,597	5,719	20,316	822,189	691,828
Food and allowances	804,944	123	7,792	7,915	812,859	637,802
Utilities	702,879	32,943	10,211	43,154	746,033	640,749
Depreciation	563,343	22,611	9,984	32,595	595,938	546,652
Program supplies	480,201	7,945	3,012	10,957	491,158	575,787
Minor equipment	394,968	11,635	5,798	17,433	412,401	343,271
Staff training and development	65,400	179,895	12,869	192,764	258,164	277,622
Insurance	235,698	8,108	6,980	15,088	250,786	244,348
Miscellaneous	82,686	52,938	57,622	110,560	193,246	248,548
Equipment rental	102,295	11,550	3,471	15,021	117,316	109,152
Dues and subscriptions	22,704	60,072	6,239	66,311	89,015	46,056
Office supplies	57,690	19,695	6,341	26,036	83,726	90,786
Mileage and parking	78,294	595	225	820	79,114	-
Printing	40,038	15,305	20,330	35,635	75,673	84,459
Advertising and background checks	48,078	11,675	3,392	15,067	63,145	57,472
Incentives and awards	8,120	27,029	840	27,869	35,989	16,335
Postage	5,772	2,006	5,046	7,052	12,824	14,965
Direct mail			10,056	10,056	10,056	2,597
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 24,658,955	\$ 2,191,607	\$ 798,791	\$ 2,990,398	\$ 27,649,353	
TOTAL 2017 FUNCTIONAL EXPENSES	\$ 22,433,865	\$ 2,252,125	\$ 731,217	\$ 2,983,342		\$ 25,417,207

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

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2018

With comparative totals for the year ended December 31, 2017
continued

	Residential Treatment	ECE Program	Mental Health Services	Transitional Housing	Family Based Services	Dietary	Rental Property	Total Program Services	
								2018	2017
Salaries and benefits	\$ 3,189,000	\$ 7,441,817	\$ 4,749,119	\$ 1,415,345	\$ 1,291,092	\$ 263,595	\$ -	\$ 18,349,968	\$ 16,302,250
Professional fees and services	61,939	805,637	250,467	448,968	206,082	40,911		1,814,004	1,973,406
Repairs and maintenance	161,829	481,414	72,210	28,209	12,081	10,655	35,475	801,873	664,443
Food and allowances	196,652	267,337	26,680	298,178	71,040	(54,943)		804,944	634,372
Utilities	144,634	257,377	129,853	48,949	31,324	11,386	79,356	702,879	603,527
Depreciation	146,002	207,196	100,040	40,856	20,672	10,657	37,920	563,343	511,980
Program supplies	150,347	225,274	4,774	29,151	54,297	16,358		480,201	567,052
Minor equipment	16,008	132,544	101,575	121,841	7,037	15,963		394,968	335,965
Staff training and development	8,822	31,761	15,459	8,731	506	121		65,400	139,526
Insurance	59,001	83,717	38,477	12,564	11,084	3,753	27,102	235,698	229,186
Miscellaneous	11,259	14,061	13,763	26,850	7,718	8,339	696	82,686	184,218
Equipment rental	15,439	47,259	15,632	10,644	12,256	1,065		102,295	98,592
Dues and subscriptions	4,707	3,623	9,988	2,087	1,911	388		22,704	30,002
Office supplies	8,998	28,594	4,898	11,561	3,040	599		57,690	69,582
Mileage and parking	2,616	13,401	40,418	1,329	20,520	10		78,294	-
Printing	5,049	21,125	7,418	3,294	2,305	847		40,038	45,101
Advertising and background checks	22,650	13,432	4,565	1,943	5,347	141		48,078	34,789
Incentives and awards	3,804	43	1,116	1,175	1,715	267		8,120	4,721
Postage	1,667	2,020	1,252	421	286	126		5,772	5,153
Direct mail								-	-
TOTAL 2018 PROGRAM SERVICES	\$ 4,210,423	\$ 10,077,632	\$ 5,587,704	\$ 2,512,096	\$ 1,760,313	\$ 330,238	\$ 180,549	\$ 24,658,955	
TOTAL 2017 PROGRAM SERVICES	\$ 4,125,348	\$ 9,067,987	\$ 5,018,040	\$ 1,833,168	\$ 1,856,411	\$ 361,101	\$ 171,810		\$ 22,433,865

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

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
With comparative totals for the year ended December 31, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,412,012)	\$ 279,393
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	595,938	546,652
Contributions restricted for capital campaign	6,729	(34,099)
Loss (gain) on investments	860,412	(966,859)
Change in value of split-interest agreement	346,743	(274,827)
Reinvested interest and dividends	(608,026)	(528,160)
(Increase) decrease in operating assets:		
Accounts receivable	(666,163)	(244,093)
Pledges receivable	153,908	181,063
Prepaid expenses and other assets	(11,261)	119,465
Gift annuities	(171)	(73)
Increase (decrease) in operating liabilities:		
Accounts payable	81,137	67,842
Accrued liabilities	789,874	383,527
Liability for pension benefits	28,304	(36,825)
Deferred revenue	420,471	72,753
	585,883	(434,241)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	613,380	526,667
Purchase of investments	(92,642)	-
Purchase of property and equipment	(218,041)	-
	302,697	526,667
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections on capital campaign	229,184	83,230
Contributions restricted for capital campaign	(6,729)	34,099
Construction in progress from capital campaign	(86,395)	(1,676,183)
	136,060	(1,558,854)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,024,640	(1,466,428)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,853,932	4,320,360
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,878,572	\$ 2,853,932

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

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND ST. ANNE'S BEVERLY TERRACE, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

St. Anne's is comprised of two California not-for-profit, public benefit corporations: St. Anne's Maternity Home (which owns property and conducts programs and services) and St. Anne's Foundation (a subsidiary corporation which supports St. Anne's Maternity Home). The Franciscan Sisters of the Sacred Heart is the corporate sponsor of St. Anne's. General governance of St. Anne's Maternity Home is delegated to a local Board of Directors and a Board of Trustees for St. Anne's Foundation.

Founded in 1908, St. Anne's Maternity Home provides residential, early education, mental health, and other supportive services to pregnant, parenting, and/or at-risk young women, children, and families. Most of St. Anne's Maternity Home's recipients of residential services are under the jurisdiction of the Los Angeles County Departments of Children and Family Services or Probation as the result of severe neglect, physical, sexual, and emotional abuse. The goal of St. Anne's is to build brighter futures for the individuals we serve. We provide quality, comprehensive services to low-income families at high risk for homelessness, abuse, and instability.

St. Anne's Transitional Housing and Childcare Center ("the Project") was organized in 2004 in connection with the development of a forty-unit transitional housing apartment complex and early learning center on St. Anne's campus, known as the Bogen Family Center. The project provides up to two years of subsidized housing, childcare, and other support services for young mothers and their children transitioning from St. Anne's and other similar residential programs. During 2013, the State of California and Board of Directors approved a merger between St. Anne's Maternity Home and St. Anne's Transitional Housing and Childcare Center. All activities and transactions related to St. Anne's Transitional Housing and Childcare Center are recorded on St. Anne's Maternity Home's general ledger. St. Anne's Maternity Home is the surviving corporation.

The Project is owned by a limited partnership ("THCC Ltd.") in which St. Anne's Maternity Home is a general partner with a 0.005% interest in the profit and losses. Financing for the Project was provided by a combination of private donations, low cost government financing, and low income housing credits.

The Project is located on land which is held by THCC Ltd. under a long-term lease from St. Anne's Maternity Home. St. Anne's Maternity Home has provided financing in the total amount of \$3,899,512 to the limited partnership, of which \$2,379,610 (see Note 4) represents a 55-year subordinated promissory note, bearing no interest. St. Anne's Maternity Home provided funds to THCC Ltd. totaling \$252,400 as of December 31, 2015. Effective December 31, 2015 St. Anne's Maternity Home executed debt forgiveness letters in the amount of \$252,400 for advances and \$137,276 of accounts payables. The total debt forgiveness totaling \$389,676 was necessary to prevent the limited partner from having a negative capital account.

After 15 years, St. Anne's Maternity Home has the right to acquire the entire equity ownership of THCC Ltd. under circumstances described in the limited partnership agreement.

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND ST. ANNE'S BEVERLY TERRACE, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, continued

St. Anne's receives substantially all of its funding from private contributions and from county and state government agencies, with certain portions of its funding originating from the federal government.

The Beverly PSH, LP, a California Limited Partnership ("the Partnership") was formed in May 2013 and subsequently amended and restated in December 2015 to create 39 federally subsidized one and two bedroom permanent affordable supportive housing units located in Los Angeles, California (the Project). A portion of the Project's service area has been set aside for use as an Early Learning Center and tenants will receive an array of intensive supportive services. The Managing General Partner is Supportive Housing LLC, a California limited liability company which has A Community of Friends, a California nonprofit public benefit corporation as the sole member/manager. St. Anne's Beverly Terrace LLC, a California limited liability company replaced St. Anne's Maternity Home, a California nonprofit public benefit corporation, as the Administrative General Partner. Enterprise Housing Partners CalGreen III Fund LP, a Maryland limited partnership replaced A Community of Friends, a California nonprofit public benefit corporation, as the Limited Partner. St. Anne's Beverly Terrace LLC was assigned a 0.004% general partner interest in the Partnership. Operations started in January, 2018.

Financial Accounting Standards Board Accounting Standards Codification 810 provides guidance for the reporting and disclosure of financially interrelated not-for-profit organizations. Based upon the nature of the relationship between St. Anne's Maternity Home, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC consolidated financial statements are presented.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Principles of Consolidation

The consolidated financial statements include the accounts of St. Anne's Maternity Home, St. Anne's Foundation ("the Foundation"), and St. Anne's Beverly Terrace, LLC ("the LLC"). The Foundation and the LLC are consolidated, since St. Anne's Maternity Home has both an economic interest as well as control of the organizations through a majority voting interest in their governing boards, respectively. All inter-organizational transactions have been eliminated. The three corporations together are collectively referred to as ("St. Anne's").

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND ST. ANNE'S BEVERLY TERRACE, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

With Donor Restrictions. Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

St. Anne's has defined cash and cash equivalents as cash in banks and certificates of deposit with an original maturity of six months or less.

Accounts Receivable

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

St. Anne's values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Consolidated Statement of Activities as gain or loss on investments. Short-term, highly liquid money market deposits that are not used for operations are treated as investments.

continued

**ST. ANNE'S MATERNITY HOME,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Fair Value Measurement

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

St. Anne's is required to measure certain investments, pledged contributions, split interest agreements, and gift annuities. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Concentration of Credit Risks

St. Anne's places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. St. Anne's has not incurred losses related to these investments.

The primary receivable balance outstanding at December 31, 2018 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of St. Anne's receivables consist of earned fees from contract programs granted by governmental agencies.

St. Anne's holds investments in the form of short-term money market investments, certificates of deposit, corporate bonds, common stocks of publicly held companies, a limited partnership interest, as well as U.S. Governmental debt securities.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

Donated Materials and Services

A number of unpaid volunteers have made significant contributions of their time to St. Anne's. St. Anne's received donated services from volunteers who serve as kitchen helpers and administrative assistants. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

continued

**ST. ANNE'S MATERNITY HOME,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Income Taxes

St. Anne's is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). In addition, St. Anne's has been determined by the Internal Revenue Service and the Franchise Tax Board not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code and Section 23709 of the Taxation Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by St. Anne's in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. St. Anne's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing St. Anne's programs and other activities have been presented in the Consolidated Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Use of Estimates

The preparation of consolidated financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted.

continued

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND ST. ANNE'S BEVERLY TERRACE, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. St. Anne's consolidated financial statements for year-ended December 31, 2018 are presented in accordance with ASU 2016-14.

Comparative Totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with St. Anne's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassification

Certain amounts from the December 31, 2017 consolidated financial statements have been reclassified to conform to the December 31, 2018 presentation.

Subsequent Events

Management has evaluated subsequent events through May 15, 2019, the date which the consolidated financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the consolidated financial statements.

3. Liquidity and Availability of Resources

St. Anne's regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. St. Anne's has various sources of liquidity at its disposal, including cash and cash equivalents, and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, St. Anne's considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising, and investments. The Finance Committee of the Board of Directors meets quarterly to review all financial aspects of the organization and meets annually with St. Anne's financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

In addition to financial assets available to meet general expenditures over the next 12 months, St. Anne's operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

continued

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND ST. ANNE'S BEVERLY TERRACE, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

As of December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Investments	\$13,046,931
Cash and cash equivalents	3,769,067
Note receivable	2,779,610
Pledges receivable	240,307
Other receivable	<u>2,940,654</u>
	<u>\$22,776,569</u>

4. Notes Receivable

Under the terms of the partnership agreement with THCC Ltd. (see Note 1), St. Anne's made a 55-year, subordinated, non-interest bearing loan in the amount of \$2,379,610 to THCC Ltd. Payments on the loan may be made prior to the 55-year maturity only from "excess cash flow" from the transitional housing and childcare center project, none of which is expected to be realized. The loan is secured by a leasehold deed of trust in second position.

In an agreement between St. Anne's and THCC Ltd., St. Anne's loaned the limited partnership \$400,000 for construction of the transitional housing center. The funds were originally provided as part of a contract from the Los Angeles Housing Authority for use in the construction of the low-income transitional housing center for young women and children (see Note 12).

Total notes receivable outstanding at December 31, 2018 are \$2,779,610.

5. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Additionally, all pledges are valued at estimated fair value at December 31, 2018 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of December 31, 2018. A discount rate of 3% has been used to calculate the present value of pledges receivable. Pledges receivable at December 31, 2018 are expected to be collected as follows:

Within one year	\$223,546
One to five years	<u>27,853</u>
	251,399
Less: unamortized discount on pledges receivable	<u>(11,092)</u>
	<u>\$240,307</u>

continued

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Investments

Investments at December 31, 2018 consist of the following:

Mutual funds	\$ 8,008,071
Investment in Beverly PSH, LP	1,333,130
Certificates of deposit	347,181
Investment in THCC Ltd.	<u>382,811</u>
	<u>\$10,071,193</u>

7. Split-interest Agreements

The fair value of the split interest agreements is measured on a recurring basis by calculating the change in value of the client's beneficial interest in the trust (Level 3 inputs). Split-interest agreements at December 31, 2018 consist of the following:

A perpetual trust was established naming the Foundation as a beneficiary in one-half of the income distributions of the trust, in perpetuity. St. Anne's share of the trust assets is valued at fair value at December 31, 2018.

\$1,458,697

A perpetual trust was established naming the Foundation as a beneficiary in one-half of the income distributions of the trust, in perpetuity. St. Anne's share of the trust assets is valued at fair value at December 31, 2018.

1,188,169

A perpetual trust was established naming St. Anne's Maternity Home as a beneficiary in one-sixteenth of the income distributions of the trust, in perpetuity. St. Anne's share of the trust assets is valued at fair value at December 31, 2018.

130,307

A perpetual trust was established naming St. Anne's Maternity Home as a beneficiary in one-eighth of the income distributions of the trust, in perpetuity. St. Anne's share of the trust assets is valued at fair value at December 31, 2018.

74,503
\$2,851,676

8. Gift Annuities

St. Anne's has entered into three gift annuity contracts. Each gift annuity gave St. Anne's \$10,000 in cash. At December 31, 2018, their total fair value was \$14,557. St. Anne's was not required to make any annuity payments during 2018.

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
AND ST. ANNE'S BEVERLY TERRACE, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2018 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$8,008,071	\$ -	\$ -	\$ 8,008,071
Split interest agreements			2,851,676	2,851,676
Investment in Beverly PSH, LP			1,333,130	1,333,130
Certificate of deposits	347,181			347,181
Investment in THCC Ltd.			382,811	382,811
Gift annuities			14,557	14,557
Total	<u>\$8,355,252</u>	<u>\$ -</u>	<u>\$4,582,174</u>	<u>\$12,937,426</u>

The fair value of certain mutual funds and certificates of deposit have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of the split interest agreements are measured on a recurring basis by calculating the change in value of the client's beneficial interest in the trusts (Level 3 inputs).

Investment in THCC Ltd. represents contributed capital to a limited partnership formed to construct low-income housing and develop a licensed child development center (see Note 1). St. Anne's Maternity Home has a 0.005% general interest in the profit and losses of THCC Ltd.

Investment in Beverly PSH, LP represents contributed capital to a limited partnership formed to operate for charitable purposes including the development and provision of decent housing for low-income individuals. The LLC is the administrative partner of the Beverly PSH, LP.

The fair value of gift annuities have been measured on a recurring basis by calculating the present value of the present distributions expected to be received using published life expectancy tables and annuity rates ranging from 6.9% to 9.2%.

The following is a reconciliation of the Level 3 assets as of December 31, 2018:

	<u>Split Interest Agreement</u>	<u>Investments in THCC, Ltd.</u>	<u>Investments in Beverly PSH, LP</u>	<u>Gift Annuities</u>	<u>Total</u>
Fair value at 1/1/2018	\$3,198,419	\$382,811	\$1,250,000	\$14,386	\$4,845,616
Change in value of:					
Split interest agreements	(346,743)				(346,743)
Contributions			83,130		83,130
Net gain from operations				171	171
Fair value at 12/31/2018	<u>\$2,851,676</u>	<u>\$382,811</u>	<u>\$1,333,130</u>	<u>\$14,557</u>	<u>\$4,582,174</u>

continued

**ST. ANNE'S MATERNITY HOME,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Fair Value Measurements, continued

The table below presents the transaction measured at fair value on a non-recurring basis at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions- current year	<u>\$ -</u>	<u>\$ -</u>	<u>\$147,000</u>	<u>\$147,000</u>

The fair value of the pledged contributions-current year has been measured on a non-recurring basis using the value of the pledge receivable agreement, and with consideration of the donor's credit worthiness (Level 3 inputs).

10. Property and Equipment

Property and equipment at December 31, 2018 consist of the following:

Buildings and improvements	\$ 20,193,675
Land and improvements	1,524,184
Major equipment	634,215
Vehicles	<u>264,134</u>
	22,616,208
Less: accumulated depreciation	<u>(12,183,351)</u>
	<u>\$ 10,432,857</u>

Depreciation expense for the year ended December 31, 2018 was \$595,938.

11. Accrued Liabilities

Accrued liabilities at December 31, 2018 consist of the following:

Other accrued liabilities	\$1,148,123
Accrued salaries	774,116
Accrued paid time off	<u>527,917</u>
	<u>\$2,450,156</u>

12. Note Payable

St. Anne's has a note payable to the Los Angeles Homeless Services Authority ("LAHSA") secured by a partnership deed of trust. The note payable is non-interest bearing and is forgivable in February 2024, if St. Anne's maintains low-income housing for youth needing transitional housing or for homeless young women and children for a term of no less than twenty years. At December 31, 2018, the outstanding balance on the note payable is \$400,000.

continued

**ST. ANNE'S MATERNITY HOME,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Commitments and Contingencies

Obligations Under Operating Leases

St. Anne's leases facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending December 31,</u>	
2019	\$356,470
2020	249,546
2021	60,126
2022	57,274
2023	56,561
Thereafter	<u>71,954</u>
	<u>\$851,931</u>

Rent and equipment lease expenses under operating leases for the year ended December 31, 2018 was \$943,804.

Contracts

St. Anne's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits often cannot be reasonably estimated. Therefore, due to the complexity and timing of the mental health contracts settlement process, St. Anne's has set aside a reserve of \$602,042 for its mental health contracts for fiscal years beginning 2010-11 through 2017-18.

Other liabilities, if any, which may result from contract disallowances or settlements for other contracts cannot be reasonably estimated. Accordingly, St. Anne's has no provisions for the possible disallowance of contract program costs in its consolidated financial statements for any of its other contracts.

14. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2018 consist of the following:

Specific purpose	
Capital campaign	\$ 897,243
Program expenditures	<u>259,845</u>
	1,157,088
In perpetuity	
Endowment fund	<u>8,808,964</u>
	<u>\$9,266,052</u>

continued

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Net Assets With Donor Restrictions, continued

For the year ended December 31, 2018, net assets released from capital campaign, program and timing restrictions was \$86,395, \$551,458 and \$366,134 respectively.

15. Endowment Fund

In accordance with the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"), a federal law that was adopted as California law in September 2008, St. Anne's has classified as net assets with donor restrictions in perpetuity the fair value of donations restricted by donors which were to be held as endowments in perpetuity. As a result, net assets with donor restrictions in perpetuity include the fair value of the original and subsequent gifts made to the endowment fund and any accumulations required by donor stipulation. Accumulated earnings as well as gains and losses related to endowment assets have been classified as net assets with donor restrictions for a specific purpose until they are appropriated by the Board for use in current operations. St. Anne's considers that appropriation occurs as part of its annual budget approval process when its decision is made to spend some or all of the accumulated earnings.

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained as a fund of perpetual duration. In accordance with generally accepted accounting principles, declines of this nature are reported as losses first in net assets with donor restrictions for a specific purpose, if any are available, then in net assets without donor restrictions. As values recover, the increases are reported first as gains without donor restrictions, then as gains with donor restrictions, until the previous declines have been recovered.

St. Anne's Endowment Fund is comprised of the Board designated (net assets without donor restrictions), and the donor-restricted (in perpetuity) endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Net assets with donor restrictions in perpetuity composition by type of fund as of December 31, 2018 comprise of the following:

	<u>Net Assets with Donor Restrictions in Perpetuity</u>
Franciscan Sisters Fund	\$3,415,360
Mesmer Memorial Trust	1,679,598
Caroline Etchmendy Trust	1,458,697
Mariana Etchmendy Trust	1,188,169
Buenanueva Fund	532,732
Endowment Fund	329,598
Hirsch Split Interest	130,307
Winnie Split Interest	74,503
Total	<u>\$8,808,964</u>

continued

**ST. ANNE'S MATERNITY HOME,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Endowment Fund, continued

Changes in the endowment funds for the year ended December 31, 2018, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, 01/01/2018	\$4,678,133	\$9,795,904	\$14,474,037
Investment return:			
(Loss) on investments	(236,025)	(624,387)	(860,412)
Interests and dividends		249,807	249,807
Change in value of split interest agreement		(317,890)	(317,890)
Additions during the year		71,665	71,665
Expenditures	(694,338)		(694,338)
Appropriation of endowment assets for expenditures	<u>366,136</u>	<u>(366,136)</u>	<u>-</u>
Endowment net assets, 12/31/2018	<u>\$4,113,906</u>	<u>\$8,808,963</u>	<u>\$12,922,869</u>

16. Program Service Fees

Program service fees for the year ended December 31, 2018 consist of the following:

Early Learning Center Program	\$ 9,862,383
Mental Health Program	5,636,743
Residential Treatment Program	3,792,625
Wraparound Approach Services Program	1,087,553
LAHSA – Continuum of Care	917,813
Transitional Housing Program – Foster Care	571,512
Transitional Living Program	219,515
LAHSA – Independent Living Program	176,383
Transitional Housing Program	142,342
Partnership for Families Program	133,000
PLN – Youth Services	131,890
Permanent Housing Program	81,189
Prevention and Aftercare Services	<u>50,500</u>
	<u>\$22,803,448</u>

continued

**ST. ANNE'S MATERNITY HOME,
ST. ANNE'S FOUNDATION,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Employee Benefit Plan

St. Anne's sponsors a Defined Benefit Pension Plan ("the Plan") for all full-time employees. As amended July 1, 1995, the Plan is a cash balance plan and provides benefits based on a pension account balance that consists of prior service credits, employer credits, and interest credits. Although this plan is exempt from the funding requirements of the Employee Retirement Income Security Act ("ERISA"), it is the policy of St. Anne's to fund the Plan under accepted actuarial methods. Effective July 1, 2012, the Interest Credit used to credit interest under the Plan's cash balance formula was lowered by an amendment from 7% to 5%.

Generally accepted accounting principles requires an employer to recognize the overfunded or underfunded status of a defined benefit post-retirement plan (other than a multi-employer plan) as an asset or liability in its Statement of Financial Position and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets of a not-for-profit organization.

The following table sets forth the Plan's funded status and amounts recognized in St. Anne's Consolidated Statement of Financial Position at December 31, 2018:

Fair value of plan assets at December 31, 2018	\$ 2,608,780
Benefit obligation at December 31, 2018	<u>(4,409,894)</u>
Liability for pension benefits	<u>\$(1,801,114)</u>
Periodic pension cost	<u>\$665,140</u>
Actuarial gain – recognized in unrestricted net assets	<u>\$272,483</u>
Employer contribution	<u>\$505,513</u>
Benefits paid	<u>\$176,588</u>

Weighted average assumptions as of December 31, 2018 consist of the following:

Discount rate	3.70%
Expected return on plan assets	5.00%
Rate of compensation increase	4.00%

Estimated future benefit payments as of December 31, 2018 consist of the following:

<u>Year ending December 31,</u>	
2019	\$ 190,696
2020	173,533
2021	158,381
2022	202,714
2023	248,972
Thereafter	<u>823,499</u>
	<u>\$1,797,795</u>

**ST. ANNE'S MATERNITY HOME,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Related Party Transactions

General Partner Expenses

St. Anne's Maternity Home charges THCC Ltd. for services related to housekeeping, security, and other operating services during the fiscal year. For the year ended December 31, 2018, payments for these services were \$230,584.

Subsidies

During the year ended December 31, 2018, St. Anne's Maternity Home provided \$21,656 in scholarship subsidies for tenants who did not qualify or receive subsidies under the other available programs of THCC Ltd. As of December 31, 2018, St. Anne's has accounts payable due to THCC Ltd. in the amount of \$36,600 related to subsidies.

Partnership Management Fee

THCC Ltd. shall pay St. Anne's Maternity Home an annual partnership management fee of \$5,000, payable from available cash flow, as defined. The fee shall be adjusted annually by the change in CPI, as defined, and shall not exceed 10% of gross revenues. During the year ended December 31, 2018, THCC Ltd. paid the \$5,000 management fee.

Ground Lease

Commencing on February 24, 2004, THCC Ltd. pays St. Anne's an annual lease payment of \$1 for the right to lease the land where the Project is located. The agreement will remain in effect until February 24, 2103.

Incentive Management Fee

THCC Ltd. shall pay St. Anne's a non-cumulative incentive management fee of up to 80% of available cash flow, as defined, but not to exceed 12% of gross revenues. For the year ended December 31, 2018, no incentive management fee was incurred.

Childcare Center Lease

Commencing February 24, 2004, THCC Ltd. pays St. Anne's an annual fee of \$1 to operate the childcare facility at the Project and provide childcare services to the residential tenants and the general public. The agreement will remain in effect until February 23, 2020.

Childcare Services Fee

THCC Ltd. shall pay St. Anne's an annual fee of \$1 to operate the childcare facility at the Project and provide childcare services to the Project tenants and the general public. The agreement will remain in effect until February 28, 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Related Party Transactions, continued

Resident Services Fee

THCC Ltd. entered into a Resident Services Agreement with St. Anne's. The agreement will remain in effect until February 28, 2020. THCC Ltd. shall pay St. Anne's \$1 annually beginning on the date that THCC Ltd. receives a certificate of occupancy for all of the units in the Project.

Operating Deficit Guaranty

St. Anne's will provide funds to THCC Ltd. as necessary to pay any operating deficit in the form of a non-interest bearing loan to THCC Ltd., not to exceed \$660,000. In the event payments are not made as required, the limited partners may advance an interest-bearing loan to St. Anne's. As of December 31, 2018 no loans were funded under this guaranty.

SUPPLEMENTAL STATEMENTS

ST. ANNE'S MATERNITY HOME

STATEMENT OF FINANCIAL POSITION

December 31, 2018

With comparative totals at December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	2018	2017
ASSETS				
Cash and cash equivalents	\$ 2,179,971	\$ 1,005,282	\$ 3,185,253	\$ 2,208,105
Accounts receivable	2,938,154		2,938,154	2,247,382
Notes receivable	2,779,610		2,779,610	2,779,610
Pledges receivable, net of discount of \$11,092	88,500	151,807	240,307	623,399
Prepaid expenses	78,040		78,040	66,779
Investments	3,876,229	5,957,287	9,833,516	10,610,899
Split-interest agreements		204,810	204,810	233,663
Gift annuities	14,557		14,557	14,386
Property and equipment	10,432,857		10,432,857	10,724,359
TOTAL ASSETS	\$ 22,387,918	\$ 7,319,186	\$ 29,707,104	\$ 29,508,582
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 761,004	\$ -	\$ 761,004	\$ 679,867
Accrued liabilities	2,457,493		2,457,493	1,663,219
Liability for pension benefits	1,801,114		1,801,114	1,772,810
Deferred revenue	711,646		711,646	291,175
Note payable	400,000		400,000	400,000
TOTAL LIABILITIES	6,131,257	-	6,131,257	4,807,071
NET ASSETS				
Without donor restrictions	16,256,661		16,256,661	16,533,194
With donor restrictions		7,319,186	7,319,186	8,168,317
TOTAL NET ASSETS	16,256,661	7,319,186	23,575,847	24,701,511
TOTAL LIABILITIES AND NET ASSETS	\$ 22,387,918	\$ 7,319,186	\$ 29,707,104	\$ 29,508,582

See independent auditors' report.

ST. ANNE'S MATERNITY HOME

STATEMENT OF ACTIVITIES
For the year ended December 31, 2018
With comparative totals for the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	2018	2017
REVENUE AND SUPPORT				
Program service fees	\$ 22,803,448	\$ -	\$ 22,803,448	\$ 20,164,366
Grants and contributions	2,074,838	536,165	2,611,003	2,421,282
Catering services	461,496		461,496	362,998
Interest and dividends	197,125	249,807	446,932	452,466
Other income	358,678		358,678	288,496
Property rentals	356,558		356,558	438,057
Contribution from St. Anne's Foundation	300,000		300,000	360,000
Change in value of split-interest agreements	(28,853)		(28,853)	16,538
(Loss) on investments	(235,954)	(624,387)	(860,341)	985,463
Net assets released from program restrictions	551,458	(551,458)	-	-
Net assets released from time restrictions	366,134	(366,134)	-	-
TOTAL REVENUE AND SUPPORT	<u>27,204,928</u>	<u>(756,007)</u>	<u>26,448,921</u>	<u>25,489,666</u>
EXPENSES				
Program services	24,658,955		24,658,955	22,433,865
Support services	2,988,117		2,988,117	2,983,212
TOTAL EXPENSES	<u>27,647,072</u>	<u>-</u>	<u>27,647,072</u>	<u>25,417,077</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(442,144)	(756,007)	(1,198,151)	72,589
Pension-related changes other than net periodic pension cost	79,216		79,216	(191,477)
Contributions - capital campaign		(6,729)	(6,729)	34,099
Net assets released from capital campaign	86,395	(86,395)	-	-
CHANGE IN NET ASSETS	(276,533)	(849,131)	(1,125,664)	(84,789)
NET ASSETS, BEGINNING OF YEAR	<u>16,533,194</u>	<u>8,168,317</u>	<u>24,701,511</u>	<u>24,786,300</u>
NET ASSETS, END OF YEAR	<u>\$ 16,256,661</u>	<u>\$ 7,319,186</u>	<u>\$ 23,575,847</u>	<u>\$ 24,701,511</u>

See independent auditors' report.

ST. ANNE'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2018

With comparative totals at December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018</u>	<u>2017</u>
ASSETS				
Cash and cash equivalents	\$ 583,814	\$ -	\$ 583,814	\$ 536,322
Accounts receivable	9,837		9,837	30,046
Investments	347,182		347,182	342,923
Split-interest agreements		2,646,866	2,646,866	2,964,756
TOTAL ASSETS	<u>\$ 940,833</u>	<u>\$ 2,646,866</u>	<u>\$ 3,587,699</u>	<u>\$ 3,874,047</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Without donor restrictions	940,833		940,833	909,291
With donor restrictions		2,646,866	2,646,866	2,964,756
TOTAL NET ASSETS	<u>940,833</u>	<u>2,646,866</u>	<u>3,587,699</u>	<u>3,874,047</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 940,833</u>	<u>\$ 2,646,866</u>	<u>\$ 3,587,699</u>	<u>\$ 3,874,047</u>

See independent auditors' report.

ST. ANNE'S FOUNDATION

STATEMENT OF ACTIVITIES

For year ended December 31, 2018

With comparative totals for the year ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018</u>	<u>2017</u>
REVENUE AND SUPPORT				
Special events, net of \$127,060 in expenses	\$ 147,053	\$ -	\$ 147,053	\$ 291,922
Interest and dividends	161,094		161,094	98,746
Contributions	25,747		25,747	75,386
(Loss) on investments	(71)		(71)	(133)
Change in value of split-interest agreements		(317,890)	(317,890)	258,289
TOTAL REVENUE AND SUPPORT	<u>333,823</u>	<u>(317,890)</u>	<u>15,933</u>	<u>724,210</u>
EXPENSES				
Contribution to St. Anne's Maternity Home	300,000		300,000	360,000
Support services	2,281		2,281	28
TOTAL EXPENSES	<u>302,281</u>	<u>-</u>	<u>302,281</u>	<u>360,028</u>
CHANGE IN NET ASSETS	31,542	(317,890)	(286,348)	364,182
NET ASSETS, BEGINNING OF YEAR	<u>909,291</u>	<u>2,964,756</u>	<u>3,874,047</u>	<u>3,509,865</u>
NET ASSETS, END OF YEAR	<u>\$ 940,833</u>	<u>\$ 2,646,866</u>	<u>\$ 3,587,699</u>	<u>\$ 3,874,047</u>

See independent auditors' report.

ST. ANNE'S BEVERLY TERRACE, LLC

BALANCE SHEET

December 31, 2018

With comparative totals at December 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 109,505	\$ 109,505
Investments	<u>1,333,130</u>	<u>1,250,000</u>
TOTAL ASSETS	<u><u>\$ 1,442,635</u></u>	<u><u>\$ 1,359,505</u></u>
LIABILITIES AND MEMBER EQUITY		
LIABILITIES		
Accrued liabilities	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
MEMBER EQUITY		
Member interest	<u>1,442,635</u>	<u>1,359,505</u>
TOTAL MEMBER EQUITY	<u>1,442,635</u>	<u>1,359,505</u>
TOTAL LIABILITIES AND MEMBER EQUITY	<u><u>\$ 1,442,635</u></u>	<u><u>\$ 1,359,505</u></u>

See independent auditors' report.

ST. ANNE'S BEVERLY TERRACE, LLC

STATEMENT OF OPERATIONS AND MEMBER EQUITY

For year ended December 31, 2018

With comparative totals for the year ended December 31, 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
Contributions	<u>\$ 83,130</u>	<u>\$ -</u>
TOTAL REVENUE	<u>83,130</u>	<u>-</u>
EXPENSES		
Miscellaneous expense	<u>-</u>	<u>102</u>
TOTAL EXPENSES	<u>-</u>	<u>102</u>
NET INCOME	<u>83,130</u>	<u>(102)</u>
MEMBER EQUITY, BEGINNING OF YEAR	<u>1,359,505</u>	<u>1,359,607</u>
MEMBER EQUITY, END OF YEAR	<u><u>\$ 1,442,635</u></u>	<u><u>\$ 1,359,505</u></u>

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