

**ST. ANNE'S FAMILY SERVICES,
ST. ANNE'S FOUNDATION,
ST. ANNE'S BEVERLY TERRACE, LLC
AND
ST. ANNE'S BOGEN FAMILY CENTER, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTAL INFORMATION**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Anne's Family Services, St. Anne's Foundation, St. Anne's Beverly Terrace, LLC,
and St. Anne's Bogen Family Center, LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Anne's Family Services, St. Anne's Foundation (nonprofit organizations), St. Anne's Beverly Terrace, LLC, and St. Anne's Bogen Family Center, LLC, which comprise the Consolidated Statement of Financial Position as of June 30, 2021, 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 did not audit the financial statements of St. Anne's Transitional Housing and Childcare Center, L.P, a wholly owned subsidiary, which statements reflects total assets of \$6,399,441 and liabilities of \$8,446,906 as of December 31, 2020, and total revenues of \$404,517 for the year ended December 31, 2020. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for St. Anne's Transitional Housing and Childcare Center, is based solely on the report of the other auditors. 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 Family Services, St. Anne's Foundation, St. Anne's Beverly Terrace, LLC, and St. Anne's Bogen Family Center, LLC, as of June 30, 2021, and the changes in their consolidated net assets and their consolidated cash flows for the six-months period 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 Family Services, St. Anne's Foundation, and St. Anne's Beverly Terrace, LLC's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the six months period ended June 30, 2020, 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 Supplemental Information on pages 26 through 31 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 April 20, 2022, on our consideration of St. Anne's Family Services, St. Anne's Foundation, St. Anne's Beverly Terrace, LLC and St. Anne's Bogen Family Center, 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 Family Services, St. Anne's Foundation, St. Anne's Beverly Terrace, LLC and St. Anne's Bogen Family Center, 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 Family Services, St. Anne's Foundation, St. Anne's Beverly Terrace, LLC and St. Anne's Bogen Family Center, LLC's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
April 20, 2022

**ST. ANNE'S FAMILY SERVICES,
ST. ANNE'S FOUNDATION,
ST. ANNE'S BEVERLY TERRACE, LLC
AND
ST. ANNE'S BOGEN FAMILY CENTER, LLC,**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS				
Cash and cash equivalents (Note 2)	\$ 3,748,982	\$ 488,330	\$ 4,237,312	\$ 3,397,280
Restricted cash	273,199		273,199	-
Accounts receivable	5,884,500		5,884,500	4,181,870
Notes receivable			-	2,779,610
Pledges receivable (Note 4)		97,199	97,199	78,724
Prepaid expenses and other assets	147,689		147,689	31,170
Investments (Note 5)	4,070,987	7,105,752	11,176,739	9,533,699
Split-interest agreements (Note 6)		3,574,535	3,574,535	3,056,834
Gift annuities (Note 7)	14,810		14,810	14,838
Property and equipment (Note 9)	15,008,268		15,008,268	9,550,003
TOTAL ASSETS	<u>\$ 29,148,435</u>	<u>\$ 11,265,816</u>	<u>\$ 40,414,251</u>	<u>\$ 32,624,028</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 3,956,606	\$ -	\$ 3,956,606	\$ 2,669,618
Accrued liabilities (Note 10)	4,703,313		4,703,313	2,245,940
Liability for pension benefits (Note 17)	3,190,590		3,190,590	3,169,609
Deferred revenue	586,361		586,361	1,133,446
Notes payable (Note 11)	3,873,399		3,873,399	400,000
Paycheck protection program (Note 12)	1,999,000		1,999,000	-
TOTAL LIABILITIES	<u>18,309,269</u>	<u>-</u>	<u>18,309,269</u>	<u>9,618,613</u>
NET ASSETS				
Without donor restrictions	10,839,166		10,839,166	13,208,640
With donor restrictions (Note 14)		11,265,816	11,265,816	9,796,775
TOTAL NET ASSETS	<u>10,839,166</u>	<u>11,265,816</u>	<u>22,104,982</u>	<u>23,005,415</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,148,435</u>	<u>\$ 11,265,816</u>	<u>\$ 40,414,251</u>	<u>\$ 32,624,028</u>

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

**ST. ANNE'S FAMILY SERVICES,
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ST. ANNE'S BOGEN FAMILY CENTER, LLC,**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

With comparative totals for the six months period ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2021	Six Months Ended June 30, 2020
REVENUE AND SUPPORT				
Program service fees (Note 16)	\$ 30,664	\$ 28,739,026	\$ 28,769,690	\$ 14,414,523
Grants and contributions	1,504,729	129,000	1,633,729	1,043,341
Property rentals	363,278		363,278	182,322
Other income	356,005		356,005	487,218
Interest and dividends	125,637	81,458	207,095	79,197
Catering services	66,172		66,172	119,236
Special events, net of \$143,515 in expenses	(48,670)		(48,670)	110,770
Net assets released from program restrictions (Note 14)	29,165,999	(29,165,999)	-	-
TOTAL REVENUE AND SUPPORT	<u>31,563,814</u>	<u>(216,515)</u>	<u>31,347,299</u>	<u>16,436,607</u>
EXPENSES				
Program services	29,004,048		29,004,048	15,321,955
Support services	3,458,295		3,458,295	1,963,584
TOTAL EXPENSES	<u>32,462,343</u>	<u>-</u>	<u>32,462,343</u>	<u>17,285,539</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(898,529)	(216,515)	(1,115,044)	(848,932)
Contract settlement (Note 13)	(210,008)		(210,008)	551,434
Change in value of split-interest agreements		517,701	517,701	(152,664)
Gain (loss) on investments	735,903	1,409,225	2,145,128	(994,917)
Pension-related changes other than net periodic pension cost (Note 17)	126,710		126,710	(345,509)
Contributions - capital campaign		64,974	64,974	-
Net assets released from capital campaign	306,344	(306,344)	-	-
CHANGE IN NET ASSETS	60,420	1,469,041	1,529,461	(1,790,588)
Transfer of member's equity (deficit) (Note 18)	(2,429,894)		(2,429,894)	-
NET ASSETS, BEGINNING OF YEAR	<u>13,208,640</u>	<u>9,796,775</u>	<u>23,005,415</u>	<u>24,796,003</u>
NET ASSETS, END OF YEAR	<u>\$ 10,839,166</u>	<u>\$ 11,265,816</u>	<u>\$ 22,104,982</u>	<u>\$ 23,005,415</u>

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

**ST. ANNE'S FAMILY SERVICES,
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AND
ST. ANNE'S BOGEN FAMILY CENTER, LLC,**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
With comparative totals for the six months period ended June 30, 2020

	Total Program Services	Support Services		Total Support Services	Total Expenses	
		General Administration	Fund Development		Year Ended June 30, 2021	Six Months Ended June 30, 2020
Salaries and benefits	\$ 21,346,352	\$ 1,912,973	\$ 590,524	\$ 2,503,497	\$ 23,849,849	\$ 11,552,119
Program supplies	1,154,224	28,338	3,436	31,774	1,185,998	957,852
Repairs and maintenance	1,139,402	154,911	4,905	159,816	1,299,218	763,855
Minor equipment	488,301	17,746	1,367	19,113	507,414	746,014
Miscellaneous	3,268			-	3,268	709,033
Professional fees and services	1,444,411	416,710	968	417,678	1,862,089	734,970
Equipment rental	886,022	10,050	1,606	11,656	897,678	475,190
Utilities	1,066,546	(5,433)	12,561	7,128	1,073,674	349,677
Depreciation	585,201	21,662	13,180	34,842	620,043	346,936
Food and allowances	300,511			-	300,511	187,317
Insurance	301,604	39,726	3,726	43,452	345,056	162,466
Other expenses	16,894	19,945	8,565	28,510	45,404	92,532
Staff training and development	36,106	32,499	4,342	36,841	72,947	90,610
Dues and subscriptions	76,810	88,199	24,132	112,331	189,141	39,241
Taxes and fees	105,590	8,371	455	8,826	114,416	25,934
Mileage and parking	5,594	119	123	242	5,836	23,017
Advertising and background checks	37,096	11,442	27	11,469	48,565	15,182
Incentives and awards	2,094	19,441	1,673	21,114	23,208	13,174
Direct mail		5,469	4,537	10,006	10,006	420
Bad debt	8,022			-	8,022	-
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 29,004,048	\$ 2,782,168	\$ 676,127	\$ 3,458,295	\$ 32,462,343	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 15,321,955	\$ 1,590,786	\$ 372,798	\$ 1,963,584		\$ 17,285,539

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
With comparative totals for the six months period ended June 30, 2020
continued

	Residential Treatment	ECE Program	Mental Health Services	Transitional Housing	Family Based Services	Dietary	Rental Property	Total Program Services	
								Year Ended	Six Months Ended
								June 30, 2021	June 30, 2020
Salaries and benefits	\$ 3,636,799	\$ 8,966,144	\$ 5,927,009	\$ 1,504,648	\$ 1,134,121	\$ 177,631	\$ -	\$ 21,346,352	\$ 10,225,487
Program supplies	166,040	369,078	29,705	271,431	294,858	23,112		1,154,224	940,020
Repairs and maintenance	96,934	745,975	71,885	159,597	13,203	18,611	33,197	1,139,402	709,570
Minor equipment	53,567	334,017	65,073	27,554	5,150	2,940		488,301	737,619
Miscellaneous				3,268				3,268	592,377
Professional fees and services	47,553	1,141,880	193,291	1,938	58,916	833		1,444,411	504,996
Equipment rental	19,270	344,785	64,202	413,533	41,841	2,391		886,022	463,043
Utilities	90,273	644,410	188,151	36,300	36,098	3,949	67,365	1,066,546	325,754
Depreciation	116,137	247,940	144,300	37,092	19,130	4,972	15,630	585,201	299,068
Food and allowances	131,035	18		43,319		126,139		300,511	187,317
Insurance	145,426	90,010	39,945	16,043	9,025	1,155		301,604	92,513
Other expenses	779	11,030	1,807	307	521	2,450		16,894	79,962
Staff training and development	8,722	23,320	2,429	5,013	1,610	(4,988)		36,106	87,952
Dues and subscriptions	9,227	53,975	8,769	2,144	1,601	1,094		76,810	14,226
Taxes and fees	8,845	82,869	8,809	2,580	971	1,516		105,590	20,863
Mileage and parking	7	1,160	3,475	38	914			5,594	21,196
Advertising and background checks	10,278	19,543	2,731	1,873	2,568	103		37,096	13,443
Incentives and awards	909	502	115	154	47	367		2,094	6,549
Direct mail								-	-
Bad debt				7,965		57		8,022	-
TOTAL 2021 PROGRAM SERVICES	\$ 4,541,801	\$ 13,076,656	\$ 6,751,696	\$ 2,534,797	\$ 1,620,574	\$ 362,332	\$ 116,192	\$ 29,004,048	
TOTAL 2020 PROGRAM SERVICES	\$ 2,296,096	\$ 6,613,942	\$ 3,656,385	\$ 1,481,852	\$ 876,743	\$ 336,275	\$ 60,662		\$ 15,321,955

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

**ST. ANNE'S FAMILY SERVICES,
ST. ANNE'S FOUNDATION,
ST. ANNE'S BEVERLY TERRACE, LLC
AND
ST. ANNE'S BOGEN FAMILY CENTER, LLC,**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
With comparative totals for the six months period ended June 30, 2020

	Year Ended Ended June 30, 2021	Six Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,529,461	\$ (1,790,588)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	620,043	346,936
Contributions restricted for capital campaign	(64,974)	-
(Gain) loss on investments	(2,145,128)	994,917
Change in value of split-interest agreement	(517,701)	152,425
Reinvested interest and dividends	(207,095)	(119,236)
Transfer of member's equity (deficit)	(2,429,894)	-
Forgiveness of debt (THCC)	(279,328)	-
Net effect on cash due to purchase of partnership interest	459,954	-
(Increase) decrease in operating assets:		
Accounts receivable	(1,702,630)	(2,137,275)
Pledges receivable	39,999	280,424
Prepaid expenses and other assets	(116,519)	280,730
Gift annuities	28	(26)
Increase (decrease) in operating liabilities:		
Accounts payable	1,286,988	1,166,320
Accrued liabilities	2,457,373	(10,274)
Liability for pension benefits	20,981	579,320
Deferred revenue	(547,085)	683,278
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(1,595,527)	426,951
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	709,183	311,761
Purchase of investments	-	(96,544)
Purchase of property and equipment	(5,925)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	703,258	215,217
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections on capital campaign	6,500	-
Proceeds from paycheck protection program	1,999,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,005,500	-
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,113,231	642,168
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	3,397,280	2,755,112
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 4,510,511	\$ 3,397,280

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

**ST. ANNE'S MATERNITY HOME, ST. ANNE'S FOUNDATION,
ST. ANNE'S BEVERLY TERRACE, LLC,
AND ST. ANNE'S BOGEN FAMILY CENTER, 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 Family Services (which owns property and conducts programs and services) and St. Anne's Foundation (a subsidiary corporation which supports St. Anne's Family Services). The Franciscan Sisters of the Sacred Heart was the corporate sponsor of St. Anne's through December 31, 2020. On January 1, 2021, the transfer of religious sponsorship from The Franciscan Sisters of Sacred Heart to the Congregation of the Sisters of St. Felix of Cantalice, Our Lady of Hope Province and Felician Services, Inc was signed and went into effect. This transfer is not anticipated to have a material impact on the operations or financial condition of St. Anne's. On January 19, 2021, St. Anne's Maternity Home is officially named St. Anne's Family Services to better reflect the evolution of services the organization provides. General governance of St. Anne's Family Services is delegated to a local Board of Directors and a Board of Trustees for St. Anne's Foundation.

Founded in 1908, St. Anne's Family Services provides residential, supportive housing, 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 Family Services 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. St. Anne's provides 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 three 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 Family Services 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 Family Services general ledger. St. Anne's Family Services is the surviving corporation.

Pursuant to the terms of the Purchase Option and Right of First Refusal Agreement, on December 12, 2019, St. Anne's Family Services exercised its option to purchase the property without condition or qualification.

Based on Operating Agreement of St. Anne's Bogen Family Center, LLC dated as of June 18, 2020; St. Anne's Maternity Home (also known as St. Anne's Family Services) is the sole member and successor-in-interest to the entire Sole Membership Interest. The sole membership interest is not certificated.

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

1. Organization, continued

On July 2, 2020, assignment and assumption of investor limited partner interest and administrative limited partner interest is made effective by assignor, St Anne's Maternity Home (also known as St Anne's Family Services) and assignee, St Anne's Bogen Family Center, LLC to be the new limited Partner in St Anne's Transitional Housing and Childcare Center, L.P.; a California limited partnership formed on October 22, 2003 and subsequently amended and restated on March 26, 2004, August 16, 2004 and July 2, 2020. St. Anne's Bogen Family Center, LLC, a California limited liability company, purchased Alliant Tax Credit 31-A, Ltd., a Florida limited partnership the Limited Partners interest in the Partnership for \$25,000, at the same time Decro withdrew from the Partnership and received \$25,000 as developer's fee.

As of July 2, 2020; St Anne's Family Services is the Managing General Partner at St Anne's Transitional Housing and Childcare, LP with 0.010% share and St Anne's Bogen Family Center, LLC is the new limited partner with 99.99% share.

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 Family Services, 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 on January 14, 2018.

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.

On December 2, 2020, the Board approved St Anne's Family Services' transition to a Fiscal Year reporting period, July – June, from Calendar Year January-December. This change reflects the alignment of the agency's financial reporting to its County contracts which makes up approximately 90% of their funding source.

Financial Accounting Standards Board Accounting Standards Codification ASC 958-810 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 Family Services, St. Anne's Foundation, St. Anne's Beverly Terrace, LLC and St Anne's Bogen Family Center, LLC consolidated financial statements are presented.

continued

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

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 Family Services, St. Anne's Foundation ("the Foundation"), St. Anne's Beverly Terrace, LLC ("the LLC"), St. Anne's Bogen Family Center, LLC ("the Center") as well of its wholly owned limited partnership, St. Anne's Transitional Housing and Childcare Center, L.P. ("the Project"). The Foundation, the LLC, the Center and the Project, are consolidated, since St. Anne's Family Services 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 five 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.

Revenue and Revenue Recognition

St. Anne's recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

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.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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 June 30, 2021 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 provide assistance in various programs and activities. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

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 six months period ended June 30, 2020, from which the summarized information was derived.

Reclassifications

For comparability, certain June 30, 2020 amounts have been reclassified, where appropriate, to conform to the consolidated financial statement presentation used at June 30, 2021.

Subsequent Events

Management has evaluated subsequent events through April 20, 2022, 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.

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NOTES TO 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.

As of June 30, 2021, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Accounts receivable	\$ 5,884,500
Investments	4,070,987
Cash and cash equivalents	<u>3,748,982</u>
	<u>\$13,704,469</u>

4. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Additionally, all pledges are valued at estimated fair value at June 30, 2021 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2021. Pledges receivable of \$97,199 at June 30, 2021 are expected to be collected within one year.

5. Investments

Investments at June 30, 2021 consist of the following:

Mutual funds	\$11,619,902
Investment in Beverly Terrace, LLC	1,249,909
Certificates of deposit	354,393
Investment (Deficit) in THCC Ltd.	<u>(2,047,465)</u>
	<u>\$11,176,739</u>

continued

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

6. 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 June 30, 2021 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 June 30, 2021. \$1,791,324

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 June 30, 2021. 1,513,320

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 June 30, 2021. 173,372

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 June 30, 2021. 96,519
\$3,574,535

7. Gift Annuities

St. Anne's has entered into one gift annuity contract. At June 30, 2021, its total fair value was \$14,810. St. Anne's was not required to make any annuity payments during 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2021 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$11,619,902	\$ -	\$ -	\$11,619,902
Split interest agreements			3,574,535	3,574,535
Investment in Beverly Terrace, LLC			1,249,909	1,249,909
Investment (Deficit) in THCC Ltd.			(2,047,465)	(2,047,465)
Certificate of deposits	354,393			354,393
Gift annuities			14,810	14,810
Total	<u>\$11,974,295</u>	<u>\$ -</u>	<u>\$ 2,791,789</u>	<u>\$14,766,084</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 (Deficit) in THCC Ltd. represents contributed capital (deficit) to a limited partnership formed to construct low-income housing and develop a licensed child development center (see Note 1). St. Anne's Family Services has a 0.010% managing general partner interest and St. Anne's Bogen Family Center, LLC has 99.99% limited partner interest in the profit and losses of THCC Ltd (Level 3 inputs).

Investment in Beverly Terrace, LLC represents contributed capital to a limited partnership formed to serve as the administrative general partner of Beverly PSH, LP. Beverly Terrace LLC is the administrative general partner of the Beverly PSH, LP (Level 3 inputs).

The fair value of gift annuities has 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% (Level 3 inputs).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Fair Value Measurements, continued

The following is a reconciliation of the Level 3 assets as of June 30, 2021:

	<u>Split Interest Agreement</u>	<u>Investments in THCC, Ltd.</u>	<u>Investments in Beverly Terrace, LLC</u>	<u>Gift Annuities</u>	<u>Total</u>
Fair value at 06/30/20	\$3,056,834	\$ 382,811	\$1,249,945	\$14,838	\$ 4,704,428
Change in value of:					
Split interest agreements	517,701				517,701
Net gain (loss) from operations			(36)	(28)	(64)
Change in investment in THCC, Ltd		<u>(2,430,276)</u>			(2,430,276)
Fair value at 06/30/21	<u>\$3,574,535</u>	<u>\$(2,047,465)</u>	<u>\$1,249,909</u>	<u>\$14,810</u>	<u>\$ 2,791,789</u>

The table below presents the transaction measured at fair value on a non-recurring basis at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions- current year	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$64,974</u>	<u>\$64,974</u>

The fair value of 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).

9. Property and Equipment

Property and equipment at June 30, 2021 consist of the following:

Buildings and improvements	\$ 28,928,810
Land and improvements	3,077,042
Major equipment	1,091,156
Vehicles	264,134
Software	<u>5,925</u>
	33,367,067
Less: accumulated depreciation	<u>(18,358,799)</u>
	<u>\$ 15,008,268</u>

Depreciation expense for the year ended June 30, 2021 was \$620,043.

continued

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

10. Accrued Liabilities

Accrued liabilities at June 30, 2021 consist of the following:

Accrued interest payable (IHCC)	\$2,038,895
Accrued paid time off	852,566
Accrued salaries	696,690
Other accrued liabilities	569,370
DCFS contract reserve	<u>545,792</u>
	<u>\$4,703,313</u>

11. Notes Payable

Notes payable at June 30, 2021 consist of the following:

Note payable to the Los Angeles Housing and Community Investment Department (LAHCID), secured by a fourth deed of trust, simple interest at 4.5%, principal and interest payable in annual instalments equal to 29% of the residual receipts, as defined, and the loan matures on February 24, 2059.

\$2,000,000

Note payable to Los Angeles County Department Authority (LACDA loan), in the amount of \$1,500,000, secured by first trust deed, simple interest at 3%, principal and interest payable annually from 21% of the residual receipts, as defined, and all unpaid principal and accrued interest are due March 15, 2061.

1,499,993

Note payable to the Los Angeles Homeless Services Authority ("LAHSA") secured by a partnership deed of trust, non-interest bearing, 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 .

400,000
3,899,993
(26,594)
\$3,873,399

Less: unamortized debt issuance costs

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Notes Payable, continued

Maturities for notes payable are as follows:

<u>Year ending June 30,</u>	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	<u>3,873,399</u>
	<u>\$3,873,399</u>

12. Paycheck Protection Program

On February 8, 2021, St. Anne's received a forgivable loan in the amount of \$1,999,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for advances to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The refundable government loans are forgivable after twenty-four weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its full-time equivalency levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. St. Anne's decided to use the proceeds for purposes consistent with the PPP loan.

As of March 2022, St. Anne's has completed the analysis for the PPP loan forgiveness application and has determined that it is eligible for a full \$1,999,000 loan forgiveness in 2022.

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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 June 30,</u>	
2022	\$ 895,910
2023	897,035
2024	897,035
2025	897,035
2026	897,035
Thereafter	<u>25,542</u>
	<u>\$4,509,592</u>

Rent and equipment lease expenses under operating leases for the year ended June 30, 2021 was \$897,678.

Contracts and Contract Settlement

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 \$1,434,983 for its mental health contracts for fiscal years beginning 2010-11 through 2018-19.

St. Anne's received settlement and interim settlement letters from the Los Angeles County DMH for the fiscal years 2005-2006 through 2014-2015, and the fiscal years 2015-2016 through 2016-2017, respectively. As such, the amount of \$210,008 shown on the Statement of Activities represents known prior-year settlement adjustments.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Commitments and Contingencies, continued

Impact of COVID-19 Virus

Following the Los Angeles City, County, and State "Safer-at-Home" order to close all non-essential business activities, St. Anne's was deemed an essential organization and has been conducting business as usual under the isolation protocols. St. Anne's is continually monitoring its financial and operational needs during this time. The long-term, overall impact of the COVID-19 virus on St. Anne's cannot be foreseen at this time and is not reflected in these consolidated financial statements.

14. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 consist of the following:

Specific purpose	
Capital campaign	\$ 379,774
Program expenditure	<u>205,755</u>
	585,529
In perpetuity	
Endowment fund	<u>10,680,287</u>
	<u>\$11,265,816</u>

For the year ended June 30, 2021, net assets released from program restrictions and capital campaign were \$29,165,999 and \$306,344, 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.

continued

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

15. Endowment Fund, continued

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 June 30, 2021 comprise of the following:

	<u>Net Assets With Donor Restrictions in Perpetuity</u>
Franciscan Sisters Fund	\$ 4,069,556
Mesmer Memorial Trust	1,998,059
Caroline Etchmendy Trust	1,791,324
Mariana Etchmendy Trust	1,513,320
Buenanueva Fund	640,495
Endowment Fund	397,642
Hirsch Split Interest	173,372
Winnie Split Interest	<u>96,519</u>
Total	<u>\$10,680,287</u>

Changes in the endowment funds for the year ended June 30, 2021, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2020	\$4,028,134	\$ 8,671,903	\$12,700,037
Investment return:			
Gain on investments	510,081	1,834,803	2,344,884
Interests and dividends	26,351	81,458	107,809
Change in value of split interest agreement		472,645	472,645
Additions during the year	(16,784)	(77,438)	(94,222)
Expenditures	(313,078)		(313,078)
Appropriation of endowment assets for expenditures	<u>303,084</u>	<u>(303,084)</u>	<u>-</u>
Endowment net assets, June 30, 2021	<u>\$4,537,788</u>	<u>\$10,680,287</u>	<u>\$15,218,075</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Program Service Fees

Program service fees for the year ended June 30, 2021 consist of the following:

Early Learning Center Program	\$13,341,166
Mental Health Program	7,281,285
Residential Treatment Program	3,578,585
Wraparound Approach Services Program	1,151,165
LAHSA – Continuum of Care	1,098,553
Transitional Housing Program – Foster Care	515,509
Provider relief fund	484,260
Intensive Case Management	274,300
LAHSA – Independent Living Program	219,897
Transitional Living Program	215,032
Transitional Housing Program Plus	171,281
PLN – Innovations DMH	150,151
Partnership for Families Program	125,201
Food Program	91,523
Family Based Services	57,488
PLN – Youth Services	14,294
	<u>\$28,769,690</u>

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 4%.

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 Consolidated 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Employee Benefit Plan, continued

The following table sets forth the Plan's funded status and amounts recognized in St. Anne's Consolidated Statement of Financial Position at June 30, 2021:

Fair value of plan assets at June 30, 2021	\$ 3,401,619
Benefit obligation at June 30, 2021	<u>(6,592,209)</u>
Liability for pension benefits	<u><u>\$(3,190,590)</u></u>
Periodic pension cost	<u>\$738,074</u>
Actuarial loss – recognized in unrestricted net assets	<u>\$87,783</u>
Employer contribution	<u>\$200,000</u>
Benefits paid	<u>\$257,876</u>

Weighted average assumptions as of June 30, 2021 consist of the following:

Discount rate	2.91%
Expected return on plan assets	5.00%
Rate of compensation increase	3.00%

Estimated future benefit payments as of June 30, 2021 consist of the following:

<u>Year ending June 30,</u>	
2022	\$ 357,357
2023	339,834
2024	455,067
2025	329,266
2026	308,182
Thereafter	<u>993,430</u>
	<u><u>\$2,783,136</u></u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Transfer of Member's Equity (Deficit) due to Purchase of Partnership Interests

On July 2, 2020, the New Limited Partner, the St. Anne's Bogen Family Center, LLC. (an affiliate of St Anne's), purchased the interests in THCC Ltd. for \$25,000. As a result, St. Anne's Bogen Family Center, LLC; became the sole member of the partnership (see Note 1).

The following assets and liabilities were transferred:

Cash	\$ 72,189
Restricted cash	273,041
Accounts receivable	43,681
Property and equipment, net	6,347,073
Accounts payable	(7,776)
Accrued expenses	(75,945)
Investment (deficit) in partnership	(559,868)
Accrued interest payable	(1,989,952)
Notes payable	<u>(6,532,337)</u>
Net transfer of assets	<u><u>\$(2,429,894)</u></u>

continued

SUPPLEMENTAL INFORMATION

ST. ANNE'S FAMILY SERVICES

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS				
Cash and cash equivalents	\$ 2,543,687	\$ 488,330	\$ 3,032,017	\$ 2,399,455
Accounts receivable	5,908,569		5,908,569	4,181,870
Notes receivable	2,779,610		2,779,610	2,779,610
Pledges receivable		97,199	97,199	78,724
Prepaid expenses	147,689		147,689	31,170
Investments	4,183,395	7,105,752	11,289,147	9,288,760
Split-interest agreements		269,891	269,891	224,835
Gift annuities	14,810		14,810	14,838
Property and equipment	8,935,885		8,935,885	9,550,003
TOTAL ASSETS	<u>\$ 24,513,645</u>	<u>\$ 7,961,172</u>	<u>\$ 32,474,817</u>	<u>\$ 28,549,265</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 3,924,351	\$ -	\$ 3,924,351	\$ 2,669,618
Accrued liabilities	2,915,239		2,915,239	2,498,078
Liability for pension benefits	3,190,590		3,190,590	3,169,609
Deferred revenue	586,361		586,361	1,133,446
Notes payable	400,000		400,000	400,000
Paycheck protection plan	1,999,000		1,999,000	-
TOTAL LIABILITIES	<u>13,015,541</u>	<u>-</u>	<u>13,015,541</u>	<u>9,870,751</u>
NET ASSETS				
Without donor restrictions	11,498,104		11,498,104	11,713,738
With donor restrictions		7,961,172	7,961,172	6,964,776
TOTAL NET ASSETS	<u>11,498,104</u>	<u>7,961,172</u>	<u>19,459,276</u>	<u>18,678,514</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,513,645</u>	<u>\$ 7,961,172</u>	<u>\$ 32,474,817</u>	<u>\$ 28,549,265</u>

See independent auditors' report.

ST. ANNE'S FAMILY SERVICES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

With comparative totals for the six months period ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2021	Six Months Ended June 30, 2020
REVENUE AND SUPPORT				
Program service fees	\$ 30,664	\$ 28,739,026	\$ 28,769,690	\$ 14,414,523
Gain (loss) on investments	735,903	1,409,225	2,145,128	(994,917)
Grants and contributions	1,266,983	129,000	1,395,983	990,104
Property rentals	363,278		363,278	182,322
Other income	354,318		354,318	167,690
Interest and dividends	25,251	81,458	106,709	31,200
Catering services	66,172		66,172	119,236
Change in value of split-interest agreements		45,056	45,056	(5,766)
Special event	15,095		15,095	-
Net assets released from program restrictions	29,165,999	(29,165,999)	-	-
TOTAL REVENUE AND SUPPORT	<u>32,023,663</u>	<u>1,237,766</u>	<u>33,261,429</u>	<u>14,904,392</u>
EXPENSES				
Program services	29,004,048		29,004,048	15,321,955
Support services	3,458,295		3,458,295	1,961,014
TOTAL EXPENSES	<u>32,462,343</u>	<u>-</u>	<u>32,462,343</u>	<u>17,282,969</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(438,680)	1,237,766	799,086	(2,378,577)
Contract settlement	(210,008)		(210,008)	551,434
Pension-related changes other than net periodic pension cost	126,710		126,710	(345,509)
Contributions - capital campaign		64,974	64,974	-
Net assets released from capital campaign	306,344	(306,344)	-	-
CHANGE IN NET ASSETS	(215,634)	996,396	780,762	(2,172,652)
NET ASSETS, BEGINNING OF YEAR	<u>11,713,738</u>	<u>6,964,776</u>	<u>18,678,514</u>	<u>20,851,166</u>
NET ASSETS, END OF YEAR	<u>\$ 11,498,104</u>	<u>\$ 7,961,172</u>	<u>\$ 19,459,276</u>	<u>\$ 18,678,514</u>

See independent auditors' report.

ST. ANNE'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS				
Cash and cash equivalents	\$ 1,092,323	\$ -	\$ 1,092,323	\$ 888,321
Accounts receivable	323,319		323,319	252,138
Investments	354,393		354,393	354,443
Split-interest agreements		3,304,644	3,304,644	2,831,999
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,770,035	\$ 3,304,644	\$ 5,074,679	\$ 4,326,901
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accrued liabilities	\$ 10	\$ -	\$ 10	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	10	-	10	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS				
Without donor restrictions	1,770,025		1,770,025	1,494,902
With donor restrictions		3,304,644	3,304,644	2,831,999
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	1,770,025	3,304,644	5,074,669	4,326,901
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,770,035	\$ 3,304,644	\$ 5,074,679	\$ 4,326,901
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See independent auditors' report.

ST. ANNE'S FOUNDATION

STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

With comparative totals for the six months period ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2021	Six Months Ended June 30, 2020
REVENUE AND SUPPORT				
Change in value of split-interest agreements	\$ -	\$ 472,645	\$ 472,645	\$ (146,898)
Contributions	237,746		237,746	53,237
Interest and dividends	100,386		100,386	47,997
Other revenue	1,687		1,687	319,528
Special events, net of \$143,515 in expenses	<u>(63,765)</u>	<u>-</u>	<u>(63,765)</u>	<u>110,770</u>
TOTAL REVENUE AND SUPPORT	<u>276,054</u>	<u>472,645</u>	<u>748,699</u>	<u>384,634</u>
EXPENSES				
Contribution to St. Anne's Maternity Home			-	-
Support services	<u>931</u>		<u>931</u>	<u>2,570</u>
TOTAL EXPENSES	<u>931</u>	<u>-</u>	<u>931</u>	<u>2,570</u>
CHANGE IN NET ASSETS	275,123	472,645	747,768	382,064
NET ASSETS, BEGINNING OF YEAR	<u>1,494,902</u>	<u>2,831,999</u>	<u>4,326,901</u>	<u>3,944,837</u>
NET ASSETS, END OF YEAR	<u>\$ 1,770,025</u>	<u>\$ 3,304,644</u>	<u>\$ 5,074,669</u>	<u>\$ 4,326,901</u>

See independent auditors' report.

ST. ANNE'S BEVERLY TERRACE, LLC

BALANCE SHEET

June 30, 2021

With comparative totals at June 30, 2020

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 109,372	\$ 109,504
Investments	<u>1,249,909</u>	<u>1,249,972</u>
TOTAL ASSETS	<u>\$ 1,359,281</u>	<u>\$ 1,359,476</u>
LIABILITIES AND MEMBER EQUITY		
LIABILITIES		
Accrued liabilities	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
MEMBER EQUITY		
Member interest	<u>1,359,281</u>	<u>1,359,476</u>
TOTAL MEMBER EQUITY	<u>1,359,281</u>	<u>1,359,476</u>
TOTAL LIABILITIES AND MEMBER EQUITY	<u>\$ 1,359,281</u>	<u>\$ 1,359,476</u>

See independent auditors' report.

ST. ANNE'S BEVERLY TERRACE, LLC

STATEMENT OF OPERATIONS AND MEMBER EQUITY

For year ended June 30, 2021

With comparative totals for the six months period ended June 30, 2020

	Year Ended June 30, 2021	Six Months Ended June 30, 2020
REVENUE		
Contributions	\$ -	\$ -
(Loss) gain on investment	(63)	26
TOTAL REVENUE	(63)	26
EXPENSES		
Miscellaneous expense	132	-
TOTAL EXPENSES	132	-
NET INCOME	(195)	26
MEMBER EQUITY, BEGINNING OF YEAR	1,359,476	1,359,450
MEMBER EQUITY, END OF YEAR	\$ 1,359,281	\$ 1,359,476

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