



**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 2900  
1918 Eighth Avenue  
Seattle, WA 98101

## Independent Auditors' Report

Audit and Compliance Committee  
Providence Health & Services – Oregon Foundations:

We have audited the accompanying combined financial statements of Providence Health & Services – Oregon Foundations, which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

### *Management's Responsibility for the Combined Financial Statements*

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

### *Opinion*

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Providence Health & Services – Oregon Foundations as of December 31, 2020 and 2019, and the results of their activities and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



*Other Matter*

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental schedules of combining financial information included on pages 24 through 27 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*KPMG LLP*

Seattle, Washington  
October 5, 2021

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Balance Sheets

December 31, 2020 and 2019

(Dollars in thousands)

| <b>Assets</b>   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
| Current assets:   |             |             |
| Cash and cash equivalents   | \$ 20,178   | 23,551      |
| Contributions receivable, net of allowance                                  | 3,868       | 2,634       |
| Education loans receivable, net of allowance                                | 326         | 568         |
| Affiliate receivables   | 2,975       | 1,437       |
| Other current assets  | 753         | 559         |
|   | <hr/>       | <hr/>       |
| Total current assets  | 28,100      | 28,749      |
| Noncurrent assets:  |             |             |
| Investments   | 463,706     | 413,639     |
| Contributions receivable, net of discounts and current portion              | 1,199       | 1,897       |
| Gift annuities and charitable remainder trusts                              | 23,309      | 22,974      |
| Beneficial interest in remainder trusts                                     | 4,753       | 5,028       |
| Education loans receivable, net of current portion                          | 1,630       | 1,630       |
| Other long-term assets  | 2,104       | 1,740       |
|   | <hr/>       | <hr/>       |
| Total noncurrent assets   | 496,701     | 446,908     |
| Total assets  | \$ 524,801  | 475,657     |
|   | <hr/> <hr/> | <hr/> <hr/> |
| <b>Liabilities and Net Assets</b>   |             |             |
| Current liabilities:  |             |             |
| Accounts payable  | \$ 19       | 140         |
| Affiliate payables  | 5,545       | 7,900       |
| Current obligations under gift annuities                                    | 819         | 819         |
|   | <hr/>       | <hr/>       |
| Total current liabilities   | 6,383       | 8,859       |
| Noncurrent liabilities:   |             |             |
| Noncurrent obligations under gift annuities and charitable remainder trusts | 10,120      | 10,122      |
|   | <hr/>       | <hr/>       |
| Total liabilities   | 16,503      | 18,981      |
| Net assets:   |             |             |
| Without donor restrictions  | 241,475     | 202,719     |
| With donor restrictions   | 266,823     | 253,957     |
|   | <hr/>       | <hr/>       |
| Total net assets  | 508,298     | 456,676     |
| Total liabilities and net assets  | \$ 524,801  | 475,657     |
|   | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to combined financial statements.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Statements of Activities

Years ended December 31, 2020 and 2019

(Dollars in thousands)

|   | <u>2020</u>              | <u>2019</u>              |
|---|--------------------------|--------------------------|
| Changes in net assets without donor restrictions:                   |                          |                          |
| Revenues and gains, net of losses:                                  |                          |                          |
| Contributions   | \$ 2,866                 | 5,461                    |
| Investment return, net  | 44,197                   | 37,114                   |
| Change in value of gift annuities and charitable remainder trusts   | <u>106</u>               | <u>255</u>               |
| Total revenues and gains, net of losses without donor restrictions  | 47,169                   | 42,830                   |
| Support from affiliates   | 4,049                    | 6,838                    |
| Net assets released from restrictions                               | <u>27,952</u>            | <u>24,569</u>            |
| Total revenues, gains, and other support without donor restrictions | <u>79,170</u>            | <u>74,237</u>            |
| Expenses:   |                          |                          |
| Fundraising   | 1,738                    | 2,694                    |
| Management and general  | <u>2,369</u>             | <u>4,210</u>             |
| Total expenses  | <u>4,107</u>             | <u>6,904</u>             |
| Program related distributions:                                      |                          |                          |
| Distributions to affiliates for operations                          | 28,105                   | 23,361                   |
| Distributions to affiliates for capital                             | 6,875                    | 8,727                    |
| Distributions to nonaffiliate organizations                         | <u>1,327</u>             | <u>1,435</u>             |
| Total distributions   | <u>36,307</u>            | <u>33,523</u>            |
| Total expenses and program related distributions                    | 40,414                   | 40,427                   |
| Other activities and transfers                                      | <u>—</u>                 | <u>(401)</u>             |
| Increase in net assets without donor restrictions                   | 38,756                   | 33,409                   |
| Net assets without donor restrictions, beginning of year            | <u>202,719</u>           | <u>169,310</u>           |
| Net assets without donor restrictions, end of year                  | \$ <u><u>241,475</u></u> | \$ <u><u>202,719</u></u> |
| Changes in net assets with donor restrictions:                      |                          |                          |
| Contributions, net  | \$ 31,823                | 50,226                   |
| Investment return, net  | 8,783                    | 18,936                   |
| Change in value of gift annuities and charitable remainder trusts   | 16                       | 208                      |
| Net assets released from restrictions                               | (27,952)                 | (24,569)                 |
| Other activities and transfers                                      | <u>196</u>               | <u>402</u>               |
| Increase in net assets with donor restrictions                      | 12,866                   | 45,203                   |
| Net assets with donor restrictions, beginning of year               | <u>253,957</u>           | <u>208,754</u>           |
| Net assets with donor restrictions, end of year                     | \$ <u><u>266,823</u></u> | \$ <u><u>253,957</u></u> |
| Increase in total net assets  | \$ 51,622                | 78,612                   |
| Net assets, beginning of year                                       | <u>456,676</u>           | <u>378,064</u>           |
| Net assets, end of year   | \$ <u><u>508,298</u></u> | \$ <u><u>456,676</u></u> |

See accompanying notes to combined financial statements.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Statements of Cash Flows

Years ended December 31, 2020 and 2019

(Dollars in thousands)

|   | <u>2020</u>             | <u>2019</u>             |
|---|-------------------------|-------------------------|
| Cash flows from operating activities:   |                         |                         |
| Total change in net assets  | \$ 51,622               | 78,612                  |
| Adjustments to reconcile total change in net assets to net cash (used in) provided by operating activities: |                         |                         |
| Contributions and other changes in net assets restricted for long-term purposes                             | (3,778)                 | (2,882)                 |
| Bad debt provision, net of recoveries   | 296                     | 160                     |
| Net realized and unrealized gains on investments, net of losses   | (47,307)                | (49,503)                |
| Education loans forgiven  | 647                     | 730                     |
| Changes in current and noncurrent assets and liabilities  | <u>(5,245)</u>          | <u>3,052</u>            |
| Net cash (used in) provided by operating activities   | <u>(3,765)</u>          | <u>30,169</u>           |
| Cash flows from investing activities:   |                         |                         |
| Purchases of trading securities, net of sales   | 9,532                   | (129,274)               |
| Contributions to system investment pool   | —                       | (1,750)                 |
| Withdrawals from system investment pool   | —                       | 118,549                 |
| Sales of alternative investments and commingled funds   | 3,896                   | 3,074                   |
| Purchases of alternative investments and commingled funds   | (16,188)                | (21,134)                |
| Proceeds from repayment of education loans  | 36                      | 15                      |
| Issuance of education loans   | <u>(657)</u>            | <u>(786)</u>            |
| Net cash used in investing activities   | <u>(3,381)</u>          | <u>(31,306)</u>         |
| Cash flows from financing activity:   |                         |                         |
| Contributions, recoveries and redesignations to net assets restricted for long-term purposes                | <u>3,773</u>            | <u>2,881</u>            |
| Net cash provided by financing activity   | <u>3,773</u>            | <u>2,881</u>            |
| (Decrease) increase in cash and cash equivalents  | (3,373)                 | 1,744                   |
| Cash and cash equivalents, beginning of year  | <u>23,551</u>           | <u>21,807</u>           |
| Cash and cash equivalents, end of year  | \$ <u><u>20,178</u></u> | \$ <u><u>23,551</u></u> |

See accompanying notes to combined financial statements.

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

### (1) Organization

Providence Health & Services – Oregon Foundations (the Foundations) represent the combined financial statements of the ten foundations controlled by Providence Health & Services – Oregon as follows:

- Providence Seaside Hospital Foundation
- Providence Portland Medical Center Foundation
- Providence St. Vincent Medical Center Foundation
- Willamette Falls Medical Foundation
- Providence Children's Health Foundation
- Providence Milwaukie Foundation
- Providence Hood River Memorial Hospital Foundation
- Providence Newberg Health Foundation
- Providence Benedictine Nursing Center Foundation
- Providence Community Health Foundation

The Foundations are organized exclusively for charitable, scientific, and educational purposes that are consistent with the mission and purposes of Providence Health & Services (the Health System), primarily to, or for the benefit of, the divisions of Providence Health & Services – Oregon, including its hospitals, Shared Services, the Children's Health Center, and the Benedictine Nursing Center (collectively, the Medical Institutions).

### (2) COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. As a result of the outbreak, there has been instability in the capital markets and changes to government policies that have impacted the Foundations' operations. The extent to which the COVID-19 pandemic impacts the Foundations' operations going forward depends on numerous factors, including duration of the pandemic and governmental responses.

### (3) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

The accompanying combined financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The accompanying combined financial statements present the Foundations and their subsidiaries after eliminations of any intercompany accounts and transactions.

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Notes to Combined Financial Statements

December 31, 2020 and 2019

### **(b) Classification of Net Assets**

The combined financial statements report net assets and changes in net assets in two classes based on the existence or absence of restrictions on use that are placed by the Foundations' donors, as follows:

- *Without Donor Restrictions* – Net assets without donor restrictions are resources that are not subject to donor restrictions and over which the Foundations' boards retain control to use funds to achieve the Foundations' purposes.
- *With Donor Restrictions* – Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by the donor for a particular purpose or that will be met by the passage of time. Other donor-imposed restrictions are to maintain resources in perpetuity. These endowment funds represent funds that are subject to restrictions of gift instruments requiring the principal to be invested in perpetuity.

### **(c) Contributions and Revenue Recognition**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by the donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary donor restrictions are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date contributed.

Endowment net assets are reported as net assets with donor restrictions and are stipulated by the donor. They consist of the original principal to be held in perpetuity. Generally, net appreciation, realized and unrealized, unless restricted by the donor, is available for appropriation by the boards of the Foundations for the uses and purposes for which the endowment fund is intended. Net appreciation is reported as net assets with donor restrictions until it is appropriated by the boards.

### **(d) Use of Estimates**

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates in the Foundations' combined financial statements include obligations under gift annuities and charitable remainder trusts, discounts on contributions receivable, allowances for uncollectible contributions, and allowances for uncollectible education loans receivable.



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December 31, 2020 and 2019

### **(e) Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with original or remaining maturities of three months or less when acquired.

### **(f) Liquidity**

The Foundations regularly monitor liquidity required to meet its operating needs, liabilities, and other obligations as they become due. The primary source of funding for general expenditures of the Foundations is derived from support from affiliates. To the extent that expenses are not funded by affiliates, they are covered by the Foundations from assets without donor restrictions. At December 31, 2020, the Foundations had 72% of cash and cash equivalents and 17% of investments that were not subject to donor restrictions and could be made available within one year to meet general expenditures and for program related distributions. At December 31, 2019, the Foundations had 65% of cash and cash equivalents and 14% of investments that were not subject to donor restrictions and could be made available within one year to meet general expenditures and for program related distributions.

### **(g) Concentration of Risk**

Financial instruments that potentially subject the Foundations to concentrations of credit risk consist primarily of cash and short-term investments and contributions receivable. The Foundations' investment portfolios are managed by professional investment managers within guidelines established by the councils of trustees or directors of each individual Foundation, which, as a matter of policy, limit the amounts that may be invested in any one issuer. The Foundations also have assets invested in a system-managed pool. The Health System uses investment managers to manage funds within guidelines established by the Health System Investment Committee. The Foundations have limited discretion over how assets are allocated within the pool and cede authority over the management of the underlying investments to the Health System Investment Committee. The Foundations have considered the credit risk attributed to contributions receivable and recorded allowances. Generally, amounts are due from large organizations or individuals who have previously given funds to the Foundations. The Foundations maintain cash and cash equivalents on deposit at financial institutions, which at times exceed the limits insured by the Federal Deposit Insurance Corporation. This exposes the Foundations to potential risk of losses in the event the financial institutions become insolvent. The Foundations hold cash balances with high-quality financial institutions, thus consider exposure to credit risk to be minimal.

### **(h) Income Tax Status**

The Foundations are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and are generally not subject to federal income taxes. However, the Foundations are subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which they were granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the combined financial statements taken as a whole.

### **(i) Recently Issued Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all lease obligations with exception to short-term leases. The lease

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Notes to Combined Financial Statements

December 31, 2020 and 2019

liability will represent the lessee's obligation to make lease payments arising from the lease measured on a discounted basis and the ROU asset will represent the lessee's right to use or control the use of a specified asset for a lease term. The lease guidance also simplifies accounting for sale-leaseback transactions. The Foundations adopted this standard on January 1, 2019, and the effects of the adoption were not material to the combined financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires the amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Foundations adopted ASU 2016-18 in 2019, and the provisions of the standard did not have a material impact on the combined cash flow statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to reduce diversity in practice and enhance comparability among entities. The standard provides clarifications to help when evaluating whether to account for a grant, or similar transaction, as a contribution or as an exchange transaction. The Foundations adopted ASU No. 2018-08 as of January 1, 2019, and the provisions of the standard did not have a material impact on the combined financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The Foundations adopted ASU 2018-13 effective January 1, 2020, and the provisions of the standard did not have a material impact on the financial statements.

### **(j) Subsequent Events**

The Foundations evaluated subsequent events after December 31, 2020 through October 5, 2021, which was the date the combined financial statements were available to be issued.

### **(4) Contributions Receivable, Net**

Contributions are recorded as receivables and revenue in the appropriate net asset category based upon donor-imposed restrictions. Contributions receivable due in excess of one year, less an appropriate reserve for uncollectible contributions, are discounted to their present value depending upon the date, duration, and risks associated with the pledge. The discount rates used for the years ended December 31, 2020 and 2019 were 8.0% and 8.5%, respectively. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

The schedule of contributions receivable at December 31 is as follows (dollars in thousands):

|   | <u>2020</u>     | <u>2019</u>     |
|---|-----------------|-----------------|
| Receivable in:                            |                 |                 |
| Less than one year                        | \$ 4,737        | 3,255           |
| One year to five years                    | 1,332           | 2,256           |
| Thereafter                                | <u>27</u>       | <u>42</u>       |
| Total contributions receivable            | 6,096           | 5,553           |
| Less:                                     |                 |                 |
| Discount                                  | (160)           | (401)           |
| Allowance for uncollectible contributions | <u>(869)</u>    | <u>(621)</u>    |
| Net contributions receivable              | \$ <u>5,067</u> | \$ <u>4,531</u> |

The Foundations provide for allowances against contributions receivable for amounts that could become uncollectible. Bad debt expenses related to funds without donor restrictions are included with management and general expenses in the combined statements of activities. Contributions with donor restrictions are recorded net of bad debt losses in the combined statements of activities. The Foundations recorded \$0 and \$3,000 in bad debt recoveries of uncollectible contributions without donor restrictions during 2020 and 2019, respectively. The Foundations recorded \$296,000 and \$163,000 in bad debt losses for uncollectible contributions with donor restrictions in 2020 and 2019, respectively.

The schedule of changes in allowance for doubtful accounts at December 31 is as follows (dollars in thousands):

|  | <u>2020</u>   | <u>2019</u>   |
|--|---------------|---------------|
| Changes in allowance for doubtful accounts:        |               |               |
| Allowance for doubtful accounts, beginning of year | \$ 621        | 470           |
| Net write-offs of uncollectible accounts           | (48)          | (9)           |
| Provision for bad debts, net of recoveries         | <u>296</u>    | <u>160</u>    |
| Allowance for doubtful accounts, end of year       | \$ <u>869</u> | \$ <u>621</u> |

**(5) Education Loans Receivable**

The Providence St. Vincent Medical Foundation (St. Vincent Foundation) has entered into student loan agreements with nursing students at a local university. Under these agreements, St. Vincent Foundation pays for nursing student tuition. If the nursing student is subsequently employed by the Health System, the student loan agreement is forgiven over a three-year period by the St. Vincent Foundation, which represents a forgivable loan made by the foundation to the student. Education loans receivable were \$2,091,000 and \$2,005,000, respectively, at December 31, 2020 and 2019, prior to considerations of any allowances. In the event the nursing students are not employed by the Health System, the student loan agreements become due over five years. An allowance for uncollectible education loans receivable of

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

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\$135,000 was recorded at December 31, 2020 and 2019 based on management's estimates of expected loan defaults. The amount of education loans forgiven in 2020 and 2019 totaled \$647,000 and \$730,000, respectively, and was included with distributions to nonaffiliated organizations in the combined statements of activities.

### (6) Fair Value Measurements

Accounting Standards Codification Topic 820, *Fair Value Measurements*, requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundations have the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The fair values of investments, gift annuities, beneficial interest in remainder trusts, and the perpetual trust, which are the amounts reported in the balance sheets, are estimated based on quoted market prices or other observable inputs when quoted market prices are unavailable. The Foundations' beneficial interest in split-interest agreements held or controlled by a third party is classified as Level 3 as the fair values are based on a combination of Level 1 inputs (observable market values of the trusts' investment portfolios) and significant unobservable inputs (entity-specific estimates of cash flows). The fair values are measured at the present value of the future distributions the Foundations expect to receive over the term of the agreements.

Providence Portland Medical Center Foundation and St. Vincent Foundation participate in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds, the net asset value (NAV) per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the

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foundations' interest therein. Management believes that the carrying amounts of these financial instruments, provided by the fund managers, are reasonable estimates of fair value.

**(a) Investments**

The composition of investments is set forth in the following tables (dollars in thousands):

|                                   | <b>December 31,<br/>2020</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|-----------------------------------|------------------------------|----------------|----------------|----------------|
| Investments:                      |                              |                |                |                |
| Cash and cash equivalents         | \$ 6,255                     | 6,255          | —              | —              |
| Equity securities:                |                              |                |                |                |
| Domestic                          | 63,330                       | 63,330         | —              | —              |
| Foreign                           | 8,444                        | 8,444          | —              | —              |
| Mutual funds                      | 241,453                      | 241,453        | —              | —              |
| Domestic debt securities:         |                              |                |                |                |
| State and federal government      | 10,475                       | 9,874          | 601            | —              |
| Corporate                         | 12,106                       | —              | 12,106         | —              |
| Foreign debt securities           | 505                          | —              | 505            | —              |
| Commingled funds                  | 10,541                       | 10,541         | —              | —              |
| Other                             | 1,424                        | 1,424          | —              | —              |
| Investments measured using NAV    | 93,989                       |                |                |                |
| Investments in Health System pool | 15,184                       |                |                |                |
| <b>Total investments</b>          | <b>\$ 463,706</b>            |                |                |                |

|                                   | <b>December 31,<br/>2019</b> | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> |
|-----------------------------------|------------------------------|----------------|----------------|----------------|
| Investments:                      |                              |                |                |                |
| Cash and cash equivalents         | \$ 8,040                     | 8,040          | —              | —              |
| Equity securities:                |                              |                |                |                |
| Domestic                          | 58,037                       | 58,037         | —              | —              |
| Foreign                           | 7,551                        | 7,551          | —              | —              |
| Mutual funds                      | 219,164                      | 219,164        | —              | —              |
| Domestic debt securities:         |                              |                |                |                |
| State and federal government      | 11,502                       | 11,482         | 20             | —              |
| Corporate                         | 11,006                       | —              | 11,006         | —              |
| Foreign debt securities           | 1,181                        | —              | 1,181          | —              |
| Commingled funds                  | 9,198                        | 9,198          | —              | —              |
| Investments measured using NAV    | 70,645                       |                |                |                |
| Investments in Health System pool | 17,315                       |                |                |                |
| <b>Total investments</b>          | <b>\$ 413,639</b>            |                |                |                |

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Notes to Combined Financial Statements

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Investments measured using NAV are as follows at December 31 (dollars in thousands):

|  | Fair value |        | Unfunded<br>commitments | Redemption<br>frequency | Redemption<br>notice period |
|--|------------|--------|-------------------------|-------------------------|-----------------------------|
|  | 2020       | 2019   |                         |                         |                             |
| Hedge funds:   |            |        |                         |                         |                             |
| MW Eureka Fund IV  | \$ 11,184  | 9,332  | Not applicable          | Monthly                 | 35 days                     |
| Paloma International Limited   | 10,383     | 9,158  | Not applicable          | Annually                | 90 days                     |
| Atlas Enhanced Fund LP   | 10,327     | 7,956  | Not applicable          | Quarterly               | 65 days                     |
| Grosvenor Institutional Partners<br>LP Master Series-TA                                  | 17,058     | 7,609  | Not applicable          | Quarterly               | 70 days                     |
| Private equity funds:  |            |        |                         |                         |                             |
| KKR Americas Fund XII, LP  | 5,039      | 3,113  | 1,765                   | Not applicable          | Not applicable              |
| Hamilton Lane Private Markets<br>Opportunity Fund, LP                                    | 3,342      | 2,759  | 1,572                   | Not applicable          | Not applicable              |
| Ares Private Credit Solutions<br>(Cayman), LP  | 2,801      | 2,280  | 2,150                   | Not applicable          | Not applicable              |
| Hamilton Lane Private Equity<br>Offshore Fund X, LP                                      | 3,473      | 2,166  | 2,348                   | Not applicable          | Not applicable              |
| EW Healthcare Partners Fund 2-A, LP  | 2,469      | 746    | 1,786                   | Not applicable          | Not applicable              |
| Sante Health Ventures III, LP  | 757        | 319    | 1,452                   | Not applicable          | Not applicable              |
| Hamilton Lane Private Markets<br>Opportunity Feeder Fund<br>(Fund of Fund Series II), LP | 181        | 97     | 3,915                   | Not applicable          | Not applicable              |
| Commingled funds:  |            |        |                         |                         |                             |
| Origin International Equity<br>Fund LLC  | 18,879     | 17,545 | Not applicable          | Monthly                 | 28 days                     |
| Private real estate funds:   |            |        |                         |                         |                             |
| Blackstone Real Estate Income Trust  | 8,096      | 7,565  | Not applicable          | Quarterly               | 65 days                     |
| Total  | \$ 93,989  | 70,645 | 14,988                  |                         |                             |

The following is a summary of the nature of these investments and their associated risks:

**Hedge funds** are portfolios of investments that use advanced investment strategies, such as long/short equity, credit, relative value, global macro, and fund of hedge funds positions in both domestic and international markets, with the goal of diversifying portfolio risk and generating return. The Foundations' investments in hedge funds include certain funds with provisions that limit the Foundations' ability to access assets invested. These provisions include lockup terms that range up to three years from the subscription date or are continuous and determined as a percent of total assets invested. The Foundations are in various stages of the lockup periods dependent on hedge fund and period of initial investments.

**Private equity funds** make opportunistic investments that are primarily private in nature. These investments cannot be redeemed by the Foundations; rather, the Foundations have committed an amount to invest in the private funds over the respective commitment periods. After the commitment period has ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

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**Commingled funds** describe a type of fund structure. Commingled funds consist of assets from several accounts that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment.

**Private real estate funds** are funds that make opportunistic investments that are primarily private in nature. These investments cannot be redeemed by the Foundations. The nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

The Foundations invest in an investment pool managed by the Health System. The pooled investments are reported as shares or units in investment funds as opposed to direct interests in the funds' underlying holdings. Participants in the pool have limited discretion over how their assets are allocated among the funds but have no discretion over investment decisions within funds. The Health System pool is valued monthly and in general, participants have the ability to withdraw funds monthly with one month advance notice. The Foundations recognize the changes in interest in the Health System investment pool using a method that is similar to the equity method of accounting. Investment income and losses from the Health System investment pool are allocated between the Health System and the members of the pool, including the Foundations, based upon investment balances.

The pool's assets were distributed as follows as of December 31:

|                                  | <u>2020</u>    | <u>2019</u>    |
|----------------------------------|----------------|----------------|
| Common collective trust          | 0.9 %          | 0.9 %          |
| Debt securities – domestic       | 28.7           | 31.1           |
| Debt securities – foreign        | 5.1            | 4.3            |
| Equity securities – domestic     | 14.4           | 15.5           |
| Equity securities – foreign      | 7.0            | 6.8            |
| Equity securities – other        | 5.1            | 6.9            |
| Hedge funds                      | 12.4           | 20.7           |
| Mutual funds                     | 11.3           | 6.9            |
| Venture capital and partnerships | 7.9            | 6.1            |
| Other                            | 7.2            | 0.8            |
|                                  | <u>100.0 %</u> | <u>100.0 %</u> |

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

### (b) *Investment Return*

Investment income included in the accompanying combined statements of activities is as follows for the years ended December 31 (dollars in thousands):

|   | <u>2020</u>      | <u>2019</u>   |
|---|------------------|---------------|
| Realized gains on investments, net      | \$ 7,005         | 8,813         |
| Change in net unrealized gains (losses) | 40,302           | 40,690        |
| Interest and dividend income            | 6,346            | 7,433         |
| Investment fees                         | <u>(673)</u>     | <u>(886)</u>  |
| Investment return, net                  | <u>\$ 52,980</u> | <u>56,050</u> |

### (c) *Split-Interest Agreements*

The Foundations are beneficiaries of charitable gift annuities and charitable remainder trusts. An actuarial method is used to record these annuities and trusts using discount rates. When a gift is received, the present value of future expected payments to the beneficiaries is recorded as a liability based upon life expectancy tables and current discount rate assumptions, and the remainder is recorded as a contribution. Contribution revenue recognized from charitable gift annuities and charitable remainder trusts is classified as an increase in net assets with donor restrictions based on the existence or absence of time or use restrictions placed by the donor upon the Foundations' interest in the assets. Annuity assets are reported at fair value as determined using quoted market prices of underlying investments. The discount rate used by the Foundations in calculating the present value of all split-interest liabilities ranged from 5.0% to 6.9% during each of the years ended December 31, 2020 and 2019.

Beneficiary payments are charged to the liability, with periodic adjustments made between the liability and the net assets to record actuarial gains and losses resulting from changes in fair value and life expectancy, and are reflected in the combined statements of activities.



**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

Annuities and charitable remainder trusts consist of the following at December 31 (dollars in thousands):

| <b>2020</b>                      |  |  |  |               |
|----------------------------------|--|--|--|---------------|
|                                  | <b>Charitable<br/>gift<br/>annuities</b> | <b>Charitable<br/>remainder<br/>trusts</b> | <b>Beneficial<br/>interest in<br/>remainder<br/>trusts</b> | <b>Total</b>  |
| Assets:                          |  |  |  |               |
| Cash and investments             | \$ 13,869                                | 9,440                                      | 4,753  | 28,062        |
| Total assets                     | <u>\$ 13,869</u>                         | <u>9,440</u>                               | <u>4,753</u>   | <u>28,062</u> |
| Liabilities and net assets:      |  |  |  |               |
| Annuities payable                | \$ 4,838                                 | 6,101                                      | —  | 10,939        |
| Net assets                       | <u>9,031</u>                             | <u>3,339</u>                               | <u>4,753</u>   | <u>17,123</u> |
| Total liabilities and net assets | <u>\$ 13,869</u>                         | <u>9,440</u>                               | <u>4,753</u>   | <u>28,062</u> |
| <b>2019</b>                      |  |  |  |               |
|                                  | <b>Charitable<br/>gift<br/>annuities</b> | <b>Charitable<br/>remainder<br/>trusts</b> | <b>Beneficial<br/>interest in<br/>remainder<br/>trusts</b> | <b>Total</b>  |
| Assets:                          |  |  |  |               |
| Cash and investments             | \$ 13,482                                | 9,492                                      | 5,028  | 28,002        |
| Total assets                     | <u>\$ 13,482</u>                         | <u>9,492</u>                               | <u>5,028</u>   | <u>28,002</u> |
| Liabilities and net assets:      |  |  |  |               |
| Annuities payable                | \$ 5,847                                 | 5,094                                      | —  | 10,941        |
| Net assets                       | <u>7,635</u>                             | <u>4,398</u>                               | <u>5,028</u>   | <u>17,061</u> |
| Total liabilities and net assets | <u>\$ 13,482</u>                         | <u>9,492</u>                               | <u>5,028</u>   | <u>28,002</u> |

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

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The composition of assets held under split-interest agreements is set forth in the following tables (dollars in thousands):

|  | <u>December 31,</u><br><u>2020</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|------------------------------------|----------------|----------------|----------------|
| Assets held under split-interest agreements:         |                                    |                |                |                |
| Gift annuities and charitable remainder trust funds: |                                    |                |                |                |
| Cash and cash equivalents \$                         | 436                                | 436            | —              | —              |
| Equity securities                                    | 10,503                             | 10,503         | —              | —              |
| U.S. Treasuries                                      | 3,349                              | 3,349          | —              | —              |
| Fixed income securities                              | 4,131                              | —              | 4,131          | —              |
| Real property  | 4,054                              | —              | —              | 4,054          |
| Beneficial interest in remainder trusts              | 4,753                              | —              | —              | 4,753          |
| Other  | 836                                | —              | 836            | —              |
|  | <hr/>                              |                |                |                |
| Total assets held under split-interest agreements    | \$ <u>28,062</u>                   |                |                |                |
|  |                                    |                |                |                |
|  | <u>December 31,</u><br><u>2019</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Assets held under split-interest agreements:         |                                    |                |                |                |
| Gift annuities and charitable remainder trust funds: |                                    |                |                |                |
| Cash and cash equivalents \$                         | 928                                | 928            | —              | —              |
| Equity securities                                    | 10,468                             | 10,468         | —              | —              |
| U.S. Treasuries                                      | 3,161                              | 3,161          | —              | —              |
| Fixed income securities                              | 3,580                              | —              | 3,580          | —              |
| Real property  | 3,955                              | —              | —              | 3,955          |
| Beneficial interest in remainder trusts              | 5,028                              | —              | —              | 5,028          |
| Other  | 882                                | —              | 882            | —              |
|  | <hr/>                              |                |                |                |
| Total assets held under split-interest agreements    | \$ <u>28,002</u>                   |                |                |                |

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

### Notes to Combined Financial Statements

December 31, 2020 and 2019

The following table is a rollforward of the statements of the balance sheet amounts for financial instruments classified by the Foundations within Level 3 of the valuation hierarchy defined above (dollars in thousands):

|                              | <u>Level 3</u>  |
|------------------------------|-----------------|
| Fair value December 31, 2018 | \$ 10,236       |
| Sales                        | (1,501)         |
| Unrealized gains, net        | <u>248</u>      |
| Fair value December 31, 2019 | 8,983           |
| Sales                        | (70)            |
| Unrealized gains, net        | <u>(106)</u>    |
| Fair value December 31, 2020 | <u>\$ 8,807</u> |

#### (7) Transactions with Affiliates

The affiliated Medical Institutions pay a portion of the operating and payroll expenses on behalf of the Foundations. The affiliated Medical Institutions paid \$2,549,000 and \$6,393,000, respectively, of expenses in 2020 and 2019. These amounts are recorded as support from affiliates and operating expenses in the combined statements of activities.

St. Vincent Foundation received \$1,500,000 and \$500,000 during the years ended December 31, 2020 and 2019, respectively, from affiliated Medical Institutions to support a nursing tuition fund. These amounts are included in support from affiliates in the combined statements of activities.

The gift shops at the affiliated Medical Institutions operate for the benefit of the Foundations. Total gift shop revenues were \$680,000 and \$2,338,000, respectively, in 2020 and 2019, and are included in contributions in the combined statements of activities. Total gift shop expenses were \$638,000 and \$1,418,000, respectively, in 2020 and 2019, and are included in management and general expenses in the combined statements of activities.

Affiliate payables represent amounts due for the reimbursement of expenses paid by affiliated Medical Institutions. Affiliate receivables represent contributions identified for the Foundations' use but were not yet transferred to the Foundations as of year-end.

#### (8) Functional Expenses

The Foundations provide various support services to the Medical Institutions. The costs of program and supporting activities are summarized in the combined statements of activities. The schedule below presents the natural classification detail of expenses by function. Certain costs may have been allocated to more than one support function. The Foundations allocate expenses that are included in salaries and benefits based upon the estimated level of effort incurred by the Foundations' employees.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

The schedule of functional expenses for the years ended December 31 is as follows (dollars in thousands):

|  | <u>2020</u>             | <u>2019</u>             |
|--|-------------------------|-------------------------|
| Fundraising:   |                         |                         |
| Salaries and benefits  | \$ 882                  | 870                     |
| Purchased services and professional fees                     | 88                      | 160                     |
| Supplies   | 32                      | 14                      |
| Interest and amortization, depreciation, taxes and licenses  | 1                       | 1                       |
| Other expenses   | <u>735</u>              | <u>1,649</u>            |
| Total fundraising  | <u>1,738</u>            | <u>2,694</u>            |
| General and administrative:                                  |                         |                         |
| Salaries and benefits  | 1,163                   | 1,362                   |
| Purchased services and professional fees                     | 298                     | 765                     |
| Supplies   | 655                     | 1,565                   |
| Interest and amortization, depreciation, taxes, and licenses | 2                       | 3                       |
| Other expenses   | <u>251</u>              | <u>515</u>              |
| Total general and administrative                             | <u>2,369</u>            | <u>4,210</u>            |
| Total supporting activities expenses                         | 4,107                   | 6,904                   |
| Program related distributions                                | <u>36,307</u>           | <u>33,523</u>           |
| Total expenses and program related distributions             | \$ <u><u>40,414</u></u> | \$ <u><u>40,427</u></u> |

**(9) Net Assets with Donor Restrictions**

The Foundations report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

Net assets with donor restrictions are restricted for the following purposes as of December 31 (dollars in thousands):

|   |  | <u>2020</u>       | <u>2019</u>    |
|---|--|-------------------|----------------|
| Donor-restricted endowments subject to spending policy and appropriation to support the following purposes: |  |                   |                |
| Purpose:  | Endowment:   |                   |                |
| Healthcare ethics support   | Chair for Medical Ethics                                       | \$ 7,579          | 7,579          |
| Medical care and education  | Center for Medically Fragile Children Endowment                | 4,968             | 4,968          |
| Cancer research   | Harder Chair   | 3,572             | 3,572          |
| Older adult services  | Bain Krantz Memorial Fund                                      | 3,153             | 3,153          |
| Cancer research   | Judith Hartmann Endowed Fund                                   | 3,158             | 3,142          |
| Cancer research   | Walter J Urba Chair Cancer Research                            | 2,972             | 2,972          |
| Medical education   | Brill Endowment  | 2,490             | 2,484          |
| Children's services   | Bed Fund Endowment   | 2,488             | 2,427          |
| Cancer research   | Robert Franz Endowed Chair (formerly Robert Franz Cancer Fund) | 2,063             | 2,062          |
| Medical education   | Family Medicine Residency Endowment                            | 2,415             | 2,290          |
| Heart research  | Heart and Vascular Research Endowment                          | 2,003             | 2,001          |
| Cancer institute  | Michael Kelly Endowed Chair Fund                               | 2,000             | —              |
| Medical education   | Chair of Graduate Medical Education                            | 1,924             | 1,923          |
| Swindell Resource Center  | Swindell Center  | 1,782             | 1,699          |
| Infectious disease education  | Cancer Research Institute Infectious Disease                   | 1,600             | 1,596          |
| Healthcare ethics support   | Ethics Center Endowment  | 1,364             | —              |
| General purpose   | Providence Willamette Falls Endowment                          | 781               | 781            |
| Radiation and oncology  | Maybelle Clark Macdonald Endowment                             | 648               | 647            |
| Hospice programs  | Hospice Endowment  | 636               | 636            |
| Children's services   | Children's Endowment   | 578               | 578            |
| Medically fragile children  | Brown Memorial   | 545               | 539            |
| Children's dental services  | Child Center Medical Dental Clinic                             | 526               | 526            |
| Charity care  | Mother Gamelin   | 467               | 461            |
| Cancer research   | Friedli Cancer Research Fund                                   | 451               | 451            |
| Various   | Other Endowments   | 6,857             | 6,685          |
|   |  | <u>57,020</u>     | <u>53,172</u>  |
| Subject to the passage of time:   |  |                   |                |
| Split-interest agreements, net  |  | 17,123            | 17,061         |
| Subject to expenditure for specified purposes:  |  |                   |                |
| Program support   |  | 189,507           | 178,624        |
| Charity care  |  | 1,142             | 1,054          |
| Capital assets  |  | 2,031             | 4,046          |
|   |  | <u>192,680</u>    | <u>183,724</u> |
| Total net assets with donor restrictions  |  | \$ <u>266,823</u> | <u>253,957</u> |

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

**(10) Endowments**

The Foundations' endowments consist of 73 funds established for a variety of purposes. These endowments include both donor-restricted endowment funds and funds designated by the respective Foundations' Board of Directors to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Foundations' management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the state of Oregon as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing donor-restricted endowment funds, the Foundations consider a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundations have interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent management required under the law. Also, in accordance with UPMIFA, the Foundations consider the following factors in making determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundations and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundations
- The investment policies of the Foundations

Endowment net asset composition by type of fund as of December 31 is as follows (dollars in thousands):

|                                  | <b>2020</b>                           |                                    |              |
|----------------------------------|---------------------------------------|------------------------------------|--------------|
|                                  | <b>Without donor<br/>restrictions</b> | <b>With donor<br/>restrictions</b> | <b>Total</b> |
| Donor-restricted endowment funds | \$ —                                  | 88,741                             | 88,741       |
| Board-designated endowment funds | 13,170                                | —                                  | 13,170       |
| Total                            | \$ 13,170                             | 88,741                             | 101,911      |

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

|                                  | <b>2019</b>                           |                                    |               |
|----------------------------------|---------------------------------------|------------------------------------|---------------|
|                                  | <u>Without donor<br/>restrictions</u> | <u>With donor<br/>restrictions</u> | <u>Total</u>  |
| Donor-restricted endowment funds | \$ —                                  | 79,402                             | 79,402        |
| Board-designated endowment funds | 12,904                                | —                                  | 12,904        |
| Total                            | <u>\$ 12,904</u>                      | <u>79,402</u>                      | <u>92,306</u> |

The Board of Directors has designated net assets without donor restrictions for the following purposes as follows (dollars in thousands):

|   | <b>December 31</b> |               |
|---|--------------------|---------------|
|   | <u>2020</u>        | <u>2019</u>   |
| General use for operations of Medical Centers | \$ 6,242           | 5,933         |
| Medical education                             | 2,523              | 2,237         |
| Other   | 4,405              | 4,734         |
| Total   | <u>\$ 13,170</u>   | <u>12,904</u> |

Changes in endowment net assets are as follows (dollars in thousands):

|                                 | <u>Without donor<br/>restrictions</u> | <u>With donor<br/>restrictions</u> | <u>Total</u>   |
|---------------------------------|---------------------------------------|------------------------------------|----------------|
| Balance as of December 31, 2018 | \$ 11,409                             | 59,068                             | 70,477         |
| Investment return, net          | 2,053                                 | 18,648                             | 20,701         |
| Contributions and other         | 75                                    | 3,263                              | 3,338          |
| Appropriated for expenditure    | <u>(633)</u>                          | <u>(1,577)</u>                     | <u>(2,210)</u> |
| Balance as of December 31, 2019 | 12,904                                | 79,402                             | 92,306         |
| Investment return, net          | 866                                   | 8,752                              | 9,618          |
| Contributions and other         | —                                     | 3,756                              | 3,756          |
| Appropriated for expenditure    | <u>(600)</u>                          | <u>(3,169)</u>                     | <u>(3,769)</u> |
| Balance as of December 31, 2020 | <u>\$ 13,170</u>                      | <u>88,741</u>                      | <u>101,911</u> |

**(a) Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundations to retain as a fund of perpetual duration. The Foundations had no donor-restricted endowment funds with deficiencies of this nature as of December 31, 2020 or 2019.

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

### **(b) Return Objectives and Risk Parameters**

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

Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that exceed the risk-free rate of return, while assuming a moderate level of investment risk.

### **(c) Strategies Employed for Achieving Objectives**

To satisfy their long-term rate-of-return objectives, the Foundations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundations target a diversified asset allocation that places a greater emphasis on fixed income investments with a portion also designated for equity-based investments.

Substantially all investments of the Foundations held for endowment are pooled for investment purposes. Income earned on endowment fund investments is allocated on the basis of each fund's proportionate interest in the pooled investment portfolio.

### **(d) Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundations have selected a flexible spending policy for their endowment funds that is based on a multiyear moving average of the fair value of the endowments. During the years ended December 31, 2020 and 2019, the Foundations were authorized to spend between 5% and 6%, which is reflective of the long-term expected rate return on endowment assets. Spending is charged against endowment earnings, which are reported in net assets with donor restrictions in the accompanying combined balance sheets, and expenditures are reported as an expense without donor restrictions when incurred.



## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Balance Sheet Information

December 31, 2020

(Dollars in thousands)

| Assets   | Seaside<br>Hospital<br>Foundation | Portland<br>Medical<br>Center<br>Foundation | St. Vincent<br>Medical<br>Center<br>Foundation | Willamette<br>Falls<br>Medical<br>Foundation | Children's<br>Health<br>Foundation | Milwaukie<br>Foundation | Hood River<br>Memorial<br>Hospital<br>Foundation | Newberg<br>Health<br>Foundation | Benedictine<br>Nursing<br>Center<br>Foundation | Community<br>Health<br>Foundation | Total   |
|--|-----------------------------------|---|--|--|------------------------------------|-------------------------|--|---------------------------------|--|-----------------------------------|---------|
| Current assets:  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Cash and cash equivalents  | \$ 177                            | 1,693                                       | 13,597   | 421  | 1,003                              | 133                     | 732  | 1,342                           | 264  | 816                               | 20,178  |
| Contributions receivable, net of allowance                                     | 27                                | 1,177                                       | 2,397  | 60   | 54                                 | 15                      | 2  | 42                              | 27   | 67                                | 3,868   |
| Educational loans receivable, net of allowance                                 | —                                 | —   | 326  | —  | —                                  | —                       | —  | —                               | —  | —                                 | 326     |
| Affiliate receivables  | 2                                 | 32  | 1,865  | 9  | 1,030                              | —                       | —  | —                               | —  | 37                                | 2,975   |
| Other current assets   | 16                                | 302   | 378  | 13   | —                                  | 6                       | 29   | —                               | —  | 9                                 | 753     |
| Total current assets   | 222                               | 3,204                                       | 18,563   | 503  | 2,087                              | 154                     | 763  | 1,384                           | 291  | 929                               | 28,100  |
| Noncurrent assets:   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Investments  | 1,900                             | 169,065                                     | 226,576  | 14,787                                       | 26,212                             | 7,351                   | 4,530  | 1,665                           | 3,024  | 8,596                             | 463,706 |
| Contributions receivable, net of discounts<br>and current portion              | 57                                | 298   | 454  | 27   | 187                                | 9                       | —  | 43                              | 23   | 101                               | 1,199   |
| Gift annuity and charitable remainder trusts                                   | 51                                | 3,836                                       | 9,745  | 127  | 4,185                              | 883                     | 617  | 611                             | 327  | 2,927                             | 23,309  |
| Beneficial interest in remainder trusts  | —                                 | 2,037                                       | 384  | —  | 1,623                              | —                       | 451  | —                               | 9  | 249                               | 4,753   |
| Education loans receivable, net of<br>current portion                          | —                                 | —   | 1,630  | —  | —                                  | —                       | —  | —                               | —  | —                                 | 1,630   |
| Other long-term assets   | 151                               | 1,116                                       | 495  | —  | 281                                | 5                       | 56   | —                               | —  | —                                 | 2,104   |
| Total noncurrent assets  | 2,159                             | 176,352                                     | 239,284  | 14,941                                       | 32,488                             | 8,248                   | 5,654  | 2,319                           | 3,383  | 11,873                            | 496,701 |
| Total assets   | \$ 2,381                          | 179,556                                     | 257,847  | 15,444                                       | 34,575                             | 8,402                   | 6,417  | 3,703                           | 3,674  | 12,802                            | 524,801 |
| <b>Liabilities and Net Assets</b>  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Current liabilities:   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Accounts payable   | \$ 4                              | —   | —  | —  | 15                                 | —                       | —  | —                               | —  | —                                 | 19      |
| Affiliate payables   | 493                               | 1,366                                       | —  | 266  | 3,087                              | 42                      | 8  | 4                               | 152  | 127                               | 5,545   |
| Current obligations under gift annuities                                       | 1                                 | 138   | 353  | 3  | 192                                | 15                      | 3  | 36                              | 13   | 65                                | 819     |
| Total current liabilities  | 498                               | 1,504                                       | 353  | 269  | 3,294                              | 57                      | 11   | 40                              | 165  | 192                               | 6,383   |
| Noncurrent liabilities:  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Noncurrent obligations under gift annuities and<br>charitable remainder trusts | 29                                | 1,468                                       | 5,384  | 32   | 1,424                              | 277                     | 17   | 285                             | 106  | 1,098                             | 10,120  |
| Total liabilities  | 527                               | 2,972                                       | 5,737  | 301  | 4,718                              | 334                     | 28   | 325                             | 271  | 1,290                             | 16,503  |
| Net assets:  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Without donor restrictions   | 772                               | 55,570                                      | 155,677  | 7,704  | 6,728                              | 3,970                   | 4,688  | 469                             | 1,753  | 4,144                             | 241,475 |
| With donor restrictions  | 1,082                             | 121,014                                     | 96,433   | 7,439  | 23,129                             | 4,098                   | 1,701  | 2,909                           | 1,650  | 7,368                             | 266,823 |
| Total net assets   | 1,854                             | 176,584                                     | 252,110  | 15,143                                       | 29,857                             | 8,068                   | 6,389  | 3,378                           | 3,403  | 11,512                            | 508,298 |
| Total liabilities and net assets   | \$ 2,381                          | 179,556                                     | 257,847  | 15,444                                       | 34,575                             | 8,402                   | 6,417  | 3,703                           | 3,674  | 12,802                            | 524,801 |

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Balance Sheet Information

December 31, 2019

(Dollars in thousands)

| Assets   | Seaside<br>Hospital<br>Foundation | Portland<br>Medical<br>Center<br>Foundation | St. Vincent<br>Medical<br>Center<br>Foundation | Willamette<br>Falls<br>Medical<br>Foundation | Children's<br>Health<br>Foundation | Milwaukie<br>Foundation | Hood River<br>Memorial<br>Hospital<br>Foundation | Newberg<br>Health<br>Foundation | Benedictine<br>Nursing<br>Center<br>Foundation | Community<br>Health<br>Foundation | Total   |
|--|-----------------------------------|---|--|--|------------------------------------|-------------------------|--|---------------------------------|--|-----------------------------------|---------|
| Current assets:  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Cash and cash equivalents  | \$ 250                            | 7,486                                       | 11,082   | 84   | 579                                | 241                     | 749  | 1,886                           | 356  | 838                               | 23,551  |
| Contributions receivable, net of allowance                                     | 25                                | 8   | 2,175  | 6  | 123                                | (6)                     | 2  | 99                              | 1  | 201                               | 2,634   |
| Educational loans receivable, net of allowance                                 | —                                 | —   | 568  | —  | —                                  | —                       | —  | —                               | —  | —                                 | 568     |
| Affiliate receivables  | 2                                 | 1   | 376  | 10   | 1,022                              | 1                       | —  | —                               | 25   | —                                 | 1,437   |
| Other current assets   | 17                                | 300   | 193  | 8  | —                                  | 6                       | 26   | —                               | —  | 9                                 | 559     |
| Total current assets   | 294                               | 7,795                                       | 14,394   | 108  | 1,724                              | 242                     | 777  | 1,985                           | 382  | 1,048                             | 28,749  |
| Noncurrent assets:   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Investments  | 1,778                             | 157,735                                     | 195,362  | 13,087                                       | 23,379                             | 6,760                   | 3,559  | 1,502                           | 2,725  | 7,752                             | 413,639 |
| Contributions receivable, net of discounts<br>and current portion              | 131                               | 218   | 1,191  | —  | 220                                | 24                      | 1  | 37                              | 75   | —                                 | 1,897   |
| Gift annuity and charitable remainder trusts                                   | 48                                | 3,640                                       | 9,830  | 113  | 4,130                              | 822                     | 615  | 513                             | 258  | 3,005                             | 22,974  |
| Beneficial interest in remainder trusts  | —                                 | 2,233                                       | 726  | —  | 1,400                              | —                       | 440  | —                               | 6  | 223                               | 5,028   |
| Education loans receivable, net of<br>current portion                          | —                                 | —   | 1,630  | —  | —                                  | —                       | —  | —                               | —  | —                                 | 1,630   |
| Other long-term assets   | 151                               | 816   | 431  | —  | 281                                | 5                       | 56   | —                               | —  | —                                 | 1,740   |
| Total noncurrent assets  | 2,108                             | 164,642                                     | 209,170  | 13,200                                       | 29,410                             | 7,611                   | 4,671  | 2,052                           | 3,064  | 10,980                            | 446,908 |
| Total assets   | \$ 2,402                          | 172,437                                     | 223,564  | 13,308                                       | 31,134                             | 7,853                   | 5,448  | 4,037                           | 3,446  | 12,028                            | 475,657 |
| <b>Liabilities and Net Assets</b>  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Current liabilities:   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Accounts payable   | \$ 30                             | 32  | 26   | 1  | 21                                 | —                       | 2  | 18                              | —  | 10                                | 140     |
| Affiliate payables   | 21                                | 3,697                                       | 555  | 37   | 2,583                              | 296                     | 6  | 330                             | 119  | 256                               | 7,900   |
| Current obligations under gift annuities                                       | 1                                 | 138   | 353  | 3  | 192                                | 15                      | 3  | 36                              | 13   | 65                                | 819     |
| Total current liabilities  | 52                                | 3,867                                       | 934  | 41   | 2,796                              | 311                     | 11   | 384                             | 132  | 331                               | 8,859   |
| Noncurrent liabilities:  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Noncurrent obligations under gift annuities and<br>charitable remainder trusts | 27                                | 1,464                                       | 5,487  | 49   | 1,286                              | 297                     | 17   | 240                             | 78   | 1,177                             | 10,122  |
| Total liabilities  | 79                                | 5,331                                       | 6,421  | 90   | 4,082                              | 608                     | 28   | 624                             | 210  | 1,508                             | 18,981  |
| Net assets:  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |         |
| Without donor restrictions   | 921                               | 45,724                                      | 130,998  | 6,565  | 5,992                              | 3,489                   | 3,921  | 402                             | 1,574  | 3,133                             | 202,719 |
| With donor restrictions  | 1,402                             | 121,382                                     | 86,145   | 6,653  | 21,060                             | 3,756                   | 1,499  | 3,011                           | 1,662  | 7,387                             | 253,957 |
| Total net assets   | 2,323                             | 167,106                                     | 217,143  | 13,218                                       | 27,052                             | 7,245                   | 5,420  | 3,413                           | 3,236  | 10,520                            | 456,676 |
| Total liabilities and net assets   | \$ 2,402                          | 172,437                                     | 223,564  | 13,308                                       | 31,134                             | 7,853                   | 5,448  | 4,037                           | 3,446  | 12,028                            | 475,657 |

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Statement of Activities Information

December 31, 2020

(Dollars in thousands)

|   | Seaside<br>Hospital<br>Foundation | Portland<br>Medical<br>Center<br>Foundation | St. Vincent<br>Medical<br>Center<br>Foundation | Willamette<br>Falls<br>Medical<br>Foundation | Children's<br>Health<br>Foundation | Milwaukie<br>Foundation | Hood River<br>Memorial<br>Hospital<br>Foundation | Newberg<br>Health<br>Foundation | Benedictine<br>Nursing<br>Center<br>Foundation | Community<br>Health<br>Foundation | Total    |
|---|-----------------------------------|---|--|--|------------------------------------|-------------------------|--|---------------------------------|--|-----------------------------------|----------|
| Changes in net assets without donor restrictions:                   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Revenues and gains, net of losses:                                  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Contributions and other   | \$ 87                             | 16  | 854  | 77   | 912                                | 26                      | 371  | 109                             | 186  | 228                               | 2,866    |
| Investment return, net  | 120                               | 12,377                                      | 27,112   | 1,308  | 1,278                              | 454                     | 497  | 33                              | 196  | 822                               | 44,197   |
| Change in value of gift annuities and charitable remainder trusts   | 1                                 | 70  | (64)   | 27   | (40)                               | 61                      | 2  | 6                               | 2  | 41                                | 106      |
| Total revenues and gains without donor restrictions                 | 208                               | 12,463                                      | 27,902   | 1,412  | 2,150                              | 541                     | 870  | 148                             | 384  | 1,091                             | 47,169   |
| Support from affiliates   | 193                               | 307   | 1,936  | 209  | 314                                | 279                     | 150  | 210                             | 128  | 323                               | 4,049    |
| Net assets released from restrictions                               | 1,327                             | 14,509                                      | 7,460  | 715  | 1,835                              | 289                     | 61   | 586                             | 237  | 933                               | 27,952   |
| Total revenues, gains, and other support without donor restrictions | 1,728                             | 27,279                                      | 37,298   | 2,336  | 4,299                              | 1,109                   | 1,081  | 944                             | 749  | 2,347                             | 79,170   |
| Expenses:   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Fundraising   | 101                               | 143   | 189  | 104  | 382                                | 136                     | 66   | 139                             | 57   | 421                               | 1,738    |
| Management and general  | 130                               | 371   | 800  | 167  | 181                                | 176                     | 134  | 133                             | 77   | 200                               | 2,369    |
| Total expenses  | 231                               | 514   | 989  | 271  | 563                                | 312                     | 200  | 272                             | 134  | 621                               | 4,107    |
| Program related distributions:                                      |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Distributions to affiliates for operations                          | 133                               | 13,276                                      | 10,301   | 410  | 2,893                              | 294                     | 59   | 183                             | 300  | 256                               | 28,105   |
| Distributions to affiliates for capital                             | 1,500                             | 3,509                                       | 433  | 426  | 107                                | —                       | —  | 401                             | 136  | 363                               | 6,875    |
| Distributions to nonaffiliate organizations                         | 13                                | 134   | 896  | 90   | —                                  | 22                      | 55   | 21                              | —  | 96                                | 1,327    |
| Total distributions   | 1,646                             | 16,919                                      | 11,630   | 926  | 3,000                              | 316                     | 114  | 605                             | 436  | 715                               | 36,307   |
| Total expenses and program related distributions                    | 1,877                             | 17,433                                      | 12,619   | 1,197  | 3,563                              | 628                     | 314  | 877                             | 570  | 1,336                             | 40,414   |
| (Decrease) increase in net assets without donor restrictions        | (149)                             | 9,846                                       | 24,679   | 1,139  | 736                                | 481                     | 767  | 67                              | 179  | 1,011                             | 38,756   |
| Net assets without donor restrictions, beginning of year            | 921                               | 45,724                                      | 130,998  | 6,565  | 5,992                              | 3,489                   | 3,921  | 402                             | 1,574  | 3,133                             | 202,719  |
| Net assets without donor restrictions, end of year                  | \$ 772                            | 55,570                                      | 155,677  | 7,704  | 6,728                              | 3,970                   | 4,688  | 469                             | 1,753  | 4,144                             | 241,475  |
| Changes in net assets with donor restrictions:                      |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Contributions, net  | \$ 959                            | 11,897                                      | 14,414   | 1,140  | 1,697                              | 386                     | 185  | 348                             | 123  | 674                               | 31,823   |
| Investment return, net  | 3                                 | 2,220                                       | 3,605  | 361  | 1,955                              | 224                     | 56   | 134                             | 100  | 125                               | 8,783    |
| Change in value of gift annuities and charitable remainder trusts   | —                                 | (105)                                       | (182)  | —  | 157                                | 16                      | 11   | 2                               | 2  | 115                               | 16       |
| Net assets released from restrictions                               | (1,327)                           | (14,509)                                    | (7,460)  | (715)  | (1,835)                            | (289)                   | (61)   | (586)                           | (237)  | (933)                             | (27,952) |
| Other activities and transfers                                      | 45                                | 129   | (89)   | —  | 95                                 | 5                       | 11   | —                               | —  | —                                 | 196      |
| (Decrease) increase in net assets with donor restrictions           | (320)                             | (368)                                       | 10,288   | 786  | 2,069                              | 342                     | 202  | (102)                           | (12)   | (19)                              | 12,866   |
| Net assets with donor restrictions, beginning of year               | 1,402                             | 121,382                                     | 86,145   | 6,653  | 21,060                             | 3,756                   | 1,499  | 3,011                           | 1,662  | 7,387                             | 253,957  |
| Net assets with donor restrictions, end of year                     | \$ 1,082                          | 121,014                                     | 96,433   | 7,439  | 23,129                             | 4,098                   | 1,701  | 2,909                           | 1,650  | 7,368                             | 266,823  |
| (Decrease) increase in total net assets                             | \$ (469)                          | 9,478                                       | 34,967   | 1,925  | 2,805                              | 823                     | 969  | (35)                            | 167  | 992                               | 51,622   |
| Net assets, beginning of year                                       | 2,323                             | 167,106                                     | 217,143  | 13,218                                       | 27,052                             | 7,245                   | 5,420  | 3,413                           | 3,236  | 10,520                            | 456,676  |
| Net assets, end of year   | \$ 1,854                          | 176,584                                     | 252,110  | 15,143                                       | 29,857                             | 8,068                   | 6,389  | 3,378                           | 3,403  | 11,512                            | 508,298  |

See accompanying notes to combined financial statements.

## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Statement of Activities Information

December 31, 2019

(Dollars in thousands)

|   | Seaside<br>Hospital<br>Foundation | Portland<br>Medical<br>Center<br>Foundation | St. Vincent<br>Medical<br>Center<br>Foundation | Willamette<br>Falls<br>Medical<br>Foundation | Children's<br>Health<br>Foundation | Milwaukie<br>Foundation | Hood River<br>Memorial<br>Hospital<br>Foundation | Newberg<br>Health<br>Foundation | Benedictine<br>Nursing<br>Center<br>Foundation | Community<br>Health<br>Foundation | Total    |
|---|-----------------------------------|---|--|--|------------------------------------|-------------------------|--|---------------------------------|--|-----------------------------------|----------|
| Changes in net assets without donor restrictions:                   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Revenues and gains, net of losses:                                  |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Contributions and other   | \$ 294                            | 1,494                                       | 1,385  | 114  | 414                                | 49                      | 68   | 161                             | 244  | 1,238                             | 5,461    |
| Investment return, net  | 92                                | 15,698                                      | 17,200   | 933  | 1,628                              | 313                     | 441  | 49                              | 156  | 604                               | 37,114   |
| Change in value of gift annuities and charitable remainder trusts   | 2                                 | (44)  | 128  | 4  | 76                                 | 36                      | 2  | 15                              | 16   | 20                                | 255      |
| Total revenues and gains without donor restrictions                 | 388                               | 17,148                                      | 18,713   | 1,051  | 2,118                              | 398                     | 511  | 225                             | 416  | 1,862                             | 42,830   |
| Support from affiliates   | 209                               | 3,589                                       | 1,281  | 223  | 282                                | 328                     | 143  | 221                             | 153  | 409                               | 6,838    |
| Net assets released from restrictions                               | 121                               | 14,338                                      | 6,529  | 258  | 1,440                              | 271                     | 73   | 700                             | 313  | 526                               | 24,569   |
| Total revenues, gains, and other support without donor restrictions | 718                               | 35,075                                      | 26,523   | 1,532  | 3,840                              | 997                     | 727  | 1,146                           | 882  | 2,797                             | 74,237   |
| Expenses:   |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Fundraising   | 195                               | 417   | 348  | 167  | 1,043                              | 130                     | 53   | 83                              | 56   | 202                               | 2,694    |
| Management and general  | 141                               | 1,218                                       | 1,312  | 229  | 141                                | 276                     | 169  | 262                             | 91   | 371                               | 4,210    |
| Total expenses  | 336                               | 1,635                                       | 1,660  | 396  | 1,184                              | 406                     | 222  | 345                             | 147  | 573                               | 6,904    |
| Program related distributions:                                      |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Distributions to affiliates for operations                          | 101                               | 10,964                                      | 8,006  | 131  | 2,790                              | 282                     | 58   | 114                             | 338  | 577                               | 23,361   |
| Distributions to affiliates for capital                             | 43                                | 5,430                                       | 1,296  | 481  | 64                                 | 40                      | —  | 582                             | —  | 791                               | 8,727    |
| Distributions to nonaffiliate organizations                         | 5                                 | 157   | 1,032  | 65   | 13                                 | 14                      | 68   | 32                              | 1  | 48                                | 1,435    |
| Total distributions   | 149                               | 16,551                                      | 10,334   | 677  | 2,867                              | 336                     | 126  | 728                             | 339  | 1,416                             | 33,523   |
| Total expenses and program related distributions                    | 485                               | 18,186                                      | 11,994   | 1,073  | 4,051                              | 742                     | 348  | 1,073                           | 486  | 1,989                             | 40,427   |
| Other activities and transfers                                      | —                                 | —   | (227)  | —  | (139)                              | (35)                    | —  | —                               | —  | —                                 | (401)    |
| Increase (decrease) in net assets without donor restrictions        | 233                               | 16,889                                      | 14,302   | 459  | (350)                              | 220                     | 379  | 73                              | 396  | 808                               | 33,409   |
| Net assets without donor restrictions, beginning of year            | 688                               | 28,835                                      | 116,696  | 6,106  | 6,342                              | 3,269                   | 3,542  | 329                             | 1,178  | 2,325                             | 169,310  |
| Net assets without donor restrictions, end of year                  | \$ 921                            | 45,724                                      | 130,998  | 6,565  | 5,992                              | 3,489                   | 3,921  | 402                             | 1,574  | 3,133                             | 202,719  |
| Changes in net assets with donor restrictions:                      |                                   |   |  |  |                                    |                         |  |                                 |  |                                   |          |
| Contributions, net  | \$ 156                            | 31,364                                      | 14,104   | 324  | 1,758                              | 386                     | 181  | 726                             | 166  | 1,061                             | 50,226   |
| Investment return, net  | 13                                | 5,825                                       | 9,096  | 711  | 2,200                              | 439                     | 36   | 128                             | 210  | 278                               | 18,936   |
| Change in value of gift annuities and charitable remainder trusts   | —                                 | 170   | 15   | —  | 130                                | —                       | (88)   | —                               | 3  | (22)                              | 208      |
| Net assets released from restrictions                               | (121)                             | (14,338)                                    | (6,529)  | (258)  | (1,440)                            | (271)                   | (73)   | (700)                           | (313)  | (526)                             | (24,569) |
| Other activities and transfers                                      | 53                                | (45)  | 310  | 38   | (23)                               | 36                      | —  | 3                               | —  | 30                                | 402      |
| Increase in net assets with donor restrictions                      | 101                               | 22,976                                      | 16,996   | 815  | 2,625                              | 590                     | 56   | 157                             | 66   | 821                               | 45,203   |
| Net assets with donor restrictions, beginning of year               | 1,301                             | 98,406                                      | 69,149   | 5,838  | 18,435                             | 3,166                   | 1,443  | 2,854                           | 1,596  | 6,566                             | 208,754  |
| Net assets with donor restrictions, end of year                     | \$ 1,402                          | 121,382                                     | 86,145   | 6,653  | 21,060                             | 3,756                   | 1,499  | 3,011                           | 1,662  | 7,387                             | 253,957  |
| Increase in total net assets  | \$ 334                            | 39,865                                      | 31,298   | 1,274  | 2,275                              | 810                     | 435  | 230                             | 462  | 1,629                             | 78,612   |
| Net assets, beginning of year                                       | 1,989                             | 127,241                                     | 185,845  | 11,944                                       | 24,777                             | 6,435                   | 4,985  | 3,183                           | 2,774  | 8,891                             | 378,064  |
| Net assets, end of year   | \$ 2,323                          | 167,106                                     | 217,143  | 13,218                                       | 27,052                             | 7,245                   | 5,420  | 3,413                           | 3,236  | 10,520                            | 456,676  |

See accompanying notes to combined financial statements.