



PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Combined Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

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

Opinion

We have audited the combined financial statements of Providence St. Joseph Health - Oregon Foundations (the Foundations), which comprise the combined balance sheets as of December 31, 2021 and 2020, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Foundations as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Foundations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundations' ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundations's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundations's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

Seattle, Washington
November 7, 2022

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Combined Balance Sheets

December 31, 2021 and 2020

(Dollars in thousands)

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 37,362	20,178
Contributions receivable, net of allowance	3,386	3,868
Education loans receivable, net of allowance	355	326
Affiliate receivables	17,817	2,975
Other current assets	889	753
Total current assets	<u>59,809</u>	<u>28,100</u>
Noncurrent assets:		
Investments	526,689	463,706
Contributions receivable, net of discounts and current portion	4,174	1,199
Gift annuities and charitable remainder trusts	24,847	23,309
Beneficial interest in remainder trusts	5,529	4,753
Education loans receivable, net of current portion	1,630	1,630
Other long-term assets	1,926	2,104
Total noncurrent assets	<u>564,795</u>	<u>496,701</u>
Total assets	<u>\$ 624,604</u>	<u>524,801</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 333	19
Affiliate payables	21,457	5,545
Current obligations under gift annuities	819	819
	<u>22,609</u>	<u>6,383</u>
Noncurrent liabilities:		
Noncurrent obligations under gift annuities and charitable remainder trusts	9,832	10,120
	<u>32,441</u>	<u>16,503</u>
Net assets:		
Without donor restrictions	291,162	241,475
With donor restrictions	301,001	266,823
	<u>592,163</u>	<u>508,298</u>
	<u>\$ 624,604</u>	<u>524,801</u>

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Combined Statements of Activities

Years ended December 31, 2021 and 2020

(Dollars in thousands)

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions:		
Revenues and gains, net of losses:		
Contributions	\$ 3,957	2,866
Investment return, net	55,253	44,197
Change in value of gift annuities and charitable remainder trusts	<u>1,155</u>	<u>106</u>
Total revenues and gains, net of losses without donor restrictions	60,365	47,169
Support from affiliates	2,825	4,049
Net assets released from restrictions	<u>24,530</u>	<u>27,952</u>
Total revenues, gains, and other support without donor restrictions	<u>87,720</u>	<u>79,170</u>
Expenses:		
Fundraising	2,316	1,738
Management and general	<u>2,477</u>	<u>2,369</u>
Total expenses	<u>4,793</u>	<u>4,107</u>
Program related distributions:		
Distributions to affiliates for operations	26,817	28,105
Distributions to affiliates for capital	4,852	6,875
Distributions to nonaffiliate organizations	<u>1,063</u>	<u>1,327</u>
Total distributions	<u>32,732</u>	<u>36,307</u>
Total expenses and program related distributions	37,525	40,414
Other activities and transfers	<u>(508)</u>	<u>—</u>
Increase in net assets without donor restrictions	49,687	38,756
Net assets without donor restrictions, beginning of year	<u>241,475</u>	<u>202,719</u>
Net assets without donor restrictions, end of year	\$ <u><u>291,162</u></u>	\$ <u><u>241,475</u></u>
Changes in net assets with donor restrictions:		
Contributions, net	\$ 43,547	31,823
Investment return, net	12,985	8,783
Change in value of gift annuities and charitable remainder trusts	1,543	16
Net assets released from restrictions	(24,530)	(27,952)
Other activities and transfers	<u>633</u>	<u>196</u>
Total	34,178	12,866
Net assets with donor restrictions, beginning of year	<u>266,823</u>	<u>253,957</u>
Net assets with donor restrictions, end of year	\$ <u><u>301,001</u></u>	\$ <u><u>266,823</u></u>
Increase in total net assets	\$ 83,865	51,622
Net assets, beginning of year	<u>508,298</u>	<u>456,676</u>
Net assets, end of year	\$ <u><u>592,163</u></u>	\$ <u><u>508,298</u></u>

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Combined Statements of Cash Flows

Years ended December 31, 2021 and 2020

(Dollars in thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Total change in net assets	\$ 83,865	51,622
Adjustments to reconcile total change in net assets to net cash provided by (used in) operating activities:		
Contributions and other changes to net assets restricted for long-term purposes	(1,401)	(3,778)
Bad debt provision, net of recoveries	1,006	296
Net realized and unrealized gains on investments, net of losses	(60,913)	(47,307)
Education loans forgiven	572	647
Changes in current and noncurrent assets and liabilities	<u>(4,653)</u>	<u>(5,245)</u>
Net cash provided by (used in) operating activities	<u>18,476</u>	<u>(3,765)</u>
Cash flows from investing activities:		
Sales of trading securities	47,726	65,256
Purchases of trading securities	(37,422)	(55,724)
Sales of alternative investments and commingled funds	7,566	3,896
Purchases of alternative investments and commingled funds	(19,940)	(16,188)
Proceeds from repayment of education loans	17	36
Issuance of education loans	<u>(619)</u>	<u>(657)</u>
Net cash used in investing activities	<u>(2,672)</u>	<u>(3,381)</u>
Cash flows from financing activity:		
Contributions, recoveries, and redesignations to net assets restricted for long-term purposes	<u>1,380</u>	<u>3,773</u>
Net cash provided by financing activity	<u>1,380</u>	<u>3,773</u>
Increase (decrease) in cash and cash equivalents	17,184	(3,373)
Cash and cash equivalents, beginning of year	<u>20,178</u>	<u>23,551</u>
Cash and cash equivalents, end of year	<u>\$ 37,362</u>	<u>20,178</u>

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

(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, 2021 and 2020

(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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Notes to Combined Financial Statements

December 31, 2021 and 2020

(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, 2021, the Foundations had 89% of cash and cash equivalents and 13% 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, 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.

(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) Subsequent Events

The Foundations evaluated subsequent events after December 31, 2021 through November 7, 2022, which was the date the combined financial statements were available to be issued.

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Notes to Combined Financial Statements

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(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 was 8.0% as of December 31, 2021 and 2020. 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.

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

	<u>2021</u>	<u>2020</u>
Receivable in:		
Less than one year	\$ 5,171	4,737
One year to five years	4,482	1,332
Thereafter	<u>27</u>	<u>27</u>
Total contributions receivable	9,680	6,096
Less:		
Discount	(336)	(160)
Allowance for uncollectible contributions	<u>(1,784)</u>	<u>(869)</u>
Net contributions receivable	\$ <u>7,560</u>	<u>5,067</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 in bad debt recoveries of uncollectible contributions without donor restrictions during 2021 and 2020. The Foundations recorded \$1,006,000 and \$296,000 in bad debt losses for uncollectible contributions with donor restrictions in 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Changes in allowance for doubtful accounts:		
Allowance for doubtful accounts, beginning of year	\$ 869	621
Net write-offs of uncollectible accounts	(91)	(48)
Provision for bad debts, net of recoveries	<u>1,006</u>	<u>296</u>
Allowance for doubtful accounts, end of year	\$ <u>1,784</u>	<u>869</u>

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Notes to Combined Financial Statements

December 31, 2021 and 2020

(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 \$2,120,000 and \$2,091,000, respectively, at December 31, 2021 and 2020, 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 \$135,000 was recorded at December 31, 2021 and 2020 based on management's estimates of expected loan defaults. The amount of education loans forgiven in 2021 and 2020 totaled \$572,000 and \$647,000, 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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Notes to Combined Financial Statements

December 31, 2021 and 2020

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):

	December 31,			
	2021	Level 1	Level 2	Level 3
Investments:				
Cash equivalents	\$ 5,618	5,618	—	—
Equity securities:				
Domestic	71,680	71,680	—	—
Foreign	4,061	4,061	—	—
Mutual funds	275,550	275,550	—	—
Domestic debt securities:				
State and federal government	8,901	8,305	596	—
Corporate	8,866	—	8,866	—
Foreign debt securities	3,185	—	3,185	—
Commingled funds	10,264	10,264	—	—
Other	2,377	2,377	—	—
Investments measured using NAV	119,616			
Investments in Health System pool	<u>16,571</u>			
Total investments \$	<u><u>526,689</u></u>			

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Notes to Combined Financial Statements

December 31, 2021 and 2020

	December 31, 2020	Level 1	Level 2	Level 3
Investments:				
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			
Total investments	\$ <u>463,706</u>			

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Notes to Combined Financial Statements

December 31, 2021 and 2020

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

	<u>Fair value</u>		<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	<u>2021</u>	<u>2020</u>			
Hedge funds:					
MW Eureka Fund IV	\$ 12,300	11,184	Not applicable	Monthly	35 days
Paloma International Limited	11,359	10,383	Not applicable	Annually	90 days
Atlas Enhanced Fund LP	7,237	10,327	Not applicable	Quarterly	65 days
Grosvenor Institutional Partners LP Master Series-TA	18,346	17,058	Not applicable	Quarterly	70 days
Sculptor Overseas Fund II LTD	11,366	—	Not applicable	Quarterly	30 days
Private equity funds:					
KKR Americas Fund XII, LP	9,073	5,039	843	Not applicable	Not applicable
Hamilton Lane Private Markets Opportunity Fund, LP	4,687	3,342	1,531	Not applicable	Not applicable
Ares Private Credit Solutions (Cayman), LP	2,451	2,801	1,935	Not applicable	Not applicable
Hamilton Lane Private Equity Offshore Fund X, LP	6,197	3,473	2,840	Not applicable	Not applicable
PA Small Company Private Equity Fund IX, LP	1,352	—	1,881	Not applicable	Not applicable
EW Healthcare Partners Fund 2-A, LP	1,270	2,469	3,597	Not applicable	Not applicable
Sante Health Ventures III, LP	1,312	757	897	Not applicable	Not applicable
TrueBridge Select Fund I (Cayman), L.P.	1,092	—	1,950	Not applicable	Not applicable
Hamilton Lane Private Markets Opportunity Feeder Fund (Fund of Fund Series II), LP	781	181	1,368	Not applicable	Not applicable
Commingled funds:					
Origin International Equity Fund LLC	20,414	18,879	Not applicable	Monthly	28 days
Private real estate funds:					
Blackstone Real Estate Income Trust	10,379	8,096	Not applicable	Quarterly	65 days
Total	<u>\$ 119,616</u>	<u>93,989</u>			

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.

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Notes to Combined Financial Statements

December 31, 2021 and 2020

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:

	2021	2020
Common collective trust	— %	0.9 %
Debt securities – domestic	28.3	28.7
Debt securities – foreign	2.6	5.1
Equity securities – domestic	11.7	14.4
Equity securities – foreign	5.5	7.0
Equity securities – other	1.9	5.1
Hedge funds	11.7	12.4
Mutual funds	14.8	11.3
Venture capital and partnerships	16.9	7.9
Other	6.6	7.2
	100.0 %	100.0 %

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Notes to Combined Financial Statements

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(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>2021</u>	<u>2020</u>
Realized gains on investments, net	\$ 18,722	7,005
Change in net unrealized gains	42,191	40,302
Interest and dividend income	8,194	6,346
Investment fees	<u>(869)</u>	<u>(673)</u>
Investment return, net	<u>\$ 68,238</u>	<u>52,980</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, 2021 and 2020.

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, 2021 and 2020

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

2021				
	Charitable gift annuities	Charitable remainder trusts	Beneficial interest in remainder trusts	Total
Assets:				
Cash and investments	\$ 14,670	10,177	5,529	30,376
Total assets	\$ 14,670	10,177	5,529	30,376
Liabilities and net assets:				
Annuities payable	\$ 5,027	5,624	—	10,651
Net assets	9,643	4,553	5,529	19,725
Total liabilities and net assets	\$ 14,670	10,177	5,529	30,376
2020				
	Charitable gift annuities	Charitable remainder trusts	Beneficial interest in remainder trusts	Total
Assets:				
Cash and investments	\$ 13,869	9,440	4,753	28,062
Total assets	\$ 13,869	9,440	4,753	28,062
Liabilities and net assets:				
Annuities payable	\$ 4,838	6,101	—	10,939
Net assets	9,031	3,339	4,753	17,123
Total liabilities and net assets	\$ 13,869	9,440	4,753	28,062

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

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

	<u>December 31, 2021</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	\$ 802	802	—	—
Equity securities	11,451	11,451	—	—
Fixed-income securities	5,287	—	5,287	—
Beneficial interest in remainder trusts	5,529	—	—	5,529
Other	<u>7,307</u>	2,559	996	3,752
Total assets held under split-interest agreements	\$ <u>30,376</u>			
	<u>December 31, 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	<u>836</u>	—	836	—
Total assets held under split-interest agreements	\$ <u>28,062</u>			

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

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, 2019	\$ 8,983
Sales	(70)
Unrealized gains, net	<u>(106)</u>
Fair value December 31, 2020	8,807
Sales	(249)
Unrealized gains, net	<u>723</u>
Fair value December 31, 2021	<u>\$ 9,281</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 \$2,823,000 and \$2,549,000, respectively, of expenses in 2021 and 2020. These amounts are recorded as support from affiliates and operating expenses in the combined statements of activities.

St. Vincent Foundation received \$2,000 and \$1,500,000 during the years ended December 31, 2021 and 2020, 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 \$671,000 and \$680,000, respectively, in 2021 and 2020, and are included in contributions in the combined statements of activities. Total gift shop expenses were \$555,000 and \$638,000, respectively, in 2021 and 2020, 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, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Fundraising:		
Salaries and benefits	\$ 901	882
Purchased services and professional fees	125	88
Supplies	60	32
Interest and amortization, depreciation, taxes and licenses	26	1
Other expenses	<u>1,204</u>	<u>735</u>
Total fundraising	<u>2,316</u>	<u>1,738</u>
Management and general:		
Salaries and benefits	1,422	1,163
Purchased services and professional fees	10	298
Supplies	574	655
Interest and amortization, depreciation, taxes, and licenses	66	2
Other expenses	<u>405</u>	<u>251</u>
Total Management and general	<u>2,477</u>	<u>2,369</u>
Total supporting activities expenses	4,793	4,107
Program related distributions	<u>32,732</u>	<u>36,307</u>
Total expenses and program related distributions	<u>\$ 37,525</u>	<u>40,414</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, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Donor-restricted endowments subject to spending policy and appropriation to support the following purposes:		
Purpose:		
Healthcare ethics support	\$ 7,579	7,579
Medical care and education	4,813	4,968
Cancer research	3,572	3,572
Older adult services	3,153	3,153
Cancer research	3,158	3,158
Cancer research	2,987	2,972
Medical education	2,496	2,490
Children's services	2,506	2,488
Cancer research	2,064	2,063
Medical education	2,531	2,415
Heart research	2,003	2,003
Cancer institute	2,166	2,000
Medical education	1,924	1,924
Swindell Resource Center	2,216	1,782
Infectious disease education	1,605	1,600
Healthcare ethics support	1,449	1,364
General purpose	881	781
Radiation and oncology	798	648
Hospice programs	641	636
Children's services	578	578
Medically fragile children	549	545
Children's dental services	526	526
Charity care	522	467
Cancer research	451	451
Various	7,392	6,857
	<u>58,560</u>	<u>57,020</u>
Subject to the passage of time:		
Split-interest agreements, net	19,724	17,123
Subject to expenditure for specified purposes:		
Program support	219,786	189,507
Charity care	1,189	1,142
Capital assets	1,742	2,031
	<u>1,742</u>	<u>2,031</u>
Total net assets with donor restrictions	\$ <u>301,001</u>	<u>266,823</u>

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

(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):

	2021		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ —	100,531	100,531
Board-designated endowment funds	13,938	—	13,938
Total	\$ 13,938	100,531	114,469

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

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

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

	December 31	
	<u>2021</u>	<u>2020</u>
General use for operations of Medical Centers	\$ 6,580	6,242
Medical education	2,880	2,523
Other	4,478	4,405
Total	<u>\$ 13,938</u>	<u>13,170</u>

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</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	13,170	88,741	101,911
Investment return, net	1,341	12,949	14,290
Contributions and other	—	270	270
Appropriated for expenditure	<u>(573)</u>	<u>(1,429)</u>	<u>(2,002)</u>
Balance as of December 31, 2021	<u>\$ 13,938</u>	<u>100,531</u>	<u>114,469</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, 2021 or 2020.

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

(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, 2021 and 2020, 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 & SERVICES – OREGON FOUNDATIONS

Schedule – Combining Balance Sheet Information

December 31, 2021

(Dollars in thousands)

Assets	Seaside Hospital Foundation	Portland Medical Center Foundation	St. Vincent Medical Center Foundation	Willamette Falls Medical Foundation	Child Center Foundation	Milwaukie Foundation	Hood River Memorial Hospital Foundation	Newberg Health Foundation	Benedictine Nursing Center Foundation	Community Health Foundation	Total
Current assets:											
Cash and cash equivalents	\$ 427	4,024	26,746	751	1,094	149	647	1,550	230	1,744	37,362
Contributions receivable, net of allowance	20	1,676	1,244	64	257	5	—	38	25	57	3,386
Educational loans receivable, net of allowance	—	—	355	—	—	—	—	—	—	—	355
Affiliate receivables	807	8,651	5,019	236	2,352	1	49	399	111	192	17,817
Other current assets	11	326	530	14	—	—	—	—	—	8	889
Total current assets	1,265	14,677	33,894	1,065	3,703	155	696	1,987	366	2,001	59,809
Noncurrent assets:											
Investments	1,435	193,400	255,394	16,561	30,673	8,958	5,583	1,846	3,349	9,490	526,689
Contributions receivable, net of current portion	40	3,127	712	97	132	5	—	4	—	57	4,174
Gift annuities and charitable remainder trusts	56	4,371	10,167	141	4,450	896	623	648	351	3,144	24,847
Beneficial interest in remainder trusts	—	2,310	440	—	1,996	—	499	—	10	274	5,529
Education loans receivable, net of current portion and allowances	—	—	1,630	—	—	—	—	—	—	—	1,630
Other long-term assets	151	1,116	387	—	211	5	56	—	—	—	1,926
Total noncurrent assets	1,682	204,324	268,730	16,799	37,462	9,864	6,761	2,498	3,710	12,965	564,795
Total assets	\$ 2,947	219,001	302,624	17,864	41,165	10,019	7,457	4,485	4,076	14,966	624,604
Liabilities and Net Assets											
Current liabilities:											
Accounts payable	\$ —	1	1	—	70	172	89	—	—	—	333
Affiliate payables	806	11,293	3,675	269	4,283	58	56	406	286	325	21,457
Current obligations under gift annuities	1	138	353	3	192	15	3	36	13	65	819
Total current liabilities	807	11,432	4,029	272	4,545	245	148	442	299	390	22,609
Noncurrent liabilities:											
Noncurrent obligations under gift annuities and charitable remainder trusts	30	1,537	5,033	52	1,351	291	17	274	101	1,146	9,832
Total liabilities	837	12,969	9,062	324	5,896	536	165	716	400	1,536	32,441
Net assets:											
Without donor restrictions	696	78,938	175,528	9,093	8,813	4,659	5,410	624	1,923	5,478	291,162
With donor restrictions	1,414	127,094	118,034	8,447	26,456	4,824	1,882	3,145	1,753	7,952	301,001
Total net assets	2,110	206,032	293,562	17,540	35,269	9,483	7,292	3,769	3,676	13,430	592,163
Total liabilities and net assets	\$ 2,947	219,001	302,624	17,864	41,165	10,019	7,457	4,485	4,076	14,966	624,604

See accompanying independent auditors' report.

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Schedule – Combining Balance Sheet Information

December 31, 2020

(Dollars in thousands)

Assets	Seaside Hospital Foundation	Portland Medical Center Foundation	St. Vincent Medical Center Foundation	Willamette Falls Medical Foundation	Children's Health Foundation	Milwaukie Foundation	Hood River Memorial Hospital Foundation	Newberg Health Foundation	Benedictine Nursing Center Foundation	Community Health 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 and current portion	57	298	454	27	187	9	—	43	23	101	1,199
Gift annuities 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 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
Liabilities and Net Assets											
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 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 & SERVICES – OREGON FOUNDATIONS

Schedule – Combining Statement of Activities Information

December 31, 2021

(Dollars in thousands)

	Seaside Hospital Foundation	Portland Medical Center Foundation	St. Vincent Medical Center Foundation	Willamette Falls Medical Foundation	Children's Health Foundation	Milwaukie Foundation	Hood River Memorial Hospital Foundation	Newberg Health Foundation	Benedictine Nursing Center Foundation	Community Health Foundation	Total
Changes in net assets without donor restrictions:											
Revenues and gains, net of losses:											
Contributions and other	\$ 96	972	931	69	615	29	173	126	89	857	3,957
Investment return, net	34	23,591	25,234	2,060	1,867	823	635	41	220	748	55,253
Change in value of gift annuities and charitable remainder trusts	5	206	603	(6)	251	(27)	6	45	29	43	1,155
Total revenues and gains without donor restrictions	135	24,769	26,768	2,123	2,733	825	814	212	338	1,648	60,365
Support from affiliates	203	474	459	214	326	288	162	252	149	298	2,825
Net assets released from restrictions	210	13,459	7,360	708	1,390	266	36	405	97	599	24,530
Total revenues, gains, and other support without donor restrictions	548	38,702	34,587	3,045	4,449	1,379	1,012	869	584	2,545	87,720
Expenses:											
Fundraising	88	800	203	138	427	114	68	104	52	322	2,316
Management and general	166	564	554	219	215	167	135	185	95	177	2,477
Total expenses	254	1,364	757	357	642	281	203	289	147	499	4,793
Program related distributions:											
Distributions to affiliates for operations	84	12,941	10,646	210	1,684	382	82	255	267	266	26,817
Distributions to affiliates for capital	286	442	2,472	1,075	18	13	—	169	—	377	4,852
Distributions to nonaffiliate organizations	—	87	861	14	13	14	4	1	—	69	1,063
Total distributions	370	13,470	13,979	1,299	1,715	409	86	425	267	712	32,732
Total expenses and program related distributions	624	14,834	14,736	1,656	2,357	690	289	714	414	1,211	37,525
Other activities and transfers	—	(500)	—	—	(7)	—	(1)	—	—	—	(508)
(Decrease) increase in net assets without donor restrictions	(76)	24,368	19,851	1,389	2,099	689	724	155	170	1,334	50,703
Net assets without donor restrictions, beginning of year	772	55,570	155,677	7,704	6,728	3,970	4,688	469	1,753	4,144	241,475
Net assets without donor restrictions, end of year	\$ 696	79,938	175,528	9,093	8,827	4,659	5,412	624	1,923	5,478	292,178
Changes in net assets with donor restrictions:											
Contributions, net	\$ 530	13,645	24,607	1,133	1,525	503	100	497	118	889	43,547
Investment return, net	2	4,702	4,098	583	2,684	458	69	139	105	145	12,985
Change in value of gift annuities and charitable remainder trusts	—	660	172	—	480	30	47	4	1	149	1,543
Net assets released from restrictions	(210)	(13,459)	(7,360)	(708)	(1,390)	(266)	(36)	(405)	(97)	(599)	(24,530)
Other activities and transfers	10	533	85	—	29	—	1	—	(25)	—	633
Increase in net assets with donor restrictions	332	6,081	21,602	1,008	3,328	725	181	235	102	584	34,178
Net assets with donor restrictions, beginning of year	1,082	121,014	96,433	7,439	23,129	4,098	1,701	2,909	1,650	7,368	266,823
Net assets with donor restrictions, end of year	\$ 1,414	127,095	118,035	8,447	26,457	4,823	1,882	3,144	1,752	7,952	301,001
Increase in total net assets	\$ 256	29,449	41,453	2,397	5,413	1,414	903	390	272	1,918	83,865
Net assets, beginning of year	1,854	176,584	252,110	15,143	29,857	8,088	6,389	3,378	3,403	11,512	508,298
Net assets, end of year	\$ 2,110	206,033	293,563	17,540	35,270	9,482	7,292	3,768	3,675	13,430	592,163

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Schedule – Combining Statement of Activities Information

December 31, 2020

(Dollars in thousands)

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