



**PROVIDENCE HEALTH & SERVICES – CALIFORNIA 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 San Fernando and Santa Clarita Valleys Service Areas Foundation  
Providence Little Company of Mary Foundation  
Providence TrinityCare Hospice Foundation  
Providence St. Joseph Health - California Foundations:

### *Opinion*

We have audited the combined financial statements of Providence St. Joseph Health - California Foundations (the Foundation), 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 Foundation as of December 31, 2021 and 2020, and the results of its operations and its 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 Foundation 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 Foundation's 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 Foundation'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 Foundation'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  
June 22, 2022

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

Combined Balance Sheets

December 31, 2021 and 2020

(Dollars in thousands)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 13,930	5,722
Contributions receivable, net of allowance	9,615	10,759
Affiliate receivables	418	56
Other current assets	1,017	4,184
Total current assets	<u>24,980</u>	<u>20,721</u>
Noncurrent assets:		
Investments	206,720	189,783
Contributions receivable, net of current portion	51,751	20,219
Gift annuities and charitable remainder trusts	2,454	2,322
Beneficial interest in remainder trusts	9,957	9,402
Perpetual trust	1,325	1,131
Property, plant, and equipment, net	1,807	1,961
Real estate and other	209	209
Total noncurrent assets	<u>274,223</u>	<u>225,027</u>
Total assets	\$ <u>299,203</u>	\$ <u>245,748</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 72	142
Affiliate payable	532	263
Current obligations under gift annuities	176	176
Other liabilities	380	443
Total current liabilities	<u>1,160</u>	<u>1,024</u>
Noncurrent liabilities:		
Noncurrent obligations under gift annuities and charitable remainder trusts	<u>594</u>	<u>673</u>
Total liabilities	<u>1,754</u>	<u>1,697</u>
Net assets:		
Without donor restrictions	138,279	122,113
With donor restrictions	159,170	121,938
Total net assets	<u>297,449</u>	<u>244,051</u>
Total liabilities and net assets	\$ <u>299,203</u>	\$ <u>245,748</u>

See accompanying notes to combined financial statements.

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA 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:		
Contributions	\$ 3,239	3,500
Investment return, net	13,254	12,460
Change in value of gift annuities and charitable remainder trusts	211	22
Other revenues	<u>514</u>	<u>488</u>
Total revenues and gains without donor restrictions	17,218	16,470
Support from affiliates	10,684	9,238
Net assets released from restrictions	<u>31,019</u>	<u>30,639</u>
Total revenues, gains, and other support without donor restrictions	<u>58,921</u>	<u>56,347</u>
Expenses:		
Fundraising	9,597	7,406
Management and general	<u>1,332</u>	<u>1,922</u>
Total expenses	<u>10,929</u>	<u>9,328</u>
Program related distributions:		
Distributions to affiliates for operations	10,006	11,650
Distributions to affiliates for capital	21,330	23,315
Distributions to nonaffiliate organizations	<u>490</u>	<u>459</u>
Total distributions	<u>31,826</u>	<u>35,424</u>
Total expenses and program related distributions	<u>42,755</u>	<u>44,752</u>
Increase in net assets without donor restrictions	16,166	11,595
Net assets without donor restrictions, beginning of year	<u>122,113</u>	<u>110,518</u>
Net assets without donor restrictions, end of year	\$ <u>138,279</u>	\$ <u>122,113</u>
Changes in net assets with donor restrictions:		
Contributions, net	\$ 62,746	27,459
Investment return, net	4,951	3,290
Change in value of gift annuities and charitable remainder trusts	360	412
Change in value of perpetual trust	194	80
Net assets released from restrictions	<u>(31,019)</u>	<u>(30,639)</u>
Increase in net assets with donor restrictions	37,232	602
Net assets with donor restrictions, beginning of year	<u>121,938</u>	<u>121,336</u>
Net assets with donor restrictions, end of year	<u>159,170</u>	<u>121,938</u>
Increase in total net assets	53,398	12,197
Net assets, beginning of year	<u>244,051</u>	<u>231,854</u>
Net assets, end of year	\$ <u>297,449</u>	\$ <u>244,051</u>

See accompanying notes to combined financial statements.

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA 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	\$ 53,398	12,197
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	(1,504)	(4,883)
Depreciation expense	154	156
Net realized and unrealized gains on investments	(11,700)	(12,199)
Loss on sale of real estate property	—	—
Bad debt provisions	570	818
Donated stock	(10,405)	—
Changes in current and noncurrent assets and liabilities	<u>(28,783)</u>	<u>(2,056)</u>
Net cash provided by (used in) operating activities	<u>1,730</u>	<u>(5,967)</u>
Cash flows from investing activities:		
Sales of investments	52,421	64,324
Purchases of investments	<u>(57,996)</u>	<u>(64,016)</u>
Net cash (used in) provided by investing activities	<u>(5,575)</u>	<u>308</u>
Cash flows from financing activities:		
Proceeds from sale of donated stock	10,743	—
Contributions restricted for long-term purposes	<u>1,310</u>	<u>4,803</u>
Net cash provided by financing activities	<u>12,053</u>	<u>4,803</u>
Increase (decrease) in cash and cash equivalents	8,208	(856)
Cash and cash equivalents, beginning of year	<u>5,722</u>	<u>6,578</u>
Cash and cash equivalents, end of year	\$ <u><u>13,930</u></u>	\$ <u><u>5,722</u></u>
Supplemental disclosures of cash flow information:		
Noncash activities:		
Donated stock	\$ 10,405	—

See accompanying notes to combined financial statements.

## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

### (1) Organization

Providence Health & Services – California Foundations (the Foundations) represent the combined financial statements of the three foundations controlled by Providence Health System – Southern California (the Health System) as follows:

- Providence San Fernando and Santa Clarita Valleys Service Areas Foundation
- Providence Little Company of Mary Foundation
- Providence TrinityCare Hospice Foundation

The Foundations are fundraising organizations that receive and administer funds for charitable, scientific, and educational purposes that are consistent with the mission and purposes of the Health System. The Foundations' purposes include, but are not limited to, supporting health, medical and hospital care, conducting solicitation, providing the receipt and administration of property and the disbursement from time to time of such property and income, primarily to or for the benefit of the divisions of the Health System, including its hospitals and shared services (collectively, the Medical Institutions).

Providence Little Company of Mary Foundation Real Estate Holdings, LLC, which is a wholly owned subsidiary of Providence Little Company of Mary Foundation, holds and manages the real estate properties acquired by Providence Little Company of Mary Foundation through purchase or donation.

Providence TrinityCare Hospice Foundation provides financial support to the hospice programs of Providence TrinityCare Hospice, which is a separate tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code. The hospice programs include, but are not limited to, volunteer, bereavement, pediatric, nursing, palliative care, hospice care, charity care, and community education program expenses.

### (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 Foundation's operations. The extent to which the COVID-19 pandemic impacts the Foundation's 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.

## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

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 donor-imposed restrictions, as follows:

- *Without Donor Restrictions* – Net assets without donor restrictions are resources which are not subject to donor restrictions and over which the Foundations' boards retain control to use funds to achieve the Foundations' purpose.
- *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 board.

### **(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 trust funds, discounts on contributions receivable, and allowances for uncollectible contributions.



**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

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 their 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 Foundation had 99% of cash and cash equivalents and 9% 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 Foundation had 82% of cash and cash equivalents and 23% 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) Property, Plant, and Equipment, Net**

Property, plant, and equipment are reported at cost. Maintenance and repairs are expensed as incurred. Additions which result in betterment of operating performance or increased useful life of the assets are capitalized and depreciated over the expected useful lives of the assets; 3–10 years for equipment and 20 years for buildings.

Major classification of property, plant, and equipment at December 31 is summarized below (dollars in thousands):

	<b>2021</b>	<b>2020</b>
Equipment	\$ 419	419
Land	560	560
Buildings	3,050	3,050
	4,029	4,029
Accumulated depreciation	(2,222)	(2,068)
Property, plant, and equipment, net	\$ 1,807	1,961

**(h) Real Estate and Other**

The Foundations have received donated property and art carried at appraised fair value determined on the date of donation. Also, the Foundations have received donated life insurance policies and pay the premiums to the insurance company. These premiums have been included as expenses in the combined statements of activities.

## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

Notes to Combined Financial Statements

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### **(i) 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 boards of trustees or directors of the individual Foundation, which, as a matter of policy, limit the amounts that may be invested in any one issuer. The credit risk attributed to contributions receivable is limited since amounts are generally due from larger 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 loss 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.

### **(j) 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.

Providence Little Company of Mary Foundation has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income tax as a public charity under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income. The activities of Providence Little Company of Mary Foundation's wholly owned business subsidiary, Providence Little Company of Mary Foundation Real Estate Holding, LLC, generate unrelated business income for the Foundation. However, no unrelated business income taxes were due for 2021 and 2020 related to these activities. Management believes that the Foundation and its related entities are operated in a manner that continues to allow it to be qualified for its tax-exempt status.

### **(k) Subsequent Events**

The Foundations evaluated subsequent events after December 31, 2021 through June 22, 2022 which was the date the combined financial statements were available to be issued.

## **(4) Contributions Receivable**

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 rate 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.

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2021 and 2020

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	\$ 10,596	11,170
One year to five years	41,949	16,733
Thereafter	<u>24,004</u>	<u>9,245</u>
Total contributions receivable	76,549	37,148
Less:		
Discount	(14,202)	(5,759)
Allowance for uncollectible contributions	<u>(981)</u>	<u>(411)</u>
Net contributions receivable	\$ <u><u>61,366</u></u>	\$ <u><u>30,978</u></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 in the combined statements of activities. The Foundations recorded \$570,000 and \$818,000 in bad debt for uncollectible contributions with donor restrictions in 2021 and 2020, respectively. The Foundations recorded no bad debt expense for uncollectible contributions without donor restrictions in 2021 and 2020.

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	\$ 411	411
Write-off of uncollectible accounts, net of recoveries	—	(818)
Provision for bad debts	<u>570</u>	<u>818</u>
Allowance for doubtful accounts, end of year	\$ <u><u>981</u></u>	\$ <u><u>411</u></u>

**(5) Other Current Assets**

In December 2020, the Little Company of Mary Foundation received an estate gift of \$8,000,000, which was recorded as a contribution with donor restrictions in the combined statements of activities. As of December 31, 2020, \$4,000,000 of the gift had been paid by the donor. The remaining \$4,000,000, which was recorded in other current assets on the combined balance sheets at December 31, 2020, was collected during 2021 as expected.

## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

### (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 include 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 include 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 and charitable remainder trusts, beneficial interest in remainder trusts, and the perpetual trust, which are the amounts reported in the combined balance sheets, are estimated based on quoted market prices. 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. The Foundations' investments in real property held within split-interest agreements are classified as Level 3 and are based on appraisals using comparative market data at the date of donation, adjusted for estimated changes to the real estate market at the property location subsequent to the donation date.

Providence San Fernando and Santa Clarita Valleys Service Areas Foundation participates in a fund that are not actively marketed on an open exchange. This investment consists of shares or units in an investment fund as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of this fund, the net asset value (NAV) per share, or its equivalent, reported by the fund manager is used as a practical expedient to estimate the fair value of the foundation's interest therein. Management believes that the carrying amounts of these financial instruments, provided by the fund managers, are reasonable estimates of fair value.

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2021 and 2020

**(a) Investments**

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

	December 31, 2021	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	\$ 5,859	5,859	—	—
Equity securities:				
Domestic	48,356	48,356	—	—
Foreign	2,936	2,936	—	—
Mutual funds	122,188	122,188	—	—
Domestic debt securities:				
State and federal government	5,516	4,079	1,437	—
Corporate and other	18,083	—	18,083	—
Investments measured using NAV	3,782			
Total investments	\$ 206,720			

	December 31, 2020	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	\$ 5,689	5,689	—	—
Equity securities:				
Domestic	38,801	38,801	—	—
Foreign	2,851	2,851	—	—
Mutual funds	115,657	115,657	—	—
Domestic debt securities:				
State and federal government	8,303	4,410	3,893	—
Corporate and other	14,791	—	14,791	—
Investments measured using NAV	3,691			
Total investments	\$ 189,783			

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

	Fair value		Unfunded commitments	Redemption frequency	Redemption notice period
	2021	2020			
Commingled fund	\$ 3,782	3,691	—	Weekly	10 Days

## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

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.

### **(b) Investment Return**

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

	<u>2021</u>	<u>2020</u>
Realized gains on investments, net of losses	\$ 6,993	2,233
Change in unrealized gains, net of losses	4,707	9,966
Interest and dividend income	7,329	4,043
Investment management fees	<u>(824)</u>	<u>(492)</u>
Investment return, net	<u>\$ 18,205</u>	<u>15,750</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 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.

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2021 and 2020

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

	<b>2021</b>		
	<b>Charitable gift annuities</b>	<b>Beneficial interest in remainder trusts</b>	<b>Total</b>
Assets:			
Cash and investments	\$ 2,454	9,957	12,411
Total assets	\$ 2,454	9,957	12,411
Liabilities and net assets:			
Annuities payable	\$ 770	—	770
Net assets	1,684	9,957	11,641
Total liabilities and net assets	\$ 2,454	9,957	12,411
	<b>2020</b>		
	<b>Charitable gift annuities</b>	<b>Beneficial interest in remainder trusts</b>	<b>Total</b>
Assets:			
Cash and investments	\$ 2,322	9,402	11,724
Total assets	\$ 2,322	9,402	11,724
Liabilities and net assets:			
Annuities payable	\$ 849	—	849
Net assets	1,473	9,402	10,875
Total liabilities and net assets	\$ 2,322	9,402	11,724

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA 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	\$ 102	102	—	—
Equity securities	1,562	1,562	—	—
Fixed income securities	790	—	790	—
Beneficial interest in remainder trusts	9,957	—	—	9,957
Perpetual trust	1,325	—	—	1,325
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets held under split-interest agreements	\$ <u>13,736</u>	<u>1,664</u>	<u>790</u>	<u>11,282</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	\$ 119	119	—	—
Equity securities	1,209	1,209	—	—
Fixed income securities	972	—	972	—
Beneficial interest in remainder trusts	9,402	—	—	9,402
Perpetual trust	1,131	—	—	1,131
Other	22	—	22	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets held under split-interest agreements	\$ <u>12,855</u>	<u>1,328</u>	<u>994</u>	<u>10,533</u>



## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

### Notes to Combined Financial Statements

December 31, 2021 and 2020

The following table is a rollforward of the 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	\$ 10,361
Sales	(99)
Unrealized gains, net	<u>271</u>
Fair value December 31, 2020	10,533
Unrealized gains, net	<u>749</u>
Fair value December 31, 2021	<u>\$ 11,282</u>

There were no significant transfers between assets classified as Level 1 and Level 2 during the years ended December 31, 2021 and 2020. Level 3 assets include charitable remainder and perpetual trusts. Fair values of charitable remainder trusts were estimated using an income approach. Fair values of perpetual trusts were estimated using a market approach.

The Foundations are required by regulations of the California Department of Insurance to maintain a reserve fund adequate to meet the future payments under its charitable gift annuity agreements. The minimum balance required in the reserve account was \$885,000 and \$918,000 as of December 31, 2021 and 2020, respectively. 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.

#### **(d) Perpetual Trust**

Perpetual trust represents the Providence San Fernando and Santa Clarita Valleys Service Areas Foundation's beneficial interest in a charitable remainder unitrust. The resources of this trust are neither in the possession nor under the control of the Foundation and are administered by outside trustees. The Foundation derives income and/or a residual interest from the assets. When an irrevocable trust is established or the Foundation is notified of its existence, the Foundation recognizes its beneficial interest in the outside trust as a contribution at fair value, which is measured at the present value of the estimated expected future benefits to be received when the trust assets are distributed. The contribution revenue recognized is classified as an increase in net assets with donor restrictions based on the time or use restrictions placed by the donor upon the Foundation's beneficial interest in the assets.

#### **(7) Transactions with Affiliates**

The Foundations receive support from the Medical Institutions. Affiliate payables represent amounts due for the reimbursement of expenses paid by the Medical Institutions. The Foundations receive employee benefits from the Health System at cost. The Foundations expensed approximately \$964,000 and \$735,000 in 2021 and 2020, respectively, for these services.

## PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2021 and 2020

The Foundations' fundraising and management and general operating expenses are funded by the Medical Institutions. This funding is included in the support from affiliates caption in the accompanying combined statements of activities.

Providence Little Company of Mary Foundation Real Estate Holdings, LLC leases a medical office building to Providence Medical Institute, a nonprofit affiliate of the Health System, under an agreement that runs through 2030. Rental revenue related to the lease, which is included with other revenues in the combined statements of activities, was \$362,000 in 2021 and \$352,000 in 2020.

Future minimum rent receipts are as follows (dollars in thousands):

	<u>Amount</u>
Year ending December 31:	
2022	\$ 370
2023	378
2024	386
2025	395
2026	403
Thereafter	<u>1,257</u>
Total	<u>\$ 3,189</u>

### (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 and have been allocated based upon the estimated level of effort incurred by the Foundations' employees.

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA 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	\$ 4,123	6,257
Purchased services and professional fees	4,841	855
Supplies	9	7
Other expenses	624	287
Total fundraising	<u>9,597</u>	<u>7,406</u>
Management and general:		
Salaries and benefits	869	1,382
Purchased services and professional fees	161	187
Supplies	32	23
Interest and amortization, depreciation, taxes and licenses	154	158
Other expenses	116	172
Total management and general	<u>1,332</u>	<u>1,922</u>
Total supporting activities expenses	10,929	9,328
Program related distributions	<u>31,826</u>	<u>35,424</u>
Total expenses and program related distributions	<u>\$ 42,755</u>	<u>44,752</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 – CALIFORNIA 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:	Endowment:		
Autoimmune Disorder	Kwanyu and Chan Endowment	\$ 4,800	4,684
Cardiovascular, Palliative Care	Hyson Green Endowment	4,555	4,342
Palliative Care	Komatsu Endowed Chair	3,637	3,482
Nursing	Al & Mary Centofante Nursing Education Endowment	2,092	2,092
Cancer Care	Saint Joseph Cancer Center Endowment	1,876	1,866
Nursing	Schneider Endowment	1,777	1,777
Palliative Care	Sr. Landini Endowment	1,395	1,343
General Purpose	J. Bezich Endowment	1,261	1,261
Radiology Services	Lim Family Endowment	1,194	253
Nursing Scholarships	K.M. Baldwin Endowment	996	984
Nursing Scholarships	Little Company of Mary Hospital Auxiliary Endowment	979	979
Neonatal Intensive Care	Joan and Chris W. Caras Endowment	965	965
Palliative Care	Doak Endowment	803	803
Healthy Children, Charity Care	DeMucci Endowment	500	500
Rehabilitation	Stillman F. Sawyer Endowment	500	500
Various	Other Endowments	4,252	4,226
		<u>31,582</u>	<u>30,057</u>
General purpose	Pertusati perpetual trust	1,325	1,131
Subject to the passage of time:			
Split-interest agreements, net		11,641	10,875
Subject to expenditure for specified purposes:			
Program support		84,643	59,103
Charity care		2,465	1,393
Capital assets		27,514	19,379
		<u>114,622</u>	<u>79,875</u>
Total net assets with donor restrictions		\$ <u>159,170</u>	<u>121,938</u>

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2021 and 2020

**(10) Endowments**

The Foundations' endowments consist of 70 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 California 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>2021</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ —	42,579	42,579
Board-designated endowment funds	24,320	—	24,320
Total	\$ 24,320	42,579	66,899

**PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2021 and 2020

	<b>2020</b>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	38,406	38,406
Board-designated endowment funds	19,889	—	19,889
Total	<u>\$ 19,889</u>	<u>38,406</u>	<u>58,295</u>

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

	<b>December 31</b>	
	<u>2021</u>	<u>2020</u>
General use for operations of Medical Centers	\$ 12,950	9,849
Community health	4,575	4,322
Partners for Healthy Kids	5,130	4,155
Capital	910	808
Cardiology and oncology	755	755
Total	<u>\$ 24,320</u>	<u>19,889</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	\$ 17,678	31,126	48,804
Investment return, net	2,211	2,968	5,179
Contributions and other	—	4,757	4,757
Appropriated for expenditure	—	(445)	(445)
Balance as of December 31, 2020	19,889	38,406	58,295
Investment return, net	4,431	3,739	8,170
Contributions and other	—	1,418	1,418
Appropriated for expenditure	—	(984)	(984)
Balance as of December 31, 2021	<u>\$ 24,320</u>	<u>42,579</u>	<u>66,899</u>

**(a) Underwater Endowment Funds**

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 – CALIFORNIA 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 its 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**

Based on board policy, assets classified as donor-restricted endowments according to donor intention are only utilized for current period expenditures to the extent that income and gains on the endowment exceed the original fair value of the donation.

Providence San Fernando and Santa Clarita Valleys Service Areas Foundation has a policy of appropriating up to 90% of its endowment fund's income each year for distribution. In implementing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

Providence Little Company of Mary Foundation has a policy of appropriating for distribution each year an annual target, up to 4% of its long-term investment account, which includes the endowment fund's average fair market value over the prior three years in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## **PROVIDENCE HEALTH & SERVICES – CALIFORNIA FOUNDATIONS**

### Notes to Combined Financial Statements

December 31, 2021 and 2020

Providence TrinityCare Hospice Foundation has a policy of appropriating for distribution each year an annual target, up to 5% of its long-term investment account, which includes the endowment fund's average fair market value over the prior three years in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.



## PROVIDENCE HEALTH &amp; SERVICES – CALIFORNIA FOUNDATIONS

## Schedule – Combining Balance Sheet Information

December 31, 2021

(Dollars in thousands)

<b>Assets</b>	<b>San Fernando and Santa Clarita Valleys Service Areas Foundation</b>	<b>Little Company of Mary Foundation</b>	<b>TrinityCare Hospice Foundation</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,529	9,341	1,060	13,930
Contributions receivable, net of allowance	7,082	640	1,893	9,615
Affiliate receivables	378	40	—	418
Other current assets	—	1,004	13	1,017
Total current assets	<u>10,989</u>	<u>11,025</u>	<u>2,966</u>	<u>24,980</u>
<b>Noncurrent assets:</b>				
Investments	102,385	91,571	12,764	206,720
Contributions receivable, net of current portion	37,479	14,272	—	51,751
Gift annuities and charitable remainder trusts	1,110	1,344	—	2,454
Beneficial interest in remainder trusts	8,939	1,018	—	9,957
Perpetual trust	1,325	—	—	1,325
Property, plant, and equipment, net	1	1,806	—	1,807
Real estate and other	209	—	—	209
Total noncurrent assets	<u>151,448</u>	<u>110,011</u>	<u>12,764</u>	<u>274,223</u>
Total assets	<u>\$ 162,437</u>	<u>121,036</u>	<u>15,730</u>	<u>299,203</u>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 40	32	—	72
Affiliate payables	331	185	16	532
Current obligations under gift annuities	85	91	—	176
Other liabilities	41	336	3	380
Total current liabilities	<u>497</u>	<u>644</u>	<u>19</u>	<u>1,160</u>
<b>Noncurrent liabilities:</b>				
Noncurrent obligations under gift annuities and charitable remainder trusts	<u>402</u>	<u>192</u>	<u>—</u>	<u>594</u>
Total liabilities	<u>899</u>	<u>836</u>	<u>19</u>	<u>1,754</u>
<b>Net assets:</b>				
Without donor restrictions	84,484	48,677	5,118	138,279
With donor restrictions	77,054	71,523	10,593	159,170
Total net assets	<u>161,538</u>	<u>120,200</u>	<u>15,711</u>	<u>297,449</u>
Total liabilities and net assets	<u>\$ 162,437</u>	<u>121,036</u>	<u>15,730</u>	<u>299,203</u>

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES – CALIFORNIA FOUNDATIONS

## Schedule – Combining Balance Sheet Information

December 31, 2020

(Dollars in thousands)

<b>Assets</b>	<b>San Fernando and Santa Clarita Valleys Service Areas Foundation</b>	<b>Little Company of Mary Foundation</b>	<b>TrinityCare Hospice Foundation</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,614	2,225	883	5,722
Contributions receivable, net of allowance	5,341	2,626	2,792	10,759
Affiliate receivables	54	2	—	56
Other current assets	85	4,099	—	4,184
Total current assets	<u>8,094</u>	<u>8,952</u>	<u>3,675</u>	<u>20,721</u>
<b>Noncurrent assets:</b>				
Investments	98,578	79,268	11,937	189,783
Contributions receivable, net of current portion	9,193	11,026	—	20,219
Gift annuities and charitable remainder trusts	1,052	1,270	—	2,322
Beneficial interest in remainder trusts	8,686	716	—	9,402
Perpetual trust	1,131	—	—	1,131
Property, plant, and equipment, net	3	1,958	—	1,961
Real estate and other	209	—	—	209
Total noncurrent assets	<u>118,852</u>	<u>94,238</u>	<u>11,937</u>	<u>225,027</u>
Total assets	<u>\$ 126,946</u>	<u>103,190</u>	<u>15,612</u>	<u>245,748</u>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 94	48	—	142
Affiliate payables	130	117	16	263
Current obligations under gift annuities	85	91	—	176
Other liabilities	120	322	1	443
Total current liabilities	429	578	17	1,024
<b>Noncurrent liabilities:</b>				
Noncurrent obligations under gift annuities and charitable remainder trusts	418	255	—	673
Total liabilities	<u>847</u>	<u>833</u>	<u>17</u>	<u>1,697</u>
<b>Net assets:</b>				
Without donor restrictions	76,641	40,553	4,919	122,113
With donor restrictions	49,458	61,804	10,676	121,938
Total net assets	<u>126,099</u>	<u>102,357</u>	<u>15,595</u>	<u>244,051</u>
Total liabilities and net assets	<u>\$ 126,946</u>	<u>103,190</u>	<u>15,612</u>	<u>245,748</u>

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES – CALIFORNIA FOUNDATIONS

Combining Statements of Activities Information

December 31, 2021

(Dollars in thousands)

	<b>San Fernando and Santa Clarita Valleys Service Areas Foundation</b>	<b>Little Company of Mary Foundation</b>	<b>TrinityCare Hospice Foundation</b>	<b>Total</b>
Changes in net assets without donor restrictions:				
Revenues and gains:				
Contributions	\$ 1,981	904	354	3,239
Investment return, net	5,822	6,750	682	13,254
Change in value of gift annuities and charitable remainder trusts	74	137	—	211
Other revenues	153	361	—	514
Total revenues and gains without donor restrictions	<u>8,030</u>	<u>8,152</u>	<u>1,036</u>	<u>17,218</u>
Support from affiliates	6,050	3,755	879	10,684
Net assets released from restrictions	<u>24,237</u>	<u>5,035</u>	<u>1,747</u>	<u>31,019</u>
Total revenues, gains, and other support without donor restrictions	<u>38,317</u>	<u>16,942</u>	<u>3,662</u>	<u>58,921</u>
Expenses:				
Fundraising	5,701	3,265	631	9,597
Management and general	526	552	254	1,332
Total expenses	<u>6,227</u>	<u>3,817</u>	<u>885</u>	<u>10,929</u>
Program related distributions:				
Distributions to affiliates for operations	2,886	4,542	2,578	10,006
Distributions to affiliates for capital	20,871	459	—	21,330
Distributions to nonaffiliate organizations	490	—	—	490
Total distributions	<u>24,247</u>	<u>5,001</u>	<u>2,578</u>	<u>31,826</u>
Total expenses and program related distributions	<u>30,474</u>	<u>8,818</u>	<u>3,463</u>	<u>42,755</u>
Increase (decrease) in net assets without donor restrictions	<u>7,843</u>	<u>8,124</u>	<u>199</u>	<u>16,166</u>
Net assets without donor restrictions, beginning of year	<u>76,641</u>	<u>40,553</u>	<u>4,919</u>	<u>122,113</u>
Net assets without donor restrictions, end of year	<u>\$ 84,484</u>	<u>48,677</u>	<u>5,118</u>	<u>138,279</u>
Changes in net assets with donor restrictions:				
Contributions, net	\$ 50,749	10,729	1,268	62,746
Investment return, net	638	3,917	396	4,951
Change in value of gift annuities and charitable remainder trusts	252	108	—	360
Change in value of perpetual trust	194	—	—	194
Net assets released from restrictions	<u>(24,237)</u>	<u>(5,035)</u>	<u>(1,747)</u>	<u>(31,019)</u>
Increase (decrease) in net assets with donor restrictions	<u>27,596</u>	<u>9,719</u>	<u>(83)</u>	<u>37,232</u>
Net assets with donor restrictions, beginning of year	<u>49,458</u>	<u>61,804</u>	<u>10,676</u>	<u>121,938</u>
Net assets with donor restrictions, end of year	<u>77,054</u>	<u>71,523</u>	<u>10,593</u>	<u>159,170</u>
Increase (decrease) in total net assets	<u>35,439</u>	<u>17,843</u>	<u>116</u>	<u>53,398</u>
Net assets, beginning of year	<u>126,099</u>	<u>102,357</u>	<u>15,595</u>	<u>244,051</u>
Net assets, end of year	<u>\$ 161,538</u>	<u>120,200</u>	<u>15,711</u>	<u>297,449</u>

See accompanying notes to combined financial statements.

## PROVIDENCE HEALTH &amp; SERVICES – CALIFORNIA FOUNDATIONS

Combining Statements of Activities Information

December 31, 2020

(Dollars in thousands)

	<b>San Fernando and Santa Clarita Valleys Service Areas Foundation</b>	<b>Little Company of Mary Foundation</b>	<b>TrinityCare Hospice Foundation</b>	<b>Total</b>
Changes in net assets without donor restrictions:				
Revenues and gains:				
Contributions	\$ 2,652	533	315	3,500
Investment return, net	6,572	5,456	432	12,460
Change in value of gift annuities and charitable remainder trusts	(5)	27	—	22
Other revenues	135	352	1	488
Total revenues and gains without donor restrictions	<u>9,354</u>	<u>6,368</u>	<u>748</u>	<u>16,470</u>
Support from affiliates	4,936	3,553	749	9,238
Net assets released from restrictions	<u>21,744</u>	<u>7,300</u>	<u>1,595</u>	<u>30,639</u>
Total revenues, gains, and other support without donor restrictions	<u>36,034</u>	<u>17,221</u>	<u>3,092</u>	<u>56,347</u>
Expenses:				
Fundraising	4,307	2,472	627	7,406
Management and general	762	986	174	1,922
Total expenses	<u>5,069</u>	<u>3,458</u>	<u>801</u>	<u>9,328</u>
Program related distributions:				
Distributions to affiliates for operations	3,908	5,595	2,147	11,650
Distributions to affiliates for capital	17,358	5,957	—	23,315
Distributions to nonaffiliate organizations	459	—	—	459
Total distributions	<u>21,725</u>	<u>11,552</u>	<u>2,147</u>	<u>35,424</u>
Total expenses and program related distributions	<u>26,794</u>	<u>15,010</u>	<u>2,948</u>	<u>44,752</u>
Increase (decrease) in net assets without donor restrictions	9,240	2,211	144	11,595
Net assets without donor restrictions, beginning of year	<u>67,401</u>	<u>38,342</u>	<u>4,775</u>	<u>110,518</u>
Net assets without donor restrictions, end of year	<u>\$ 76,641</u>	<u>40,553</u>	<u>4,919</u>	<u>122,113</u>
Changes in net assets with donor restrictions:				
Contributions, net	\$ 8,144	16,598	2,717	27,459
Investment return, net	631	2,403	256	3,290
Change in value of gift annuities and charitable remainder trusts	331	81	—	412
Change in value of perpetual trust	80	—	—	80
Net assets released from restrictions	<u>(21,744)</u>	<u>(7,300)</u>	<u>(1,595)</u>	<u>(30,639)</u>
Increase (decrease) in net assets with donor restrictions	<u>(12,558)</u>	<u>11,782</u>	<u>1,378</u>	<u>602</u>
Net assets with donor restrictions, beginning of year	<u>62,016</u>	<u>50,022</u>	<u>9,298</u>	<u>121,336</u>
Net assets with donor restrictions, end of year	<u>49,458</u>	<u>61,804</u>	<u>10,676</u>	<u>121,938</u>
Increase (decrease) in total net assets	<u>(3,318)</u>	<u>13,993</u>	<u>1,522</u>	<u>12,197</u>
Net assets, beginning of year	<u>129,417</u>	<u>88,364</u>	<u>14,073</u>	<u>231,854</u>
Net assets, end of year	<u>\$ 126,099</u>	<u>102,357</u>	<u>15,595</u>	<u>244,051</u>

See accompanying notes to combined financial statements.