

**ST. AGNES FOUNDATION, INC.**  
Baltimore, Maryland

**FINANCIAL STATEMENTS**  
June 30, 2012 and 2011

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1
<b>FINANCIAL STATEMENTS</b> .....	2
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6



CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

## Independent Auditor's Report

Board of Directors  
St. Agnes Foundation, Inc.  
Baltimore, Maryland

We have audited the accompanying statements of financial position of St. Agnes Foundation, Inc. (the Foundation) as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

Baltimore, Maryland  
August 30, 2012

**FINANCIAL STATEMENTS**

**ST. AGNES FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,266,296	\$ 690,047
Accounts receivable - other	11,816	-
Pledges receivable, net of allowance, unrestricted	161,901	16,324
Pledges receivable, net of allowance, restricted	589,161	345,255
Interest receivable	30,943	35,443
Prepaid expenses	1,000	-
Total current assets	3,061,117	1,087,069
<b>INVESTMENTS</b>	8,894,549	10,417,689
<b>RESTRICTED ASSETS</b>		
Investments restricted by grantor or donor	3,784,767	4,111,959
Long-term pledges receivable, net of discount and allowance	2,263,958	1,005,026
Total restricted assets	6,048,725	5,116,985
<b>TOTAL ASSETS</b>	\$ 18,004,391	\$ 16,621,743
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - St. Agnes HealthCare	\$ 70,281	\$ 49,061
Accounts payable - other	77,717	59,532
Unearned revenue	-	15,000
Total current liabilities	147,998	123,593
<b>NET ASSETS</b>		
Unrestricted net assets	11,218,508	11,035,914
Temporarily restricted net assets:		
Harry & Jeannette Weinberg Endowment	2,691,342	2,901,329
Cardiac access	2,025	2,025
Other	103,459	95,485
Funds for the benefit of SAHC	3,509,105	2,164,778
Total temporarily restricted net assets	6,305,931	5,163,617
Permanently restricted net assets:		
Infinity endowment	331,954	298,619
Total net assets	17,856,393	16,498,150
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 18,004,391	\$ 16,621,743

The accompanying notes are an integral part of the financial statements.

**ST. AGNES FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Years Ended June 30, 2012 and 2011**

	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>								
Contribution revenue:								
Special events revenue	\$ 130,331	\$ 260,931	\$ -	\$ 391,262	\$ 144,941	\$ 252,892	\$ -	\$ 397,833
Annual and planned giving	311,675	-	-	311,675	182,529	-	-	182,529
Capital campaign	-	2,944,411	-	2,944,411	-	1,062,725	-	1,062,725
Other	-	150,298	33,335	183,633	-	115,395	5,052	120,447
Total contribution revenue	442,006	3,355,640	33,335	3,830,981	327,470	1,431,012	5,052	1,763,534
<b>OTHER REVENUE</b>								
Equipment designated by donor for St. Agnes HealthCare	6,900	-	-	6,900	-	-	-	-
Less: Equipment remitted to St. Agnes HealthCare	6,900	-	-	6,900	-	-	-	-
<b>Total Other Revenue</b>	-	-	-	-	-	-	-	-
Investment income:								
Interest and dividend income (net)	151,082	6,472	-	157,554	164,809	10,635	-	175,444
Gain on sale of investments	231,556	26,756	-	258,312	108,808	18,708	-	127,516
Unrealized gain on investments	271,358	60,225	-	331,583	1,134,271	246,855	-	1,381,126
Total investment income	653,996	93,453	-	747,449	1,407,888	276,198	-	1,684,086
Net assets released from restrictions	2,306,779	(2,306,779)	-	-	2,056,336	(2,056,336)	-	-
Total revenues, gains and other support	3,402,781	1,142,314	33,335	4,578,430	3,791,694	(349,126)	5,052	3,447,620
<b>EXPENSES</b>								
Program services:								
Grants	465,859	-	-	465,859	888,418	-	-	888,418
Capital campaign	1,478,995	-	-	1,478,995	1,141,520	-	-	1,141,520
Total program services	1,944,854	-	-	1,944,854	2,029,938	-	-	2,029,938
Costs of direct benefits to donors	123,132	-	-	123,132	171,633	-	-	171,633
Fundraising	889,554	-	-	889,554	563,778	-	-	563,778
Management and general	262,647	-	-	262,647	278,680	-	-	278,680
Total expenses	3,220,187	-	-	3,220,187	3,044,029	-	-	3,044,029
<b>CHANGE IN NET ASSETS</b>	182,594	1,142,314	33,335	1,358,243	747,665	(349,126)	5,052	403,591
<b>NET ASSETS, BEGINNING OF YEAR</b>	11,035,914	5,163,617	298,619	16,498,150	10,288,249	5,512,743	293,567	16,094,559
<b>NET ASSETS, END OF YEAR</b>	\$ 11,218,508	\$ 6,305,931	\$ 331,954	\$ 17,856,393	\$ 11,035,914	\$ 5,163,617	\$ 298,619	\$ 16,498,150

The accompanying notes are an integral part of the financial statements.

**ST. AGNES FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,358,243	\$ 403,591
Adjustments to reconcile change in net unrestricted assets to net cash provided by (used in) operating activities:		
Depreciation expense	-	5,725
Gain on sale of investments	(258,312)	(127,516)
Unrealized gain on investments	(331,583)	(1,381,126)
Effects of changes in operating assets and liabilities:		
Accounts receivable - other	(11,816)	21,326
Pledges receivable	(1,648,415)	315,996
Interest receivable	4,500	(1,779)
Prepaid expenses	(1,000)	-
Accounts payable	39,405	78,100
Unearned revenue	(15,000)	11,000
	<u>(863,978)</u>	<u>(674,683)</u>
Net cash used in operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,841,880)	(4,737,534)
Sales and maturities of investments	4,282,107	3,596,602
	<u>2,440,227</u>	<u>(1,140,932)</u>
Net cash provided by (used in) investing activities		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,576,249</b>	<b>(1,815,615)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>690,047</b>	<b>2,505,662</b>
	<u>690,047</u>	<u>2,505,662</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,266,296</b>	<b>\$ 690,047</b>
	<u>\$ 2,266,296</u>	<u>\$ 690,047</u>

The accompanying notes are an integral part of the financial statements.

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The St. Agnes Foundation, Inc. (the Foundation) is a not-for-profit, nonstock corporation established to solicit, receive, hold, invest, and reinvest gifts and bequests, which are made primarily for the benefit of St. Agnes Health Care (SAHC), including the surrounding communities, in support of SAHC's health-related activities. The Foundation and SAHC are members of Ascension Health, a Catholic, national, multi-unit, not-for-profit corporation. The members of the Foundation Board of Directors are appointed by SAHC. Significant accounting policies followed by the Foundation are presented below.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements, as well as the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents, and they are carried at cost, which approximates fair value.

**Pledges Receivable**

Unconditional promises to give cash and other assets are reported at fair value as pledges receivable at the date the promise is received. Long-term pledges are discounted to net present value, less a provision for pledges considered uncollectible or adjustments, which arise as a result of management review.

**Investments**

Investments are comprised of United States government obligations and equity investments and are carried at fair market value as of the date of the statements of financial position. Changes in fair market value are recognized in the period in which the change occurs in the statements of activities and changes in net assets. Investment income and losses on investments of temporarily restricted assets are added to the appropriate temporarily restricted net assets when restricted as to use by the donor.

The Foundation periodically evaluates whether any declines in the fair market value of investments are other than temporary. Declines in fair market value below cost that are deemed to be other than temporary are recorded as realized losses and are included in "other than temporary impairment of investments" in the accompanying statements of activities and changes in net assets.



**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012 and 2011

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equipment**

Equipment is recorded at cost. The Foundation capitalizes all items over \$10,000 that have a useful life greater than one year. Depreciation is computed utilizing the straight-line method over useful lives of three to five years.

**Net Assets**

*Unrestricted Net Assets*

The Foundation reports contributions received without explicit donor restrictions as unrestricted.

*Temporarily Restricted Net Assets*

The Foundation reports gifts of cash or other assets as temporarily restricted support if the contributions are received with donor stipulations that limit the use of the assets to a particular purpose or designate an affiliated entity as the ultimate beneficiary. The investment income generated from these funds is generally restricted. Any temporary restricted resource that is received and used during the same year is considered an unrestricted resource and is reported as unrestricted support and expense.

*Permanently Restricted Net Assets*

The Foundation reports gifts of cash and other assets as permanently restricted support if contributions are received with donor-imposed restrictions that stipulate that the resources be maintained in perpetuity. The investment income generated from these funds is temporarily restricted until the funds are used as set forth in the endowment agreement.

**Income Taxes**

The Internal Revenue Service (IRS) has ruled that the Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, not subject to tax under current income tax regulations. The Foundation is not a private foundation.

**NOTE 2 – PLEDGES RECEIVABLE**

	<u>2012</u>	<u>2011</u>
Gross pledges receivable	\$ 3,678,842	\$ 1,896,898
Less: discount	340,443	248,681
Less: allowance for uncollectible pledges	<u>323,379</u>	<u>281,612</u>
<b>Net pledges receivable</b>	<b><u>\$ 3,015,020</u></b>	<b><u>\$ 1,366,605</u></b>

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 2 – PLEDGES RECEIVABLE (CONTINUED)**

	<b>2012</b>	<b>2011</b>
Amounts due in:		
Less than one year	\$ 751,062	\$ 361,579
One to five years	2,263,958	1,005,026
<b>Total</b>	<b>\$ 3,015,020</b>	<b>\$ 1,366,605</b>

During 2006, the Foundation began a \$25 million capital campaign. This campaign is to provide resources for the expansion and redevelopment of SAHC. Of the \$3,678,842 gross pledges receivable outstanding at June 30, 2012, \$3,481,122 relates to capital campaign pledges. Of the \$1,896,898 gross pledges receivable outstanding at June 30, 2011, \$1,728,527 relates to capital campaign pledges.

Pledges receivables have been discounted using rates ranging between 3.14% and 4.29% for the year ended June 30, 2012 and between 2.44% and 6.01% for the year ended June 30, 2011.

**NOTE 3 – INVESTMENTS**

Investments are comprised of the following:

	<b>2012</b>		<b>2011</b>	
	<b>Original Cost</b>	<b>Fair Value</b>	<b>Original Cost</b>	<b>Fair Value</b>
Equity securities	\$ 4,971,973	\$ 7,935,647	\$ 6,721,703	\$ 9,367,358
Asset backed securities	2,907,400	3,011,454	2,483,752	2,609,878
U.S. Treasury and corporate obligations	1,628,946	1,732,215	2,484,778	2,552,412
<b>Total</b>	<b>\$ 9,508,319</b>	<b>\$ 12,679,316</b>	<b>\$ 11,690,233</b>	<b>\$ 14,529,648</b>

**NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

ACS 820-10-35-37 establishes a framework for measuring fair value. That framework provides 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows.

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**Level 2** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012 and 2011.

**Investment in Equity Securities**

Equity securities listed or traded on a national market or exchange are valued at the last sales prices, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

**Investment in Asset Backed Securities**

Asset backed securities are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality, and type). The Foundation's investments in asset backed securities consist of U.S. Federal Agency Bonds. Such securities are generally classified within Level 2 of the valuation hierarchy.

**Investment in U.S. Treasury Securities**

U.S. Treasury securities, such as bills, notes, bonds and TIPS, are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type. Such securities are generally classified within Level 2 of the valuation hierarchy.

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012 and 2011

**NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Investment in Corporate Obligations**

Debt securities are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality, and type). The Foundation's investments in debt securities consist of FDIC backed bonds and corporate bonds. Such securities are generally classified within Level 2 of the valuation hierarchy.

The following table presents the Foundation's financial instruments measured at fair value by classification within the fair value hierarchy as of June 30, 2012:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities	\$ 7,935,647	\$ -	\$ -	\$ 7,935,647
Asset backed securities	-	3,011,454	-	3,011,454
U.S. Treasury obligations	-	375,632	-	375,632
Corporate obligations	-	1,356,583	-	1,356,583
<b>Total</b>	<b>\$ 7,935,647</b>	<b>\$ 4,743,669</b>	<b>\$ -</b>	<b>\$ 12,679,316</b>

The following table presents the Foundation's financial instruments measured at fair value by classification within the fair value hierarchy as of June 30, 2011:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities	\$ 9,367,358	\$ -	\$ -	\$ 9,367,358
Asset backed securities	-	2,609,878	-	2,609,878
U.S. Treasury obligations	-	378,740	-	378,740
Corporate obligations	-	2,173,672	-	2,173,672
<b>Total</b>	<b>\$ 9,367,358</b>	<b>\$ 5,162,290</b>	<b>\$ -</b>	<b>\$ 14,529,648</b>

**NOTE 5 – ENDOWMENTS**

**Temporarily and Permanently Restricted Endowments**

The Foundation's endowments consist of approximately \$3 million of funds established for a variety of purposes. These endowments consist of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 5 – ENDOWMENTS (CONTINUED)**

The Foundation's Board of Directors has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard for expenditure as prescribed by Maryland UPMIFA. In accordance with Maryland UPMIFA, the Foundation considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

**Endowment 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 or Maryland UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. As of June 30, 2012, the Foundation did not have any endowment funds with deficiencies.

**Return Objectives and Risk Parameters**

The Foundation's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Additionally, the Foundation is committed to investing in socially responsible companies. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as amounts set aside by the Board of Directors to function as endowments. Under these policies, endowment assets are invested in a manner that is intended to provide long-term growth, interest and dividends. Actual results are compared quarterly to a mix of benchmark indices, such as the Russell 3000 and the S&P 500 indices, to ensure a competitive return on investment.

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 5 – ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The spending policy for each endowment is based upon the donor-specified terms. The Harry and Jeannette Weinberg endowment allows distributions of up to 5% of the average fund principal during the preceding year. In any fiscal year in which the Foundation chooses not to distribute some or all of the distributable amount for that fiscal year, the Foundation is permitted to accumulate and carry-forward the undistributed amounts. Earnings of the fund in excess of amounts distributable shall be retained and added to principal for purposes of preserving and/or enhancing the purchasing power of future permitted distributions. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets.

All income or losses related to the Infinity endowment are classified as unrestricted and used to offset the operating expenses of the Foundation.

**Endowment Net Asset Composition by Type of Fund as of June 30, 2012**

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 2,691,342	\$ 331,954	\$ 3,023,296

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2012**

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning balance	\$ 2,901,329	\$ 298,619	\$ 3,199,948
Investment return:			
Investment income, net of investment expenses	24,774	-	24,774
Realized gains	26,756	-	26,756
Unrealized gains	60,225	-	60,225
Total investment return	<u>111,755</u>	<u>-</u>	<u>111,755</u>
Contributions	-	33,335	33,335
Appropriation of endowment assets for expenditure	<u>(321,742)</u>	<u>-</u>	<u>(321,742)</u>
<b>Endowment net asset, ending balance</b>	<u>\$ 2,691,342</u>	<u>\$ 331,954</u>	<u>\$ 3,023,296</u>

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 5 – ENDOWMENTS (CONTINUED)**

**Endowment Net Asset Composition by Type of Fund as of June 30, 2011**

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 2,901,329</u>	<u>\$ 298,619</u>	<u>\$ 3,199,948</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2011**

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning balance	<u>\$ 2,959,126</u>	<u>\$ 293,567</u>	<u>\$ 3,252,693</u>
Investment return:			
Investment income, net of investment expenses	29,942	-	29,942
Realized gains	18,708	-	18,708
Unrealized gains	<u>246,855</u>	-	<u>246,855</u>
Total investment return	<u>295,505</u>	-	<u>295,505</u>
Contributions	-	5,052	5,052
Appropriation of endowment assets for expenditure	<u>(353,302)</u>	-	<u>(353,302)</u>
<b>Endowment net asset, ending balance</b>	<u><b>\$ 2,901,329</b></u>	<u><b>\$ 298,619</b></u>	<u><b>\$ 3,199,948</b></u>

**NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS**

For the years ended June 30, net assets released from restrictions were expended as follows:

	<u>2012</u>	<u>2011</u>
Grants to SAHC from the Capital Campaign proceeds	\$ 1,254,000	\$ 1,000,000
Capital Campaign (direct costs and allocation of Foundation salaries)	294,298	173,044
Grant to SAHC from Gala proceeds	224,995	141,520
Gala (direct costs)	103,477	155,907
Grants issued from the Weinberg fund	321,743	353,300
Grants issued from other restricted funds	<u>108,266</u>	<u>232,565</u>
<b>Total</b>	<u><b>\$ 2,306,779</b></u>	<u><b>\$ 2,056,336</b></u>

The above expenditures are reflected in program services expenses on the statements of activities and changes in net assets.

**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 7 – RELATED PARTY TRANSACTIONS**

SAHC provides certain administrative and accounting services to the Foundation. The Foundation reimburses SAHC for the actual cost of services provided. For the fiscal years ended June 30, 2012 and 2011, these services totaled approximately \$68,127 and \$49,286, respectively, and are recorded as management and general expenses on the statements of activities and changes in net assets. At June 30, 2012 and 2011, the Foundation has recorded liabilities of \$70,281 and \$49,061, respectively, related to these services as well as other reimbursable salary and benefit costs of Foundation employees paid by SAHC on behalf of the Foundation. Amounts due to SAHC are non interest-bearing and have no set repayment terms.

Additionally, the Foundation makes grants or donations to SAHC from unrestricted funds. During the year ended June 30, 2012, the Foundation did not make any grants to SAHC. The Foundation granted SAHC \$250,000 for capital expenditures for the year ended June 30, 2011.

At June 30, 2012 and 2011, the Foundation held \$3,509,105 and \$2,164,778, respectively, which is designated by the donors to benefit SAHC. These designated funds will be released as contributions are made from the Foundation to SAHC.

**NOTE 8 – GRANTS**

Grant expenditures for the years ended June 30 are comprised of the following:

	<u>2012</u>	<u>2011</u>
Grants from unrestricted funds:		
Grants from unrestricted funds (includes allocation of Foundation salaries for grant administration of \$0 and \$41,281 for 2012 and 2011, respectively)	\$ 35,850	\$ 52,553
Grants to SAHC from unrestricted net assets	-	250,000
Subtotal	<u>35,850</u>	<u>302,553</u>
Grants from restricted funds:		
Grants to SAHC from the Capital Campaign proceeds	1,254,000	1,000,000
Grant to SAHC for the NICU from Gala proceeds	224,995	141,520
Grants issued from the Weinberg fund	321,743	353,300
Grants issued from other restricted funds	108,266	232,565
Subtotal	<u>1,909,004</u>	<u>1,727,385</u>
<b>Total grants</b>	<u>\$ 1,944,854</u>	<u>\$ 2,029,938</u>

**NOTE 9 – CONCENTRATIONS OF CREDIT RISK**

At June 30, 2012, the Foundation maintained all of its cash in two commercial banks. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Total cash held by the banks at June 30, 2012 and 2011 was \$678,451 and \$767,880, respectively.



**ST. AGNES FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**NOTE 10 – RISKS AND UNCERTAINTIES**

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**NOTE 11 – INCOME TAXES**

The Foundation adopted the provisions of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* (FASB ASC 740-10), on July 1, 2009. Management has determined that the Foundation has no material uncertain tax positions that would require recognition under FIN 48. The federal and state income tax returns of the Foundation for 2011, 2010 and 2009 are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**NOTE 12 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through August 30, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to August 30, 2012, that provided additional evidence about conditions that existed at June 30, 2012, have been recognized in the financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2012.