

# **The Bellin Health Foundation, Inc.**

Green Bay, Wisconsin

## **Financial Statements**

Years Ended September 30, 2017 and 2016

# The Bellin Health Foundation, Inc.

## Financial Statements

Years Ended September 30, 2017 and 2016

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## **Independent Auditor's Report**

Board of Directors  
The Bellin Health Foundation, Inc.  
Green Bay, Wisconsin

We have audited the accompanying financial statements of The Bellin Health Foundation, Inc., which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bellin Health Foundation, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Wipfli LLP*

Wipfli LLP

January 30, 2018  
Green Bay, Wisconsin

# The Bellin Health Foundation, Inc.

## Statements of Financial Position

September 30, 2017 and 2016

<i>Assets</i>	<b>2017</b>	<b>2016</b>
Cash	\$ 163,407	\$ 212,398
Investments	714,386	604,961
Interest in charitable lead trust	181,211	195,343
Unconditional promises to give - Net	1,792,395	2,038,358
Assets limited as to use	2,976,929	2,754,342
<b>TOTAL ASSETS</b>	<b>\$ 5,828,328</b>	<b>\$ 5,805,402</b>
<i>Liabilities and Net Assets</i>		
Liabilities:		
Accounts payable - Related party	\$ 742,894	\$ 482,317
Due to third parties	170,978	49,731
Accrued expenses	15,968	23,819
<b>Total liabilities</b>	<b>929,840</b>	<b>555,867</b>
Net assets:		
Unrestricted	255,661	390,210
Temporarily restricted	2,457,094	2,766,530
Permanently restricted	2,185,733	2,092,795
<b>Total net assets</b>	<b>4,898,488</b>	<b>5,249,535</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,828,328</b>	<b>\$ 5,805,402</b>

See accompanying notes to financial statements.

# The Bellin Health Foundation, Inc.

## Statements of Activities

Years Ended September 30, 2017 and 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, gains, and other support:				
Contributions	\$ 335,068	\$ 620,185	\$ 90,988	\$ 1,046,241
Special events	94,723	-	-	94,723
Investment income	247,428	85,133	-	332,561
Gift shop revenue	137,065	-	-	137,065
Change in present value of unconditional promises to give - Net	-	(205,625)	-	(205,625)
Net asset reclassification	-	(1,950)	1,950	-
Net assets released from restrictions	807,179	(807,179)	-	-
<b>Total revenue, gains, and other support</b>	<b>1,621,463</b>	<b>(309,436)</b>	<b>92,938</b>	<b>1,404,965</b>
Expenses:				
Grants	1,042,059	-	-	1,042,059
Salaries and wages	344,049	-	-	344,049
Employee benefits	96,322	-	-	96,322
Special events	94,723	-	-	94,723
Gift shop supplies	74,065	-	-	74,065
Office	44,298	-	-	44,298
Contract services	27,718	-	-	27,718
Repairs and maintenance	175	-	-	175
Leases and rents	636	-	-	636
Engagement and travel	8,283	-	-	8,283
Provision for bad debts	4,138	-	-	4,138
Other	19,546	-	-	19,546
<b>Total expenses</b>	<b>1,756,012</b>	<b>-</b>	<b>-</b>	<b>1,756,012</b>
Change in net assets	(134,549)	(309,436)	92,938	(351,047)
Net assets at beginning	390,210	2,766,530	2,092,795	5,249,535
<b>Net assets at end</b>	<b>\$ 255,661</b>	<b>\$ 2,457,094</b>	<b>\$ 2,185,733</b>	<b>\$ 4,898,488</b>

<b>2016</b>			
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$ 249,072	\$ 915,924	\$ 286,792	\$ 1,451,788
60,123	111,290	-	171,413
187,817	65,401	-	253,218
137,432	-	-	137,432
-	8,100	62,000	70,100
-	-	-	-
426,050	(426,050)	-	-
<b>1,060,494</b>	<b>674,665</b>	<b>348,792</b>	<b>2,083,951</b>
607,890	-	-	607,890
338,781	-	-	338,781
84,089	-	-	84,089
60,123	-	-	60,123
80,506	-	-	80,506
45,359	-	-	45,359
10,425	-	-	10,425
1,485	-	-	1,485
891	-	-	891
15,969	-	-	15,969
1,770	-	-	1,770
16,371	-	-	16,371
<b>1,263,659</b>	<b>-</b>	<b>-</b>	<b>1,263,659</b>
(203,165)	674,665	348,792	820,292
593,375	2,091,865	1,744,003	4,429,243
<b>\$ 390,210</b>	<b>\$ 2,766,530</b>	<b>\$ 2,092,795</b>	<b>\$ 5,249,535</b>

See accompanying notes to financial statements.

# The Bellin Health Foundation, Inc.

## Statements of Cash Flows

Years Ended September 30, 2017 and 2016

	2017	2016
Increase (decrease) in cash:		
Cash flows from operating activities:		
Cash received from public support	\$ 1,236,337	\$ 1,079,365
Cash paid to suppliers	(339,980)	(837,849)
Grants paid	(1,042,059)	(607,890)
Interest and dividends received	64,222	63,714
Net cash used in operating activities	(81,480)	(302,660)
Cash flows from investing activities:		
Purchase of investments and assets limited as to use	(1,648,219)	(1,097,338)
Proceeds from sale of investments and assets limited as to use	1,584,546	1,033,847
Net cash used in investing activities	(63,673)	(63,491)
Net cash provided by financing activities - Contributions restricted for long-term investment	96,162	285,661
Net decrease in cash	(48,991)	(80,490)
Cash at beginning	212,398	292,888
Cash at end	\$ 163,407	\$ 212,398



# The Bellin Health Foundation, Inc.

## Statements of Cash Flows (Continued)

Years Ended September 30, 2017 and 2016

	2017	2016
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (351,047)	\$ 820,292
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in unamortized discount on unconditional promises to give and allowance for uncollectible promises to give	204,950	(73,400)
Provision for bad debts	4,138	1,770
Change in net unrealized gains and losses on investments	(29,711)	(85,455)
Net realized gain on sale of investments	(238,628)	(104,049)
Change in interest of charitable lead trust	14,132	8,218
Contributions restricted for long-term investment	(90,988)	(286,792)
Changes in operating assets and liabilities:		
Unconditional promises to give	31,701	(401,164)
Accounts payable - Related party	260,577	(176,815)
Due to third parties and accrued expenses	113,396	(5,265)
Total adjustments	269,567	(1,122,952)
Net cash used in operating activities	\$ (81,480)	\$ (302,660)

See accompanying notes to financial statements.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Principal Business Activity

The Bellin Health Foundation, Inc. (the “Foundation”) is a nonstock, nonprofit corporation that receives gifts and bequests, raises funds for specific projects or needs, administers and invests funds, and disburses payments to and for the benefit of Bellin Health Systems, Inc. and affiliates and other tax-exempt organizations at the discretion of its Board of Directors (the “Board”). The Foundation also operates coffee and gift shops at Bellin Memorial Hospital, Inc.

Bellin Health Systems, Inc. has the ability to influence the actions of the Foundation since Bellin Health Systems, Inc.’s Board of Directors approves the nominations for the Foundation’s Board. The Foundation is included as a consolidating entity in Bellin Health Systems, Inc.’s consolidated financial statements. The following entities comprise Bellin Health Systems, Inc.:

- Bellin Memorial Hospital, Inc.
- Bellin Psychiatric Center, Inc.
- The Bellin Health Foundation, Inc.
- Bellin College, Inc.
- Lake Michigan Health Care Services, Inc.

A significant portion of funds raised by the Foundation are transferred to affiliates for use as directed by donors.

#### Basis of Presentation

The Foundation follows accounting standards contained in the Financial Accounting Standards Board Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) for nongovernmental entities.

#### Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Classification of Net Assets

Net assets and revenue, expenses, gains, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* of the Foundation are neither temporarily nor permanently restricted by donor-imposed stipulations.
- *Temporarily restricted net assets* are those whose use by the Foundation has been limited by donors to a specific time period or restriction. As the restrictions are met, the temporarily restricted net assets are released and are recognized as unrestricted support. In addition, investment earnings on permanently restricted endowment funds are classified as temporarily restricted net assets until appropriated for expenditure.
- *Permanently restricted net assets* are those amounts contributed by donors with the express intent that the principal be maintained by the Foundation in perpetuity.

#### Investments, Assets Limited as to Use, and Investment Income

Investments, including assets limited as to use, are measured at fair value in the accompanying statements of financial position. Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenue, gains, and other support unless the income or loss is restricted by donor or law. Realized gains or losses are determined by specific identification.

Assets limited as to use include assets set aside to fund restricted donations and amounts designated by the Board to function as endowments.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Beneficial Interest in Charitable Lead Trust**

The Foundation is an income beneficiary of an irrevocable charitable lead trust. The charitable lead trust agreement requires a distribution of 7% of the fair market value of the assets as of the beginning of the year to designated beneficiaries for a period of 15 years beginning December 31, 2014. Revenue and a related asset were recognized at the date the trust was established at an amount equal to the present value of the Foundation's interest in the future cash flows. The asset is adjusted during the term of the trust for changes in the estimate of future benefits based on a discount rate of 4%, and such changes are included as revenue and temporarily restricted net assets, as applicable.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists; therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

#### **Contributions and Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. The Foundation reports contributions as restricted support in temporarily or permanently restricted net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Promises to give funds for property and equipment are released from restrictions when the funds are received and the property and/or equipment is purchased or built.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Contributions and Promises to Give** (Continued)

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contribution revenue over the duration of the promise. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Management individually reviews all past due unconditional promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of the unconditional promises to give is reduced by allowances that reflect management's estimate of uncollectible accounts.

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions whose restrictions have been met in the same reporting period as received are reported as unrestricted contributions in the accompanying financial statements.

#### **Income Taxes**

The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation is also exempt from state income taxes on related income.

#### **Subsequent Events**

Subsequent events have been evaluated through January 30, 2018, which is the date the financial statements were available to be issued.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

### Note 2: Investments, Assets Limited as to Use, and Investment Income (Loss)

#### *Investments*

The composition of investments at September 30 is as follows:

	<b>2017</b>	<b>2016</b>
Cash equivalents	\$ 22,900	\$ 21,137
Fixed income securities	117,834	108,433
Mutual funds	342,574	262,829
Equity securities	231,078	212,562
<b>Total investments</b>	<b>\$ 714,386</b>	<b>\$ 604,961</b>

#### *Assets Limited as to Use*

The composition of assets limited as to use at September 30 is as follows:

	<b>2017</b>	<b>2016</b>
Assets set aside to fund restricted donations:		
Cash equivalents	\$ 91,372	\$ 91,621
Fixed income securities	470,165	471,051
Mutual funds	1,366,883	1,141,770
Equity securities	922,012	923,403
<b>Total assets set aside to fund restricted donations</b>	<b>2,850,432</b>	<b>2,627,845</b>
Board designated:		
Cash equivalents	4,055	4,412
Fixed income securities	20,865	22,675
Mutual funds	60,660	54,961
Equity securities	40,917	44,449
<b>Total board designated</b>	<b>126,497</b>	<b>126,497</b>
<b>Total assets limited as to use</b>	<b>\$ 2,976,929</b>	<b>\$ 2,754,342</b>

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 2: Investments, Assets Limited as to Use, and Investment Income (Continued)

Most long-term investments are held in an investment pool. Investment income is allocated among the various unrestricted, designated, and restricted groups monthly based on the weighted-average balance in each group.

Investments, in general, including those reflected in assets limited as to use, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

#### *Investment Income*

Investment income was comprised of the following for the years ended September 30:

<b>2017</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest and dividend income - Net	\$ 47,782	\$ 16,440	\$ 64,222
Net realized gain on sale of investments	177,541	61,087	238,628
Change in net unrealized gains and losses on investments	22,105	7,606	29,711
<b>Total investment income</b>	<b>\$ 247,428</b>	<b>\$ 85,133</b>	<b>\$ 332,561</b>
<hr/>			
<b>2016</b>			
Interest and dividend income - Net	\$ 47,258	\$ 16,456	\$ 63,714
Net realized gain on sale of investments	77,175	26,874	104,049
Change in net unrealized gains and losses on investments	63,384	22,071	85,455
<b>Total investment income</b>	<b>\$ 187,817</b>	<b>\$ 65,401</b>	<b>\$ 253,218</b>

Interest and dividend income includes investment fees of \$16,903 and \$15,587 as of September 30, 2017 and 2016, respectively.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 3: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash equivalents, consisting of money market funds, are valued using \$1 as the net asset value (NAV). Fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. Equity securities are valued based on quoted market prices. The charitable lead trust is measured at the present value of future cash flows considering estimated future cash flows over the term of the trust agreement and a discount rate based on the risks involved.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

### Note 3: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of September 30 is as follows:

	2017			Total Assets at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 118,327	\$ -	\$ 118,327
Fixed income securities:				
Corporate bonds	-	304,942	-	304,942
Government bonds	-	111,752	-	111,752
Agency bonds	-	79,214	-	79,214
Municipal bonds	-	112,956	-	112,956
Mutual funds:				
Equity funds	1,060,086	-	-	1,060,086
Balanced funds	88,857	-	-	88,857
Fixed income funds	621,174	-	-	621,174
Equity securities:				
Consumer discretionary	141,161	-	-	141,161
Consumer staples	218,504	-	-	218,504
Energy	60,852	-	-	60,852
Financials	223,519	-	-	223,519
Industrials	162,781	-	-	162,781
Information technology	168,604	-	-	168,604
Materials	24,779	-	-	24,779
Utilities	39,470	-	-	39,470
Telecommunication services	153,285	-	-	153,285
Other	1,052	-	-	1,052
Interest in charitable lead trust	-	-	181,211	181,211
<b>Total</b>	<b>\$ 2,964,124</b>	<b>\$ 727,191</b>	<b>\$ 181,211</b>	<b>\$ 3,872,526</b>

Reconciliation of the fair value hierarchy table to the financial statements at September 30, 2017, is as follows:

Investments	\$ 714,386
Interest in charitable lead trust	181,211
Assets limited as to use	2,976,929
<b>Total</b>	<b>\$ 3,872,526</b>

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

### Note 3: Fair Value Measurements (Continued)

	2016			Total Assets at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Money market funds	\$ -	\$ 117,170	\$ -	\$ 117,170
Fixed income securities:				
Corporate bonds	-	303,249	-	303,249
Government bonds	-	95,208	-	95,208
Agency bonds	-	85,562	-	85,562
Municipal bonds	-	118,140	-	118,140
Mutual funds:				
Equity funds	889,971	-	-	889,971
Balanced funds	85,693	-	-	85,693
Fixed income funds	483,896	-	-	483,896
Equity securities:				
Consumer discretionary	173,253	-	-	173,253
Consumer staples	222,523	-	-	222,523
Energy	72,339	-	-	72,339
Financials	208,167	-	-	208,167
Industrials	172,752	-	-	172,752
Information technology	138,344	-	-	138,344
Materials	28,119	-	-	28,119
Utilities	18,307	-	-	18,307
Telecommunication services	146,610	-	-	146,610
Interest in charitable lead trust	-	-	195,343	195,343
<b>Total</b>	<b>\$ 2,639,974</b>	<b>\$ 719,329</b>	<b>\$ 195,343</b>	<b>\$ 3,554,646</b>

Reconciliation of the fair value hierarchy table to the financial statements at September 30, 2016, is as follows:

Investments	\$ 604,961
Interest in charitable lead trust	195,343
Assets limited as to use	2,754,342
<b>Total</b>	<b>\$ 3,554,646</b>

The change in the fair value of the Foundation's assets using significant unobservable inputs (Level 3) represents the change in the calculation of fair market value of the charitable lead trust.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

### Note 4: Unconditional Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates ranging from 1.14% to 1.92%.

Unconditional promises to give are summarized as follows at September 30:

2017	Temporarily Restricted	Permanently Restricted	Total
Unconditional promises to give	\$ 890,898	\$ 1,388,347	\$ 2,279,245
Less:			
Unamortized discount	210,825	273,000	483,825
Allowance for uncollectible promises to give	3,025	-	3,025
Unconditional promises to give - Net	\$ 677,048	\$ 1,115,347	\$ 1,792,395
Amounts due in:			
Less than one year	\$ 524,748	\$ 13,347	\$ 538,095
One to five years	119,482	-	119,482
Greater than five years	32,818	1,102,000	1,134,818
Totals	\$ 677,048	\$ 1,115,347	\$ 1,792,395
2016			
Unconditional promises to give	\$ 937,085	\$ 1,383,173	\$ 2,320,258
Less:			
Unamortized discount	5,200	273,000	278,200
Allowance for uncollectible promises to give	3,700	-	3,700
Unconditional promises to give - Net	\$ 928,185	\$ 1,110,173	\$ 2,038,358
Amounts due in:			
Less than one year	\$ 778,095	\$ 8,173	\$ 786,268
One to five years	133,090	-	133,090
Greater than five years	17,000	1,102,000	1,119,000
Totals	\$ 928,185	\$ 1,110,173	\$ 2,038,358

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 5: Net Assets

Unrestricted net assets consisted of the following at September 30:

	<b>2017</b>	<b>2016</b>
Undesignated net assets	\$ 129,164	\$ 263,713
Board-designated net assets	126,497	126,497
<b>Total unrestricted net assets</b>	<b>\$ 255,661</b>	<b>\$ 390,210</b>

The Board has designated a portion of unrestricted net assets as an endowment fund.

Temporarily restricted net assets at September 30 were restricted for the following purposes:

	<b>2017</b>	<b>2016</b>
Bellin Memorial Hospital, Inc. capital projects	\$ 826,850	\$ 861,554
Bellin Memorial Hospital, Inc. services	1,039,615	1,302,584
Scholarships	233,116	201,490
Patient assistance	284,512	328,789
Employee assistance	73,001	72,113
<b>Total temporarily restricted net assets</b>	<b>\$ 2,457,094</b>	<b>\$ 2,766,530</b>

In 2017 and 2016, temporarily restricted net assets of \$807,179 and \$426,050, respectively, were used for the purpose as intended by donors. Accordingly, these amounts were released from the temporarily restricted fund to the unrestricted fund in the accompanying statements of activities.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

### Note 5: Net Assets (Continued)

Permanently restricted net assets at September 30 were restricted to:

	2017	2016
Investments in perpetuity, the income from which is expendable to support:		
Scholarships	\$ 338,430	\$ 252,887
Health care services	1,000	1,000
Employee training and development	719,303	711,908
Support of Bellin Memorial Hospital, Inc.	1,127,000	1,127,000
<b>Total permanently restricted net assets</b>	<b>\$ 2,185,733</b>	<b>\$ 2,092,795</b>

### Note 6: Contributions and Special Events Revenue

The Foundation raised the following amounts during the years ended September 30:

	2017	2016
Contributions:		
Total amounts raised	\$ 1,087,569	\$ 1,469,028
Amounts designated by donors for specific organizations	(41,328)	(17,240)
<b>Total contributions</b>	<b>\$ 1,046,241</b>	<b>\$ 1,451,788</b>

The Foundation received approximately 13% of its total contributions from one contributor in 2017 and approximately 34% from one contributor in 2016.

The Foundation raised the following amounts through special events during the years ended September 30:

	2017	2016
Special events:		
Total amounts raised	\$ 214,529	\$ 171,413
Amounts designated by donors for specific organizations	(119,806)	-
<b>Total special events</b>	<b>\$ 94,723</b>	<b>\$ 171,413</b>

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 7: Endowments

The Foundation's endowments consist of different funds established to benefit the Foundation for a variety of purposes. The Foundation's endowments include both donor-restricted endowments and funds designated by the Board to function as endowments or quasi-endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Donor-Restricted Endowments

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Foundation to preserve the fair value of the donor's original gift, as of the date of the gift, absent any 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 the donor's gifts to the permanently restricted endowment, (b) the original value of a donor's subsequent gifts to the permanently restricted endowment, and (c) accumulations to the permanently restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment income 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 Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Foundation's investment policies.

#### Board-Designated Endowment

The Board has set aside certain unrestricted net assets for endowment purposes. Since these amounts are not restricted by the donor but are restricted only by Board policy, the amounts have been classified as unrestricted net assets. The Board may designate additional amounts from time to time to be added to the board-designated endowment fund.

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 7: Endowments (Continued)

#### Investment Return Objectives, Risk Parameters, and Strategies

The Foundation 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 preserve the fair value of the endowment assets. Under the Foundation's investment policy, as approved by the Board, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure any risk assumed is commensurate with the given investment vehicle and the Foundation's objectives.

To achieve its investment goals, the Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal, while exercising risk control. The Foundation's asset allocations include a blend of equity and debt securities and cash equivalents.

Endowment net assets consisted of the following at September 30:

<b>2017</b>	<b>Board Designated</b>	<b>Donor Restricted</b>	<b>Total</b>
Net assets:			
Unrestricted	\$ 126,497	\$ -	\$ 126,497
Temporarily restricted	-	229,102	229,102
Permanently restricted	-	2,185,733	2,185,733
<b>Total</b>	<b>\$ 126,497</b>	<b>\$ 2,414,835</b>	<b>\$ 2,541,332</b>

<b>2016</b>	<b>Board Designated</b>	<b>Donor Restricted</b>	<b>Total</b>
Net assets:			
Unrestricted	\$ 126,497	\$ -	\$ 126,497
Temporarily restricted	-	175,256	175,256
Permanently restricted	-	2,092,795	2,092,795
<b>Total</b>	<b>\$ 126,497</b>	<b>\$ 2,268,051</b>	<b>\$ 2,394,548</b>

# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

### Note 7: Endowments (Continued)

Changes in endowment funds were as follows for the years ended September 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2015	\$ 101,497	\$ 127,182	\$ 1,744,003	\$ 1,972,682
Investment return:				
Investment income	-	43,310	-	43,310
Unrealized gain	-	22,091	-	22,091
Total investment return	-	65,401	-	65,401
Appropriation of endowment assets for expenditures	-	(17,327)	-	(17,327)
Contributions	25,000	-	348,792	373,792
Endowment net assets at September 30, 2016	126,497	175,256	2,092,795	2,394,548
Investment return:				
Investment income	-	75,830	-	75,830
Unrealized gain	-	9,303	-	9,303
Total investment return	-	85,133	-	85,133
Appropriation of endowment assets for expenditures	-	(31,287)	-	(31,287)
Contributions and net asset reclassification	-	-	92,938	92,938
Endowment net assets at September 30, 2017	\$ 126,497	\$ 229,102	\$ 2,185,733	\$ 2,541,332

### Note 8: Retirement Plan

Bellin Memorial Hospital, Inc. has a defined contribution retirement plan (the "Plan") covering all eligible employees. The Foundation's employees are covered under the Plan. The Plan provides for a discretionary matching contribution that is determined by the Board. The Foundation expensed \$18,138 and \$17,929 in 2017 and 2016, respectively, related to the Plan.



# The Bellin Health Foundation, Inc.

## Notes to Financial Statements

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### Note 9: Concentration of Credit Risk

The Foundation maintains depository relationships with area financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Depository accounts at these institutions are insured by the FDIC up to \$250,000. At September 30, 2017, there were no amounts in excess of the FDIC-insured limits. In addition, other investments held by financial institutions are uninsured. Management believes these financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

### Note 10: Related-Party Transactions

The Foundation made the following grants to related parties during the years ended September 30:

	2017	2016
Bellin Memorial Hospital, Inc.	\$ 956,582	\$ 554,562
Bellin College, Inc.	19,000	11,000
Total grants to related parties	\$ 975,582	\$ 565,562

The Foundation reimburses Bellin Memorial Hospital, Inc. for various management, general, and fund-raising expenses. These expenses totaled \$709,815 and \$654,000 for the years ended September 30, 2017 and 2016, respectively, included in expenses in the accompanying statements of activities. At September 30, 2017 and 2016, \$742,894 and \$482,317, respectively, was payable to Bellin Memorial Hospital, Inc. for payment of such services.

### Note 11: Functional Expenses

The Foundation's expenses by functional categories are as follows for the years ended September 30:

	2017	2016
Program services - Grants	\$ 1,042,059	\$ 607,890
Coffee and gift shop activities	145,509	141,324
Management and general	209,117	213,068
Fund-raising	359,327	301,377
Total expenses	\$ 1,756,012	\$ 1,263,659