



**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 2900  
1918 Eighth Avenue  
Seattle, WA 98101

## Independent Auditors' Report

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

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

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

### *Opinion*

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



*Other Matter*

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

*KPMG LLP*

Seattle, Washington  
October 5, 2021

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Balance Sheets

December 31, 2020 and 2019

(Dollars in thousands)

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Statements of Activities

Years ended December 31, 2020 and 2019

(Dollars in thousands)

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

See accompanying notes to combined financial statements.

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Combined Statements of Cash Flows

Years ended December 31, 2020 and 2019

(Dollars in thousands)

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

See accompanying notes to combined financial statements.

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

### (1) Organization

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

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

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

### (2) COVID-19

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

### (3) Summary of Significant Accounting Policies

#### (a) Basis of Presentation

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

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Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

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

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

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

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

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

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

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



## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

### **(f) Liquidity**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

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

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

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

**(5) Education Loans Receivable**

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

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

### Notes to Combined Financial Statements

December 31, 2020 and 2019

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

#### **(6) Fair Value Measurements**

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

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

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

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

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

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Notes to Combined Financial Statements

December 31, 2020 and 2019

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

**(a) Investments**

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

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

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

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

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

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

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

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

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

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

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

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

### (b) *Investment Return*

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

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

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

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

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



**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

### Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

#### (7) Transactions with Affiliates

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

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

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

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

#### (8) Functional Expenses

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

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

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

**(10) Endowments**

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

*Interpretation of Relevant Law*

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

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

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

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

**PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS**

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

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

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

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

**(a) Funds with Deficiencies**

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

## PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Notes to Combined Financial Statements

December 31, 2020 and 2019

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

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

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

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

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

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

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

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



PROVIDENCE HEALTH & SERVICES – OREGON FOUNDATIONS

Schedule – Combining Balance Sheet Information

December 31, 2020

(Dollars in thousands)

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

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Balance Sheet Information

December 31, 2019

(Dollars in thousands)

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

See accompanying independent auditors' report.

## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Statement of Activities Information

December 31, 2020

(Dollars in thousands)

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

See accompanying notes to combined financial statements.

## PROVIDENCE HEALTH &amp; SERVICES – OREGON FOUNDATIONS

Schedule – Combining Statement of Activities Information

December 31, 2019

(Dollars in thousands)

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

See accompanying notes to combined financial statements.