

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

ST. JOSEPH'S HOSPITAL OF TAMPA FOUNDATION, INC.

December 31, 2015 and 2014

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**RIVERO, GORDIMER & COMPANY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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American Institute of Certified Public Accountants  
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
St. Joseph's Hospital of Tampa Foundation, Inc.

We have audited the accompanying financial statements of St. Joseph's Hospital of Tampa Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses, for the years then ended, and the related notes to the financial statements.

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

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 of America. 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 St. Joseph's Hospital of Tampa Foundation, Inc. as of December 31, 2015 and 2014, 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 of America.

*Bucio, Gordinier & Company, P.A.*

Tampa, Florida  
May 17, 2016

St. Joseph's Hospital of Tampa Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents (notes A7 and G)	\$ 1,191,201	\$ 1,078,837
Pledges receivable, net (note D)	2,267,316	2,318,977
Investments, at market (notes A4, A7, B and C)	16,106,219	16,482,970
Prepaid and other	8,579	82,416
Leasehold improvements and equipment, net of accumulated depreciation (notes A5 and E)	<u>20,309</u>	<u>19,779</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,593,624</u></b>	<b><u>\$ 19,982,979</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Accrued expenses	\$ 96,475	\$ 109,323
Due to St. Joseph's Health Care Center, Inc. (note F)	1,667,727	1,461,266
Gift annuities payable (note G)	<u>107,377</u>	<u>113,929</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,871,579</u></b>	<b><u>1,684,518</u></b>
<b>NET ASSETS (note A2)</b>		
Unrestricted	5,944,104	6,790,560
Temporarily restricted (note J)	11,537,941	11,267,901
Permanently restricted (note M)	<u>240,000</u>	<u>240,000</u>
	<u>17,722,045</u>	<u>18,298,461</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,593,624</u></b>	<b><u>\$ 19,982,979</u></b>

The accompanying notes are an integral part of these statements.

St. Joseph's Hospital of Tampa Foundation, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Contributions	\$ 616,034	\$ 1,585,095	\$ -	\$ 2,201,129
Special events, net of \$353,321 of direct expenses (note K)	-	405,036	-	405,036
Investment returns, realized and unrealized (note B)	(377,061)	-	-	(377,061)
Total public support and revenue	238,973	1,990,131	-	2,229,104
Net assets released from restrictions	1,720,091	(1,720,091)	-	-
Total public support, revenue and net assets released from restrictions	1,959,064	270,040	-	2,229,104
Expenses				
Charitable allocations				
St. Joseph's Children's Hospital	546,050	-	-	546,050
St. Joseph's Hospital	926,603	-	-	926,603
St. Joseph's Women's Hospital	48,227	-	-	48,227
Communications and Outreach	167,199	-	-	167,199
Total charitable allocations	1,688,079	-	-	1,688,079
Supporting services				
Management and general	393,349	-	-	393,349
Fundraising	724,092	-	-	724,092
Total supporting services	1,117,441	-	-	1,117,441
Total expenses	2,805,520	-	-	2,805,520
Change in net assets	(846,456)	270,040	-	(576,416)
Net assets at beginning of year	6,790,560	11,267,901	240,000	18,298,461
Net assets at end of year	\$ 5,944,104	\$ 11,537,941	\$ 240,000	\$ 17,722,045

The accompanying notes are an integral part of this statement.

St. Joseph's Hospital of Tampa Foundation, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Contributions	\$ 511,802	\$ 1,271,578	\$ 200,000	\$ 1,983,380
Special events, net of \$351,463 of direct expenses (note K)	215,673	173,542	-	389,215
Investment returns, realized and unrealized (note B)	829,820	-	-	829,820
Total public support and revenue	1,557,295	1,445,120	200,000	3,202,415
Net assets released from restrictions	1,439,880	(1,439,880)	-	-
Total public support, revenue and net assets released from restrictions	2,997,175	5,240	200,000	3,202,415
Expenses				
Charitable allocations				
St. Joseph's Children's Hospital	234,937	-	-	234,937
St. Joseph's Hospital	531,470	-	-	531,470
St. Joseph's Women's Hospital	648,682	-	-	648,682
Communications and Outreach	192,151	-	-	192,151
Total charitable allocations	1,607,240	-	-	1,607,240
Supporting services				
Management and general	379,902	-	-	379,902
Fundraising	757,180	-	-	757,180
Total supporting services	1,137,082	-	-	1,137,082
Total expenses	2,744,322	-	-	2,744,322
Change in net assets	252,853	5,240	200,000	458,093
Net assets at beginning of year	6,537,707	11,262,661	40,000	17,840,368
Net assets at end of year	\$ 6,790,560	\$ 11,267,901	\$ 240,000	\$ 18,298,461

The accompanying notes are an integral part of this statement.

St. Joseph's Hospital of Tampa Foundation, Inc.

STATEMENTS OF CASH FLOWS

For the year ended December 31,

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (576,416)	\$ 458,093
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	3,921	2,839
Net realized and unrealized loss (gain) from investments	376,751	(829,458)
Decrease (increase) in pledges receivable	51,662	(41,540)
Decrease (increase) in prepaid and other current assets	73,837	(42,642)
Contributions restricted for long term investment	-	(200,000)
Increase (decrease) in due to affiliate	206,461	(206,902)
(Decrease) increase in accrued expenses, deferred revenue and other liabilities	(12,849)	14,311
Other changes to liability for charitable gift annuities	4,452	4,452
Total adjustments	<u>704,234</u>	<u>(1,298,940)</u>
Net cash provided (used) by operating activities	<u>127,819</u>	<u>(840,847)</u>
Cash flows from investing activities		
Purchase of leasehold improvements and other equipment	(4,451)	(13,680)
Sale of investment, net	-	700,000
Net cash (used) provided by investing activities	<u>(4,451)</u>	<u>686,320</u>
Cash flows from financing activities		
Contributions restricted for long term investment	-	200,000
Payments to annuitants	(11,004)	(11,004)
Net cash (used) provided by financing activities	<u>(11,004)</u>	<u>188,996</u>
Net change in cash and cash equivalents	112,364	34,469
Cash and cash equivalents at beginning of year	<u>1,078,837</u>	<u>1,044,368</u>
Cash and cash equivalents at end of year	<u>\$ 1,191,201</u>	<u>\$ 1,078,837</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.



St. Joseph's Hospital of Tampa Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2015

	Allocations to St. Joseph's Hospital	Management & General	Fundraising	Total
Operating expenses				
Program allocations	\$ 1,520,880	\$ -	\$ -	\$1,520,880
Outreach	37,156	-	-	37,156
Employee compensation	130,043	203,268	482,424	815,735
Donor relations	-	-	19,117	19,117
Purchased services	-	1,506	101,053	102,559
Marketing	-	-	10,024	10,024
Office expenses	-	10,894	14,920	25,814
Accounting and consulting fees	-	20,800	60,698	81,498
Occupancy	-	149,811	3,510	153,321
Dues and licenses	-	1,893	1,894	3,787
Education and meetings	-	3,574	-	3,574
Travel	-	35	176	211
Bad debts	-	-	27,923	27,923
Depreciation	-	1,568	2,353	3,921
Total operating expenses	<u>\$ 1,688,079</u>	<u>\$ 393,349</u>	<u>\$ 724,092</u>	<u>\$2,805,520</u>

For the year ended December 31, 2014

	Allocations to St. Joseph's Hospital	Management & General	Fundraising	Total
Operating expenses				
Program allocations	\$ 1,415,089	\$ -	\$ -	\$1,415,089
Employee compensation	163,157	187,628	495,292	846,077
Donor relations	18,595	-	33,099	51,694
Board relations	-	-	1,388	1,388
Volunteer relations	4,849	-	-	4,849
Purchased services	2,990	1,720	97,523	102,233
Marketing	-	-	8,367	8,367
Office expenses	2,179	12,056	16,495	30,730
Accounting and consulting fees	-	41,928	58,386	100,314
Occupancy	-	130,092	8,251	138,343
Dues and licenses	-	1,790	1,790	3,580
Education and meetings	-	2,965	-	2,965
Travel	381	586	477	1,444
Bad debts	-	-	34,410	34,410
Depreciation	-	1,137	1,702	2,839
Total operating expenses	<u>\$ 1,607,240</u>	<u>\$ 379,902</u>	<u>\$ 757,180</u>	<u>\$2,744,322</u>

The accompanying notes are an integral part of these statements.

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

St. Joseph's Hospital of Tampa Foundation, Inc. (the "Foundation") is a controlled affiliate of St. Joseph's Health Care Center, Inc. ("St. Joseph's Hospitals"). The Foundation is a charitable foundation that develops, secures and manages philanthropic gifts for the sole benefit of St. Joseph's Hospital, St. Joseph's Children's Hospital, St. Joseph's Women's Hospital, St. Joseph's Hospital – North and St. Joseph's Hospital – South through a full array of philanthropic opportunities, ranging from annual gifts, planned giving, special events and memberships.

2. Basis of Accounting

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole, and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into three self-balancing net asset groups as follow:

- Permanently Restricted - net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.
- Temporarily Restricted Net Assets - net assets subject to donor-imposed stipulations that may or will be met by either actions of the Foundation and/or the passage of time.
- Unrestricted Net Assets - net assets that are not temporarily restricted as described above.

Contributions received and unconditional promises to give are measured at their fair values at the date of contribution and are reported as increases in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are designated for future periods. Temporarily restricted net assets are reclassified to unrestricted net assets when the restriction expires. Accordingly, the financial statements classify all net assets as unrestricted except those that involve a donor restriction which are classified as temporarily restricted.

3. Liquidity

Assets are presented in the accompanying Statement of Financial Position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Investments

Investments are stated at fair value based upon quoted market prices.

5. Leasehold Improvements and Equipment

Leasehold improvements and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives, three to ten years, of the respective assets. The Foundation capitalizes asset acquisitions exceeding \$2,500 individually or group purchases exceeding \$10,000.

6. Income Taxes

The Foundation has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. Accordingly, no provision for income taxes has been presented in these financial statements. The Foundation has not reported any unrelated business income; however, such status is subject to final determination upon examination, if any, of the related income tax returns by the appropriate taxing authorities.

The Foundation is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2011 remain subject to examination by federal and state taxing authorities.

7. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and money market accounts.

8. Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and operating expenses and to disclose contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

9. Contributed Services

A substantial number of volunteers have contributed significant amounts of time and services to the Foundation's fundraising activities. However, these services have not been recognized in the financial statements since they do not meet the requirements of Statement of FASB ASC 958 - 605.

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the accompanying Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supportive services benefited.

NOTE B - INVESTMENTS

Investments consist of the following at December 31,:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 37,462	\$ 16,880
Domestic equity funds	4,916,242	4,939,953
International equity funds	4,577,400	4,897,347
Fixed income	<u>6,575,115</u>	<u>6,628,790</u>
Total	<u>\$ 16,106,219</u>	<u>\$ 16,482,970</u>

Investment income consists of the following at December 31,:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 368,484	\$ 378,391
Realized gains	395,408	678,158
Unrealized losses	(1,088,663)	(173,400)
Investment fees	<u>(52,290)</u>	<u>(53,329)</u>
	<u>\$ (377,061)</u>	<u>\$ 829,820</u>

NOTE C - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board *Accounting Standards Codification* 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE C - FAIR VALUE MEASUREMENTS - Continued

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for that asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
  - If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for significant assets and liabilities measured at fair value at December 31, 2014 and 2013:

*Money market funds and certificates of deposits:* Consist of cash deposits with financial institutions and money market funds. The Foundation uses quoted market prices of identical assets on active exchanges, or Level 1 measurements.

*Investments:* Primarily consist of domestic equity, international equity, and fixed income funds. The Foundation uses quoted market prices of identical assets on active exchanges, or Level 1 measurements.

*Charitable Gift Annuities:* The liability is valued based upon the annuitants' projected life expectancy, annuity payments, the Foundation's expected rate of return, and other unobservable inputs or Level 3 measurements.

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE C - FAIR VALUE MEASUREMENTS - Continued

The methods described above may produce a fair value calculation that may not be indicative of the 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 following tables set forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of:

<u>December 31, 2015</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
<b>Assets</b>				
Money market funds	\$ 37,462	\$ 37,462	\$ -	\$ -
Government and agency bond funds	-	-	-	-
High yield bond funds	-	-	-	-
Corporate bond funds	2,511,407	2,511,407	-	-
International bonds	1,286,064	1,286,064	-	-
Hedging bonds	1,664,651	1,664,651	-	-
Unconstrained bonds	1,125,889	1,125,889	-	-
Domestic equity funds	4,903,346	4,903,346	-	-
International equity funds	4,577,400	4,577,400	-	-
<b>Total</b>	<u>\$ 16,106,219</u>	<u>\$ 16,106,219</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>				
Charitable gift annuities	<u>\$ 107,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,377</u>
<u>December 31, 2014</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
<b>Assets</b>				
Money market funds	\$ 31,260	\$ 31,260	\$ -	\$ -
Government and agency bond funds	819,615	819,615	-	-
High yield bond funds	-	-	-	-
Corporate bond funds	2,531,651	2,531,651	-	-
International bonds	1,287,167	1,287,167	-	-
Hedging bonds	830,096	830,096	-	-
Unconstrained bonds	1,145,881	1,145,881	-	-
Domestic equity funds	4,939,953	4,939,953	-	-
International equity funds	4,897,347	4,897,347	-	-
<b>Total</b>	<u>\$ 16,482,970</u>	<u>\$ 16,482,970</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>				
Charitable gift annuities	<u>\$ 113,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,929</u>

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE C - FAIR VALUE MEASUREMENTS - Continued

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on Level 3 assets and liabilities represent only a portion of the risk to market fluctuations in the balance sheet.

The following table illustrates a roll forward for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2015 and 2014:

Liabilities	Charitable Gift Annuities
Balance at December 31, 2013	\$ 120,481
Payments to annuitant	(11,004)
Obligations terminated due to death of annuitant	-
Proceeds from new annuitants	-
Change in value of charitable gift annuity	4,452
Balance at December 31, 2014	113,929
Payments to annuitant	(11,004)
Obligations terminated due to death of annuitant	-
Proceeds from new annuitants	-
Change in value of charitable gift annuity	4,452
Balance at December 31, 2015	<u>\$ 107,377</u>

NOTE D - PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give by donors. Pledges that are expected to be collected after one year have been discounted at 4% and are reflected in the financial statements at their net present value.

Pledges receivable consisted of the following at December 31,:

	2015	2014
Total pledges	\$ 2,504,261	\$ 2,573,680
Less: allowance for uncollectible pledges	(53,970)	(53,547)
unamortized discount for present value	<u>(182,975)</u>	<u>(201,156)</u>
Net pledges receivable	<u>\$ 2,267,316</u>	<u>\$ 2,318,977</u>

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE D - PLEDGES RECEIVABLE - Continued

Pledges receivable expected to be collected after December 31, 2015 are as follows:

<u>Year ending December 31,</u>	
2016	\$ 1,306,030
2017	567,883
2018	338,350
2019	185,998
2020	26,000
2021 and after	<u>80,000</u>
	2,504,261
Less allowance for uncollectible pledges and unamortized discount	<u>(236,945)</u>
	<u><u>\$ 2,267,316</u></u>

NOTE E - LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment at December 31, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 77,899	\$ 77,899
Equipment	74,405	69,954
	<u>152,304</u>	<u>147,853</u>
Less accumulated depreciation	<u>(131,995)</u>	<u>(128,074)</u>
	<u><u>\$ 20,309</u></u>	<u><u>\$ 19,779</u></u>

NOTE F - RELATED-PARTY TRANSACTIONS

Through a joint operating agreement, St. Joseph's Hospital is a member of BayCare Health System (BayCare). BayCare provides certain centralized services to system members. As a fully consolidated entity of St. Joseph's Hospitals, these services are also provided to the Foundation. The Foundation is assessed for accounts payable processing, employee salaries, benefits and other services provided by BayCare. The net payable from the Foundation was \$1,667,727 and \$1,461,266 as of December 31, 2015 and 2014, respectively.



St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE G - CHARITABLE GIFT ANNUITIES

The Foundation's assets include charitable gift annuities which are irrevocable gifts whereby the Foundation agrees in turn to pay a life annuity to a donor. Under those split-interest agreements, the contributed funds and the related liability become part of the assets and liabilities of the Foundation, subject to the Foundation maintaining an actuarial reserve. The Foundation has cash of \$135,242 and \$146,044 and a related liability of \$107,337 and \$113,929 at December 31, 2015 and 2014, respectively, which represents the charitable gift annuities.

NOTE H - RETIREMENT PLAN

The Foundation participates in a defined contribution plan that covers substantially all employees who meet certain service requirements. Contributions are determined at the discretion of BayCare's benefits program. The total retirement expense for the plan for the years ended December 31, 2015 and 2014 was \$29,992 and \$29,540, respectively.

NOTE I - COMMITMENTS

The Foundation conducts its operations in leased facilities under what is classified as an operating lease. The following is a schedule of approximate minimum lease payments under the operating lease:

<u>Year ending December 31,</u>	
2016	\$ 121,800
2017	121,800
2018	<u>81,300</u>
	<u>\$ 324,900</u>

The Foundation's rent expense for each of the years ended December 31, 2015 and 2014 was approximately \$122,000.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Foundation. The net assets are then released and reclassified to unrestricted support when they are expended.

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE J - TEMPORARILY RESTRICTED NET ASSETS - Continued

Temporarily restricted net assets consisted of the following balances at December 31,:

	<u>2015</u>	<u>2014</u>
St. Joseph's Hospital	\$ 4,003,312	\$ 4,100,912
St. Joseph's Children's Hospital	6,572,961	6,147,426
St. Joseph's Women's Hospital	422,835	338,743
Time restricted	<u>538,833</u>	<u>680,820</u>
	<u>\$ 11,537,941</u>	<u>\$ 11,267,901</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the year ended December 31,:

	<u>2015</u>	<u>2014</u>
Purpose restrictions accomplished		
St. Joseph's Hospital	\$ 867,134	\$ 327,873
St. Joseph's Children's Hospital	533,063	233,937
St. Joseph's Women's Hospital	48,227	648,682
Time restrictions accomplished	<u>271,667</u>	<u>229,388</u>
	<u>\$ 1,720,091</u>	<u>\$ 1,439,880</u>

NOTE K - SPECIAL EVENTS

The Foundation conducts various fundraising events to benefit St. Joseph's Hospital, St. Joseph's Children's Hospital and St. Joseph's Women's Hospital.

Net special events revenue included in temporarily restricted contributions consisted of the following during the year ended December 31,:

	<u>2015</u>	<u>2014</u>
Gross receipts including cash contributions	\$ 758,357	\$ 740,678
Direct expenses	<u>(353,321)</u>	<u>(351,463)</u>
Net proceeds from special events	<u>\$ 405,036</u>	<u>\$ 389,215</u>

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE L - ASSETS HELD IN TRUST

The Foundation is the beneficiary of endowment funds held with a local community foundation to support St. Joseph's Children's Hospital Heart Center. As beneficiary, no related assets are reflected in the statements of financial position.

Revenue is recorded as the distributions are received from the endowment fund. The Foundation recognized \$85,110 and \$91,112 of temporarily restricted revenue during the years ended December 31, 2015 and 2014, respectively.

NOTE M - ENDOWMENT NET ASSETS

The Foundation follows applicable Florida law with respect to donor-restricted endowment funds. The Foundation complies with any donor imposed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds. However, when there is an absence of donor restrictions on the use of the investment income or net appreciation, the Foundation follows applicable law. The Foundation interprets Florida law as requiring the Foundation to maintain the historic dollar value of donor restricted endowments as permanently restricted, absent explicit donor stipulations to the contrary. Therefore, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulations made to the fund.

Changes in the endowment's net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2013	\$ -	\$ -	\$ 40,000	\$ 40,000
Contributions	-	-	200,000	200,000
Investment income	-	-	-	-
Endowment expenditures	-	-	-	-
Endowment net assets at December 31, 2014	-	-	240,000	240,000
Contributions	-	-	-	-
Investment income	-	-	-	-
Endowment expenditures	-	-	-	-
Endowment net assets at December 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>

Endowment Investment and Spending Policies – The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective seeks a return in excess of inflation, net of investment fees. Actual returns in any given year may vary from this amount.

St. Joseph's Hospital of Tampa Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2015 and 2014

NOTE N - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to December 31, 2015 as of May 17, 2016 which is the date the financial statements were available to be issued.