

**ST. JOSEPH'S WAYNE
HOSPITAL FOUNDATION, INC.**

Financial Statements

December 31, 2016 and 2015

With Independent Auditors' Report

St. Joseph's Wayne Hospital Foundation, Inc.
December 31, 2016 and 2015

TABLE OF CONTENTS	
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-13
Supplementary Information	
Supplementary Schedule on Statements of Financial Position	14-15
Supplementary Schedule on Statements of Unrestricted Operations	16
Supplementary Schedule on Statements of Changes in Net Assets	17

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of St. Joseph's Wayne Hospital Foundation, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 Wayne Hospital Foundation, Inc. as of December 31, 2016, and the results of its activities, changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements Audited by Other Auditor

The financial statements and supplementary information of St. Joseph's Wayne Hospital Foundation, Inc. for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements and supplementary information on April 7, 2016.

Emphasis of Matter

The financial statements and supplementary information for the year ended December 31, 2015 have been restated for the correction of material misstatements. The details related to the restatement has been disclosed in Note 9 to the financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules on pages 14 - 17 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information for the year ended December 31, 2016 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 for the year ended December 31, 2016 is fairly stated in all material respects in relation to the financial statements as a whole.

Withum Smith + Brown, PC

April 27, 2017

St. Joseph's Wayne Hospital Foundation, Inc.
Statements of Financial Position
As of December 31, 2016 and 2015

Assets	2016	2015 (AS RESTATED)
Current assets		
Cash and cash equivalents	\$ 1,351,948	\$ 1,084,374
Investments	1,679,807	1,089,241
Unconditional promises to give, net	185,198	263,534
Due from affiliates	9,659	-
Prepaid expenses and other current assets	4,128	2,781
	<hr/>	<hr/>
Total current assets	3,230,740	2,439,930
Assets whose use is limited	962,108	1,635,367
Unconditional promises to give, net	8,113	99,207
Beneficial interests in trusts	794,740	814,790
	<hr/>	<hr/>
Total assets	<u>\$ 4,995,701</u>	<u>\$ 4,989,294</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 15,806	\$ 21,137
Due to St. Joseph's Wayne Hospital	29,290	27,371
	<hr/>	<hr/>
Total liabilities	45,096	48,508
Commitments and contingencies		
Net assets		
Unrestricted	3,140,960	2,911,679
Temporarily restricted	887,905	1,087,317
Permanently restricted	921,740	941,790
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Total net assets	4,950,605	4,940,786
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Total liabilities and net assets	<u>\$ 4,995,701</u>	<u>\$ 4,989,294</u>

The Notes to Financial Statements are an integral part of these statements.

St. Joseph's Wayne Hospital Foundation, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2016 and 2015

	2016				2015 (AS RESTATED)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Pledges and contributions	\$ 120,095	\$ 100,863	\$ -	\$ 220,958	\$ 71,064	\$ 139,149	\$ -	\$ 210,213
Contributed service revenue	7,580	-	-	7,580	6,182	-	-	6,182
Special events	739,254	-	-	739,254	725,174	-	-	725,174
Net investment income	89,628	-	-	89,628	82,245	510	-	82,755
Net assets released from restriction	300,275	(300,275)	-	-	752,771	(752,771)	-	-
Total support and revenue	1,256,832	(199,412)	-	1,057,420	1,637,436	(613,112)	-	1,024,324
Program Expenses								
Contributions to St. Joseph's Wayne Hospital, Inc.	202,810	-	-	202,810	802,771	-	-	802,771
Contributions, other	24,685	-	-	24,685	11,830	-	-	11,830
Total program expenses	227,495	-	-	227,495	814,601	-	-	814,601
General and Fundraising Expenses								
Salaries and employee benefits	360,701	-	-	360,701	240,785	-	-	240,785
Other expenses and fundraising costs	66,897	-	-	66,897	40,992	-	-	40,992
Special events	272,993	-	-	272,993	281,248	-	-	281,248
Bad debts	99,465	-	-	99,465	3,790	-	-	3,790
Total general and fundraising expenses	800,056	-	-	800,056	566,815	-	-	566,815
Non-Operating Activity								
Change in beneficial interests in trusts	-	-	(20,050)	(20,050)	-	-	(70,940)	(70,940)
Changes in Net Assets	229,281	(199,412)	(20,050)	9,819	256,020	(613,112)	(70,940)	(428,032)
Net assets, beginning of year (as restated)	2,911,679	1,087,317	941,790	4,940,786	2,655,659	1,700,429	1,012,730	5,368,818
Net assets, end of year	\$ 3,140,960	\$ 887,905	\$ 921,740	\$ 4,950,605	\$ 2,911,679	\$ 1,087,317	\$ 941,790	\$ 4,940,786

The Notes to Financial Statements are an integral part of these statements.

St. Joseph's Wayne Hospital Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015 (AS RESTATED)
Cash flows from operating activities		
Changes in net assets	\$ 9,819	\$ (428,032)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Bad debts	99,465	3,790
Discount on unconditional promises to give	(10,100)	-
Unrealized (gain) loss on investments	(58,540)	60,422
Change in beneficial interests in trusts	20,050	70,940
Changes in operating assets and liabilities:		
Unconditional promises to give	80,065	(79,607)
Due from affiliates	(9,659)	25,591
Prepaid expenses and other current assets	(1,347)	(469)
Accounts payable and accrued expenses	(5,331)	1,905
Due to St. Joseph's Wayne Hospital	1,919	(3,345)
	<u>126,341</u>	<u>(348,805)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchase of investments	(146,559)	(1,204,554)
Sale of investments	287,792	1,405,988
	<u>141,233</u>	<u>201,434</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	267,574	(147,371)
Cash and cash equivalents, at beginning of year	<u>1,084,374</u>	<u>1,231,745</u>
Cash and cash equivalents, at end of year	<u>\$ 1,351,948</u>	<u>\$ 1,084,374</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

St. Joseph's Wayne Hospital Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

1. ORGANIZATION

St. Joseph's Wayne Hospital Foundation, Inc. (the "Foundation") is a New Jersey not-for-profit organization located in Wayne, New Jersey. The Foundation's primary purpose is to raise funds to support the programs and services of St. Joseph's Wayne Hospital (the "Hospital"). The Foundation also provides support to other charitable organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. Assets and liabilities are recognized when the assets are acquired or the liability incurred. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

The Foundation separately accounts for its net assets and its revenues, gains and expenses based on the existence or absence of donor or other imposed restrictions as follows:

- Unrestricted - consist of resources available for the general support of the Foundation's operations. Unrestricted net assets may be used at the discretion of the Foundation's management and Board of Trustees.
- Temporarily restricted - represent amounts restricted by donors for specific activities of the Foundation or to be used at some future date. The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction. However, when restrictions on donor-restricted contributions and investment returns are met in the same accounting period, such amounts are reported as part of unrestricted net assets.
- Permanently restricted - consist of funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. Income and gains earned on permanently restricted endowment fund investments are available to be used in the unrestricted or temporarily restricted net asset classes based upon stipulations by the donors.

Use of Estimates

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Contributed Services

During 2015, the Foundation retrospectively adopted a new accounting standard which specifies guidance for recognizing and measuring services received from personnel of an affiliate that directly benefit a recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. As such, the Foundation has recognized in-kind revenue and a corresponding expense for such contributed services associated with accounting personnel who are paid directly by the Hospital and are not subject to reimbursement by the Foundation.

Cash and Cash Equivalents

For the accompanying statements of cash flows, cash and cash equivalents include all cash balances and any highly liquid investments with a maturity date of three months or less at the time of purchase.

Investments and Assets Whose Use is Limited

Investments include marketable debt and equity securities and are measured at fair value based on quoted market prices, if available, or estimated quoted market prices for similar securities. Donated investments are recorded at fair market value on the date of receipt. Net investment income or loss includes realized and unrealized gains and losses, interest and dividends and investment fees. Realized gains and losses for all investments are determined by the average cost method.

Assets whose use is limited include certificate of deposits and certain money market funds held to be used for temporarily restricted net assets purposes.

The Foundation's investments are managed by investment managers. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Beneficial Interests in Trusts

On behalf of the Hospital, the Foundation is a beneficiary of two trusts established by donors. As such, the Foundation receives annual distributions which are included in unrestricted contributions for the years then ended. Future distributions from the trusts are subject to the Foundation continuing to exist and function. Both trusts are held and managed by independent trustees. The beneficial interests in trusts have been reflected at fair value, which approximates account value, in the accompanying Statements of Financial Position.

Revenue and Support Recognition

The Foundation recognizes contributions as revenue when they are received or unconditionally pledged. The Foundation reports any gifts of cash and other assets as restricted support if they are received or unconditionally pledged with donor stipulations that limit the use of the donated assets. However, the receipt of any restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted support and revenue in the Statements of Activities and Changes in Net Assets. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are recorded at fair market value at the date of the gift and reported as temporarily restricted net assets. Absent explicit donor stipulations regarding the duration those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in revenue. These unconditional promises to give are reported as unrestricted or temporarily restricted support in the year of the promise as stipulated by the donor or made clear by the donor's intention. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance is recorded based on management's estimate of uncollectability including such factors as prior collection history, type of contribution and the nature of the fundraising activity.

Tax Status

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code.

The Foundation follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation does not believe its financial statements include any material uncertain tax positions. In addition, there have been no tax related interest or penalties for the period presented in these financial statements. Should any such penalties be incurred, the Foundation's policy would be to recognize them as operating expenses.

Volunteers

A number of volunteers, including the members of the Board, have made significant contributions of time to the Foundation's policymaking, program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

3. FAIR VALUE MEASUREMENTS

The Foundation measures fair value as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses the market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The Foundation uses the fair value hierarchy to determine the fair value based on the following:

- Level 1 - Holdings use quoted (unadjusted) prices for identical assets or liabilities in active markets.
- Level 2 - Holdings use the following methods: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time), inputs other than quoted prices that are observable for the assets or liabilities (e.g., interest rates, yield curves volatilities, default rates, etc.), and inputs that are derived principally from or corroborated by other observable market data.
- Level 3 - Holdings use quoted market prices of the Foundation's beneficial interests in the underlying investments of the perpetual trusts.

There have been no changes in valuation techniques for these assets for the years ended December 31, 2016 and 2015.

St. Joseph's Wayne Hospital Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

The following tables present the fair value hierarchy for the Foundation's financial assets measured at fair value on a recurring basis as of December 2016 and 2015:

<u>December 31, 2016:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equity securities	\$ 993,514	\$ -	\$ -	\$ 993,514
Fixed income securities (including mutual funds)	-	686,293	-	686,293
Beneficial interests in trusts	-	-	794,740	794,740
	<u>993,514</u>	<u>686,293</u>	<u>794,740</u>	
Total at fair value	<u>\$ 993,514</u>	<u>\$ 686,293</u>	<u>\$ 794,740</u>	2,474,547
Assets Whose Use is Limited				
Cash, certificates of deposit and money market funds				962,108
Total				<u>\$ 3,436,655</u>
<u>December 31, 2015:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equity securities	\$ 934,917	\$ -	\$ -	\$ 934,917
Fixed income securities (including mutual funds)	-	154,324	-	154,324
Beneficial interests in trusts	-	-	814,790	814,790
	<u>934,917</u>	<u>154,324</u>	<u>814,790</u>	
Total at fair value	<u>\$ 934,917</u>	<u>\$ 154,324</u>	<u>\$ 814,790</u>	1,904,031
Assets Whose Use is Limited				
Cash, certificates of deposit and money market funds				1,635,367
Total				<u>\$ 3,539,398</u>

The following table sets forth the change in the fair value of beneficial interests in trusts measured using unobservable inputs (Level 3):

At January 1, 2015	\$ 885,730
Unrealized losses	<u>(70,940)</u>
At December 31, 2015	814,790
Unrealized losses	<u>(20,050)</u>
At December 31, 2016	<u>\$ 794,740</u>

The following summarizes the net investment income reflected in the accompanying Statements of Activities and Changes in Net Assets for the years ended December 31:

	2016	2015
Interest and dividends	\$ 34,109	\$ 38,199
Realized gains	11,046	121,121
Unrealized gains (losses)	58,540	(60,422)
Investment fees	<u>(14,067)</u>	<u>(16,143)</u>
	<u>\$ 89,628</u>	<u>\$ 82,755</u>

St. Joseph's Wayne Hospital Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, which include contributions and pledges receivable due from local area residents and businesses, are as follows at December 31:

	2016	2015
Amounts receivable within one year	\$ 195,198	\$ 263,534
Amounts receivable in one to five years	<u>8,113</u>	<u>119,307</u>
	203,311	382,841
Present value discount	-	(10,100)
Allowance for uncollectibles	<u>(10,000)</u>	<u>(10,000)</u>
	<u>\$ 193,311</u>	<u>\$ 362,741</u>

5. RELATED PARTY TRANSACTIONS

The Hospital pays the salaries and benefits of the Foundation's employees. The Foundation reimburses the Hospital at cost for these amounts. Total salaries and benefits paid by the Hospital during the years ended December 31, 2016 and 2015 were \$360,701 and \$240,785, respectively. The balance due to the Hospital was \$29,290 and \$27,371 at December 31, 2016 and 2015, respectively.

The Foundation periodically makes contributions to the Hospital for the purchase of equipment, the funding of special programs, and for general operations. Contributions to the Hospital as reported in the accompanying Statements of Activities and Changes in Net Assets were \$202,810 and \$802,771 for the years ended December 31, 2016 and 2015, respectively.

For the year ended December 31, 2016, contributions or pledge payments collected on the Foundation's behalf in the amount of \$9,659 were due from St. Joseph's Hospital and Medical Center Foundation.

6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2016 and 2015 consist of the following:

	2016	2015
Capital campaign - equipment purchases	\$ 32,583	\$ 190,828
Health care programs	776,935	812,102
Scholarship fund	<u>78,387</u>	<u>84,387</u>
	<u>\$ 887,905</u>	<u>\$ 1,087,317</u>

St. Joseph's Wayne Hospital Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Permanently restricted net assets as of December 31, 2016 and 2015 consist of the following:

	2016	2015
Health care programs	\$ <u>921,740</u>	\$ <u>941,790</u>

7. ENDOWMENT FUND

The Foundation maintains a donor-restricted fund whose purpose is to provide for the care and treatment of patients afflicted with cancer. In classifying such fund for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Board of Trustees looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New Jersey. The Board has determined that, absent donor stipulations to the contrary, the provisions of New Jersey State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift.

The following is a reconciliation of the activity in the Endowment fund:

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2016	\$ 164,432	\$ 127,000	\$ 291,432
Net investment income	---	---	---
Balance, December 31, 2016	<u>\$ 164,432</u>	<u>\$ 127,000</u>	<u>\$ 291,432</u>
Comprised of the following:			
Donor restricted fund	\$ 164,432	\$ 127,000	\$ 291,432
	2015		
	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2015	\$ 163,922	\$ 127,000	\$ 290,922
Net investment income	510	---	510
Balance, December 31, 2015	<u>\$ 164,432</u>	<u>\$ 127,000</u>	<u>\$ 291,432</u>
Comprised of the following:			
Donor restricted fund	\$ 164,432	\$ 127,000	\$ 291,432

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets, if any, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Foundation in a manner consistent with the standard of prudence prescribed by state law.

St. Joseph's Wayne Hospital Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a steady stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide real growth after inflation, liquidity and adequate income to meet program needs. The assets are invested in a diversified portfolio measured against benchmark indices to achieve these objectives with a moderate level of investment risk. The Foundation expects its endowment fund, over time, to provide a reasonable rate of return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has an investment objective to provide sufficient liquidity to meet operating, distribution and spending requirements as needed. As allowed under donor-imposed restrictions, investment income earned on the endowment fund is recorded as nonoperating income and is included in the change in net assets in the accompanying Statements of Activities and Changes in Net Assets and utilized to meet the donor-imposed restrictions.

8. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and certificate of deposit balances in financial institutions in excess of federally insured limits. Exposure to credit risk is reduced by placing deposits in highly regarded financial institutions. With respect to cash and certificate of deposits in financial institutions, which may periodically during the year exceed federally insured limits, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on the balances maintained in the financial institutions.

St. Joseph's Wayne Hospital Foundation, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

9. RESTATEMENT

The financial statements for the year ended December 31, 2015 were restated to record the release of \$610,000 of capital campaign expenditures and transfers during the years of 2008 through 2013 from temporarily restricted net assets to unrestricted net assets and the elimination of a paid time off accrual related to its employees maintained and recorded by the Hospital. The effects of these restatements are detailed as follows:

Statement of Financial Position

As of December 31, 2015

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 43,934	\$ (22,797)	\$ 21,137
Total liabilities	<u>\$ 71,305</u>	<u>\$ (22,797)</u>	<u>\$ 48,508</u>
Net Assets:			
Unrestricted	\$ 2,278,882	\$ 632,797	\$ 2,911,679
Temporarily restricted	<u>1,697,317</u>	<u>(610,000)</u>	<u>1,087,317</u>
Total net assets	<u>\$ 4,917,989</u>	<u>\$ 22,797</u>	<u>\$ 4,940,786</u>

10. SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2016 financial statements for subsequent events through April 27, 2017, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

St. Joseph's Wayne Hospital Foundation, Inc.
Supplementary Schedule on Statements of Financial Position
As of December 31, 2016 and 2015
(All Amounts in Thousands)

	2016	2015 (AS RESTATED)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,352	\$ 1,084
Investments	1,680	1,089
Unconditional promises to give, net	185	264
Due from affiliates	10	-
Prepaid expenses and other current assets	4	3
Total current assets	<u>3,231</u>	<u>2,440</u>
Assets whose use is limited	962	1,635
Unconditional promises to give, net	8	99
Beneficial interests in trusts	795	815
Total assets	<u>\$ 4,996</u>	<u>\$ 4,989</u>

St. Joseph's Wayne Hospital Foundation, Inc.
Supplementary Schedule on Statements of Financial Position
As of December 31, 2016 and 2015
(All Amounts in Thousands)

	2016	2015 (AS RESTATED)
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 16	\$ 21
Due to affiliates	29	27
	<hr/>	<hr/>
Total liabilities	45	48
	<hr/>	<hr/>
Commitments and contingencies		
Net assets		
Unrestricted	3,141	2,912
Temporarily restricted	888	1,087
Permanently restricted	922	942
	<hr/>	<hr/>
Total net assets	4,951	4,941
	<hr/>	<hr/>
Total liabilities and net assets	\$ 4,996	\$ 4,989
	<hr/> <hr/>	<hr/> <hr/>

St. Joseph's Wayne Hospital Foundation, Inc.
Supplementary Schedule on Statements of Unrestricted Operations
As of December 31, 2016 and 2015
(All Amounts in Thousands)

	2016	2015 (AS RESTATED)
Revenues		
Other revenue	\$ 898	\$ 944
Net assets released from restriction	300	753
	<hr/>	<hr/>
Total revenues	1,198	1,697
	<hr/>	<hr/>
Expenses		
Salaries and wages	290	194
Employee benefits	71	47
Supplies and other	568	1,137
Provision for bad debts	99	4
	<hr/>	<hr/>
Total expenses	1,028	1,382
	<hr/>	<hr/>
Excess of revenues over expenses	170	315
Change in net unrealized gain (loss) on investments	59	(60)
	<hr/>	<hr/>
Increase in unrestricted net assets	<u>\$ 229</u>	<u>\$ 255</u>

St. Joseph's Wayne Hospital Foundation, Inc.
Supplementary Schedule on Statements of Changes in Net Assets
As of December 31, 2016 and 2015
(All Amounts in Thousands)

	2016	2015 (AS RESTATED)
UNRESTRICTED NET ASSETS		
Excess of revenues over expenses	\$ 170	\$ 315
Change in net unrealized gain (loss) on investments	59	(60)
	<u>229</u>	<u>255</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	101	139
Income from investment	-	1
Net assets released from restriction for operations	(300)	(753)
	<u>(199)</u>	<u>(613)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Change in beneficial interests in trusts	(20)	(71)
	<u>(20)</u>	<u>(71)</u>
INCREASE (DECREASE) IN NET ASSETS	10	(429)
NET ASSETS - BEGINNING OF YEAR	4,941	5,370
NET ASSETS - END OF YEAR	\$ 4,951	\$ 4,941