



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

RAVENSWOOD HEALTH CARE FOUNDATION

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

FEBRUARY 21, 2018

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CONTENTS

	<u>PAGE</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1
Merger Agreement Overview.....	2
Agreed Upon Procedures and Results	2-3
EXHIBIT 1 – Accounting Report of the Annual Commitment Fund Activity	4
EXHIBIT 2 – Actual Expended vs. Allocated Administration Fees	4



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Ravenswood Health Care Foundation

We have performed the procedures, as enumerated in the section of this report titled "Agreed-Upon Procedures Results", for the purpose of verifying that the terms of the Merger Agreement dated July 17, 2002 have been fulfilled by all parties. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated in the section of this report titled "Agreed-Upon Procedures Results" either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management and Board of Directors of Ravenswood Health Care Foundation and is not intended to be and should not be used by anyone other than the specified parties.

Mueller & Co., LLP

Elgin, Illinois
February 21, 2018

RAVENSWOOD HEALTH CARE FOUNDATION

AGREED-UPON PROCEDURES

MERGER AGREEMENT OVERVIEW

The current Ravenswood Health Care Foundation (RHCF) giving program arose out of the merger of the former Ravenswood Hospital Medical Center into Advocate Health Care (AHC). In 1999, AHC began to contribute \$1 million annually to the RHCF.

A final "Amendment to Agreement of Merger" (Merger Agreement) was executed July 17, 2002. In that document, AHC outlined future commitments to the greater Ravenswood community. RHCF was named as the party responsible for the oversight of the enforceability of the Merger Agreement. In addition to specifying the length of Advocate's annual \$1 million commitment to RHCF, the Merger Agreement stipulated additional investments AHC would make in the greater Ravenswood community area.

Upon conclusion of grant making in 2017, RHCF will review, approve and confirm the fulfillment of the Merger Agreement by all parties.

AGREED-UPON PROCEDURES AND RESULTS

See Exhibit 1 for the accounting report of the Annual Commitment Fund activity from January 01, 2003 to November 30, 2017.

Procedure 1: Compare fund balance and activity at the end of each fiscal year to information reported by AHC in its annual audited financial statements.

Results: Inspected the RHCF commitment reports provided by AHC which is included in the liabilities of the audited financial statements of AHC. Further, we obtained direct confirmation from AHC that they were in agreement with the fund balances and activity presented in Exhibit 1 and Exhibit 2.

Procedure 2: Compare 2003 – 2017 grant activity listed in reports provided by RHCF (not included) to information published on the website of RHCF.

Results: Inspected grant information published on the RHCF website and compared to actual grant activity listed in reports provided by RHCF noting no discrepancies between published information on the website and the actual activity of RHCF.

Procedure 3: Trace disbursements included in the accounting reports provided by RHCF (not included) to authorization by RHCF Board of Directors.

Results: Selected a sample of 14 grantees and traced disbursements to explicit authorization documented in RHCF Board of Directors meeting minutes without exception.

RAVENSWOOD HEALTH CARE FOUNDATION

**AGREED-UPON PROCEDURES
(CONTINUED)**

AGREED-UPON PROCEDURES AND RESULTS, CONTINUED

Procedure 4: Test grant disbursements on a sample basis by confirming directly with grantees via a written confirmation request.

Results: Selected a sample of 25 grant disbursements and sent confirmations directly to each grantee to confirm that the funds were received in the recorded period and for the recorded amount. Of the 25 selections, all 25 grantees responded with a signed confirmation noting agreement in timing and amount.

Procedure 5: To the extent that selected grantees in Procedure 4 do not respond to confirmation request, compare grant information to amounts reported by grantee in their respective Form 990 or other public records.

Results: Of the 25 selected grantees, all 25 grantees responded with a signed confirmation noting agreement in timing and amount; thus procedure 5 was not applicable.

Procedure 6: Test other expenditures on a sample basis by obtaining supporting documentation from AHC and verifying details and purpose of expenditure.

Results: Selected a sample of 63 other expenditure items including administrative fees and expenses, and vouched to underlying check requests, invoices, and other source documentation without exception.

Procedure 7: Obtain certification from AHC that they invested in capital and/or programs as specified in the Merger Agreement Section 3.9(3).

Results: Obtained a signed certification from the VP of Finance at AHC confirming that AHC invested in capital and programs as specified in the Merger Agreement Section 3.9(3).

Procedure 8: Verify that AHC has made land donations specified in the Merger Agreement Section 3.9.

Results: Inspected the executed land donation agreements, insurance title policies (where available) and transfer tax declarations (where available) for the parcels of land donated by AHC to The Catholic Charities of the Archdiocese of Chicago for the purpose of development of affordable senior housing as specified in the Merger Agreement Section 3.9 without exception.

**RAVENSWOOD HEALTH CARE FOUNDATION
AGREED-UPON PROCEDURES**

EXHIBIT 1: ACCOUNTING REPORT OF THE ANNUAL COMMITMENT FUND ACTIVITY

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Prior Year Uncommitted Funds	362,296	258,284	10,834	3,503	9,099	51,316	5,235	11,960	75,174	38,290	6,063	2,046	16,914	56,177	96,927
Allocation	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	902,500	902,500	902,500
Set aside for Special Opportunities/Legacy Project	-	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000	40,000
Set aside for 2018 Administration	-	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000	40,000
Covering for previous overspending - Erie Health School Based Clinic	-	-	-	-	-	-	-	-	-	-	-	-	18,750	18,750	18,750
Unspent grant refund	-	-	-	-	-	-	15,000	-	-	-	-	-	-	-	-
Total funds available	1,362,296	1,258,284	1,010,834	1,003,503	1,009,099	1,051,316	1,020,235	1,011,960	1,075,174	1,038,290	1,006,063	1,002,046	1,018,164	1,057,427	1,098,177
Community Programs	(1,080,845)	(1,213,347)	(1,031,723)	(937,500)	(907,000)	(989,000)	(953,692)	(883,187)	(945,000)	(981,141)	(943,925)	(905,925)	(842,500)	(842,500)	(817,500)
RHCF Administration	(23,167)	(34,103)	(42,331)	(56,904)	(50,783)	(57,081)	(54,583)	(53,599)	(54,384)	(51,086)	(60,092)	(57,377)	(60,794)	(59,350)	(48,321)
Total funds expended	(1,104,012)	(1,247,450)	(1,074,054)	(994,404)	(957,783)	(1,046,081)	(1,008,275)	(936,786)	(999,384)	(1,032,227)	(1,004,017)	(963,302)	(903,294)	(901,850)	(865,821)
Unadjusted Uncommitted/(Overcommitted) Funds	258,284	10,834	(63,220)	9,099	51,316	5,235	11,960	75,174	75,790	6,063	2,046	38,744	114,870	155,577	232,356
Adjustments:															
Year end adjustment	-	-	66,723	-	-	-	-	-	-	-	-	-	-	-	-
Less costs related to Special Opportunities/Legacy Project	-	-	-	-	-	-	-	-	-	-	-	-	(39,943)	(39,900)	(53,761)
Less covering for previous overspending - Erie Health School Based Clinic	-	-	-	-	-	-	-	-	-	-	-	(18,750)	(18,750)	(18,750)	(18,750)
Prior year program checks sent in current year	-	-	-	-	-	-	-	-	(37,500)	-	-	(3,080)	-	-	-
Adjusted Uncommitted/(Overcommitted) Funds Carryover	258,284	10,834	3,503	9,099	51,316	5,235	11,960	75,174	38,290	6,063	2,046	16,914	56,177	96,927	159,845
Amounts set aside for 2018 Administration															(120,000)
Adjusted Uncommitted/(Overcommitted) Funds Carryover															39,845

EXHIBIT 2: ACTUAL EXPENDED VS. ALLOCATED ADMINISTRATION FEES

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	Total Unspent Funds
RHCF Administration - Allocation	(30,000)	(40,000)	(45,834)	(60,000)	(57,000)	(53,000)	(58,000)	(42,250)	(55,000)	(57,500)	(56,075)	(60,000)	(60,000)	(60,000)	(60,000)	-
RHCF Administration - Actual	(23,167)	(34,103)	(42,331)	(56,904)	(50,783)	(57,081)	(54,583)	(53,599)	(54,384)	(51,086)	(60,092)	(57,377)	(60,794)	(59,350)	(48,321)	-
Remaining (Overage)	6,833	5,897	3,503	3,096	6,217	(4,081)	3,417	(11,349)	616	6,414	(4,017)	2,623	(794)	650	11,679	30,704

*2017 activity covers the period of 1/1/2017 - 11/30/2017.