

**UNIVERSAL HEALTH CARE
FOUNDATION OF CONNECTICUT, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
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Independent Auditor's Report

Board of Directors
Universal Health Care Foundation of CT, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Universal Health Care Foundation of CT, Inc., which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, statement of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 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 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 Universal Health Care Foundation of CT, Inc. as of December 31, 2015 and 2014, and the 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.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
February 25, 2016

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 120,178	\$ -	\$ 120,178	\$ 28,440	\$ -	\$ 28,440
Investments	188,736		188,736	-		-
Prepaid expenses	30,870		30,870	18,006		18,006
Grants receivable	-		-	-		-
Other receivables	510		510	7,771		7,771
Total Current Assets	<u>340,294</u>	<u>-</u>	<u>340,294</u>	<u>54,217</u>	<u>-</u>	<u>54,217</u>
NONCURRENT ASSETS						
Investments	21,871,975		21,871,975	24,188,621		24,188,621
Property and equipment, net	73,323		73,323	82,806		82,806
Security deposit	5,000		5,000	5,000		5,000
Total Assets	<u>\$ 22,290,592</u>	<u>\$ -</u>	<u>\$ 22,290,592</u>	<u>\$ 24,330,644</u>	<u>\$ -</u>	<u>\$ 24,330,644</u>

LIABILITIES AND NET ASSETS

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CURRENT LIABILITIES						
Accounts payable and accrued expenses	\$ 94,639	\$ -	\$ 94,639	\$ 64,018	\$ -	\$ 64,018
Grants payable	10,000		10,000	33,000		33,000
Accrued annual leave	44,314		44,314	57,868		57,868
Accrued payroll	15,222		15,222	40,532		40,532
Total Current Liabilities	<u>164,175</u>	<u>-</u>	<u>164,175</u>	<u>195,418</u>	<u>-</u>	<u>195,418</u>
Net Assets	<u>22,126,417</u>	<u>-</u>	<u>22,126,417</u>	<u>24,135,226</u>	<u>-</u>	<u>24,135,226</u>
Total Liabilities and Net Assets	<u>\$ 22,290,592</u>	<u>\$ -</u>	<u>\$ 22,290,592</u>	<u>\$ 24,330,644</u>	<u>\$ -</u>	<u>\$ 24,330,644</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total 2015	Unrestricted	Temporarily Restricted	Total 2014
OPERATING REVENUES AND SUPPORT						
Investment Return Designated for Operations	\$ 1,860,000	\$ -	\$ 1,860,000	\$ 2,389,343	\$ -	\$ 2,389,343
Interest & Dividend Income	5,789		5,789	1,766		1,766
Grant revenue	-		-	-		-
Contributions	-		-	-		-
Miscellaneous income	15		15	-		-
Loss on Disposal of Fixed Assets	-		-	(6,926)		(6,926)
Net Assets Released from Restrictions	-		-	-		-
Total Operating Revenue and Support	1,865,804	-	1,865,804	2,384,183	-	2,384,183
OPERATING EXPENSES						
Management and general	302,684		302,684	595,862		595,862
Development	94,013		94,013	132,617		132,617
Public policy	977,069		977,069	1,533,486		1,533,486
Advocacy	15,792		15,792	7,692		7,692
Total Operating Expenses	1,389,558	-	1,389,558	2,269,657	-	2,269,657
RESULTS OF OPERATIONS	476,246	-	476,246	114,527	-	114,527

*The accompanying notes are an integral
part of these financial statements.*

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENTS OF ACTIVITIES (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total 2015	Unrestricted	Temporarily Restricted	Total 2014
NON-OPERATING REVENUES AND (EXPENSES)						
Investment Return in Excess/(Deficit) of Spending Policy	\$ (2,487,146)	\$ -	\$ (2,487,146)	\$ (1,980,121)	\$ -	\$ (1,980,121)
Net Realized and Unrealized Gain/(Loss) on Investments	2,091		2,091	-		-
Total Non-Operating Revenue and (Expenses)	(2,485,055)	-	(2,485,055)	(1,980,121)		(1,980,121)
CHANGE IN NET ASSETS	(2,008,809)	-	(2,008,809)	(1,865,595)	-	(1,865,595)
NET ASSETS, BEGINNING OF YEAR	24,135,226	-	24,135,226	26,000,821	-	26,000,821
NET ASSETS, END OF YEAR	<u>\$ 22,126,417</u>	<u>\$ -</u>	<u>\$ 22,126,417</u>	<u>\$ 24,135,226</u>	<u>\$ -</u>	<u>\$ 24,135,226</u>

*The accompanying notes are an integral
part of these financial statements.*

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Management & General	Development	Public Policy	Advocacy	Total
Wages	\$ 159,958	\$ 58,114	\$ 404,217	\$ 4,078	\$ 626,367
Payroll taxes	61,175	3,095	30,145	293	94,708
Fringe benefits	20,351	19,645	198,748	2,860	241,603
Conferences and seminars	2,888	1,754	8,230	119	12,991
Travel expenses	445	30	7,124	222	7,820
Board expenses	24,708	-	-	56	24,765
Grants	-	-	143,915	-	143,915
Legal fees	475	132	1,331	20	1,958
Audit	3,278	911	9,176	135	13,500
Consultants	-	-	24,246	-	24,246
Legislative monitoring	-	-	-	6,500	6,500
Communications	-	-	-	-	-
Technology	5,820	1,618	16,294	240	23,972
Temporary help	-	-	14,650	-	14,650
Facilities	15,528	4,893	54,099	796	75,315
Dues and subscriptions	3,818	-	8,536	-	12,354
Office operations	3,417	3,821	47,530	473	55,241
Meetings	823	-	5,554	-	6,377
Website	-	-	3,276	-	3,276
Total Expenses	<u>\$ 302,684</u>	<u>\$ 94,013</u>	<u>\$ 977,069</u>	<u>\$ 15,792</u>	<u>\$ 1,389,558</u>

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UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Management & General	Development	Public Policy	Advocacy	Total
Wages	\$ 258,662	\$ 69,276	\$ 548,820	\$ 1,113	\$ 877,871
Payroll taxes	25,252	6,459	53,915	109	85,735
Fringe benefits	94,526	24,177	201,818	414	320,935
Conferences and seminars	43,642	99	11,383	-	55,124
Travel expenses	3,882	-	7,479	56	11,417
Board expenses	22,375	-	-	-	22,375
Grants	-	-	421,026	-	421,026
Legal fees	2,660	680	5,691	-	9,032
Audit	3,976	1,017	8,507	-	13,500
Consultants	-	16,750	72,708	-	89,458
Legislative monitoring	-	-	1,500	6,000	7,500
Communications	2,400	-	32,337	-	34,737
Technology	24,285	-	2,727	-	27,012
Recruitment	25,071	-	-	-	25,071
Temporary help	27,951	-	12,663	-	40,613
Facilities	35,540	9,090	76,035	-	120,665
Dues and subscriptions	4,272	-	8,261	-	12,534
Office operations	16,670	4,264	35,663	-	56,596
Meetings	3,147	805	6,732	-	10,683
Website	1,551	-	1,607	-	3,158
Research	-	-	24,614	-	24,614
Total Expenses	<u>\$ 595,862</u>	<u>\$ 132,617</u>	<u>\$ 1,533,486</u>	<u>\$ 7,692</u>	<u>\$ 2,269,657</u>

*The accompanying notes are an integral
part of these financial statements.*

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (2,008,809)	\$ (1,865,595)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	18,258	26,363
Unrealized (gain)/loss on investments	3,086,282	(1,315,850)
 Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(12,864)	6,716
(Increase) decrease in grants receivable	-	25,000
(Increase) decrease in other receivables	7,261	(7,771)
Increase (decrease) in accounts payable and accrued expenses	30,621	(27,357)
Increase (decrease) in grants payable	(23,000)	(32,000)
Increase (decrease) in accrued annual leave	(13,554)	(58,605)
Increase (decrease) in accrued payroll	(25,310)	(8,284)
Net Cash Provided by (Used in) Operating Activities	1,058,885	(3,257,383)
 Cash Flows From Investing Activities:		
Purchases of property and equipment	(8,775)	(21,000)
Expense from disposal of property and equipment	-	6,925
Proceeds from sale of investments, net purchases	(958,372)	3,165,479
Net Cash Provided by (Used in) Investing Activities	(967,147)	3,151,404
 Net Increase (Decrease) in Cash	91,738	(105,979)
 Cash and Cash Equivalents, Beginning of Year	28,440	134,419
 Cash and Cash Equivalents, End of Year	\$ 120,178	\$ 28,440

Cash paid for interest and income taxes was \$-0- for the years ended December 31, 2015 and 2014.

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part of these financial statements.*

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – NATURE OF ACTIVITIES

Universal Health Care Foundation of Connecticut, Inc. (UHCF) is a private, not-for-profit corporation established in 2000. UHCF was initially funded by a settlement from a lawsuit against Anthem Insurance Company over its merger with the not-for-profit Blue Cross and Blue Shield of Connecticut. UHCF's mission is to serve as a catalyst that engages people and communities in shaping a health system that provides universal access to quality care and promotes health in Connecticut. UHCF believes that health care is a fundamental right and that their work is part of a broader movement for social and economic justice.

The major activities of UHCF as reported in the accompanying Statements of Activities and Statements of Functional Expenses include:

Public Policy – research, education and grant making to support the achievement of universal access to quality, affordable health care;

Strategic Communication – information and messaging to educate and build public will for the achievement of universal access to quality, afford health care; and

Advocacy – community organizing, coalition building, and grant making to increase community engagement in the achievement of universal access to quality, affordable health care.

UHCF is the supporting organization for the Connecticut Health Advancement & Research Trust, Inc., (CHART), which was established at the same time as UHCF. CHART is the sole member of UHCF, and selects all members of the board of directors for UHCF. The activities of UHCF described above serve to also fulfill the mission of CHART. In addition, UHCF may, from time to time, provide CHART with financial assistance in the form of in-kind donations, such as supplies or contracted services that benefit CHART as well as UHCF.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of UHCF is presented to assist in understanding UHCF's financial statements. The financial statements and notes are representations of UHCF's management, who are responsible for their integrity and objectivity.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted for not-for-profit organizations in the United States of America, which have been consistently applied in the preparation of the financial statements. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UHCF and changes therein are classified and reported as follows:

Unrestricted net assets are not subject to donor-imposed restrictions or the restrictions have expired. These assets may be designated for specific purposes by action of UHCF officers and Board of Directors.

Temporarily restricted net assets are subject to donor-imposed restrictions that can be fulfilled by actions of UHCF or that expire by the passage of time.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit UHCF to use or expend part or all of the income derived from the related investments for general or specific purposes. UHCF had no permanently restricted net assets as of December 31, 2015 and 2014.

Revenues, including promises to give, are reported as increases in unrestricted net assets unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Income Tax Structure

Under provisions of the U.S. Internal Revenue Code, section 501(C)(3), UHCF is exempt from taxes on income, other than unrelated business income, and accordingly does not record a provision for income taxes on its related earnings. UHCF regularly reviews and evaluates its tax positions taken in previously filed informational returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based on the technical merits of such positions. Therefore, UHCF has concluded that no tax benefits or liabilities are required to be recognized.

For the years ended December 31, 2015 and 2014, UHCF did not have any unrelated business income. In addition, UHCF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Cash and Cash Equivalents

UHCF's cash balances are insured by the Federal Deposit Insurance Corporation and/or National Credit Union Administration. At times, these balances may exceed the Federal insurance limits; however, UHCF has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2015 and 2014.

Investments

Investments in all publicly traded stock and fixed income securities are recorded at fair market value generally determined on the basis of quoted market values. Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are based on average cost.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Expenses are recorded directly to program services or management and general categories based on specific identification. Certain administrative costs have been allocated among program services and management and general categories.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Advertising Expense

Advertising costs are expensed as they are incurred and are included in Communications in the accompanying Statements of Functional Expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

NOTE 3 – INVESTMENTS

UHCF maintains investments in multiple investment management accounts. Investments in stocks and fixed income securities are valued based upon quoted market prices. Investments are subject to market fluctuations. The following schedule summarizes the investment balances (including accrued income) by investment managers as of December 31, 2015 and 2014.

	2015	
	Cost	Fair Value
The Community Foundation	\$ 19,842,378	\$ 19,097,431
Wells Fargo	117	111
Private Advisors Alternative Asset Management	2,274,432	2,274,432
PIMCO Funds	681,556	688,736
Totals	\$ 22,798,483	\$ 22,060,710

	2014	
	Cost	Fair Value
Wells Fargo	\$ 19,289,726	\$ 20,976,851
Private Advisors Alternative Asset Management	1,728,909	2,390,899
PIMCO Funds	815,780	820,869
Totals	\$ 21,834,415	\$ 24,188,620

The following schedule summarizes net investment income for the years ended December 31, 2015.

	2015
Dividend income	\$ 277,915
Realized gain on sale of investments	2,342,778
Unrealized gain/(loss) on investments	(3,086,282)
Investment fees	(153,678)
Net investment income	\$ (619,267)

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 – INVESTMENTS (CONT'D)

The following schedule summarizes net investment income for the year ended December 31, 2014.

	<u>2014</u>
Dividend income	\$ 478,648
Realized gain on sale of investments	1,377,931
Unrealized gain/(loss) on investments	(1,315,850)
Investment fees	<u>(129,741)</u>
Net investment income	<u>\$ 410,988</u>

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles established 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UHCF 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 the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liabilities have a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liabilities.

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 with 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. When as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The following table represents UHCF's investment assets measured at fair value on a recurring basis and their respective position in the fair value hierarchy as of December 31, 2015.

	2015			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 545,413	\$ 545,413	\$ -	\$ -
Fixed income	6,755,781	3,310,333	3,445,448	-
Equities				
International	6,020,166	2,949,881	3,070,285	-
Domestic	3,968,538	1,944,584	2,023,955	-
Alternatives				
Hedged Equity	3,773,884	848,705	883,346	2,041,834
Private Assets	996,929			996,929
Investments as of December 31, 2015	<u>\$ 22,060,711</u>	<u>\$ 9,598,915</u>	<u>\$ 9,423,033</u>	<u>\$ 3,038,763</u>

The following table represents UHCF's investment assets measured at fair value on a recurring basis and their respective position in the fair value hierarchy as of December 31, 2014

	2014			
	Total	Level 1	Level 2	Level 3
Boston Common International Social Fund	\$ 3,184,041	\$ 3,184,041	\$ -	\$ -
Private Advisors Stable Value Fund, Ltd.	2,390,900			2,390,900
Loomis Sayles Global Bond	4,105,045	4,105,045		
PIMCO Short Term Institutional	820,869	820,869		
Capstone	5,357,741	5,357,741		
Stone Harbor Emerging Market Debt	1,679,393	1,679,393		
JP Morgan Emerging Market Equity	1,728,156	1,728,156		
Vanguard Inflation Protected Securities Fund	1,604,437	1,604,437		
Vanguard Developed Markets	2,155,462	2,155,462		
Dodge & Cox	1,162,576	1,162,576		
Investments as of December 31, 2014	<u>\$ 24,188,620</u>	<u>\$ 21,797,720</u>	<u>\$ -</u>	<u>\$ 2,390,900</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2015 and 2014.

	Fixed Income	Hedged Equity	Private Assets
Fair Value as of December 31, 2013	\$ 2,377,387	\$ -	\$ -
Net realized/unrealized gains/(losses)	13,513	-	-
Sales of investments	-	-	-
Purchase of investments	-	-	-
Transfers in or out of Level 3	-	-	-
Fair Value as of December 31, 2014	<u>\$ 2,390,900</u>	<u>\$ -</u>	<u>\$ -</u>
Net realized/unrealized gains/(losses)	(116,468)	(6,245)	46,687
Sales of investments	-	(1,531)	(41,602)
Purchase of investments	-	2,049,610	991,843
Transfers in or out of Level 3	(2,274,432)	-	-
Fair Value as of December 31, 2015	<u>-</u>	<u>\$ 2,041,834</u>	<u>\$ 996,929</u>

The carrying amounts of cash and cash equivalents, accounts and grants payable and accrued expenses approximate fair value under Level 1. Investments are carried at fair value as presented above.

The investments consist of the following types:

Short-term Investments: Investments consist of treasury securities with an average maturity of 120 days or less, checking accounts, and money market holdings with daily liquidity.

Fixed Income: Fixed income investments consist of both domestic and foreign issuances of debt instruments and include both government and corporate holdings. Domestically, the fixed income investments concentrate primarily on U.S. treasuries, including a separate account approach of Treasury Inflation Protected Securities (TIPS). Internationally, the fixed income strategy includes sovereign-issued, local-currency denominated debt holdings and a global fixed income approach that seeks a long-term, value-oriented approach in local-currency debt instruments.

Equities: Domestic and international equities, including international emerging market equities, are listed securities traded on public exchanges, at various market capitalizations, and are priced daily by the underlying managers. The equity investments accesses both domestic and international equities through institutional-class mutual funds, limited partnerships and separate accounts. Publicly traded domestic and international equities accessed through a limited partnership arrangement, while priced daily by the manager using Level 1 observable inputs, are contained in Level 2 and Level 3 investments due to their liquidity features.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Hedged Equity: This strategy involves equity investments, either long or short, in marketable and publicly traded equities. Traditionally, hedge funds purchase stocks that they perceive to be undervalued and sell stocks that they perceive to be overvalued. The research-intensive and quantitative efforts in identifying promising stocks to hold long in a portfolio may also provide short-sale opportunities, and for this reason many directional hedged equity funds often maintain both long and short portfolios in a fund-of-funds strategy.

Private Equity: This strategy consists of making equity capital available through a fund-of funds structure whereby the underlying investments in the specific companies are not quoted on a public exchange. Private equity consists of qualified investors and institutional funds that make investments directly into private companies or conduct buyouts of public companies. Private equity investments are made with a long-term perspective, or generally about ten years in duration.

The carrying amount of the investments is a reasonable fair value as of December 31, 2015 and 2014.

NOTE 5 – INVESTMENT SPENDING

UHCF employs a spending rule policy to maximize the flexibility, efficiency and impact of the endowment management process. This fund utilization policy does not distinguish between investment yield and appreciation, but rather on the total return of the assets. UHCF has employed a spending rule policy that provides for an annual distribution within seven (7%) and five percent (5%) of a 20 quarter rolling market value of the Portfolio. The distribution rate is based on a total return approach and asset allocation plan that allows both investment income and realized and unrealized gains to be withdrawn for spending by the Foundation.

Based upon the current spending policy in effect, \$1,860,000 and 2,389,343 were provided for the years ended December 31, 2015 and 2014, respectively.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment Net Assets, January 1, 2014	\$ 26,039,000	\$ -	\$ -	\$ 26,039,000
Contributions				-
Investment Return				-
Investment Income	476,883			476,883
Net Appreciation (Depreciation)	62,081			62,081
Total Investment Return	538,964	-	-	538,964
Amounts Appropriated for Expenditure	(2,389,343)	-	-	(2,389,343)
Investment Net Assets, December 31, 2014	<u>\$ 24,188,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,188,621</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment Net Assets, January 1, 2015	\$ 24,188,621	\$ -	\$ -	\$ 24,188,621
Investment Return				
Investment Income	272,126	-	-	272,126
Net Appreciation (Depreciation)	(728,772)	-	-	(728,772)
Total Investment Return	(456,646)	-	-	(456,646)
Amounts Appropriated for Expenditure	(1,860,000)	-	-	(1,860,000)
Investment Net Assets, December 31, 2015	<u>\$ 21,871,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,871,975</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 6 – CONCENTRATION OF INCOME SOURCES

UHCF received approximately 100% and 100% of its revenues, gains and other support in the accompanying Statements of Activities from net investment income for the years ended December 31, 2015 and 2014, respectively.

NOTE 7 – PROPERTY AND EQUIPMENT

UHCF follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$3,000. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset. Depreciation expense was \$18,258 and \$26,363 for the years ended December 31, 2015 and 2014, respectively.

	2015
Computer equipment	\$ 34,455
Office furniture	121,965
Office equipment	5,235
Telephone system	70,191
Leasehold improvements	6,291
Software	45,817
Total property and equipment at cost	283,954
Less: Accumulated depreciation	(210,631)
Property and equipment, net	\$ 73,323

	2014
Computer equipment	\$ 25,680
Office furniture	121,965
Office equipment	5,235
Telephone system	70,191
Leasehold improvements	6,291
Software	45,817
Total property and equipment at cost	275,179
Less: Accumulated depreciation	(192,373)
Property and equipment, net	\$ 82,806

NOTE 8 – EMPLOYEE BENEFIT PLAN

UHCF maintains the UHCF 401(k) Retirement Savings Plan (“the UHCF Plan”) created December 15, 2011. The UHCF Plan covers all eligible employees. Under the plan, UHCF has elected to contribute 7% of the gross salaries of all eligible employees. Employees are immediately vested in all UHCF contributions. Eligible employees can contribute elective deferrals up to maximum amount allowed by law.

For the years ended December 31, 2015 and 2014, UHCF contributed \$44,481 and \$58,880 to the retirement plans, respectively.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 – GRANTS PAYABLE

Grants payable consist of amounts awarded, but not paid, to not-for-profit groups to assist UHCF in implementing its vision of universal and affordable health care. As of December 31, 2015 and 2014, UHCF had grants payable totaling \$10,000 and \$33,000, respectively.

NOTE 10 – LEASES

UHCF has entered into several operating lease arrangements. UHCF leases office equipment and office space located at 290 Pratt Street, Meriden, CT 06450. UHCF had lease expenses of \$52,798 and \$87,763 for the years ended December 31, 2015 and 2014, respectively. The minimum annual future lease payments are as follows:

Years Ending December 31,		
2016	\$	49,090
2017		48,638
2018		50,097
2019		51,600
2020		53,148

NOTE 11 – BOARD DESIGNATED RESTRICTED FUNDS

As of December 31, 2015, UHCF had funds designated by the Board of Directors for a specific purpose of \$-0-.

NOTE 12 – DATE OF MANAGEMENT'S REVIEW

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of UHCF through February 25, 2016, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.