

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

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

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.  
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FOR THE FISCAL YEARS ENDED DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, and the changes in its net assets, statements of functional expenses and its cash flows for the years 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 22, 2018

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017 AND 2016**

**ASSETS**

	2017		2016			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 121,016	\$ 5,634	\$ 126,650	\$ 138,281	\$ -	\$ 138,281
Investments	217,248		217,248	94,064		94,064
Prepaid expenses	21,497		21,497	33,991		33,991
Grants receivable	-	25,000	25,000	-		-
Other receivables	-		-	186		186
Total Current Assets	<u>359,761</u>	<u>30,634</u>	<u>390,395</u>	<u>266,522</u>	<u>-</u>	<u>266,522</u>
<b>NONCURRENT ASSETS</b>						
Investments	23,998,892		23,998,892	21,570,726		21,570,726
Property and equipment, net	46,962		46,962	59,870		59,870
Security deposit	5,000		5,000	5,000		5,000
Total Assets	<u>\$ 24,410,615</u>	<u>\$ 30,634</u>	<u>\$ 24,441,249</u>	<u>\$ 21,902,118</u>	<u>\$ -</u>	<u>\$ 21,902,118</u>

**LIABILITIES AND NET ASSETS**

	2017		2016			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 81,797	-	\$ 81,797	\$ 43,970	-	\$ 43,970
Grants payable	-		-	-		-
Accrued annual leave	30,680		30,680	35,557		35,557
Accrued payroll	14,992		14,992	13,624		13,624
Total Current Liabilities	<u>127,469</u>	<u>-</u>	<u>127,469</u>	<u>93,151</u>	<u>-</u>	<u>93,151</u>
Net Assets	<u>24,283,146</u>	<u>30,634</u>	<u>24,313,780</u>	<u>21,808,967</u>	<u>-</u>	<u>21,808,967</u>
Total Liabilities and Net Assets	<u>\$ 24,410,615</u>	<u>\$ 30,634</u>	<u>\$ 24,441,249</u>	<u>\$ 21,902,118</u>	<u>\$ -</u>	<u>\$ 21,902,118</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, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total 2017	Unrestricted	Temporarily Restricted	Total 2016
<b>OPERATING REVENUES AND SUPPORT</b>						
Investment Return Designated for Operations	\$ 1,360,500	\$ -	\$ 1,360,500	\$ 1,421,000	\$ -	\$ 1,421,000
Interest & Dividend Income	13,826		13,826	10,693		10,693
Grant revenue	-	50,000	50,000	-	-	-
Contributions	38,960		38,960	30		30
Miscellaneous income	8,789		8,789	10,638		10,638
Loss on Disposal of Fixed Assets	-		-	-		-
Net Assets Released from Restrictions	19,366	(19,366)	-	-		-
Total Operating Revenue and Support	1,441,441	30,634	1,472,075	1,442,361	-	1,442,361
<b>OPERATING EXPENSES</b>						
Management and general	244,546		244,546	271,393		271,393
Development	215,521		215,521	142,142		142,142
Public policy	844,287		844,287	866,469		866,469
Advocacy	55,838		55,838	18,533		18,533
Total Operating Expenses	1,360,192	-	1,360,192	1,298,538	-	1,298,538
<b>RESULTS OF OPERATIONS</b>						
	81,249	30,634	111,883	143,823	-	143,823

*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, 2017 AND 2016**

	2017		2016	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
		Total 2017		Total 2016
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>				
Investment Return in Excess/(Deficit) of Spending Policy	\$ 2,388,166	\$ -	\$ 2,388,166	\$ (531,249)
Net Realized and Unrealized Gain/(Loss) on Investments	4,764	-	4,764	3,644
<b>Total Non-Operating Revenue and (Expenses)</b>	<b>2,392,930</b>	<b>-</b>	<b>2,392,930</b>	<b>(527,605)</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,474,179</b>	<b>30,634</b>	<b>2,504,813</b>	<b>(383,782)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>21,808,967</b>	<b>-</b>	<b>21,808,967</b>	<b>-</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 24,283,146</b>	<b>\$ 30,634</b>	<b>\$ 24,313,780</b>	<b>\$ 21,808,967</b>

*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, 2017**

	Management & General	Development	Public Policy	Advocacy	Total
Wages	\$ 127,128	\$ 120,076	\$ 376,378	\$ 9,592	\$ 633,174
Payroll taxes	9,211	15,133	34,170	701	59,215
Fringe benefits	36,696	50,571	128,533	671	216,471
Conferences and seminars	-	158	1,465	-	1,623
Travel expenses	589	217	6,848	934	8,588
Board expenses	33,995	-	-	-	33,995
Grants	-	-	57,500	-	57,500
Legal fees	105	37	249	-	391
Audit	3,627	1,268	8,605	-	13,500
Consultants	500	-	100,675	2,438	103,613
Legislative monitoring	-	-	-	40,000	40,000
Technology	7,106	8,703	24,453	-	40,262
Recruitment	-	803	-	-	803
Printing & Reproduction	-	7,263	27	769	8,059
Facilities	18,510	6,468	43,908	-	68,886
Dues and subscriptions	680	736	13,996	-	15,412
Office operations	6,141	3,666	29,458	375	39,640
Meetings	258	422	3,072	-	3,752
Website	-	-	14,950	358	15,308
<b>Total Expenses</b>	<b>\$ 244,546</b>	<b>\$ 215,521</b>	<b>\$ 844,287</b>	<b>\$ 55,838</b>	<b>\$ 1,360,192</b>

*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, 2016**

	Management & General	Development	Public Policy	Advocacy	Total
Wages	\$ 134,778	\$ 82,860	\$ 408,481	\$ 7,069	\$ 633,188
Payroll taxes	9,964	4,376	30,096	481	44,916
Fringe benefits	50,393	22,347	156,162	495	229,397
Conferences and seminars	-	310	451	-	761
Travel expenses	520	43	10,227	934	11,724
Board expenses	30,174	-	58	-	30,231
Grants	-	-	105,763	-	105,763
Legal fees	-	-	-	-	-
Audit	2,995	1,315	9,190	-	13,500
Consultants	-	1,000	22,754	-	23,754
Legislative Monitoring	-	-	-	8,500	8,500
Technology	7,914	10,317	13,576	-	31,807
Temporary help	-	6,725	4,860	-	11,585
Facilities	19,303	6,740	45,054	718	71,815
Dues and subscriptions	1,705	25	7,582	-	9,312
Office operations	13,070	5,775	46,813	317	65,975
Meetings	580	310	1,164	20	2,074
Website	-	-	4,236	-	4,236
<b>Total Expenses</b>	<b>\$ 271,393</b>	<b>\$ 142,142</b>	<b>\$ 866,469</b>	<b>\$ 18,533</b>	<b>\$ 1,298,538</b>

*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, 2017 AND 2016**

	2017	2016
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 2,504,813	\$ (383,782)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation	12,908	13,453
Unrealized (gain)/loss on investments	(4,763.75)	555,929
Net Appreciation/(Depreciation) in The Community Foundation Investment Portfolio	(2,388,166)	
 <b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in prepaid expenses	12,494	(3,121)
(Increase) decrease in grants receivable	(25,000)	-
(Increase) decrease in other receivables	186	324
Increase (decrease) in accounts payable and accrued expenses	37,826	(9,214)
Increase (decrease) in grants payable	-	(10,000)
Increase (decrease) in accrued annual leave	(4,877)	(8,757)
Increase (decrease) in accrued payroll	1,368	(1,598)
Net Cash Provided by (Used in) Operating Activities	146,789	153,234
 <b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	-	-
Expense from disposal of property and equipment	-	-
Proceeds from sale of investments, net purchases	(158,419)	(160,008)
Net Cash Provided by (Used in) Investing Activities	(158,419)	(160,008)
 Net Increase (Decrease) in Cash	(11,631)	(6,774)
 Cash and Cash Equivalents, Beginning of Year	138,281	145,055
 Cash and Cash Equivalents, End of Year	\$ 126,650	\$ 138,281

Cash paid for interest and income taxes was \$-0- for the years ended December 31, 2017 and 2016.

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

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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**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, 2017 AND 2016**

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**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, 2017 and 2016.

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, 2017 and 2016, 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, 2017 and 2016.

**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, 2017 AND 2016**

**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, 2017 and 2016.

	2017	
	Cost	Fair Value
The Community Foundation	\$ 21,738,136	\$ 23,728,892
PIMCO Funds	471,660	487,248
Totals	\$ 22,209,796	\$ 24,216,140
	2016	
	Cost	Fair Value
The Community Foundation	\$ 22,375,245	\$ 21,070,726
PIMCO Funds	583,240	594,064
Totals	\$ 22,958,485	\$ 21,664,791

The following schedule summarizes net investment income for the years ended December 31, 2017.

	2017
Dividend income	\$ 165,521
Realized gain on sale of investments	455,798
Unrealized gain/(loss) on investments	3,300,039
Investment fees	(154,102)
Net investment income	\$ 3,767,256

The following schedule summarizes net investment income for the year ended December 31, 2016.

	2016
Dividend income	\$ 160,577
Realized gain on sale of investments	1,472,995
Unrealized gain/(loss) on investments	(555,929)
Investment fees	(173,555)
Net investment income	\$ 904,088

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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.

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, 2017.

	2017			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 795,285	\$ 638,186	\$ 157,099	\$ -
Fixed income	2,773,566	1,359,048	1,414,519	-
Equities				
International	14,942,575	7,321,862	7,620,713	-
Domestic	-	-	-	-
Alternatives				
Hedged Equity	4,432,259	2,171,807	2,260,452	-
Private Assets	1,272,454	623,502	648,952	-
Investments as of December 31, 2017	<u>\$24,216,140</u>	<u>\$12,114,405</u>	<u>\$12,101,735</u>	<u>\$ -</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2016

	2016			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 960,819	\$ 773,774	\$ 187,045	\$ -
Fixed income	4,105,842	2,011,863	2,093,980	-
Equities				
International	7,537,433	3,693,342	3,844,091	-
Domestic	4,404,213	2,158,064	2,246,149	-
Alternatives				
Hedged Equity	3,543,032	1,736,086	1,806,946	-
Private Assets	1,113,451	545,591	567,860	-
Investments as of December 31, 2016	<u>\$21,664,790</u>	<u>\$10,918,720</u>	<u>\$10,746,070</u>	<u>\$ -</u>

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.

**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.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

**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, 2017 and 2016.

**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, \$1,360,500 and \$1,421,000 were provided for the years ended December 31, 2017 and 2016, respectively.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment Net Assets, January 1, 2017	\$ 21,340,726	\$ -	\$ -	\$ 21,340,726
Investment Return				
Investment Income	151,694	-	-	151,694
Net Appreciation (Depreciation)	3,596,972	-	-	3,596,972
Total Investment Return	3,748,666	-	-	3,748,666
Amounts Appropriated for Expenditure	(1,360,500)	-	-	(1,360,500)
Investment Net Assets, December 31, 2017	<u>\$ 23,728,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,728,892</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment Net Assets, January 1, 2016	\$ 21,871,975	\$ -	\$ -	\$ 21,871,975
Contributions				-
Investment Return				-
Investment Income	149,884			149,884
Net Appreciation (Depreciation)	739,867			739,867
Total Investment Return	889,751	-	-	889,751
Amounts Appropriated for Expenditure	(1,421,000)	-	-	(1,421,000)
Investment Net Assets, December 31, 2016	<u>\$ 21,340,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,340,726</u>

**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, 2017 and 2016, respectively.



**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 \$12,908 and \$13,453 for the years ended December 31, 2017 and 2016, respectively.

	2017
Computer equipment	\$ 14,017
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	263,516
Less: Accumulated depreciation	(216,554)
Property and equipment, net	\$ 46,962

	2016
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	(224,084)
Property and equipment, net	\$ 59,870

**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, 2017 and 2016, UHCF contributed \$44,907 and \$44,794 to the retirement plans, respectively.

**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, 2017 and 2016, UHCF had grants payable totaling \$- and \$-, respectively.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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**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 \$54,360 and \$49,090 for the years ended December 31, 2017 and 2016, respectively. The minimum annual future lease payments are as follows:

Years Ending December 31,		
2018	\$	55,819
2019		56,008
2020		53,148
2021		50,056
2022		-

**NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of December 31, 2017

Grant Income	\$	30,634
		<u>30,634</u>
	\$	<u>30,634</u>

Temporarily restricted net assets are restricted based on a specific purpose.

Net Assets released from restrictions were comprised of the following:

Protect Our Care	\$	19,366
		<u>19,366</u>
	\$	<u>19,366</u>

All net assets released from restriction are released based on a specific purpose being met.

**NOTE 12 – BOARD DESIGNATED RESTRICTED FUNDS**

As of December 31, 2017, UHCF had funds designated by the Board of Directors for a specific purpose of \$-0-.

**NOTE 13 – 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 22, 2018, 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.