CCMC Corporation and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

September 30, 2016 and 2015

BAKER TILLY

Candor. Insight. Results.

CCMC Corporation and Subsidiaries

Table of Contents
September 30, 2016 and 2015

BAKER TILLY

Baker Tilly Virchow Krause, LLP
One Penn Plaza, Ste 3000
New York, NY 10119
tel 212 697 6900
fax 212 490 1412
bakertilly.com

Independent Auditors' Report

Board of Directors
CCMC Corporation and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CCMC Corporation and Subsidiaries, which comprise the consolidated balance sheet as of September 30, 2016 and 2015, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of The Children's Fund of Connecticut, Inc., a wholly-owned subsidiary, which statements reflect total assets constituting 8 percent of consolidated total assets at September 30, 2016 and 2015, and 1 percent of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Children's Fund of Connecticut, Inc., is based solely on the report of the other auditors. We conducted our audits in conformity with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated 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, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CCMC Corporation and Subsidiaries as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in conformity with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

New York, New York
January 23, 2017

CCMC Corporation and Subsidiaries

Consolidated Balance Sheet

September 30, 2016 and 2015

Assets	2016	2015
Current Assets		
Cash and cash equivalents	$ 6,899,401	$ 11,576,841
Short-term investments	67,013,057	59,335,486
Funds held by trustee under revenue bond agreement	-	435,186
Accounts receivable, less allowance for doubtful accounts of approximately $3,225,000 in 2016 and $4,727,000 in 2015	40,588,898	38,599,255
Inventories	2,407,715	1,443,429
Other current assets	13,386,439	11,643,910
Total current assets	130,295,510	123,034,107
Assets Whose Use is Limited		
Investments	54,523,736	52,911,780
Funds held in trust by others	80,740,462	75,285,353
Total assets whose use is limited	135,264,198	128,197,133
Property, Plant and Equipment		
Leasehold improvements	917,923	917,923
Buildings	152,801,774	144,535,354
Furniture and equipment	130,051,062	115,007,491
Construction in progress	2,160,582	13,845,701
	285,931,341	274,306,469
Less accumulated depreciation	(157,053,660)	(139,382,925)
Total property, plant and equipment	128,877,681	134,923,544
Other Assets		
Bond issuance costs	615,889	627,071
Ground lease	2,299,514	2,328,806
Pledges receivable, long term	3,526,656	3,679,656
Other	25,331,020	29,582,733
Total other assets	31,773,079	36,218,266
Total assets	$ 426,210,468	$ 422,373,050

Liabilities and Net Assets	2016	2015
Current Liabilities		
Current portion of bonds payable	$ 1,500,000	$ 1,415,000
Current portion of notes payable	6,048,195	5,918,464
Accounts payable and accrued liabilities	41,740,431	40,741,309
Accrued wages	17,935,354	22,370,710
Due to third parties	4,501,119	3,784,662
Accrued interest payable and other current liabilities	125,432	58,357
Total current liabilities	71,850,531	74,288,502
Bonds Payable, Less Current Portion	33,769,625	35,269,625
Notes Payable, Less Current Portion	10,955,057	16,920,593
Accrued Pension Liability	24,478,050	19,397,464
Due to Third Parties	13,193,518	16,584,377
Other Long-Term Liabilities	28,513,606	36,301,435
Total liabilities	182,760,387	198,761,996
Net Assets		
Unrestricted	116,834,494	100,983,261
Temporarily restricted	27,155,214	29,505,870
Permanently restricted	99,460,373	93,121,923
Total net assets	243,450,081	223,611,054
Total liabilities and net assets	$ 426,210,468	$ 422,373,050

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statement of Operations and Changes in Net Assets
Years Ended September 30, 2016 and 2015

	2016	2015
Revenues		
Patient service revenues	$ 361,410,913	$ 343,770,471
Provision for bad debts	(3,189,687)	(2,520,081)
Patient service revenues, less provision for bad debts	358,221,226	341,250,390
Other revenues	23,594,255	23,356,749
Contributions and donations, net	5,229,623	1,868,238
Investment return, net	7,296,994	9,627,781
Net assets released from restrictions for operations	16,554,480	15,762,598
Total revenues	410,896,578	391,865,756
Expenses		
Salaries and wages	191,321,467	179,096,342
Benefits	41,124,779	43,864,547
Supplies and miscellaneous	142,407,818	136,740,282
Interest	1,141,051	1,234,420
Depreciation and amortization	21,647,720	19,510,216
Total expenses	397,642,835	380,445,807
Excess of revenues over expenses	13,253,743	11,419,949

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statement of Operations and Changes in Net Assets
Years Ended September 30, 2016 and 2015

	2016	2015
Unrestricted Net Assets (Continued)		
Excess of revenues over expenses (from previous page)	$ 13,253,743	$ 11,419,949
Unrealized gains (losses) on investments	3,629,437	(10,453,297)
Change in funded status of pension and post-retirement plans	(4,937,060)	(6,921,768)
Net assets released from restrictions for capital	3,905,113	719,323
Change in unrestricted net assets	15,851,233	(5,235,793)
Temporarily Restricted Net Assets		
Unrealized gains (losses) on investments	119,780	(348,824)
Transfers (to) from affiliated organizations	(20,074)	58,289
Income from investments	197,798	223,171
Net assets released from restrictions for operations	(16,554,480)	(15,762,598)
Net assets released from restrictions for capital	(3,905,113)	(719,323)
Bequests, gifts and grants	17,811,433	19,810,583
Change in temporarily restricted net assets	(2,350,656)	3,261,298
Permanently Restricted Net Assets		
Bequests, gifts and grants	883,341	498,716
Change in funds held in trust by others	5,455,109	(7,600,518)
Change in permanently restricted net assets	6,338,450	(7,101,802)
Change in net assets	19,839,027	(9,076,297)
Net Assets at Beginning of Year	223,611,054	232,687,351
Net Assets at End of Year	$ 243,450,081	$ 223,611,054

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statement of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 19,839,027	$ (9,076,297)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Noncash items:		
Provision for bad debts	3,189,687	2,520,081
Depreciation and amortization	21,647,720	19,510,216
Change in funds held in trust by others and assets released from restrictions by trustees	(5,455,109)	7,600,518
Net realized and unrealized (gains) losses on investments	(6,689,757)	5,990,202
Change in funded status of pension and post-retirement plans	4,937,060	6,921,768
Transfers to (from) affiliated organizations	20,074	(58,289)
Other changes in net assets:		
Restricted contributions and investment income	(18,892,572)	(20,532,470)
Changes in operating assets and liabilities:		
Accounts receivable	(5,179,330)	(2,688,247)
Inventories	(964,286)	(54,076)
Other current assets	(1,742,529)	2,220,440
Other long-term assets	4,392,379	(4,497,325)
Accounts payable and accrued liabilities	999,122	(6,146,898)
Accrued wages, accrued interest payable and other current liabilities	(4,368,281)	2,580,047
Due to third parties	(2,674,402)	(13,195,731)
Accrued pension liability	143,526	705,600
Other long-term liabilities	(7,787,829)	1,051,304
Net cash provided by (used in) operating activities	1,414,500	(7,149,157)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(15,799,049)	(13,704,963)
Proceeds from sale of property and equipment	250,000	-
Net decrease in investments	(2,599,770)	8,149,046
Change in funds held by trustee under revenue bond	435,186	4,586,434
Net cash used in investing activities	(17,713,633)	(969,483)
Cash Flows from Financing Activities		
Restricted contributions and investment income	18,892,572	20,532,470
Transfers (to) from affiliated organizations	(20,074)	58,289
Principal payment on bonds and notes payable	(7,250,805)	(7,866,634)
Proceeds from debt issued	-	310,500
Net cash provided by financing activities	11,621,693	13,034,625
(Decrease) increase in cash and cash equivalents	(4,677,440)	4,915,985
Cash and Cash Equivalents, Beginning	11,576,841	6,660,856
Cash and Cash Equivalents, Ending	$ 6,899,401	$ 11,576,841
Supplemental Schedule of Noncash Investing and Financing Activities		
Equipment acquired through capital lease agreement	$ 85,208	$ -

See notes to consolidated financial statements

1. Organization and Accounting Policies

CCMC Corporation (the "Corporation") was incorporated on June 1, 1985 as a not-for-profit organization under the Non-Stock Corporation Act of the State of Connecticut. The Corporation is organized for the purpose of benefiting, carrying out the purposes of, and upholding, promoting and furthering the welfare, programs and activities of its subsidiary Connecticut Children's Medical Center (the "Medical Center"). The Medical Center is the sole member of Connecticut Children's Specialty Group, Inc. ("CCSG") and The Children's Fund of Connecticut, Inc. (the "Children's Fund"). The Corporation is also the sole member of Connecticut Children's Medical Center Foundation, Inc. (the "Foundation") and CCMC Affiliates, Inc. CCMC Ventures, Inc. (presently inactive) will conduct the related for-profit activities of the Corporation, its sole shareholder.

In 2016, the Corporation created New England Pediatrics Indemnity, Ltd. (“NEPI”), a freestanding corporation through which the Corporation and its affiliates will insure its professional liability and potentially its general liability risk. The Corporation plans to novate outstanding and unreported claims to NEPI in fiscal 2017.

Regulatory Matters

The Medical Center is required to file annual operating information with the State of Connecticut Office of Health Care Access.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets, such as estimated uncollectibles for accounts receivable for services to patients, and liabilities, such as third party settlements, professional insurance liabilities and pension and postretirement benefits liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market funds and certificates of deposit. Restricted cash has been restricted by the donor to a specific time frame or purpose.

Investments

Investments consist of fixed income securities, equity securities (including readily tradeable stocks, exchange traded funds and mutual funds), interests in common collective/commingled trusts and funds of funds. All investments, including funds held by trustee under revenue bond agreements, are measured at fair value at the balance sheet dates (see Note 16). Investment income includes realized gains and losses on investments, interest and dividends and is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. The cost of securities sold is based on the specific identification method. Unrealized gains and losses on investments are excluded from excess of revenues over expenses unless the loss is considered to be other-than-temporary. Other-than-temporary losses are included in investment income which is a component of excess of revenues over expenses. Based on current market conditions, as well as the Corporation's ability and intent to hold impaired assets to recovery, no other than temporary losses were recorded.

Short-term investments represent those securities that are available for the Corporation’s operations, and can be converted to cash within one year.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Funds Held in Trust by Others

The Medical Center has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the Medical Center are unrestricted and are included in investment income. The Medical Center’s interest in the fair value of the trust assets is included in assets whose use is limited. Changes in the market value of the trust assets are reported as increases or decreases to permanently restricted net assets.

Bond Issuance Costs

Bond issuance costs incurred to refinance outstanding debt are being amortized using the straight-line method. The difference between the straight-line method and the effective-interest method is immaterial.

Property, Plant and Equipment

Property, plant, and equipment are recorded on the basis of cost. The Corporation provides for depreciation of property, plant, and equipment using the straight-line method in amounts sufficient to depreciate the cost of the assets over their estimated useful lives.

In 2016, the Medical Center incurred a loss on disposal of property, plant and equipment of approximately $1,800,000 related to a sale of one of its practices. The loss is reported as depreciation and amortization in the consolidated statement of operations and changes in net assets.

Pension Plan

The Medical Center has a noncontributory defined benefit pension plan in effect covering all eligible employees. The Medical Center's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions and donations in the accompanying consolidated financial statements.

Interest Rate Swap Agreements

The Medical Center utilizes interest rate swap agreements to reduce risks associated with changes in interest rates. The Medical Center is exposed to credit loss in the event of non-performance by the counterparties to its interest rate swap agreements. The Medical Center is also exposed to the risk that the swap receipts may not offset its variable rate debt exposure.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time frame or purpose. Temporarily restricted net assets consist primarily of contributions restricted for certain health care and children's services, program support, medical education and research. Permanently restricted net assets, which are primarily assets held in trusts by others and endowment gifts, have been restricted by donors and are to be maintained in perpetuity.

Medical Malpractice Insurance

The Medical Center purchases malpractice coverage in which the primary level of coverage is $4,000,000 per claim and $12,000,000 in the aggregate. There is an additional $6,000,000 of professional liability purchased through an external insurance company. In addition, there are four layers of excess indemnity coverage with four different insurance companies at $10,000,000 per claim on the first three layers and $15,000,000 per claim on the fourth layer, totaling $45,000,000 in the aggregate. There are no deductibles. Additionally, the Medical Center purchased a loss capping policy to limit the exposure on existing claims as of September 30, 2012. Under this policy, any existing claim that settles for greater than the amount reserved for this claim is covered and paid by the insurance company, limiting the Medical Center's liability for increases in claims up to $10,000,000 per claim and $20,000,000 in the aggregate. Should claims settle for greater than the amount already reserved and the $20,000,000 loss capping policy, the Medical Center is fully liable for the excess.

Insurance Recovery Receivable and Insurance Claims Liability

The Medical Center presents anticipated insurance recoveries separately from estimated insurance liabilities for medical malpractice claims and similar contingent liabilities on the consolidated balance sheet. The current portion of the insurance recovery receivable and related insurance claims liability totaled $7,359,806 and $6,460,657 at September 30, 2016 and 2015, respectively, and is included within other current assets and accounts payable and accrued expenses in the accompanying consolidated balance sheet. The non-current portion of the insurance recovery receivable and related insurance claims liability totaled $16,147,306 and $22,092,207 at September 30, 2016 and 2015, respectively, and is included within other assets and other long-term liabilities in the accompanying consolidated balance sheet.

Excess of Revenues over Expenses

The consolidated statement of operations and changes in net assets includes excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses include unrealized gains and losses on investments, transfers from affiliated organizations, net assets released from restrictions for capital and changes in the funded status of the pension and postretirement plans.

Advertising

The Corporation's policy is to expense advertising costs as incurred. Total advertising expense was $1,271,598 and $911,134 for the years ended September 30, 2016 and 2015, respectively.

Income Taxes

The Corporation and its subsidiaries, with the exception of CCMC Ventures, Inc., are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. CCMC Ventures, Inc. has no federal tax liability because it has been inactive since its incorporation.

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has determined that there were no material tax uncertainties that met the recognition threshold in 2016 and 2015.

The Medical Center has net operating loss carryforwards from unrelated business activities of approximately $586,000 which begin expiring on September 30, 2029. These net operating loss carryforwards result in a potential deferred tax asset of approximately $234,000 which is offset by a valuation allowance of the same amount.

Recent Accounting Pronouncement – Fair Value Measurement

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU No. 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value practical expedient in Accounting Standards Codification 820. ASU No. 2015-07 requires retrospective application and is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. Management has elected to early adopt the provisions of this new standard as it relates to the pension plan assets. Accordingly, the standard was retrospectively applied.

New Accounting Pronouncement – Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers (patients) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2014-09 for years beginning after December 15, 2017; early application is not permitted. The Corporation has not yet determined the impact of adoption of ASU No. 2014-09 on its consolidated financial statements.

New Accounting Pronouncement - Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of their leasing activities. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2019. The Corporation has not yet determined the impact of adoption of ASU No. 2016-02 on its consolidated financial statements.

New Accounting Pronouncement – Not-for-Profit Entities

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU No. 2016-14 is to be applied retroactively with transition provisions. The Corporation has not yet determined the impact of this standard on its consolidated financial statements.

Subsequent Events

The Corporation evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date. For the year ended September 30, 2016, the Corporation evaluated subsequent events through January 23, 2017, which is the date the consolidated financial statements were issued. No events occurred that require disclosure in or adjustment to the financial statements.

Reclassifications

Certain reclassifications have been made to the 2015 balances previously reported to conform to the current year presentation.

2. Net Revenue from Services to Patients and Charity Care

The Medical Center provides health care services primarily to residents of the region. Revenues from the Medicaid program accounted for approximately 34% and 36% of the Medical Center's net patient service revenues for the years ended September 30, 2016 and 2015, respectively. Laws and regulations governing the Medicaid program are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicaid program. Changes in the Medicaid program and the reduction of funding levels could have an adverse impact on the Medical Center.

The following table summarizes net revenues from services to patients:

	2016	2015
Total gross revenues from patients	$ 838,419,941	$ 779,425,997
Less total contractual allowances	469,724,739	439,248,437
Less charity care	2,645,359	2,258,042
Less administrative and other allowances	4,638,930	4,149,047
Total allowances	477,009,028	445,655,526
DSH settlement with State of Connecticut	-	10,000,000
Patient service revenues	361,410,913	343,770,471
Less provision for bad debts	3,189,687	2,520,081
Patient service revenues, less provision for bad debts	$ 358,221,226	$ 341,250,390

Patient accounts receivable and revenues are recorded when patient services are performed. Amounts received from certain payors are different from established billing rates of the Medical Center, and the difference is accounted for as allowances. The Medical Center records its provision for bad debt based upon a review of all of its outstanding receivables. Write-offs of receivable balances are related to its population of underinsured patients. An underinsured patient is one who has commercial insurance which leaves a significant portion of the Medical Center's reimbursement to be paid by the patient, either through large deductibles or co-pay requirements. Self-pay patients are rare in the pediatric environment, as Medicaid is readily available to children. Self-pay net revenue approximated $4,500,000 and $3,600,000 for the years ended September 30, 2016 and 2015, respectively.

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustments. Provisions for estimated third-party payor settlements and adjustments are estimated in the period the related services are rendered and adjusted in future periods as final settlements are determined. In 2015, the Medical Center received a $10,000,000 settlement related to prior years that increased net patient service revenue. In 2016, net patient service revenue increased by approximately $3,900,000 for changes in estimated reserves related to prior year settlements.

The Medical Center has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the Medical Center receives per diem and fee-for-service payments for certain covered services based upon discounted fee schedules.

The Medical Center accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Medical Center. Essentially, those policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Medical Center utilizes the generally recognized poverty income levels for the state of Connecticut, but also includes certain cases where incurred charges are significant when compared to incomes.

The costs of charity care incurred were approximately $1,107,000 and $929,000 for the years ended September 30, 2016 and 2015, respectively. The cost of charity care is derived from both estimated and actual data. The estimated cost of charity care includes the direct and indirect cost of providing such services and is estimated utilizing the Medical Center's ratio of cost to gross charges, which is then multiplied by the gross uncompensated charges associated with providing care to charity patients.

3. Pledges Receivable

Pledges receivable, reported within accounts receivable and other assets in the consolidated balance sheet, include the following unconditional promises to give at September 30:

	2016	2015
Due within one year	$ 3,689,180	$ 1,588,914
Due in one to five years	3,934,410	4,115,947
Less discount and provision for bad debts	(407,754)	(436,291)
Net pledges receivable	$ 7,215,836	$ 5,268,570

The discount rate used for pledges was 5%.

The discount recognizes the estimated uncollectible portion of the pledges receivable and the discount of pledges receivable to net present value.

4. Concentrations of Credit Risk

The Corporation’s financial instruments that are exposed to concentrations of credit risk primarily consist of cash and cash equivalents, short-term investments and patient accounts receivable.

The Corporation's cash and cash equivalents are placed with high credit quality financial institutions. The Corporation's investment policy limits its exposure to concentrations of credit risk. In the normal course of business, the Corporation maintains cash balances in excess of the Federal Deposit Insurance Corporation's ("FDIC") insurance limit. Cash balances exceeded FDIC limits by approximately $7,610,000 and $10,930,000 at September 30, 2016 and 2015, respectively.

The Medical Center provides health care services and grants credit without collateral to its patients, most of whom are Connecticut residents and are insured under third-party payor agreements. An estimated allowance for doubtful accounts as well as contractual allowances is maintained at levels considered adequate to reduce the account balances to net realizable value. The mix of receivables from patients and third-party payors at September 30 was as follows:

	2016	2015
Medicaid	34 %	35 %
Medicaid managed care	4	2
Commercial/managed care - contracted	50	51
Commercial/managed - non-contracted	4	4
Patients and other	8	8
	100 %	100 %

5. Investments

The composition of investments as of September 30, carried at fair value, is set forth in the following table:

	2016		2015	
	Cost	**Market**	**Cost**	**Market**
Short-term investments	$ 5,313,657	$ 5,313,657	$ 2,438,007	$ 2,438,007
Marketable equity securities	361,145	372,450	543,174	536,981
Fixed income securities	26,363	26,646	26,363	27,377
Equity mutual funds	57,218,967	65,844,160	51,636,611	57,827,523
Fixed income mutual funds	12,813,751	12,920,683	16,535,722	16,421,431
Multi-strategy mutual funds	39,096,720	36,990,465	37,848,800	34,665,875
Other	67,749	68,732	356,020	330,072
	$ 114,898,352	$ 121,536,793	$ 109,384,697	$ 112,247,266

Investments consisted of mutual funds and individual securities that comprised approximately 84% equity securities and 16% fixed income investments at September 30, 2016, and 82% equity securities and 18% fixed income investments at September 30, 2015.

The following table summarizes the unrealized losses on investments held at September 30, 2016:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
Marketable equity securities	$ 1,742,070	$ 95,428	$ 5,203,542	$ 1,483,839	$ 6,945,612	$ 1,579,267
Institutional managed equity funds	106,116	6,531	-	-	106,116	6,531
Mutual funds and other securities	1,034,931	8,327	44,959,853	3,935,617	45,994,784	3,943,944
Other	30,497	1,181	-	-	30,497	1,181
Total investments	$ 2,913,614	$ 111,467	$ 50,163,395	$ 5,419,456	$ 53,077,009	$ 5,530,923

The following table summarizes the unrealized losses on investments held at September 30, 2015:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Marketable equity securities	$ 7,995,517	$ 1,312,313	$ 4,099,045	$ 1,608,196	$ 12,094,562	$ 2,920,509
Institutional managed equity funds	522,612	23,753	-	-	522,612	23,753
Mutual funds and other securities	29,025,289	1,364,152	17,883,942	2,242,278	46,909,231	3,606,430
Other	150,836	5,848	44,461	6,253	195,297	12,101
Total investments	$ 37,694,254	$ 2,706,066	$ 22,027,448	$ 3,856,727	$ 59,721,702	$ 6,562,793

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors and the length of time and extent to which the market value has been less than cost along with the Corporation's intent and ability to hold the investments. During the years ended September 30, 2016 and 2015, the Corporation has not recorded any other-than-temporary declines in the fair value of investments, as the Corporation has the ability and intent to hold the securities to recovery.

Investment return, net for the years ended September 30 consists of the following:

	2016	2015
Interest and dividend income	$ 1,808,930	$ 2,017,224
Realized gain	2,940,540	4,811,919
Net swap activity	(104,094)	(367,708)
Trust income	3,025,303	3,326,528
Investment fees and other	(175,887)	(160,182)
	7,494,792	9,627,781
Unrealized gain (loss) on investments	3,749,217	(10,453,297)
Total	$ 11,244,009	$ (825,516)

6. Restricted Net Assets

Endowments

The Corporation's endowment consists of individual donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions. At September 30, 2016 and 2015, the Corporation had $22,429,597 and $22,081,136 in endowments, respectively.

Interpretation of Relevant Law

The Corporation's Board and senior management have interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard for expenditure prescribed by UPMIFA. In accordance with UPMIFA, the Corporation 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 organization 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 organization.

(7) The investment policies of the organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies at September 30, 2016 and 2015.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that equal or exceed relevant benchmarks. The Corporation expects its endowment funds, over time, to provide an average rate of return of at least 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation 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 Corporation targets a diversified asset allocation strategy that places a greater emphasis on equity-based investments to achieve its long-term return objectives within the guidelines of its investment policy and prudent risk constraints.

All endowment net assets are donor-restricted endowment funds.

Changes in endowment net assets for the years ended September 30 consisted of the following:

	2016		
	Temporarily Restricted	**Permanently Restricted**	**Total**
Endowment net assets, beginning balance	$ 4,244,566	$ 17,836,570	$ 22,081,136
Contributions	-	883,341	883,341
Investment returns	263,705	-	263,705
Net appreciation (realized and unrealized)	398,616	-	398,616
Appropriation of endowment assets for expenditure	(1,197,201)	-	(1,197,201)
Endowment net assets, ending balance	$ 3,709,686	$ 18,719,911	$ 22,429,597

	2015		
Endowment net assets, beginning balance	$ 4,605,125	$ 17,337,854	$ 21,942,979
Contributions	-	498,716	498,716
Investment return	417,438	-	417,438
Net appreciation (realized and unrealized)	794,207	-	794,207
Appropriation of endowment assets for expenditure	(1,572,204)	-	(1,572,204)
Endowment net assets, ending balance	$ 4,244,566	$ 17,836,570	$ 22,081,136

Income from endowment funds is considered temporarily restricted until it meets the original donor's time or purpose restriction of the donation. These funds are commingled with other temporarily restricted contributions for the same purposes (see tables below for discussion of the purpose of restrictions) and invested until such time that the funds are utilized. The Foundation's spending policy, which applies to the Corporation, is that any expenditure associated with the endowment is appropriated based on the donor's intention.

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes as of September 30:

	2016	2015
Equipment purchases	3 %	2 %
Education	5	7
Other health care services	92	91
	100 %	100 %

Permanently Restricted

Permanently restricted net assets at September 30 are restricted to:

	2016	2015
Health care and children's services	82 %	81 %
Other health care services	14	14
Education	4	5
	100 %	100 %

7. Pension Plan and Defined Contribution Plan

Effective January 1, 1993, the State of Connecticut mandated that individuals hired by the Medical Center were no longer eligible to participate in the State of Connecticut pension plan ("State Plan"). Employees who were participants in the State Plan as of December 31, 1992, can remain participants in the State Plan so long as they continue to remain employed by the Medical Center.

Effective January 1, 1994, the Medical Center adopted a defined benefit pension plan covering substantially all of its employees. Benefits for employees who are participants in the State Plan are reduced to reflect vested benefits provided under the State Plan.

Effective January 1, 1999, the Medical Center converted its pension plan to a Cash Balance Retirement Plan (the "Plan"). Plan benefits are based on years of service and the employee's compensation. Contributions to the Plan are intended to provide for benefits attributed to services rendered to date and benefits expected to be earned in the future. Future benefits are earned and credited by participants based on a percentage of compensation (ranging from 2.5% to 12.5%) associated with years of service. Plan participants earn a return based on an interest rate established annually at the beginning of the pay year. Plan participants vest in their benefits after three years of service.

On February 26, 2009, the Board of Directors of the Medical Center adopted a resolution to freeze the Plan effective May 1, 2009.

Included in unrestricted net assets at September 30, 2016 and 2015 are unrecognized actuarial losses of $32,059,945 and $27,031,839, respectively. The actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending September 30, 2017 is $1,984,109.

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation and the fair value of Plan assets, as well as the funded status of the Plan and accrued pension liability included in the consolidated balance sheet at year ended September 30:

	2016	2015
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 90,743,362	$ 88,747,942
Interest cost	3,536,986	3,431,884
Actuarial loss, including the effects of any assumption changes	7,880,183	2,780,248
Benefits paid	(4,468,416)	(4,216,712)
Benefit obligation at end of year	$ 97,692,115	$ 90,743,362
Change in Plan assets:		
Fair value of Plan assets at beginning of year	$ 71,345,898	$ 76,977,846
Contributions	-	-
Actual return on Plan assets	6,336,583	(1,415,236)
Benefits paid	(4,468,416)	(4,216,712)
Fair value of Plan assets at end of year	$ 73,214,065	$ 71,345,898
Funded status of the Plan	$ (24,478,050)	$ (19,397,464)

The weighted-average assumptions used to develop the projected benefit obligation as of September 30 are as follows:

	2016	2015
Discount rate	3.27 %	4.00 %
Rate of compensation	N/A	N/A
Cash balance interest credit	5.50	5.50

Net periodic pension costs for the years ended September 30 consist of the following:

	2016	2015
Interest cost	$ 3,536,986	$ 3,431,884
Expected return on Plan assets	(4,872,147)	(4,717,144)
Net amortization,		
Net actuarial loss	1,387,641	1,387,915
Net periodic pension costs	$ 52,480	$ 102,655

The weighted-average assumptions used to determine net periodic benefit costs as of September 30 are as follows:

	2016	2015
Discount rate	4.00 %	4.00 %
Cash balance interest credit	5.50	5.50
Expected long-term rate of return on Plan assets	6.75	6.75
Rate of compensation	N/A	N/A

The expected long-term rate of return on Plan assets was developed through analysis of historical market returns, current market conditions and the Plan's past experience. Estimates of future market returns by asset category are lower than actual long-term historical returns in order to reflect current market conditions.

The accumulated benefit obligation at September 30, 2016 and 2015 was $97,692,115 and $90,743,362, respectively.

Plan Assets

The Plan assets are managed by outside investment managers. The investment strategy with respect to pension assets is to maximize return while protecting principal. The investment manager has the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity. The investment objective for Plan assets over a full market cycle time period is to generate a return in excess of the passive portfolio benchmark for each asset class.

The asset allocations for the Plan at September 30, by asset category, are as follows:

	Percentage of Plan Assets at Year-End	
	2016	2015
Asset Category:		
Domestic equities	36 %	35 %
International equities	19	19
Debt securities	40	40
Other	5	6
Total	100 %	100 %

The fair values of the Plan assets at September 30, 2016, by asset category, are as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Money market mutual funds	$ 620,839	$ -	$ -	$ 620,839
Fixed income securities:				
U.S. government bonds	3,426,870	-	-	3,426,870
Municipal bonds	820,944	-	-	820,944
Corporate bonds	5,093,726	-	-	5,093,726
Foreign bonds	874,101	-	-	874,101
Fixed income mutual funds	3,520,735	-	-	3,520,735
Equity mutual funds	29,713,513	-	-	29,713,513
Total assets in the fair value hierarchy	$ 44,070,728	$ -	$ -	44,070,728
Investments measured at net asset value (a)				29,143,337
				$ 73,214,065

The fair values of the Plan assets at September 30, 2015, by asset category, are as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Money market mutual funds	$ 229,131	$ -	$ -	$ 229,131
Fixed income securities:				
U.S. government bonds	2,029,206	-	-	2,029,206
Municipal bonds	739,088	-	-	739,088
Corporate bonds	5,366,920	-	-	5,366,920
Foreign bonds	767,014	-	-	767,014
Fixed income mutual funds	3,715,799	-	-	3,715,799
Equity mutual funds	29,414,668	-	-	29,414,668
Total assets in the fair value hierarchy	$ 42,261,826	$ -	$ -	42,261,826
Investments measured at net asset value (a)				29,084,072
Total				$ 71,345,898

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value ("NAV") per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the ending Plan assets disclosed.

Investments measured at net asset value are subject to various management, incentive and other fees based on net asset value, classes, capital account balances and/or capital commitments. Investments may also be subject to lock up periods.

Investments Measured Using NAV per Share Practical Expedient

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2016 and 2015, respectively.

	September 30, 2016			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual fund, multi asset	$ 9,069,100	$ -	Daily	Upon written notice
Limited liability companies:				
Intermediate bond	7,278,697	-	Monthly	Upon written notice
Institutional loan	3,692,717	-	Daily	Upon written notice
Limited partnership	9,103,823	-	Quarterly	Upon written notice

	September 30, 2015			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual fund, multi asset	$ 8,753,001	$ -	Daily	Upon written notice
Limited liability companies:				
Intermediate bond	7,338,698	-	Monthly	Upon written notice
Institutional loan	4,355,064	-	Daily	Upon written notice
Limited partnership	8,637,309	-	Quarterly	Upon written notice

The Medical Center does not expect to contribute to its pension plan in fiscal 2017.

The Medical Center expects to pay the following benefit payments which reflect expected future service as appropriate:

	Pension Benefits
Fiscal year:	
2017	$ 7,357,000
2018	5,598,000
2019	5,922,000
2020	6,612,000
2021	5,358,000
Years 2022 - 2026	28,228,000

The Medical Center also has a defined contribution plan. The Connecticut Children's Retirement Savings Plan, (the "Savings Plan") covers all eligible employees as defined by the plan document. Eligible employees may contribute up to 100 percent of their pretax annual compensation, as defined by the plan document, up to the Internal Revenue Service limits. The Medical Center makes safe harbor matching contributions equal to 100 percent of the first 3 percent of compensation deferred by the participant, plus 50 percent of the next 2 percent of compensation deferred by the participant. In addition, the Medical Center makes an employer core contribution for eligible employees, that ranges from 1 percent to 7 percent, as determined by the Board of Directors, of a participant's annual compensation. The Medical Center expensed contributions to the Savings Plan for the years ended September 30, 2016 and 2015 of $4,331,251 and $5,677,473, respectively.

8. Post-retirement Benefit Plan

The Medical Center sponsors the Connecticut Children's Medical Center Postretirement Welfare Plan (the "PRW Plan"), an unfunded plan which provides post-retirement medical benefits to retired employees who meet the specific criteria identified in the PRW Plan document. The Medical Center's contribution toward cost of medical coverage varies by years of pension credited service at retirement, ranging from 25% for employees with ten years of credited service to 100% for those employees with 25 plus years of credited service. The Medical Center's maximum fixed dollar commitment is $2,280 per year per retiree.

Included in unrestricted net assets at September 30, 2016 and 2015 are $2,660,882 and $2,993,289, respectively, of net unrecognized actuarial gains that have not yet been recognized in net periodic benefit cost. There is $191,458 of actuarial gain included in unrestricted net assets that is expected to be recognized in net periodic pension cost during the year ending September 30, 2017.

The following table presents a reconciliation of the beginning and ending balances of the PRW Plan's projected benefit obligation and the fair value of PRW Plan assets, as well as the funded status of the PRW Plan and accrued post-retirement obligation included in the consolidated balance sheet as of September 30:

	2016	2015
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 6,071,638	$ 6,340,898
Service cost	194,499	228,789
Interest cost	257,816	263,408
Actuarial (gains) losses, including the effects of any assumption changes	117,501	(683,727)
Benefits paid	(423,513)	(77,730)
Benefit obligation at end of year	$ 6,217,941	$ 6,071,638
Change in PRW Plan assets:		
Fair value of PRW Plan assets at beginning of year	$ -	$ -
Employer contributions	423,513	77,730
Benefits paid	(423,513)	(77,730)
Fair value of PRW Plan assets at end of year	$ -	$ -
Accrued post-retirement obligation included in other long-term liabilities	$ 6,217,941	$ 6,071,638

The weighted-average assumptions used to develop the post-retirement benefit obligation as of September 30 are as follows:

	2016	2015
Discount rate	3.52 %	4.30 %
Healthcare cost trend rate:		
Current year	7.50	8.00
Ultimate	4.50	5.00
Year ultimate reached	2022	2021

Net periodic benefit costs for the years ended September 30 consist of the following:

	2016	2015
Service cost	$ 194,499	$ 228,789
Interest cost	257,816	263,408
Net amortization,		
Net actuarial gain	(214,966)	(158,512)
Net periodic benefit cost	$ 237,349	$ 333,685

The weighted-average assumptions used to determine net periodic benefit costs are as follows for September 30:

	2016	2015
Discount rate	4.30 %	4.20 %
Health care cost trend rate:		
Initial rate	8.00	8.50
Ultimate rate	4.50	5.00
Year ultimate reached	2021	2021

A one-percentage point change in assumed health care cost trend rates would have the following effect on the post-retirement benefit plan:

	One-percentage Point	
	Increase	Decrease
Effect on postretirement benefit obligation	$ 81,655	$ 72,404
Effect on total of service and interest cost	9,120	8,001

The Medical Center expects to contribute $155,000 to its post-retirement benefit plan in fiscal 2017.

The Medical Center expects to pay the following benefit payments, which reflect expected future service as appropriate:

Fiscal year:	
2017	$ 155,000
2018	187,000
2019	222,000
2020	241,000
2021	272,000
Years 2022 - 2026	1,678,000

9. Bonds Payable

A summary of long-term debt is as follows:

	2016	2015
Hospital revenue bonds financed with the State of Connecticut Health and Educational Facilities Authority ("CHEFA")		
Series D (4.19% effective interest rate)	$ 35,269,625	$ 36,684,625
Less current portion	1,500,000	1,415,000
	$ 33,769,625	$ 35,269,625

In June 2011, the Medical Center along with the Foundation (Collectively, the "Obligated Group") refinanced their existing CHEFA hospital revenue bonds with variable rate revenue bonds (the Series D Bonds) with a principal amount of $41,580,000. The "Series D Bonds" were issued at par and directly placed with one investor. The investor has committed to holding the bonds for a ten year period, at the end of which, the investor may put the bonds back to the Obligated Group or extend their holding period at their discretion. The bonds mature in varying amounts through 2032, with interest rates based on 65% of LIBOR plus a spread of 1.52%, ranging from 1.71% to 2.95% in the current year. In September 2016, the Obligated Group reissued the Series D Bonds to obtain a lower interest rate; the scheduled principal payments were not changed. The interest rates are now based on 67% of LIBOR plus a spread of 0.85%.

The agreements and related documents provide, among other things, that the Series D Bonds and any additional bonds will be payable from payments to be made by the Obligated Group and that it will be obligated to make such payments so long as the Series D Bonds and any additional bonds are outstanding. The Series D Bonds are collateralized by an interest in revenues of the Medical Center and a mortgage on the facilities, ground lease, easements and other certain leases that comprise the overall hospital premises owned by the Medical Center.

Pursuant to the mortgage agreement and related documents, the Obligated Group is required to meet certain covenants, including a day's cash on hand, debt to capitalization and a debt service coverage ratio requirement.

The carrying value of the bonds payable approximates fair value. The Medical Center classifies bonds payable in Level 2 (see Note 16) of the valuation hierarchy.

The Medical Center is required to make monthly interest and semi-annual principal repayments for the Series D Bonds. Interest paid for 2016 and 2015 was $632,058 and $618,683, respectively.

Principal payments for the next five years under the CHEFA obligations are as follows:

2017	$ 1,500,000
2018	1,580,000
2019	1,665,000
2020	1,740,000
2021	1,830,000
Aggregate thereafter	26,954,625
	$ 35,269,625

In November 2005, the Medical Center entered into an interest rate swap agreement (the 2005 swap) effectively converting $23,700,000 of its then existing variable-rate debt ("Series C debt") to a fixed-rate basis of 3.704% through June 2018. The fair value of the swap (a liability of $277,123 and $549,134 at September 30, 2016 and 2015, respectively) is reported in other long-term liabilities. The change in value of $272,011 and $326,043 is reported as a component of income from investments for the years ended September 30, 2016 and 2015, respectively. The swap, while serving as an economic hedge, does not qualify for hedge accounting.

Upon the refunding of the Series C debt in June 2011, the Medical Center applied the 2005 swap against the newly issued Series D debt and entered into a new swap agreement (the 2011 swap), which along with the 2005 swap, effectively converts all of its outstanding Series D debt to a fixed-rate basis. The interest rate on the new swap is 4.6138%. The fair value of the 2011 swap (a liability of $553,115 as of September 30, 2015) is reported in other long-term liabilities. The change in value of $553,115 and $463,780 is reported as a component of income from investments for the years ended September 30, 2016 and 2015, respectively. The swap was terminated by the Medical Center in 2016 through a Termination Agreement, which required a final payment by the Medical Center of approximately $60,000.

The following table summarizes the Medical Center's interest rate swap agreements:

Swap Type	Expiration Date	Medical Center Receives	Medical Center Pays	Notional Amount at September 30 2016	Notional Amount at September 30 2015
Series C - Fixed to Floating (2005 Swap)	July 1, 2018	70% of LIBOR	3.70%	$ 6,550,000	$ 9,675,000
Series D - Fixed to Floating (2011 Swap)	July 1, 2032	65% LIBOR + 1.52%	4.61%	-	26,408,498
				$ 6,550,000	$ 36,083,498

10. Notes Payable

Notes payable at September 30 consists of the following:

	2016	2015
Notes payable to a bank in monthly installments of $128,417 through October 2018 at 1.455% interest. Secured by certain equipment.	$ 5,620,637	$ 7,068,428
Notes payable to a bank in monthly installments of $114,385 through September 2019 at 2.52% interest. Secured by certain equipment.	3,962,022	5,217,573
Notes payable to a bank in monthly installments of $147,233 through October 2018 at 2.85% interest. Secured by certain equipment.	3,569,569	5,209,211
Notes payable to a bank in monthly installments of $59,782 through August 2019 at 4.08% interest. Secured by certain equipment.	1,969,561	2,592,756
Notes payable to a bank in monthly installments of $55,978 through June 2018 at 1.302% interest. Secured by certain equipment.	1,161,630	1,813,638
Notes payable to a bank in monthly installments of $9,845 through January 2021, interest free. Secured by certain equipment.	511,960	630,104
Note payable to a software company in quarterly installments of $25,875 through September 2017.	105,250	182,946
Note payable to a software company in monthly installments of $4,713 through September 2017.	56,786	-
Notes payable to landlord for leasehold improvements payable in monthly installments of $1,431 through August 2019 at 6%, unsecured.	45,837	59,799
Notes payable to a health care equipment manufacturing company in monthly installments of $18,392 through December 2015, at 4.15% interest. Secured by certain equipment.	-	51,544
Notes payable to a hospital association payable in monthly installments of $6,529, interest free.	-	13,058
	17,003,252	22,839,057
Less current portion	6,048,195	5,918,464
Total	$ 10,955,057	$ 16,920,593

The carrying value of the notes payable approximates fair value. The Medical Center classifies notes payable in Level 2 (see Note 16) of the valuation hierarchy.

Interest paid on the notes was $508,993 and $615,737 for the years ended September 30, 2016 and 2015, respectively.

Principal payments on the notes for the next five years are as follows:

2017	$ 6,048,195
2018	5,857,646
2019	3,791,106
2020	1,266,924
2021	39,381
	$ 17,003,252

11. Line of Credit

The Medical Center has a line of credit agreement with Bank of America, N.A. for $15,000,000. Amounts advanced under this line of credit are due on demand and interest is charged at the LIBOR rate plus 1.25%. There were no borrowings at September 30, 2016, and this line of credit expires on March 31, 2017.

12. Contingencies

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Medical Center, if any, are not presently determinable.

There have been malpractice claims that fall within the Medical Center's malpractice insurance which have been asserted against the Medical Center. In addition, there are known incidents that have occurred through September 30, 2016 that may result in the assertion of claims. Refer to Note 1.

The Medical Center is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Medical Center's consolidated financial position.

The Medical Center and CCSG record as a liability the estimate for claims-made malpractice liabilities and the estimate for incurred but not reported claims. The estimate for incurred but not reported claims, discounted at 4.00%, totaled $3,276,331 and $4,312,042 at September 30, 2016 and 2015, respectively, and are reported as other liabilities in the consolidated balance sheet. The Medical Center has recorded related insurance recoveries receivable in consideration for the expected insurance recoveries for the total claims-made insurance as follows:

	2016	2015
Other current assets	$ 7,359,806	$ 6,460,657
Other assets	16,147,306	22,092,207
	$ 23,507,112	$ 28,552,864

The Medical Center records as a liability an estimate of workers' compensation claims. Such liability, undiscounted, totaled approximately $2,213,000 and $2,201,000 at September 30, 2016 and 2015, respectively.

13. Commitments

Ground Lease

The Medical Center has a ground lease with Hartford Hospital to lease the site on which the Medical Center stands. The lease term is 99 years beginning November 1, 1993, with an optional extension for an additional 99-year term.

The Ground Lease was recorded as a prepaid asset in the original amount of $2,900,000 and is amortized over the term of the lease. The net asset is recorded at $2,299,514 and $2,328,806 as of September 30, 2016 and 2015, respectively, and is included in other assets in the accompanying consolidated balance sheet. The lease includes certain covenants which restrict, among other things, the Medical Center's ability to be a party to mergers.

Parking Agreement

The Medical Center has a Parking Agreement with the Hartford Hospital ("HH") for the use of 450 parking spaces on the Hartford Hospital campus. The agreement continues in full force and effect until the earlier of a written termination of the agreement by the Medical Center and HH or the termination of the ground lease.

14. Operating Leases

Rental and lease expense amounted to $14,959,761 and $14,979,186 for the years ended September 30, 2016 and 2015, respectively.

The minimum lease commitments under all noncancelable operating leases with initial or remaining terms of more than one year are as follows:

Fiscal years ending September 30:	
2017	$ 12,603,494
2018	9,285,043
2019	8,903,986
2020	8,305,278
2021	7,906,058
Thereafter	44,971,234
	$ 91,975,093

15. Functional Expenses

The Corporation provides health care services to residents within its geographic location including pediatric care and outpatient surgery. The Corporation also performs fundraising services to provide support to the Medical Center and its other related 501(c)(3) companies. Expenses related to providing these services are as follows:

	2016	2015
Health care services	$ 307,662,536	$ 297,612,500
General and administrative	86,580,143	79,625,055
Fundraising	3,400,156	3,208,252
	$ 397,642,835	$ 380,445,807

16. Fair Value of Financial Instruments

The Corporation calculates fair value of its financial assets and liabilities, when applicable, based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on a unit of account from the Corporation's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated). In order to increase consistency and comparability in fair value measurements, the Corporation utilizes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Corporation also considers counterparty credit risk in its assessment of fair value.

Financial assets and liabilities carried at fair value as of September 30, 2016 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 12,166,298	$ -	$ -	$ 12,166,298
Fixed income securities	73,406	-	-	73,406
Mutual funds:				
Domestic	42,228,393	-	-	42,228,393
Multi-strategy	-	27,729,251	-	27,729,251
Equity:				
Domestic growth (a)	4,867,114	-	-	4,867,114
Domestic value (a)	8,858,633	-	-	8,858,633
International (a)	4,214,746	-	-	4,214,746
Domestic equity common trust fund	-	2,898,245	-	2,898,245
Fixed income:				
International	86,049	-	-	86,049
Domestic	5,488,927	-	-	5,488,927
Intermediate term (a)	-	7,505,284	-	7,505,284
Global (a)	2,537,837	-	-	2,537,837
Short-term (a)	-	9,261,214	-	9,261,214
Inflation protected (a)	452,065	-	-	452,065
Foundation held funds and miscellaneous other investments	68,732	-	-	68,732
Funds held in trust by others	-	-	80,740,462	80,740,462
Total	$ 81,042,200	$ 47,393,994	$ 80,740,462	$ 209,176,656
Liabilities,				
Interest rate swap agreements (b)	$ -	$ 277,123	$ -	$ 277,123

Financial assets and liabilities carried at fair value as of September 30, 2015, are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 13,979,196	$ -	$ -	$ 13,979,196
Fixed income securities	63,030	-	-	63,030
Mutual funds:				
Domestic	34,740,144	-	-	34,740,144
Multi-strategy	-	25,815,782	-	25,815,782
Equity:				
Domestic growth (a)	4,675,896	-	-	4,675,896
Domestic value (a)	4,620,275	-	-	4,620,275
International (a)	7,478,722	-	-	7,478,722
Domestic equity common trust fund	-	3,221,152	-	3,221,152
Fixed income:				
International	112,904	-	-	112,904
Domestic	9,316,272	-	-	9,316,272
Intermediate term (a)	7,284,582	-	-	7,284,582
Global (a)	2,520,778	-	-	2,520,778
Short-term (a)	-	8,850,093	-	8,850,093
Inflation protected (a)	815,210	-	-	815,210
Foundation held funds and miscellaneous other investments	330,071	-	-	330,071
Funds held in trust by others	-	-	75,285,353	75,285,353
Total	$ 85,937,080	$ 37,887,027	$ 75,285,353	$ 199,109,460
Liabilities,				
Interest rate swap agreements (b)	$ -	$ 1,102,249	$ -	$ 1,102,249

(a) Includes investments in domestic and international equity mutual funds and exchange traded funds. Investments are broken out into the underlying funds' asset type and investment goals.

(b) The value of the Corporation's swaps is determined by examining the present value of the future cash flows among other factors. The Corporation utilizes an independent third party to calculate the value of the swaps based on all of the relevant factors.

The following is a description of the Corporation's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indications of liquidity, but are description of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers and brokers. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investments in the accompanying balance sheet include approximately $36,990,465 and $34,665,875 of alternative investments funds (the "Funds") at September 30, 2016 and 2015, respectively. The Funds are measured using the net asset value per share practical expedient. The Corporation's alternative investments funds are generally structured such that the Corporation holds a limited partnership interest or an interest in an investment management company. The Corporation's ownership structure does not provide for control over the related investees, and the Corporation's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. The Corporation may be exposed indirectly to securities lending, short sales of securities, and trading in futures and forward contracts, options and other derivative products. The Corporation has no plans to sell the Funds or a portion of the amounts currently owned. Financial information used by the Corporation to evaluate the Funds is provided by the investment manager or general partner, and includes fair value valuations of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the Funds are audited annually by independent auditors, although the timing of reporting the results of the audits does not coincide with the Corporation's annual financial statement reporting. There is uncertainty in the accounting for the Funds arising from factors such as a lack of active markets, lack of transparency in underlying holdings, and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates of fair value will change in the near term.

The following represents each of the alternative investment fund's objectives and redemption restrictions:

GMO Strategic Opportunities Allocation Fund: The underlying manager's principal investment objective is a total return greater than its benchmark, which is the GMS Strategic Opportunities Allocation Index (75% MSCI World Index, 25% Barclays U.S. Aggregate Index). The fair value of the Medical Center's investment in this fund is $9,990,070 at September 30, 2016 and $9,011,636 at September 30, 2015. The Corporation can redeem their investment in this fund on a monthly basis on the last business day of the month with 14 days written notice. There were no unfunded commitments related to this fund at September 30, 2016.

Eaton Vance Management Ltd.: This fund's investment objective is to provide as high a level of current income as is consistent with the preservation of capital, by investing in a portfolio primarily of senior floating-rate loans. The fair value of the Corporation's investment in this fund is $9,261,214 at September 30, 2016 and $8,850,093 at September 30, 2015. Depending on the amount, the Corporation can redeem their investment in this fund no later than 90 days upon written notice. There were no unfunded commitments related to this fund at September 30, 2016.

TIFF Multi-Asset Fund: This fund's strategy is to attain a growing stream of current income and appreciation of principal that at least offset inflation. The fair value of the Corporation's investment in this fund is $13,867,898 at September 30, 2016 and $13,019,192 at September 30, 2015. The Corporation can redeem their investment in this fund at any time. There were no unfunded commitments related to this fund at September 30, 2016.

GMO Multi-Strategy Fund: The investment objective of this fund is high total return. This fund pursues its investment objective primarily through investments in underlying fund primarily advised by the Investment Adviser. The fair value of the Corporation's investment in this fund is $3,871,283 at September 30, 2016 and $3,784,954 at September 30, 2015. The Corporation can redeem their investment in this fund on a monthly basis on the last business day of the month with 14 days written notice. There were no unfunded commitments related to this fund at September 30, 2016.

The changes in funds held in trust by others classified as Level 3 are as follows for the years ended September 30:

	2016	2015
Beginning balance for the year	$ 75,285,353	$ 82,885,871
Valuation gain (loss)	5,455,109	(7,600,518)
Ending balance for the year	$ 80,740,462	$ 75,285,353

The amounts reported in the tables above exclude assets invested in the Medical Center's defined benefit pension plan (Note 7).

CCMC Corporation and Subsidiaries

Consolidating Balance Sheet
September 30, 2016

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 5,665,941	$ 269,006	$ 53,769	$ 30,685	$ -	$ 880,000	$ -	$ 6,899,401
Short-term investments	-	67,013,057	-	-	-	-	-	67,013,057
Funds held by trustee under revenue bond agreement	-	-	-	-	-	-	-	-
Accounts receivable, less allowance of approximately $3,225,000	35,095,688	3,689,180	1,804,030	-	-	-	-	40,588,898
Due from affiliated entities	380,743	11,374,222	3,024,244	692,848	-	-	(15,472,057)	-
Inventories	2,407,715	-	-	-	-	-	-	2,407,715
Other current assets	13,222,668	162,071	1,700	-	-	-	-	13,386,439
Total current assets	56,772,755	82,507,536	4,883,743	723,533	-	880,000	(15,472,057)	130,295,510
Assets Whose Use is Limited								
Investments	32,094,138	22,429,598	-	-	-	-	-	54,523,736
Funds held in trust by others	80,740,462	-	-	-	-	-	-	80,740,462
Interest in net assets of Connecticut Children's Medical Center Foundation, Inc.	108,498,436	-	-	-	-	-	(108,498,436)	-
Total assets whose use is limited	221,333,036	22,429,598	-	-	-	-	(108,498,436)	135,264,198
Property, Plant and Equipment								
Leasehold improvements	-	-	917,923	-	-	-	-	917,923
Buildings	152,171,288	630,486	-	-	-	-	-	152,801,774
Furniture and equipment	128,979,348	193,536	878,178	-	-	-	-	130,051,062
Construction in progress	2,160,582	-	-	-	-	-	-	2,160,582
	283,311,218	824,022	1,796,101	-	-	-	-	285,931,341
Less accumulated depreciation	(155,521,667)	(568,835)	(963,158)	-	-	-	-	(157,053,660)
Total property, plant and equipment	127,789,551	255,187	832,943	-	-	-	-	128,877,681
Other Assets								
Bond issuance costs	615,889	-	-	-	-	-	-	615,889
Ground lease	2,299,514	-	-	-	-	-	-	2,299,514
Pledges receivable, long term	-	3,526,656	-	-	-	-	-	3,526,656
Other	25,331,020	-	-	1,000	-	-	(1,000)	25,331,020
Total other assets	28,246,423	3,526,656	-	1,000	-	-	(1,000)	31,773,079
Total assets	$ 434,141,765	$ 108,718,977	$ 5,716,686	$ 724,533	$ -	$ 880,000	$ (123,971,493)	$ 426,210,468

CCMC Corporation and Subsidiaries

Consolidating Balance Sheet
September 30, 2016

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Liabilities and Net Assets (Deficiency)								
Current Liabilities								
Current portion of bonds payable	$ 1,500,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,500,000
Current portion of notes payable	6,048,195	-	-	-	-	-	-	6,048,195
Accounts payable and accrued liabilities	41,577,973	90,116	72,342	-	-	-	-	41,740,431
Accrued wages	17,502,917	110,744	321,693	-	-	-	-	17,935,354
Due to third parties	4,501,119	-	-	-	-	-	-	4,501,119
Accrued interest payable and other current liabilities	125,432	-	-	-	-	-	-	125,432
Due to affiliated entities	15,090,804	-	367	361,533	19,353	-	(15,472,057)	-
Total current liabilities	86,346,440	200,860	394,402	361,533	19,353	-	(15,472,057)	71,850,531
Bonds Payable, Less Current Portion	33,769,625	-	-	-	-	-	-	33,769,625
Notes Payable, Less Current Portion	10,955,057	-	-	-	-	-	-	10,955,057
Accrued Pension Liability	24,478,050	-	-	-	-	-	-	24,478,050
Due to Third Parties	13,193,518	-	-	-	-	-	-	13,193,518
Other Long-Term Liabilities	28,493,925	19,681	-	-	-	-	-	28,513,606
Total liabilities	197,236,615	220,541	394,402	361,533	19,353	-	(15,472,057)	182,760,387
Net Assets (Deficiency)								
Unrestricted	110,365,058	85,216,380	5,246,789	363,000	(19,353)	880,000	(85,217,380)	116,834,494
Temporarily restricted	27,079,719	4,562,145	75,495	-	-	-	(4,562,145)	27,155,214
Permanently restricted	99,460,373	18,719,911	-	-	-	-	(18,719,911)	99,460,373
Total net assets (deficiency)	236,905,150	108,498,436	5,322,284	363,000	(19,353)	880,000	(108,499,436)	243,450,081
Total liabilities and net assets (deficiency)	$ 434,141,765	$ 108,718,977	$ 5,716,686	$ 724,533	$ -	$ 880,000	$ (123,971,493)	$ 426,210,468

CCMC Corporation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2016

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Revenues								
Patient service revenues	$ 361,410,913	$ -	$ -	$ -	$ -	$ -	$ -	$ 361,410,913
Provision for bad debts	(3,189,687)	-	-	-	-	-	-	(3,189,687)
Patient service revenues, less provision for bad debts	358,221,226	-	-	-	-	-	-	358,221,226
Other revenues	13,366,066	8,577	10,219,612	-	-	-	-	23,594,255
Contributions and donations, net	-	5,229,623	-	-	-	-	-	5,229,623
Investment income	3,648,257	3,648,737	-	-	-	-	-	7,296,994
Net assets released from restrictions for operations	16,534,883	-	19,597	-	-	-	-	16,554,480
Total revenues	391,770,432	8,886,937	10,239,209	-	-	-	-	410,896,578
Expenses								
Salaries and wages	182,708,421	2,245,806	6,297,427	69,813	-	-	-	191,321,467
Benefits	39,253,841	487,259	1,368,499	15,180	-	-	-	41,124,779
Supplies and miscellaneous	139,250,186	1,420,371	1,737,011	-	250	-	-	142,407,818
Interest	1,141,051	-	-	-	-	-	-	1,141,051
Depreciation and amortization	21,489,481	25,310	132,929	-	-	-	-	21,647,720
Total expenses	383,842,980	4,178,746	9,535,866	84,993	250	-	-	397,642,835
Operating income (loss)	7,927,452	4,708,191	703,343	(84,993)	(250)	-	-	13,253,743
Change in Equity Interest in Net Assets of the Foundation	4,708,191	-	-	-	-	-	(4,708,191)	-
Excess (deficiency) of revenues over expenses	12,635,643	4,708,191	703,343	(84,993)	(250)	-	(4,708,191)	13,253,743

CCMC Corporation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2016

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Unrestricted Net Assets (Continued)								
Excess (deficiency) of revenues over expenses (from previous page)	$ 12,635,643	$ 4,708,191	$ 703,343	$ (84,993)	$ (250)	$ -	$ (4,708,191)	$ 13,253,743
Transfers (to) from affiliated organizations, net	(880,000)	-	-	-	-	880,000	-	-
Unrealized gain on investments	1,419,888	2,209,549	-	-	-	-	-	3,629,437
Change in funded status of pension and post-retirement plans	(4,937,060)	-	-	-	-	-	-	(4,937,060)
Net assets released from restrictions for capital	3,905,113	-	-	-	-	-	-	3,905,113
Change in equity interest in the net assets of the Foundation	2,209,549	-	-	-	-	-	(2,209,549)	-
Increase (decrease) in unrestricted net assets	14,353,133	6,917,740	703,343	(84,993)	(250)	880,000	(6,917,740)	15,851,233
Temporarily Restricted Net Assets								
Unrealized gains on investments	-	119,780	-	-	-	-	-	119,780
Income from investments	-	197,798	-	-	-	-	-	197,798
Transfer from (to) affiliated organizations, net	7,661,054	(7,683,115)	1,987	-	-	-	-	(20,074)
Net assets released from restrictions for operations	(16,534,883)	-	(19,597)	-	-	-	-	(16,554,480)
Net assets released from restrictions for capital	(3,905,113)	-	-	-	-	-	-	(3,905,113)
Change in equity interest in the net assets of the Foundation	317,579	-	-	-	-	-	(317,579)	-
Bequests, gifts and grants	10,108,244	7,683,116	20,073	-	-	-	-	17,811,433
(Decrease) increase in temporarily restricted net assets	(2,353,119)	317,579	2,463	-	-	-	(317,579)	(2,350,656)
Permanently Restricted Net Assets								
Bequests, gifts and grants	-	883,341	-	-	-	-	-	883,341
Change in equity interest in the net assets of the Foundation	883,341	-	-	-	-	-	(883,341)	-
Change in funds held by others	5,455,109	-	-	-	-	-	-	5,455,109
Increase (decrease) in permanently restricted net assets	6,338,450	883,341	-	-	-	-	(883,341)	6,338,450
Net Assets (Deficiency) at Beginning of Year	218,566,686	100,379,776	4,616,478	447,993	(19,103)	-	(100,380,776)	223,611,054
Net Assets (Deficiency) at End of Year	$ 236,905,150	$ 108,498,436	$ 5,322,284	$ 363,000	$ (19,353)	$ 880,000	$ (108,499,436)	$ 243,450,081