

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

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

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.  
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FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020**

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CERTIFIED PUBLIC ACCOUNTANTS

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### *Independent Auditor's Report*

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

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

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, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Universal Health Care Foundation of CT, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Universal Health Care Foundation of CT, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Universal Health Care Foundation of CT, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Universal Health Care Foundation of CT, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
February 25, 2022

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>		
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 173,437	\$ 222,236
Investments	1,442,228	610,891
Prepaid expenses	27,980	24,807
Grants receivable	8,239	-
Other receivables	107	227,756
Total Current Assets	1,651,991	1,085,690
<b>NONCURRENT ASSETS</b>		
Investments	25,534,333	25,634,747
Property and equipment, net	12,598	14,353
Security deposit	5,100	5,000
Total Assets	\$ 27,204,022	\$ 26,739,790
<b>LIABILITIES AND NET ASSETS</b>		
	2021	2020
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 122,128	\$ 122,780
Grants payable	37,500	-
Accrued annual leave	40,564	35,634
Accrued payroll	33,101	28,214
Total Current Liabilities	233,293	186,628
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	1,354,009	909,589
Designated by the Board for quasi-endowment	25,534,333	25,634,747
	26,888,342	26,544,336
With Donor Restrictions:		
Purpose restrictions	82,387	8,826
	82,387	8,826
Total Net Assets	26,970,729	26,553,162
Total Liabilities and Net Assets	\$ 27,204,022	\$ 26,739,790

*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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
<b>OPERATING REVENUES AND SUPPORT</b>						
Investment return appropriated from quasi-endowment	\$ 1,666,989	\$ -	\$ 1,666,989	\$ 1,386,644	\$ -	\$ 1,386,644
Interest & dividend Income	18,406	-	18,406	12,915	-	12,915
Grant revenue	-	-	-	130,069	-	130,069
Contributions	57,517	82,387	139,904	3,000	26,200	29,200
Miscellaneous income	485	-	485	16,431	-	16,431
Net Assets released from restrictions	8,826	(8,826)	-	18,574	(18,574)	-
<b>Total Operating Revenue and Support</b>	<b>1,752,223</b>	<b>73,561</b>	<b>1,825,784</b>	<b>1,567,633</b>	<b>7,626</b>	<b>1,575,259</b>
<b>OPERATING EXPENSES</b>						
Management and general	211,925		211,925	165,574		165,574
Development	198,956		198,956	251,505		251,505
Public policy	1,174,039		1,174,039	927,506		927,506
Advocacy	59,750		59,750	16,359		16,359
<b>Total Operating Expenses</b>	<b>1,644,670</b>	<b>-</b>	<b>1,644,670</b>	<b>1,360,944</b>	<b>-</b>	<b>1,360,944</b>
<b>RESULTS OF OPERATIONS</b>	<b>107,553</b>	<b>73,561</b>	<b>181,114</b>	<b>206,689</b>	<b>7,626</b>	<b>214,315</b>

*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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>						
Investment Return, Net	\$ 1,909,273	\$ -	\$ 1,909,273	\$ 3,722,016	\$ -	\$ 3,722,016
Investment returns appropriated for current operations from quasi-endowment	(1,666,989)	-	(1,666,989)	(1,386,644)	-	(1,386,644)
Net Realized and Unrealized Gain/(Loss) on Investments	(5,831)	-	(5,831)	2,871	-	2,871
Total Non-Operating Revenue and (Expenses)	236,453	-	236,453	2,338,243	-	2,338,243
CHANGE IN NET ASSETS	344,006	73,561	417,567	2,544,932	7,626	2,552,558
NET ASSETS, BEGINNING OF YEAR	26,544,336	8,826	26,553,162	23,999,404	1,200	24,000,604
NET ASSETS, END OF YEAR	<u>\$ 26,888,342</u>	<u>\$ 82,387</u>	<u>\$ 26,970,729</u>	<u>\$ 26,544,336</u>	<u>\$ 8,826</u>	<u>\$ 26,553,162</u>

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

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Management & General	Development	Program	Advocacy	Total
Wages	\$ 129,385	\$ 130,617	\$ 504,001	\$ 7,586	\$ 771,589
Payroll taxes	10,602	8,596	39,766	568	59,532
Fringe benefits	34,002	27,569	129,351		190,922
Conferences and seminars	-	-	875		875
Travel expenses	423	88	1,856	260	2,627
Board expenses	5,120	4,151	19,477		28,748
Grants	-	-	314,850		314,850
Legal Fees	565	458	5,649		6,672
Audit	2,404	1,949	9,146		13,499
Consultants	3,252	3,912	32,060	42,000	81,224
Legislative monitor	-			9,250	9,250
Technology	4,206	3,410	18,879		26,495
Printing and reproduction	1,194	968	4,543		6,705
Insurance	2,626	2,129	9,991		14,746
Facilities	12,407	10,059	47,198		69,664
Office operations	5,704	5,022	34,585		45,311
Meetings	35	28	698		761
Website	-	-	1,114	86	1,200
Total Expenses	<u>\$ 211,925</u>	<u>\$ 198,956</u>	<u>\$ 1,174,039</u>	<u>\$ 59,750</u>	<u>\$ 1,644,670</u>

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



**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Management & General	Development	Program	Advocacy	Total
Wages	\$ 110,662	\$ 169,070	\$ 458,175	\$ 6,999	\$ 744,906
Payroll taxes	9,483	11,347	35,169	464	56,463
Fringe benefits	20,463	28,120	98,835	-	147,418
Conferences and seminars	28	38	1,431	-	1,497
Travel expenses	214	339	1,664	166	2,383
Board expenses	92	125	442	-	659
Grants	-	-	49,175	-	49,175
Legal Fees	3,382	4,590	17,100	-	25,072
Audit	1,890	2,565	9,045	-	13,500
Consultants	1,166	1,582	152,318	730	155,796
Legislative monitor	-	-	-	8,000	8,000
Technology	2,831	6,730	18,081	-	27,642
Printing and reproduction	365	6,453	10,173	-	16,991
Insurance	2,079	2,821	9,949	-	14,849
Facilities	9,456	12,833	39,695	-	61,984
Office operations	3,275	4,637	24,436	-	32,348
Meetings	188	255	1,818	-	2,261
Website	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 165,574</b>	<b>\$ 251,505</b>	<b>\$ 927,506</b>	<b>\$ 16,359</b>	<b>\$ 1,360,944</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, 2021 AND 2020**

	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 417,567	\$ 2,552,558
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	14,353	6,982
Unrealized (gain)/loss on investments	5,831	(2,871)
Net (Appreciation)/Depreciation in The Community Foundation Investment Portfolio	(242,284)	(2,335,372)
 <b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in prepaid expenses	(3,173)	(6,784)
(Increase) decrease in grants receivable	(8,239)	-
(Increase) decrease in other receivables	227,649	-
Increase (decrease) in accounts payable and accrued expenses	(652)	(29,602)
Increase (decrease) in grants payable	37,500	-
Increase (decrease) in accrued annual leave	4,930	9,462
Increase (decrease) in accrued payroll	4,887	6,316
Net Cash Provided by (Used in) Operating Activities	458,369	200,689
 <b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	(12,598)	-
Expense from disposal of property and equipment	-	-
Proceeds from sale of investments, net purchases	(494,570)	(113,671)
Net Cash Provided by (Used in) Investing Activities	(507,168)	(113,671)
 Net Increase (Decrease) in Cash	(48,799)	87,018
 Cash and Cash Equivalents, Beginning of Year	222,236	135,218
 Cash and Cash Equivalents, End of Year	\$ 173,437	\$ 222,236

Cash paid for interest and income taxes was \$-0- for the years ended December 31, 2021 and 2020.

*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, 2021 AND 2020**

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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 accelerate the movement for health justice for everybody because health is a human right and core to social justice and equity.

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

Program – research, education and grant making to support the achievement of universal access to quality, affordable 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.

**Financial Statement 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. Accordingly, the net assets of UHCF and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of UHCF's management and the board of directors, except for those assets contractually restricted by the regulatory agreement.

Net Assets with Donor Restrictions Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UHCF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Revenues, including promises to give, are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expirations of donor-imposed restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition**

*Contributions* - Contributions are recognized as revenues at the earlier of the receipt of an unconditional pledge or the receipt of cash or other assets received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

UHCF reports contributions as net assets with donor restrictions if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified as net assets without donor restrictions in the statement of activities. Donor-restricted contributions are initially reported as net assets with donor restrictions, even if it is anticipated that such restrictions will be met in the current reporting period.

*Contributed Services and Materials* - Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or; (2) require specialized skills provided by individuals possessing those skills and are services which would typically be purchased if not provided by donation, see Note 14.

Donated materials are recorded at their fair value at the date of receipt. UHCF reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, UHCF reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service.

*Government Grants* – Government grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is conditioned on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance-based grants and contracts are conditioned on the attainment of specific performance goals and, therefore, support is recognized to the extent of performance achieved. Grant and contract receipts in excess of support recognized are presented as deferred grant support.

The amount of unexpended government grant funds is determined each year in accordance with the terms and conditions of the respective grant agreements and approved budgets. Surpluses so determined revert to the grantors and are returned in the subsequent year unless the funding source approves an alternative use for the funds. Any surplus would be classified as a current liability.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**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, 2021 and 2020, 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 considers demand deposits, short-term certificates of deposit, short-term highly liquid investments, and other investments with original maturity dates of three months or less at the date of purchase to be cash equivalents, except those held in investment accounts as part of UHCF's overall investment strategy.

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, 2021 and 2020.

**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 costs have been allocated among program services and management and general categories.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages, payroll taxes, benefits which are allocated on time and effort, as well as, conference & seminars, board expenses, professional services, technology, printing & reproduction, facilities and office operations, which are allocated on the basis of estimates of full time equivalents.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**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 – AVAILABILITY AND LIQUIDITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 173,437	\$ 222,236
Operating investments	1,442,228	610,891
Quasi-endowment spending-rate	1,666,989	1,386,644
	\$ 3,282,654	\$ 2,219,771

Our board-designated quasi-endowment of \$25,534,333 and \$25,634,747, respectively for the years ended December 31, 2021 and 2020 is subject to an annual spending rate of between 7 and 5 percent as described in Note 6. Although we do not intend to spend from this board-designated quasi-endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term operating investments.

**NOTE 4 – 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, 2021 and 2020.

	2021	
	Cost	Fair Value
The Community Foundation	\$ 18,759,323	\$ 25,534,333
PIMCO Funds	1,433,719	1,442,228
Totals	\$ 20,193,042	\$ 26,976,561
	2020	
	Cost	Fair Value
The Community Foundation	\$ 20,053,957	\$ 25,634,747
PIMCO Funds	596,550	610,891
Totals	\$ 20,650,507	\$ 26,245,638

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**NOTE 4 – INVESTMENTS (CONT'D)**

The following schedule summarizes net investment income for the years ended December 31, 2021.

	<u>2021</u>
Dividend income	\$ 89,489
Realized gain on sale of investments	923,890
Unrealized gain/(loss) on investments	1,188,389
Investment fees	<u>(279,919)</u>
Net investment income	<u>\$ 1,921,849</u>

The following schedule summarizes net investment income for the year ended December 31, 2020.

	<u>2020</u>
Dividend income	\$ 53,927
Realized gain on sale of investments	978,859
Unrealized gain/(loss) on investments	2,980,553
Investment fees	<u>(275,537)</u>
Net investment income	<u>\$ 3,737,802</u>

**NOTE 5 – 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.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)**

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, 2021.

	2021			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 1,724,029	\$ 1,580,310	\$ 143,719	\$ -
Fixed income	2,216,448	1,086,060	1,130,388	-
Equities				
International	13,593,055	6,660,597	6,932,458	-
Domestic	-	-	-	-
Alternatives				
Hedged Equity	6,208,260	3,042,047	3,166,213	-
Private Assets	3,234,769	1,585,037	1,649,732	-
Investments as of December 31, 2020	<u>\$26,976,561</u>	<u>\$13,954,051</u>	<u>\$13,022,510</u>	<u>\$ -</u>

The following table represents UHCF's investment assets measured at fair value on a recurring basis and their respective position in the fair value hierarchy as of December 31, 2020

	2020			
	Total	Level 1	Level 2	Level 3
Short-term investments	\$ 573,308	\$ 476,320	\$ 96,988	\$ -
Fixed income	2,742,801	1,343,972	1,398,829	-
Equities				
International	14,273,695	6,994,111	7,279,584	-
Domestic	-	-	-	-
Alternatives				
Hedged Equity	6,335,211	3,104,253	3,230,958	-
Private Assets	2,320,623	1,137,105	1,183,518	-
Investments as of December 31, 2019	<u>\$26,245,638</u>	<u>\$13,055,761</u>	<u>\$13,189,877</u>	<u>\$ -</u>



**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)**

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.

**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, 2021 and 2020.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 6 – QUASI-ENDOWMENT**

As required by generally accepted accounting principles, net assets associated with quasi-endowment funds are classified and reported as board designated without donor restrictions.

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment Net Assets, January 1, 2020	\$ 23,299,375	\$ -	\$ 23,299,375
Contributions			-
Investment Return			-
Investment Income	41,012		41,012
Net Appreciation (Depreciation)	3,681,004		3,681,004
Total Investment Return	3,722,016	-	3,722,016
Amounts Appropriated for Expenditure	(1,386,644)	-	(1,386,644)
Investment Net Assets, December 31, 2020	<u>\$ 25,634,747</u>	<u>\$ -</u>	<u>\$ 25,634,747</u>

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment Net Assets, January 1, 2021	\$ 25,634,747	\$ -	\$ 25,634,747
Investment Return			
Investment Income	71,083	-	71,083
Net Appreciation (Depreciation)	1,838,191	-	1,838,191
Total Investment Return	1,909,274	-	1,909,274
Amounts Appropriated for Expenditure	(1,666,989)	-	(1,666,989)
Investment Net Assets, December 31, 2021	<u>\$ 25,877,032</u>	<u>\$ -</u>	<u>\$ 25,877,032</u>

*Return Objectives and Risk Parameters* – UHCF has adopted investment and spending policies for quasi-endowment assets that attempt to provide a predictable stream of funding to programs supported by its quasi-endowments while seeking to maintain the purchasing power of its quasi-endowment assets. Under this policy, the quasi-endowment assets are invested in a manner that is intended to produce results that should achieve a rate of return in excess of inflation, assuming a reasonable level of risk. To satisfy the long-term rate of return objectives, UHCF relies on a total return strategy in which invested returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). UHCF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy* - UHCF employs a spending rule policy to maximize the flexibility, efficiency, and impact of the quasi-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. This is consistent with UHCF's objective to maintain the purchasing power of the quasi-endowment assets for a specified time as well as provide investment return.

Appropriations made under this policy were, \$1,894,745 and \$1,386,644 for the years ended December 31, 2021 and 2020, respectively.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**NOTE 7 – 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, 2021 and 2020, respectively.

**NOTE 8 – 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 \$14,353 and \$6,982 for the years ended December 31, 2021 and 2020, respectively.

	<u>2021</u>
Office furniture	\$ 30,200
Telephone system	-
Leasehold improvements	-
Software	19,487
Total property and equipment at cost	<u>49,687</u>
Less: Accumulated depreciation	<u>(37,089)</u>
Property and equipment, net	<u>\$ 12,598</u>
	<u>2020</u>
Office furniture	\$ 97,223
Telephone system	5,235
Leasehold improvements	70,191
Software	19,487
Total property and equipment at cost	<u>192,136</u>
Less: Accumulated depreciation	<u>(177,783)</u>
Property and equipment, net	<u>\$ 14,353</u>

**NOTE 9 – 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, 2021 and 2020, UHCF contributed \$53,944 and \$49,724 to the retirement plans, respectively.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**NOTE 10 – 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, 2021 and 2020, UHCF had grants payable totaling \$ 37,500 and \$-, respectively.

**NOTE 11 – LEASES**

UHCF has entered into several operating lease arrangements. UHCF leases office equipment and leased office space located at 290 Pratt Street, Meriden, CT 06450 through September 30, 2021. Since October 1, 2021, UHCF leases office space at 425 Main Street, Middletown CT 06457. UHCF had lease expenses of \$50,095 and \$53,148 for the years ended December 31, 2021 and 2020, respectively. The minimum annual future lease payments are as follows:

Years Ending December 31,		
2022	\$	36,680
2023		35,323
2024		34,200
2025		35,604
2026 & Thereafter		-

**NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditure for specified purpose:

Net assets with donor restrictions are restricted for the following purposes or periods

Specific Purpose	2021	2020
Protect Our Care CT	\$ -	\$ 8,826
Health Coverage Research	\$ 82,387	\$ -
	\$ 82,387	\$ 8,826

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020:

Satisfaction of Purpose Restrictions	2021	2020
Protect Our Care CT	\$ 8,826	\$ 18,574
	\$ 8,826	\$ 18,574

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

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**NOTE 13 – LINE OF CREDIT**

In 2021, UHCF obtained a line of credit loan with Capital for Change for \$350,000. The loan will be a 24-month line of credit. Monthly interest only payments in arrears at 5% per annum. Collateral will be an assignment of the Universal Health Care Foundation quasi-endowment fund. The outstanding balance at December 31, 2021 was \$-0-.

**NOTE 14 – BOARD DESIGNATED FUNDS**

The UCHF Board of Directors has designated the investment account assets of the organization to operate as a quasi-endowment. Quasi endowment assets attempt to provide a predictable stream of funding to programs and operations supported by its quasi-endowments. Board designated quasi-endowment assets totaled \$25,534,333 and \$25,634,747 as of December 31, 2021 and 2020, respectively.

**NOTE 15 – CONCENTRATIONS, RISKS, UNCERTAINTIES**

In March 2020, COVID-19 was declared a global pandemic. It is currently affecting business continuity, including supply chains and consumer demand across a broad range of industries and countries. The pandemic has already severely impacted the global economy and will continue to, likely for months to come, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

**NOTE 16 – DATE OF MANAGEMENT'S REVIEW**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of UHCF through February 25, 2022, 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.