



OBICI HEALTHCARE FOUNDATION, INC.

Financial Statements

March 31, 2015 and 2014

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
Obici Healthcare Foundation, Inc.:

We have audited the accompanying financial statements of Obici Healthcare Foundation, Inc., which comprise the statements of financial position as of March 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance 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 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Obici Healthcare Foundation, Inc. as of March 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

August 26, 2015

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Financial Position

March 31, 2015 and 2014

Assets	2015	2014
	<hr/>	<hr/>
Current assets:		
Cash and cash equivalents	\$ 10,303,368	9,728,065
Accrued interest and dividends receivable	7,861	6,537
Total current assets	<hr/> 10,311,229	<hr/> 9,734,602
Investments (note 3)	106,104,874	105,023,023
Property, plant and equipment, net (note 4)	1,838,254	1,933,185
Other assets (note 6)	718,950	697,236
Total assets	<hr/> <hr/> \$ 118,973,307	<hr/> <hr/> 117,388,046
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	\$ 52,246	212,486
Healthcare grants payable	1,780,584	1,352,124
Current portion of long-term debt (note 7)	74,230	71,494
Total current liabilities	<hr/> 1,907,060	<hr/> 1,636,104
Long-term debt, excluding current portion (note 7)	1,448,897	1,523,127
Deferred federal excise taxes (note 5)	559,457	648,839
Total liabilities	<hr/> 3,915,414	<hr/> 3,808,070
Unrestricted net assets	<hr/> 115,057,893	<hr/> 113,579,976
Total liabilities and net assets	<hr/> <hr/> \$ 118,973,307	<hr/> <hr/> 117,388,046

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Activities

Years ended March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues, gains, and other support:		
Investment income:		
Interest and dividends	\$ 85,868	371,961
Net realized and unrealized gains on investments	7,788,440	17,165,551
Investment income before investment fees, net	7,874,308	17,537,512
Less investment fees	641,358	945,652
Investment income, net	7,232,950	16,591,860
Other income	2,120	10,941
Total revenues, gains, and other support	7,235,070	16,602,801
Expenses:		
Healthcare grants	4,551,044	3,976,906
Program and administrative (note 8)	1,212,672	1,111,631
	5,763,716	5,088,537
Provision for federal excise taxes (note 5)	(6,563)	396,015
Total expenses	5,757,153	5,484,552
Increase in net assets	1,477,917	11,118,249
Unrestricted net assets, beginning of year	113,579,976	102,461,727
Unrestricted net assets, end of year	\$ 115,057,893	113,579,976

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Statements of Cash Flows

Years ended March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,477,917	11,118,249
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	111,975	113,469
Loss on disposal of property and equipment	—	5,648
Net realized and unrealized gains on investments	(7,788,440)	(17,165,551)
Deferred federal excise taxes	(89,382)	225,583
Changes in operating assets and liabilities:		
Accrued interest and dividends receivable	(1,324)	16,398
Other assets	(21,714)	2,472
Accounts payable and accrued expenses	(160,240)	121,870
Healthcare grants payable	428,460	405,787
Net cash used in operating activities	<u>(6,042,748)</u>	<u>(5,156,075)</u>
Cash flows from investing activities:		
Purchases of investments	(20,034,959)	(40,340,968)
Sales of investments	26,741,548	47,190,181
Purchases of property and equipment	(17,044)	(12,548)
Net cash provided by investing activities	<u>6,689,545</u>	<u>6,836,665</u>
Cash flows from financing activity:		
Payment of long-term debt	(71,494)	(68,712)
Net cash used in financing activity	<u>(71,494)</u>	<u>(68,712)</u>
Net increase in cash and cash equivalents	575,303	1,611,878
Cash and cash equivalents at beginning of year	<u>9,728,065</u>	<u>8,116,187</u>
Cash and cash equivalents at end of year	\$ <u>10,303,368</u>	<u>9,728,065</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 62,099	64,880
Cash paid for excise taxes	224,661	40,639

See accompanying notes to financial statements.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements

March 31, 2015 and 2014

(1) Organization

Obici Healthcare Foundation, Inc. (the Foundation) is a not-for-profit, nonstock health foundation incorporated in the Commonwealth of Virginia and organized as a private foundation since April 1, 2006. The Foundation provides assistance to those organizations working to meet community health needs in Suffolk, Virginia and surrounding communities, giving attention first to meeting unmet healthcare needs of the indigent and uninsured, and also including the support of programs which have been the primary purpose of preventing and reducing illness and disease. These activities are primarily supported by income from the Foundation's investment portfolio.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash held in checking accounts, money market investments and highly liquid investments with original maturities of three months or less.

(c) Investments

Investments in equity securities with readily determinable fair values and all investments in exchange traded funds, equity and bond mutual funds are carried at fair value determined by quoted market prices in the accompanying statements of financial position. Nonreadily marketable investments, consisting primarily of investments in U.S. limited partnerships and corporations, foreign investment corporations and common collective trusts, are carried at net asset value (NAV) per share as the practical expedient estimate of fair value if a) the underlying investment manager's calculation of NAV is fair value based and b) the NAV has been calculated as of the Foundation's fiscal year end date. Accordingly, such carrying values could differ materially from the values that would have been used had a ready market for the investments existed. The net asset values provided by the managers are reviewed and evaluated by Foundation personnel, for reasonableness.

Gains and losses on investments are recognized in the accompanying statements of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations. Investment transactions are recorded on a trade-date basis. Dividends are reported on the ex-dividend date. In computing the realized and unrealized gains or losses, cost has been determined on the specific identification method.

Dividend, interest and other investment income are reported in the period earned as increases in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets, which

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range from three to forty-five years. Routine maintenance and repairs are charged to expense when incurred.

(e) Net Assets

Net assets and revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. At March 31, 2015 and 2014, the Foundation's net assets consisted of resources that have no donor imposed restrictions and, accordingly, are classified as unrestricted.

(f) Noncash Donations

Noncash donations are recorded as contributions at their estimated fair values at the date of donation. If donors stipulate how and when (i.e. purpose and time restrictions) the assets must be used, the contributions are recorded as restricted support.

(g) Healthcare Grant Expenditures

Healthcare grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. At March 31, 2015 and 2014, all grants payable were current liabilities.

(h) Presentation of Expenses

The cost of funding certain programs and other services of the Foundation are reported on a functional basis in the accompanying statements of activities. Accordingly, expenses have been classified among healthcare grants and program and administrative expenses. Program and administrative expenses relate to activities which support the grant making process as well as administrative operational costs.

(i) Income Taxes

The Foundation has been recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 (the Code) and as a private foundation under Section 509(a) of the Code. In accordance with the Tax Reform Act of 1969 (the Act), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined by the Act. The Act also requires that certain minimum distributions be made each year. The amount of these distributions is determined in accordance with a specified formula. Based on this formula, qualifying distributions in excess of the minimum required were made during the years ended March 31, 2015 and 2014.

The Foundation recognizes or derecognizes its tax positions based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation does not believe its financial statements include or reflect any uncertain tax positions.

(j) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accrued interest and dividends receivable, accounts payable and accrued expenses and healthcare grants payable in the statements of financial

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Notes to Financial Statements

March 31, 2015 and 2014

position approximate fair value because of the short maturity of these instruments. The carrying value of the Foundation's long-term debt approximates its fair value due to the current interest rate environment. Investments are carried at fair value as discussed in note 2(c).

(k) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit and/or market risk consist principally of cash and cash equivalents and investments. The Foundation places its temporary cash and money market accounts with creditworthy, high quality financial institutions. A significant portion of the funds are not insured by the Federal Deposit Insurance Corporation.

The Foundation has significant investments in equity securities, mutual funds and nonreadily marketable investments. Investments are made primarily by investment managers engaged by the Foundation, and the investments are monitored by management and the Investment Committee of the Board of Directors of the Foundation. As part of the fiduciary oversight of the investments, the Foundation's portfolio has been diversified in various investment categories in accordance with the Foundation's investment policy.

(m) Subsequent Events

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires entities to evaluate events that occur after the balance sheet date but before financial statements are issued for potential recognition or disclosure. Entities are required to disclose the date through which subsequent events were evaluated, as well as the rationale for why that date was selected. In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 26, 2015, the date the financial statements were available to be issued, and determined that all items are appropriately disclosed.

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Notes to Financial Statements

March 31, 2015 and 2014

(3) Investments

The Foundation's investments at March 31, 2015 and 2014 are as follows:

	2015		2014	
	Cost	Fair value	Cost	Fair value
Readily marketable investments:				
US equity securities	\$ 6,166,882	6,961,614	7,573,491	9,689,398
Exchange traded funds	2,499,976	2,699,700	—	—
Bond mutual funds	—	—	1,076,081	1,127,827
Equity mutual funds	—	—	3,948,848	2,746,108
Nonreadily marketable investments:				
Total partnerships and corporations	24,622,745	36,183,215	16,233,814	30,824,128
Foreign investment corporations	42,765,409	56,277,486	41,000,000	51,452,411
Common collective trusts	2,077,036	3,982,859	2,748,844	9,183,151
Total investments	\$ 78,132,048	106,104,874	72,581,078	105,023,023

Change in net unrealized gains included in change in net assets relating to assets held at March 31, 2015 and 2014 totaled (\$4,469,119) and \$11,279,159, respectively.

Certain investment managers of nonreadily marketable investments use investment strategies and techniques designed to achieve higher investment returns with lower volatility and low correlation to major market indices. These strategies and techniques, which include the use of leverage, futures and forward contracts, option agreements and other derivative instruments, create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio. At March 31, 2015, the Foundation had unfunded commitments to Regiment Capital Special Situations Fund V, L.P. in the amount of \$1,474,076, to The Realty Associates Fund X UTP, L.P. in the amount of \$150,000, to AG Net Lease Realty Fund III, L.P. in the amount of \$2,460,000, to Merced Partners IV, L.P. in the amount of \$660,000 and to Partners for Growth IV, L.P. in the amount of \$6,090,000. Certain nonreadily marketable investments also contain liquidity restrictions ranging from less than one month to more than one year, which are as follows as of March 31, 2015:

	Liquidity restrictions		
	One month or less	Quarterly	More than quarterly
Total limited partnerships and corporations	\$ 14,539,138	7,471,164	14,172,913
Foreign investment corporations	12,712,463	25,848,664	17,716,359
Common collective trusts	3,982,859	—	—
	\$ 31,234,460	33,319,828	31,889,272

Of the \$31,889,272 nonreadily marketable investments that are redeemable more than quarterly, \$7,153,623 are locked up as of March 31, 2015.

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Notes to Financial Statements

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Assets and liabilities recorded at fair value in the statements of financial position are categorized based upon a three-tier fair value hierarchy. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These tiers include the following:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. This category generally includes nonreadily marketable investments where the Foundation has the ability to redeem its investment with the investee at net asset value per share on a monthly or quarterly basis.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes nonreadily marketable investments where the Foundation cannot redeem its investment with the investee within 90 days.

The following discussion describes the valuation methodologies used for financial assets measured at fair value. Care should be exercised in deriving conclusions about the Foundation's financial position based on the fair value information of financial assets presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and does not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Fair values of equity securities, exchange traded funds, and bond and equity mutual funds have been determined by the Foundation from observable market quotations. The Foundation's interest in the shares of common collective trusts, total partnerships and corporations and foreign investment corporations is recorded at the net asset value per share, as provided by external investment managers as the practical expedient estimate of fair value.

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements

March 31, 2015 and 2014

The following tables present the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2015 and 2014. Level 3 assets comprised approximately 30% and 25% of the Foundation's total investments carried at fair value at March 31, 2015 and 2014, respectively.

	2015			
	Fair value	Fair value measurements at March 31 using		
		Level 1	Level 2	Level 3
U.S. equity securities:				
Small cap equity securities	\$ 6,961,614	6,961,614	—	—
Total U.S. equity securities	<u>6,961,614</u>	<u>6,961,614</u>	<u>—</u>	<u>—</u>
Exchange traded funds:				
Oil and gas exploration and production	2,699,700	2,699,700	—	—
Total exchange traded funds	<u>2,699,700</u>	<u>2,699,700</u>	<u>—</u>	<u>—</u>
Common collective trusts:				
Small cap international equity securities	3,982,859	—	3,982,859	—
Total common collective trusts	<u>3,982,859</u>	<u>—</u>	<u>3,982,859</u>	<u>—</u>
Partnerships and corporations:				
International closed end funds	4,482,964	—	4,482,964	—
Global equity securities	14,381,252	—	14,381,252	—
Global equity fund of hedge funds	7,019,289	—	—	7,019,289
U.S. corporate credit	1,869,734	—	—	1,869,734
U.S. micro-cap equity securities	3,146,086	—	3,146,086	—
U.S. opportunistic value	1,669,599	—	—	1,669,599
Real estate	3,614,291	—	—	3,614,291
Total partnerships and corporations	<u>36,183,215</u>	<u>—</u>	<u>22,010,302</u>	<u>14,172,913</u>

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements

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	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Foreign investment corporations:				
Asian long-only equity	\$ 2,970,725	—	2,970,725	—
Brazil public/private equity	2,490,110	—	2,490,110	—
China long/short equity	5,630,226	—	5,630,226	—
Global long-only equity	10,598,309	—	10,598,309	—
Global distressed credit hedge fund	2,814,315	—	2,814,315	—
Global long/short equity hedge fund	8,384,926	101,533	8,283,393	—
Emerging markets fund of hedge funds	263,876	263,876	—	—
European long-only equity	11,911,790	—	5,408,640	6,503,150
U.S. long/short opportunistic	4,626,037	—	—	4,626,037
U.S. credit markets	6,587,172	—	—	6,587,172
	<u>56,277,486</u>	<u>365,409</u>	<u>38,195,718</u>	<u>17,716,359</u>
Total foreign investment corporations	\$ <u>106,104,874</u>	<u>10,026,723</u>	<u>64,188,879</u>	<u>31,889,272</u>
			2014	
	<u>Fair value</u>	<u>Fair value measurements at March 31 using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. equity securities:				
Small cap equity securities	\$ 9,689,398	9,689,398	—	—
Total U.S. equity securities	<u>9,689,398</u>	<u>9,689,398</u>	<u>—</u>	<u>—</u>
Bond mutual funds:				
Global corporate bonds	1,127,827	1,127,827	—	—
Total bond mutual funds	<u>1,127,827</u>	<u>1,127,827</u>	<u>—</u>	<u>—</u>
Equity mutual funds:				
Commodity inflation – index funds	2,746,108	2,746,108	—	—
Total equity mutual funds	<u>2,746,108</u>	<u>2,746,108</u>	<u>—</u>	<u>—</u>
Common collective trusts:				
Small cap international equity securities	4,116,914	—	4,116,914	—
Large cap international equity securities	5,066,237	—	5,066,237	—
Total common collective trusts	<u>9,183,151</u>	<u>—</u>	<u>9,183,151</u>	<u>—</u>

OBICI HEALTHCARE FOUNDATION, INC.

Notes to Financial Statements

March 31, 2015 and 2014

	2014			
	<u>Fair value measurements at March 31 using</u>			
Partnerships and corporations:				
International closed end funds	\$ 4,503,003	—	4,503,003	—
Global equity securities	16,608,725	—	16,608,725	—
Global equity fund of hedge funds	5,889,590	—	—	5,889,590
U.S. corporate credit	1,656,727	—	—	1,656,727
U.S. opportunistic value	459,014	—	—	459,014
Real estate	1,707,069	—	—	1,707,069
	<u>30,824,128</u>	<u>—</u>	<u>21,111,728</u>	<u>9,712,400</u>
Total partnerships and corporations				
Foreign investment corporations:				
China long/short equity	5,350,942	—	5,350,942	—
Global long-only equity	8,584,006	—	8,584,006	—
Global long/short equity hedge fund	10,050,479	—	10,050,479	—
Emerging markets fund of hedge funds	5,289,290	—	5,289,290	—
European long-only equity	11,243,073	—	5,312,273	5,930,800
U.S. long/short opportunistic	4,449,749	—	—	4,449,749
U.S. credit markets	6,484,872	—	—	6,484,872
	<u>51,452,411</u>	<u>—</u>	<u>34,586,990</u>	<u>16,865,421</u>
Total foreign investment corporations				
	<u>\$ 105,023,023</u>	<u>13,563,333</u>	<u>64,881,869</u>	<u>26,577,821</u>

The following table presents reconciliation for all Level 3 assets measured at fair value on a recurring basis for the years ended March 31, 2015 and 2014:

	<u>Level 3</u> <u>investments</u>
March 31, 2013	\$ 19,355,277
Net realized gains	1,330,346
Net unrealized gains	2,011,353
Purchases	11,775,434
Sales	<u>(7,894,589)</u>
March 31, 2014	26,577,821
Net realized gains	292,555
Net unrealized gains	2,260,006
Purchases	4,530,488
Sales	<u>(1,771,598)</u>
March 31, 2015	<u>\$ 31,889,272</u>

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The Foundation's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between fair value levels for the year ended March 31, 2015.

(4) Property, Plant and Equipment

Property, plant and equipment as of March 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 102,507	102,507
Land improvements	430,690	426,847
Building	1,616,468	1,616,468
Equipment	145,504	137,173
Furniture and fixtures	<u>157,210</u>	<u>152,340</u>
	2,452,379	2,435,335
Less accumulated depreciation	<u>614,125</u>	<u>502,150</u>
Property, plant and equipment, net	<u>\$ 1,838,254</u>	<u>1,933,185</u>

(5) Federal Excise Taxes

The Foundation is subject to an excise tax of 1% or 2% on its net investment income. The applicable excise tax rate is dependent upon the amount of qualifying distributions made by the Foundation and additional excise tax penalties may be assessed if certain minimum distributions are not made. The Foundation was subject to an excise tax rate of 2% for the years ended March 31, 2015 and 2014. A deferred federal excise tax liability is estimated based on cumulative net unrealized gains as of year-end.

(6) Other Assets

On April 1, 2006, Obici Health System contributed a collection of artwork to the Foundation appraised at approximately \$650,000.

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(7) Long-Term Debt

In 2010, the Foundation issued Economic Development Authority of the City of Suffolk Revenue Bonds (Obici Healthcare Foundation Inc.) Series 2010 in the amount of \$1,850,000. The repayment schedule consists of 111 monthly installments of principal and interest of \$11,133 and a final payment of \$1,189,690 due July 1, 2019. The note contains a fixed interest rate of 3.92% for the term of the bond. The bond contains certain restrictive covenants, including the maintenance of certain minimum asset and net asset balances. The Foundation was in compliance with these covenants as of March 31, 2015 and 2014. The principal repayments of the bond are as follows:

2016	\$	74,230
2017		77,393
2018		80,525
2019		83,785
2020		1,207,194
		<u>1,523,127</u>
	\$	<u>1,523,127</u>

(8) Retirement Plan

The Foundation has a qualified employee benefit 403(b) retirement plan intended to comply with all applicable federal laws and regulations, including the Code, as amended, and the Employee Retirement Income Security Act of 1974. The Foundation makes both matching and nonmatching discretionary contributions to the individual accounts of eligible employees. Contributions are based on compensation during the calendar year. The Foundation contributed \$27,178 and \$25,586 during fiscal years 2015 and 2014, respectively.

In fiscal year 2014, the Foundation also approved a nonqualified 457(b) "Top-Hat" deferred compensation plan intended to comply with all applicable federal laws and regulations, including the Code, as amended, and the Employee Retirement Income Security Act of 1974. The Foundation makes nonmatching discretionary contributions to an individual account for the executive director position only. Contributions are based on compensation during the calendar year. The Foundation contributed \$6,938 and \$3,517 during fiscal years 2015 and 2014, respectively.