TELLURIDE HOSPITAL DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2015 and 2014

DALBY, WENDLAND & CO., P.C.

Grand Junction

CPAs and Business Advisors

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Board of Directors
Telluride Hospital District
Telluride, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the business-type activities and the blended component units of Telluride Hospital District (the District), which comprise the statement of net position as of December 31, 2015, and the related statements of revenue, expenses, and changes in net position, and cash flows and for the year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the blended component units of the District as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report of Summarized Comparative Information

We have previously audited the District's 2014 financial statements, and our report dated May 29, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Boards, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenue, non-operating revenues, expenses, and non-operating expenses - departments on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dalby, Wendland & Co, P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

May 5, 2016

TELLURIDE HOSPITAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

The Telluride Medical Center (TMC) operates two healthcare business units 1) a trauma & emergency services department offering a full service level V trauma center providing emergency care twenty four hours a day seven days a week and 2) a primary care department that is a multi-specialty medical practice with three doctors, three mid-level providers and visiting specialists.

TMC also has a fully supporting charitable fundraising arm named The Telluride Medical Center Foundation (TMCF).

TMC is governed by a five member Board of Directors elected by the voters within a Special District established under Colorado law called the Telluride Hospital District (the District).

Financial Overview

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are mainly comprised of four components:

- The Statements of Net Position provides information about the District's assets and liabilities and reflects the District's financial position as of December 31, 2015 and 2014.
- The Statements of Revenue, Expenses and Changes in Net Position reports the cumulative activity of providing healthcare services and the expenses related to such activity for the years ended December 31, 2015 and 2014.
- The Statements of Cash Flows outlines the cash inflows and outflows related to the activity of providing healthcare services for the years ended December 31, 2015 and 2014.
- The Notes to Financial Statements provide explanation and clarification on specific items within the previously mentioned financial statements and should be read in their entirety.

This report also contains other supplemental information in addition to the basic financial statements themselves.

1. Statement of Net Position

Financial Analysis

The District's total assets at the end of the 2015 calendar year were $8,041,481 as compared to $7,699,630 at the end of the 2014 calendar year. The $341,851 increase reflects a decrease in total cash and cash equivalents and investments of $513,677, offset by an increase in capital assets of $304,865, and increase in other assets of $255,388, an increase in the ad valorem taxes receivable of $161,904, an increase in net accounts receivable from patient services and pledges of $95,636, plus an increase in due from affiliates of $73,891. The decrease in cash and cash equivalents relates to the ongoing capital work in progress on a new regional medical facility.

At December 31, 2015, assets consisted primarily of net capital assets of $2,592,073, cash and cash equivalents and investments of $2,475,009, current year ad valorem taxes receivable of $1,701,915, and net accounts receivable from patient services and pledges of $685,846.

Comparable asset balances at December 31, 2014 were as follows: cash and cash equivalents and investments of $2,988,686, net capital assets of $2,287,208, prior year ad valorem taxes receivable of $1,540,011, and net accounts receivable from patient services and pledges of $590,210.

The District's total liabilities at December 31, 2015 were $680,149, consisting of accrued liabilities of $419,687 and accounts payables and due to affiliates of $260,462. The decrease in accrued liabilities and accounts payable and due to affiliates of $215,147 relates to the timing of the bills and payroll payable.

Comparable liability balances at December 31, 2014 were as follows: total liabilities of $895,296, consisting of accrued liabilities of $692,582, and accounts payable and due to affiliates of $202,714.

The District's deferred inflows of resources at December 31, 2015 were $1,754,546 and the comparable balance in 2014 was $1,542,077. The District does not have any long-term debt nor any estimated liability for potential losses.

2. Statements of Revenue, Expenses and Changes in Net Position

Patient Service Revenues

The District's net patient service revenue is divided between revenues from its 24-hour emergency service (53%) and revenues from its primary care clinic (47%). However, the emergency service accounts for only 18% of the patient encounters while the primary care accounts for 82%. Ninety percent (90%) of the District's patient charges are billable to insurance companies and 10% of charges are considered self-pay or without insurance. Because payments for services rendered to patients under insurance programs are less than billed charges, the District estimates a provision for contractual adjustments to reduce the total charges to these patients to estimated receipts, based upon either the program's principles or the contractual arrangements. Due to the complicated nature of claim adjudication, the payments received could differ from the provision.

The District's revenues are classified as operating and non-operating revenues. Operating revenues consist of net patient service revenues which increased between the calendar years 2015 and 2014 by 19%. Net patient service revenue for the 2015 calendar year was reported as $5,037,284 compared to the 2014 calendar year net patient revenue of $4,208,747. Patient visits increased 13% during the same period relating to increased provider hours and a general improvement in the economy.

TMCF had a successful year with fund raising of $408,897 in 2015 compared to $329,490 in 2014, which includes in-kind contributions from the District of $114,060 and $104,433, respectively. The increase does not reflect the program funding to the District which was $238,389 in 2015 up from $110,221 in 2014. TMCF received grants in 2015 totaling $116,905 of which all funds were dispersed per the program. Comparable grants in 2014 totaled $910,763.

Total non-operating revenues for the 2015 calendar year ended at $1,854,325, compared to the non-operating revenues in 2014 of $2,843,284. Non-operating revenue is comprised of ad valorem taxes, contributions and grants, interest income and other non-operating revenues. Contributions and grants are the biggest contributor to the variance in non-operating revenue and had a $946,693 decrease from 2014 due to the end of a federal grant cycle.

The major expenses incurred by the District during the 2015 calendar year were compensation and contract services of $2,795,939 and $1,201,606, respectively; employee benefits of $612,964; materials and supplies of $423,007, information technology and professional services of $405,311; other operating expenses $342,777, IT, equipment, and service contracts of $255,517, depreciation and amortization of $252,236, and program expenses of $238,389.

The District's net position at the end of the 2015 calendar year was $5,606,786 as compared to $5,262,257 at the end of the 2014 calendar year. The year progressed with better than anticipated revenues but had greater than expected expenses due to recruiting and fundraising expenses.

Provision for Doubtful Accounts
The collection of receivables from patients and third party payers is the District's primary source of cash and is therefore, critical to the District's operating performance.

During the 2015 calendar year, the primary collection risks relate to the uninsured patient and to aged insurance claims. The District estimated the Provisions for Doubtful Accounts based upon previous experience.

Significant changes in payer mix, economic conditions and trends in federal and state governmental health care coverage affect the District's collection of accounts receivable, cash flows, and results of operation. The provision for doubtful accounts for the 2015 calendar year was $121,449 and fully reserves all self-pay balances over 120 days old. The calendar year 2014 provision was $152,265.

3. Cash Flow Statements

The District's 2015 total cash used by operating activities was $1,536,216 as compared to $1,211,128 used in 2014. The $325,088 increase was due to costs to suppliers and staff outpacing higher volumes of patients seen.

Non-capital financing activities are primarily ad valorem taxes but also consist of federal grant revenues. All federal grant monies were spent in the year received thus offset the revenues.

Capital uses of cash during 2015 were $557,101 and reflect an increase of $249,068 over the prior year. The 2015 purchases included the capitalized expenses regarding the new facility, medical and administrative equipment which updated the IT environment and leasehold improvements. The 2014 capital use of cash was $308,033.

The 2015 decrease in investing activities relates mostly to investment purchases in ColoTrust, a trust designed to offer Colorado local governments safe and liquid opportunities to diversify investments.

4. Budgetary Highlights

The District is responsible for funding expenses from cash generated through its operations and from the ad valorem taxes received during the calendar year. The District prepares a budget to reflect the expected revenues and expenses generated through its operations. The District's Board of Directors approved a 2016 budget during the last quarter of the 2015 calendar year.

The 2015 original budget was updated and approved during the last quarter of the calendar year as there were significant changes related to the higher demand for primary care than anticipated early in the year. The inability to schedule patients due to inadequate availability is referred to as capacity and is a reflection of improved economic activity and new processes related to the comprehensive primary care plan. To address the capacity issues, additional provider time, support staff and administration were scheduled which made significant changes to the original budget.

The variance between the final budget and actual relate to multiple revenue and expense items that were planned but not realized after the final budget was approved. Net patient service revenue as well as anticipated grant revenues were not realized. Variances between the total compensation, materials and supplies, and facilities costs were offset by patient related grant expenses.

5. Economic and Other Factors

The days in accounts receivable ratio (DAR) at year end yielded 44 and 61 days in the primary care and emergency department business units, respectively. The healthy accounts receivable ratio is largely due to staff dedicated to working the self-pay accounts receivable. The primary care and emergency department DAR at year ended 2014 was 41 and 68, respectively. A distinctive issue for the District is the number of patient visitors from out of state presenting a non-participating insurance. Each insurance company has unique requirements for claim submission which most times require individual handling. During 2015, the District filed insurance claims with 1,392 different insurance companies of which 31% were non-participating and represented 11% of the total patient revenue.

The day's cash on hand ratio at December 31, 2015 was 80 days versus day's cash on hand in December 2014 of 108 days. The decrease is linked to capital project spending on the new facility and a decrease in property values. Management will continue to monitor this ratio to ensure that adequate cash reserves are available.

A number of major factors affect the ongoing financial situation of the District. They are a combination of healthcare legislation, significant revenue cycle adjustments, and the cost of living in a resort community impacting the District's ability to retain qualified staff and remain the premier provider of healthcare in the region.

The table below reflects the reductions in revenue related to the Care Support program over the last three years.

Charity Care	2015	2014	2013
Emergency Department	$ 32,200	$ 76,328	$ 73,382
Primary care Department	50,630	50,006	56,884
Total Charity Care	$ 82,830	$ 126,334	$ 130,266

Contacting the District's Financial Management

This management discussion and analysis report is designed to provide interested parties with a general overview of the District financial activity for the 2015 calendar year and to demonstrate the District's accountability for the money it received for providing healthcare services to members of this community and others. If you have questions about this report or need additional information, please contact Telluride Hospital District's Financial Director, 500 West Pacific Avenue, Telluride, CO 81435.

TELLURIDE HOSPITAL DISTRICT

STATEMENTS OF NET POSITION

December 31, 2015 and 2014

	2015				2014
	THD *	IFAM **	TMCF ***	**Total**	Total
ASSETS					
Current Assets					
Cash and cash equivalents	$ 555,855	$ -	$ 489,713	**$ 1,045,568**	$ 1,987,275
Investments	1,429,441	-	-	**1,429,441**	1,001,411
Accounts receivable from patient services & pledges, net of estimated uncollectibles of $474,882 (2015) and $444,311 (2014)	654,761	-	31,085	**685,846**	590,210
Other receivables	3,747	-	-	**3,747**	20,097
Ad valorem taxes receivable	1,701,915	-	-	**1,701,915**	1,540,011
Due from affiliates	82,919	-	-	**82,919**	9,028
Inventory	108,359	-	-	**108,359**	101,724
Other current assets	72,631	-	-	**72,631**	99,072
Total Current Assets	4,609,628	-	520,798	**5,130,426**	5,348,828
Capital Assets, net	2,592,073	-	-	**2,592,073**	2,287,208
Other Assets	318,982	-	-	**318,982**	63,594
Total Assets	7,520,683	-	520,798	**8,041,481**	7,699,630
LIABILITIES					
Current Liabilities					
Accounts payable	142,991	-	34,552	**177,543**	193,686
Due to affiliates	-	-	82,919	**82,919**	9,028
Accrued compensation and employee benefits	305,505	-	-	**305,505**	614,583
Other accrued liabilities	114,182	-	-	**114,182**	77,999
Total Current Liabilities	562,678	-	117,471	**680,149**	895,296
Total Liabilities	562,678	-	117,471	**680,149**	895,296
DEFERRED INFLOWS OF RESOURCES					
Imposed nonexchange revenue - ad valorem taxes	1,696,181	-	-	**1,696,181**	1,542,077
Deferred grant revenue	58,365	-	-	**58,365**	-
Total Deferred Inflows of Resources	1,754,546	-	-	**1,754,546**	1,542,077
NET POSITION					
Net investment in capital assets	2,592,073	-	-	**2,592,073**	2,287,208
Temporarily restricted components of net position	-	-	55,610	**55,610**	127,027
Unrestricted components of net position					
Unrestricted	2,111,386	-	347,717	**2,459,103**	2,348,022
Board designated	500,000	-	-	**500,000**	500,000
Total Net Position	$ 5,203,459	$ -	$ 403,327	**$ 5,606,786**	$ 5,262,257

* Telluride Hospital District - See Note 1

** Institute for Altitude Medicine - See Note 1 and 15

*** Telluride Medical Center Foundation - See Note 1 and Note 16

See accompanying notes.

TELLURIDE HOSPITAL DISTRICT

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

For the years ended December 31, 2015 and 2014

	2015				2014
	THD	IFAM	TMCF	**Total**	Total
Operating Revenues					
Net patient service revenue	$ 5,037,284	$ 2,200	$ -	**$ 5,039,484**	$ 4,227,475
Contribution and donation income - Note 1 and 16	-	-	408,897	**408,897**	329,490
Other revenue	66,367	9,866	-	**76,233**	79,373
Patient related grant revenue	202,224	-	-	**202,224**	182,871
Total Operating Revenues	5,305,875	12,066	408,897	**5,726,838**	4,819,209
Operating Expenses					
Compensation	2,666,063	5,575	124,301	**2,795,939**	3,534,350
Contract services	1,201,606	-	-	**1,201,606**	48,062
Employee benefits	608,923	4,041	-	**612,964**	686,540
Materials and supplies	416,112	6,815	80	**423,007**	339,390
Information technology and professional services	377,230	525	27,556	**405,311**	336,966
Other operating expenses	310,780	12,462	19,535	**342,777**	249,546
IT, equipment, and service contracts	255,147	370	-	**255,517**	238,249
Depreciation and amortization	252,236	-	-	**252,236**	238,747
Program expenses	-	-	238,389	**238,389**	110,221
Building and facilities	156,176	-	-	**156,176**	121,066
Patient related grant expense	152,850	-	-	**152,850**	182,774
Utilities and support services	70,119	170	2,265	**72,554**	78,253
Insurance	53,999	3,975	1,490	**59,464**	90,421
Travel and entertainment	-	-	4,879	**4,879**	1,293
Total Operating Expenses	6,521,241	33,933	418,495	**6,973,669**	6,255,878
Loss From Operations	(1,215,366)	(21,867)	(9,598)	**(1,246,831)**	(1,436,669)
Non-operating Revenues					
Ad valorem taxes	1,590,544	-	-	**1,590,544**	1,598,485
Contributions and grants	93,395	9,887	116,905	**220,187**	1,166,880
Interest income	7,704	-	253	**7,957**	7,552
Gain on sale of assets	-	-	-	**-**	10,000
Other non-operating revenues	35,637	-	-	**35,637**	60,367
Total Non-operating Revenues	1,727,280	9,887	117,158	**1,854,325**	2,843,284
Non-operating Expenses					
Contributions and grants	32,000	-	116,905	**148,905**	988,770
Distribution to TMCF	114,060	-	-	**114,060**	191,569
Loss on disposal of assets	-	-	-	**-**	17,645
Lhotka Conference	-	-	-	**-**	11,501
Total Non-operating Expenses	146,060	-	116,905	**262,965**	1,209,485
Total Non-operating Revenues, net	1,581,220	9,887	253	**1,591,360**	1,633,799
Increase (Decrease) in Net Position	365,854	(11,980)	(9,345)	**344,529**	197,130
Net Position - beginning of the year	4,837,605	11,980	412,672	**5,262,257**	5,065,127
Net Position - end of the year	$ 5,203,459	$ -	$ 403,327	**$ 5,606,786**	$ 5,262,257

See accompanying notes.

TELLURIDE HOSPITAL DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	2015				2014
	THD	IFAM	TMCF	**Total**	Total
Cash Flows From Operating Activities					
Cash received from patients and third-party payors	$ 4,944,289	$ 2,726	$ -	**$ 4,947,015**	$ 4,163,078
Cash received from other operating activities	343,306	9,866	405,730	**758,902**	614,796
Cash paid to suppliers and others	(3,847,642)	(28,358)	(385,417)	**(4,261,417)**	(1,859,743)
Cash paid to employees for services	(2,975,141)	(5,575)	-	**(2,980,716)**	(4,129,259)
Net Cash Provided (Used) by Operating Activities	(1,535,188)	(21,341)	20,313	**(1,536,216)**	(1,211,128)
Cash Flows From Non-capital Financing Activities					
Ad valorem taxes - Telluride Hospital District	1,582,744	-	-	**1,582,744**	1,605,407
Change in due to/from affiliate, net	(73,891)	-	73,891	**-**	-
Non-operating revenues	129,032	9,887	116,905	**255,824**	972,126
Non-operating expenses	(146,060)	-	(116,905)	**(262,965)**	(944,364)
Net Cash Provided by Non-capital Financing Activities	1,491,825	9,887	73,891	**1,575,603**	1,633,169
Cash Flows From Capital and Related Financing Activities					
Acquisition of property and equipment	(557,101)	-	-	**(557,101)**	(308,033)
Net Cash Used for Capital and Related Financing Activities	(557,101)	-	-	**(557,101)**	(308,033)
Cash Flows From Investing Activities					
Purchase of investments	(428,030)	-	-	**(428,030)**	(500,945)
Interest income received	7,704	-	253	**7,957**	7,552
Investment in HealthCare Management, Inc.	(3,920)	-	-	**(3,920)**	(10,144)
Net Cash Provided (Used) by Investing Activities	(424,246)	-	253	**(423,993)**	(503,537)
Increase (Decrease) in Cash and Cash Equivalents	(1,024,710)	(11,454)	94,457	**(941,707)**	(389,529)
Cash and Cash Equivalents - beginning of the year	1,580,565	11,454	395,256	**1,987,275**	2,376,804
Cash and Cash Equivalents - end of the year	$ 555,855	$ -	$ 489,713	**$ 1,045,568**	$ 1,987,275

See accompanying notes.

TELLURIDE HOSPITAL DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	2015				2014
	THD	IFAM	TMCF	**Total**	Total
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:					
Loss from operations	$ (1,215,366)	$ (21,867)	$ (9,598)	**$ (1,246,831)**	$ (1,436,669)
Proceeds from sale of fixed assets	-	-	-	**-**	397
Adjustments to reconcile operating loss to net cash provided (used) for operating activities:					
Bad debts	204,909	-	2,375	**207,284**	225,823
Provision for contractual adjustments	2,923,097	-	-	**2,923,097**	2,307,077
(Gain)/loss on sale/disposal of assets	-	-	-	**-**	7,645
Depreciation and amortization	252,236	-	-	**252,236**	238,747
Changes in:					
Accounts receivable from patient services & pledges	(3,221,001)	526	(5,542)	**(3,226,017)**	(2,564,081)
Other receivables	16,350	-	-	**16,350**	1,929
Inventory	(6,635)	-	-	**(6,635)**	2,314
Other current assets	26,441	-	-	**26,441**	(31,542)
Other assets	(251,468)	-	-	**(251,468)**	-
Accounts payable	(49,221)	-	33,078	**(16,143)**	-
Accrued compensation and employee benefits	(309,078)	-	-	**(309,078)**	-
Other accrued liabilities	36,183	-	-	**36,183**	37,232
Deferred grant revenue	58,365	-	-	**58,365**	-
Net Cash Provided (Used) by Operating Activities	$ (1,535,188)	$ (21,341)	$ 20,313	**$ (1,536,216)**	$ (1,211,128)

See accompanying notes.

NOTE 1 - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Telluride Hospital District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental financial reporting principles. The following is a summary of the District's significant accounting policies:

Financial Reporting Entity - The District was established in 1983 to operate and maintain a community health clinic and emergency center for the diagnosis and treatment of individuals requiring outpatient services and emergency care in the community and surrounding area of Telluride, Colorado.

The primary purpose of the District is to enhance and promote local health care by providing primary and emergency medical services, which includes establishing and operating a primary care medical center, Telluride Medical Center – Primary Care Enterprise and a 24-hour emergency medical care center. The District is commonly referred to as the Telluride Medical Center (TMC). In addition to its primary purpose, the District supports community health care through ongoing review and assessment of regional health care needs and cooperation with local, regional, state, and federal health care initiatives.

The financial statements of the District include all of the integral parts of the District's operations. To conform to GAAP as applicable to governments, criteria were considered to determine whether any organization should be included in the District's reporting entity. Based on these considerations, it was determined that the Institute For Altitude Medicine (IFAM), a separate legal entity, and the Telluride Medical Center Foundation (TMCF) meet the criteria to be included in the District's financial statements as blended component units. Additional financial information pertaining to the IFAM may be obtained from Institute For Altitude Medicine, P.O. Box 1229, Telluride, CO, 81435. IFAM was dissolved during 2015 (see Note 15). Additional financial information pertaining to the TMCF may be obtained from Telluride Medical Center Foundation, P.O. Box 1229, Telluride, CO, 81435 (see Note 16).

Risk Management - The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the five preceding years. See Note 14 for discussion of coverage related to medical malpractice claims.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents may include investments in highly liquid debt instruments with an original maturity of three months or less. The Board of Directors (the Board) has designated assets required to meet capital expenditures. These designated assets are included in cash and cash equivalents. At December 31, 2015 and 2014, there was $500,000 total Board designated assets to be used for the future construction of a new facility.

Patient Receivables - Patient receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Ad Valorem Taxes - As of December 31, 2015 and 2014, the District's mill levy consisted of general operating expenses and a special levy for emergency medical care. Property taxes for the current year are levied in December of the previous year and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes for 2015 and 2014 are reportable as a receivable and a deferred inflow of resources at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collected.

Inventory - Supply inventories are stated at the lower of cost or market, determined using the first-in, first-out method.

Capital Assets - Property and equipment are recorded at cost, or if donated, at fair market value at the date of receipt. The District defines capital assets as assets with an initial cost of more than $10,000. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

Net Position - Net position is presented in the following components:

Net Investment in Capital Assets – Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding debt used to finance the purchase or construction of those assets.

Temporarily Restricted - Temporarily restricted components of net position are used to differentiate resources, the uses of which are specified by donors or grantors, from resources of the unrestricted components of net position on which donors or grantors place no restrictions or that arise as a result of the District operating for its stated purposes. Donor restrictions for specific purposes are reported in other operating revenues to the extent used within the period. Temporarily restricted components of net position for plant replacement and expansion are added to the unrestricted components of net position balance when expended.

Unrestricted - Unrestricted components of net position are the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Accrued Compensated Absences - The District accrues paid time-off in the period the related liability vests with the respective employee. Paid time-off is granted to all full-time employees and is vested based on years of service.

Net Patient Service Revenue - The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Care Support Program - The District provides care to patients who meet certain criteria under its care support program without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify under the care support program, they are not reported as revenue.

In-Kind Contributions - The District, specifically TMCF and IFAM, receives in-kind contributions to be used towards salaries and rent expense, respectively. Donated salaries are recorded at their estimated value at the date of receipt.

Advertising - Advertising costs are charged to operations when incurred. For the years ended December 31, advertising expenses were $94,935 (2015) and $12,526 (2014).

Income Taxes - As an essential government function of San Miguel County, the District is generally exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. TMCF is exempt from income taxes under IRC section 501(c)(3) and therefore has no made provision for income tax expense.

NOTE 2 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

A. Budgets are required by state law.

B. Public hearings are conducted by the District to obtain taxpayer comments.

C. Prior to December 31, the budget is adopted and appropriations are made by formal resolution.

D. Expenditures may not legally exceed appropriations. The Board's approval is required for changes in the budget. Budget amounts included in the financial statements are based on the final, legally amended budget. The District's original budgeted expenditures were $6,576,742 and the final budgeted expenditures were $7,232,526 for the year ended December 31, 2015. The District was over budget for operating expenditures. This may be a violation of state budget law.

E. Budget appropriations lapse at the end of each year.

F. The District adopts budgets that include all financing sources and uses. The following is a budgetary comparison and a summary of the adjustments necessary to convert to the budgetary basis from GAAP used in presentation of the statements of revenue and expenses - unrestricted funds for the year ended December 31, 2015:

	Actual	Budget	Variance - Favorable (Unfavorable)
Revenue:			
GAAP-based revenue	$ 5,305,875	$ 5,389,280	$ (83,405)
GAAP-based non-operating revenue	1,727,280	1,764,082	(36,802)
Total Budgetary Revenue	$ 7,033,155	$ 7,153,362	$ (120,207)
Expenses:			
GAAP-based expenses	$ 6,521,241	$ 6,497,144	$ (24,097)
GAAP-based non-operating expenses	146,060	135,382	(10,678)
Adjustments:			
Capital outlay	591,534	600,000	8,466
Total Budgetary Expenses	$ 7,258,835	$ 7,232,526	$ (26,309)

NOTE 3 - TAX, SPENDING, AND DEBT LIMITATIONS

Effective January 1, 2003, the District adopted a resolution that formalized the establishment of the TMC – Primary Care Enterprise as an enterprise under Article X, Section 20 of the Colorado Constitution, as amended (the TABOR amendment), which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The TABOR amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the TABOR amendment. However, the District has made certain interpretations of the TABOR amendment's language in order to determine its compliance. As stipulated in a resolution adopted by the District dated December 11, 2002, pursuant to and in accordance with the TABOR amendment, the TMC – Primary Care Enterprise shall be excluded from the provisions of the TABOR amendment.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value equal to at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

The District had bank balances at December 31 as follows:

	2015	2014
Insured (FDIC) or collateralized with securities held by the District	$ 825,566	$ 796,856
Collateralized by securities held by the pledging financial institution in accordance with PDPA	1,664,232	2,200,783
Total	$ 2,489,798	$ 2,997,639
Carrying Value	$ 2,475,009	$ 2,988,686

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure the District would not be able to recover the value of its deposits. The District's deposits are not deemed to be exposed to custodial credit risk as they are held by the District, or the District's custody agent in the District's name.

Concentrations of Credit Risk - Deposits

A concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer or institution. The District holds 57% of its cash deposits in one financial institution, 40% in a second institution, and 3% in a third institution.

NOTE 5 - INVESTMENTS

As of December 31, 2015, the District had $1,429,441 invested in Colotrust, a local government investment pool established for local governments in Colorado to pool surplus funds. These pools operate similarly to a money market fund and each share is equal in value to $1. Investments in Colotrust consist of U.S. Treasury and agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and agency securities and is rated AAAm by Standard and Poor's.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that in the event of failure of the counter party to a transaction, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are not deemed to be exposed to custodial credit risk as they are held by the District, or the District's custody agent in the District's name.

NOTE 6 - CAPITAL ASSETS

Capital asset activities for the years ended December 31 were as follows:

2015	Beginning Balance	Additions	Deletions	Ending Balance
Building improvements	$ 2,509,679	$ 57,176	$ -	$ 2,566,855
Medical equipment	1,340,236	21,413	-	1,361,649
Furniture and fixtures	65,614	-	-	65,614
Administrative equipment	381,199	65,331	-	446,530
Construction in process	85,579	413,181	-	498,760
Total Cost	4,382,307	557,101	-	4,939,408
Less accumulated depreciation and amortization:				
Building improvements	816,943	88,399	-	905,342
Medical equipment	964,133	118,052	-	1,082,185
Furniture and fixtures	65,614	-	-	65,614
Administrative equipment	248,409	45,785	-	294,194
Total Accumulated Depreciation and Amortization	2,095,099	252,236	-	2,347,335
Capital assets, net	$ 2,287,208	$ 304,865	$ -	$ 2,592,073

2014	Beginning Balance	Additions	Deletions	Ending Balance
Building improvements	$ 2,480,709	$ 43,329	$ 14,359	$ 2,509,679
Medical equipment	1,319,629	126,030	105,423	1,340,236
Furniture and fixtures	65,614	-	-	65,614
Administrative equipment	325,577	55,622	-	381,199
Construction in process	2,527	83,052	-	85,579
Total Cost	4,194,056	308,033	119,782	4,382,307
Less accumulated depreciation and amortization:				
Building improvements	731,294	89,456	3,809	816,941
Medical equipment	947,934	114,129	97,930	964,133
Furniture and fixtures	63,289	2,327	-	65,616
Administrative equipment	215,574	32,835	-	248,409
Total Accumulated Depreciation and Amortization	1,958,091	238,747	101,739	2,095,099
Capital assets, net	$ 2,235,965	$ 69,286	$ 18,043	$ 2,287,208

Construction in process represents costs accumulated for the new facility. These assets have not been placed in service as of December 31, 2015 and therefore are not depreciating.

NOTE 7 - INVESTMENT IN HEALTHCARE MANAGEMENT, INC.

The District invested in Healthcare Management, Inc. (HCM) during 2012. As of December 31, 2015 and 2014, the District's ownership interest in HCM was 0.9% and 0.6%, respectively. HCM is a for-profit limited liability corporation that owns and operates two companies that provide self-pay recovery services for hospitals and medical billing offices. Management of the District identified the investment in HCM as a potential source of income.

NOTE 8 - EMPLOYEE BENEFITS

Retirement Plan - The District has a deferred compensation plan (the Plan) through annuity contracts with Colorado County Officials and Employees Retirement Association (CCOERA) in accordance with Section 457(b) of the IRC. The Plan allows participating employees to defer a portion of their compensation for retirement purposes. The deferred compensation is invested for the participants by the District under the agreements in the Plan. Under provisions of the IRC, all Plan assets are considered to be the property of the eligible participants and are, therefore, not considered to be assets of the District.

The District has offered a 401(a) Plan (the Plan) through CCOERA. Under terms of the Plan, all employees who have completed one year of service are eligible to participate. Participants may defer a portion of their compensation up to specified limits according to the IRC. The District will match 3% of the participants' contributions for a Plan month. For the years ended December 31, 2015 and 2014, the District contributed $43,278 and $86,907 to the Plan, respectively.

Accrued Compensated Absences - The District's program pays for paid time-off (PTO) earned by regular, full-time employees. An employee may maintain a maximum of 300 PTO hours. Upon reaching 300 PTO hours, no additional time will accrue in an employee's PTO bank. At December 31, 2015 and 2014, the District's accrued PTO was $198,085 and $191,185, respectively.

NOTE 9 - LINE OF CREDIT

The District had a $400,000 line of credit with an interest rate of 0.25 percentage points over prime rate, with a 5% floor. This agreement had a maturity date of May 1, 2015. The line was not renewed subsequent to maturity. The line was collateralized by accounts receivable, inventory and equipment.

NOTE 10 - NET POSITION

The District is required to report information regarding its financial position and activities according to three components of net position. The table below represents the District's financial position and activities at December 31, 2015:

THD	Invested in Capital Assets	Unrestricted	Unrestricted – Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning net position	$ 2,287,208	$ 1,925,397	$ 500,000	$ 125,000	$ -	$ 4,837,605
Fixed asset additions	557,101	(557,101)	-	-	-	-
Release from restriction	-	125,000	-	(125,000)	-	-
Increases (decreases) in net position	(252,236)	618,090	-	-	-	365,854
Ending net position	$ 2,592,073	$ 2,111,386	$ 500,000	$ -	$ -	$ 5,203,459

TMCF	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning net position	$ 411,632	$ 1,040	$ -	$ 412,672
Donor restrictions – Gary Wright Skin Clinic	(710)	710	-	-
Donor restrictions – Women Gives	(53,860)	53,860	-	-
Decreases in net position	(9,345)	-	-	(9,345)
Ending net position	$ 347,717	$ 55,610	$ -	$ 403,327

IFAM	Invested in Capital Assets	Unrestricted	Unrestricted – Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning net position	$ -	$ 10,933	$ -	$ 987	$ -	$ 11,980
Liquidation	-	987	-	(987)	-	-
Decreases in net position	-	(11,980)	-	-	-	(11,980)
Ending net position	$ -	$ -	$ -	$ -	$ -	$ -

NOTE 11 - OPERATING LEASES

The District has a non-cancellable operating leases and total expense for the years ended December 31, were $14,176 (2015) and $3,900 (2014). Future minimum lease payments for the years ending December 31 are as follows:

2016	$ 21,516
2017	11,240
2018	975
	$ 33,731

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

The District is located in Telluride, Colorado and grants credit without collateral to its patients, who are local residents of, and visitors to, the San Miguel County, Colorado area. Most patients are insured under third-party payor agreements.

Receivables from patients and third-party payors were as follows at December 31:

	2015	2014
Other third-party payors	54.6%	56.6%
Patient self-pay	30.7%	29.6%
Medicare	7.3%	7.4%
Medicaid	7.4%	6.4%

A summary of net patient service revenue for the years ended December 31 was as follows:

	2015	2014
Patient service revenue		
Emergency care	$ 4,159,897	$ 3,476,271
Community clinic	4,088,223	3,391,710
IFAM	2,200	18,728
Gross Patient Service Revenue	8,250,320	6,886,709
Financial hardship	(82,830)	(126,334)
Gross Patient Service Revenue, Net of Financial Hardship	8,167,490	6,760,375
Contractual adjustments	(2,923,097)	(2,307,077)
Provision for bad debts	(204,909)	(225,823)
Net Patient Service Revenue	$ 5,039,484	$ 4,227,475

NOTE 13 - RELATED PARTY TRANSACTIONS

The District received payroll services from a company owned by one of its board members. The total amount paid for these services for the year ended December 31, 2015 were $9,007. The District utilized this payroll company in 2014; however, the owner was not a board member during this time.

NOTE 14 - CONTINGENCIES

Malpractice Insurance - The District purchases professional and general liability insurance coverage to cover medical malpractice claims. These are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. This insurance coverage is on a "claims-made" basis.

The District's management, using information provided by its insurance carrier, has determined that the estimated liability for potential losses incurred, but not reported at December 31, 2015 and 2014, is not material to the accompanying financial statements. Accordingly, no provision for such losses has been accrued.

Litigation - The District is, at times, involved in litigation arising in the normal course of business. Management has consulted with legal counsel and estimates that these matters will be resolved without a material impact on the operations or financial position of the District.

Grant Repayment - The District received a special initiatives grant in 2010 from the Telluride Foundation in support of the Telluride Medical Center Remodeling Project in the amount of $125,000. The grant set forth a condition that requires the District to remain in the facility located at 500 West Pacific Avenue for five years. The District complied with this requirement and was not required to repay the grant. All temporary restrictions were lifted and the funds become available for general operations as of December 31, 2015.

NOTE 15 - INSTITUTE FOR ALTITUDE MEDICINE

The Institute for Altitude Medicine (IFAM) was founded during 2007 to provide clinical care and consultation, conduct research and develop educational programs to optimize health as well as treat medical issues affecting people who either live at, or travel to, high altitude. IFAM is a not-for-profit, organized under section 501(c)(3) of the IRC. IFAM is accounted for as a blended component unit. During 2015, IFAM was dissolved. All assets had been expended by IFAM prior to the dissolution.

NOTE 16 - TELLURIDE MEDICAL CENTER FOUNDATION

During 2009, the Telluride Medical Center Foundation (TMCF) was formed exclusively for charitable purposes for the benefit of the District. TMCF is a not-for-profit, organized under section 501(c)(3) of the IRC.

As of December 31, TMCF had a payable to the District of $82,919 (2015) and $9,028 (2014).

As of December 31, TMCF had $408,897 (2015) and $329,490 (2014) of contribution and donation income, of which $114,060 (2015) and $104,433 (2014) was an in-kind donation from the District.

During 2012, TMCF was awarded four grants. The first, the Carol M. White Physical Education Program (PEP) provides grants to community-based organizations to initiate, expand, or enhance physical education programs, including after-school programs, for students in kindergarten through 12th grade. The PEP grant

term ended September 30, 2014 and all funds awarded were expended. Revenue related to the PEP grant during the year ended December 31, 2014 was $340,553. TMCF also received $149,002 in in-kind donations related to the PEP grant in 2014. Of that in-kind, $87,136 was support from the District.

TMCF was awarded three grants under CFDA#93.912: Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program. The objective of the grants is to expand delivery of health care services in rural areas, for the planning and implementation of integrated health care networks in rural areas, and for planning and implementation of small health care provider quality improvement activities. The first program awarded was the Small Health Care Provider Quality Improvement Program which supports rural public, rural non-profit or other providers of healthcare services, such as a critical access hospital or rural health clinic. The second and third programs awarded were the Rural Health Information Network Program and the Rural Health Care Services Outreach Program which both support the delivery of health care services. As of December 31, 2014, only the Rural Health Care Services Outreach grant remained. Revenue for 2015 and 2014 related to the grants was $116,905 and $421,208, respectively. For the years ended December 31, 2015 and 2014, all monies were spent in the year received.

NOTE 17 - CARE SUPPORT PROGRAM

The District provides care to patients who meet certain criteria under its care support program without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify under the care support program, they are not reported as revenue.

The District determines the costs associated with the care support program by aggregating the applicable direct and indirect costs, including salaries, wages and benefits, medical equipment and supplies, pharmacy, and other operating expenses, based on data from its costing system. Care support program costs for the years ended December 31 were $84,791 (2015) and $163,767 (2014).

NOTE 18 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 5, 2016, the date at which the financial statements were available to be issued, and determined that no events have occurred that required disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

TELLURIDE HOSPITAL DISTRICT

SCHEDULE OF REVENUE, NON-OPERATING REVENUES, EXPENSES
AND NON-OPERATING EXPENSES - BUDGET AND ACTUAL

For the year ended December 31, 2015

	Budgeted Amounts			
	Original	Final	THD Actual	Favorable (Unfavorable) Variance
Operating Revenues				
Net patient service revenue	$ 4,470,230	$ 5,081,630	$ 5,037,284	$ (44,346)
Other revenue	55,903	63,872	66,367	2,495
Patient related grant revenue	194,102	243,778	202,224	(41,554)
Total Operating Revenues	4,720,235	5,389,280	5,305,875	(83,405)
Non-operating Revenues				
Ad valorem taxes	1,591,366	1,574,808	1,590,544	15,736
Contributions and grants	134,151	141,816	93,395	(48,421)
Interest income	6,000	6,638	7,704	1,066
Other non-operating revenues	42,725	40,820	35,637	(5,183)
Total Non-operating Revenues	1,774,242	1,764,082	1,727,280	(36,802)
Total Budgetary Revenues, net	$ 6,494,477	$ 7,153,362	$ 7,033,155	$ (120,207)
Operating Expenses				
Compensation	$ 2,436,093	$ 2,604,784	$ 2,666,063	$ (61,279)
Contract services	1,211,492	1,203,150	1,201,606	1,544
Employee benefits	635,299	614,873	608,923	5,950
Materials and supplies	330,928	362,765	416,112	(53,347)
Information technology and professional services	373,415	395,755	377,230	18,525
Other operating expenses	230,622	305,090	310,780	(5,690)
IT, equipment, and service contracts	239,852	251,465	255,147	(3,682)
Depreciation and amortization	258,696	260,652	252,236	8,416
Building and facilities	125,165	145,199	156,176	(10,977)
Patient related grant expense	228,615	217,844	152,850	64,994
Utilities and support services	79,310	73,143	70,119	3,024
Insurance	57,104	62,424	53,999	8,425
Total Operating Expenses	6,206,591	6,497,144	6,521,241	(24,097)
Non-operating Expenses				
Contributions and grants	15,151	23,382	32,000	(8,618)
Distribution to TMCF	105,000	112,000	114,060	(2,060)
Total Non-operating Expenses	120,151	135,382	146,060	(10,678)
Capital Outlay	250,000	600,000	591,534	8,466
Total Budgetary Expenses	$ 6,576,742	$ 7,232,526	$ 7,258,835	$ (26,309)

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

TELLURIDE HOSPITAL DISTRICT

SCHEDULE OF REVENUE, NON-OPERATING REVENUES, EXPENSES,
AND NON-OPERATING EXPENSES - DEPARTMENTS

For the year ended December 31, 2015

	Emergency Care	Primary Care	THD Total
Operating Revenues			
Net patient service revenue	$ 2,804,410	$ 2,232,874	$ 5,037,284
Other revenue	-	66,367	66,367
Patient related grant revenue	-	202,224	202,224
Total Operating Revenues	2,804,410	2,501,465	5,305,875
Operating Expenses			
Compensation	1,233,002	1,433,061	2,666,063
Contract services	1,200,000	1,606	1,201,606
Employee benefits	311,181	297,742	608,923
Materials and supplies	166,164	249,948	416,112
Information technology and professional services	235,587	141,643	377,230
Other operating expenses	208,255	102,525	310,780
IT, equipment, and service contracts	219,319	35,828	255,147
Depreciation and amortization	252,236	-	252,236
Building and facilities	154,273	1,903	156,176
Patient related grant expense	-	152,850	152,850
Utilities and support services	56,225	13,894	70,119
Insurance	36,516	17,483	53,999
Total Operating Expenses	4,072,758	2,448,483	6,521,241
Income (Loss) from Operations	(1,268,348)	52,982	(1,215,366)
Non-operating Revenues			
Ad valorem taxes	1,539,912	50,632	1,590,544
Contributions and grants	84,321	9,074	93,395
Interest income	6,977	727	7,704
Other non-operating revenues	17,598	18,039	35,637
Total Non-operating Revenues	1,648,808	78,472	1,727,280
Non-operating Expenses			
Contributions and grants	21,092	10,908	32,000
Distribution to TMCF	114,060	-	114,060
Total Non-operating Expenses	135,152	10,908	146,060
Total Non-operating Revenues, net	1,513,656	67,564	1,581,220
Increase in Net Position	$ 245,308	$ 120,546	$ 365,854

See independent auditor's report.