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STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF PUBLIC HEALTH SERVICES

Jeffrey A. Meyers
Commissioner

Lisa M. Morris
Director

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March 6, 2018

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Health and Human Services, Division of Public Health Services, to enter into a **sole source** Contract with Emory University's Diabetes Training and Technical Assistance Center (Vendor ID# 206811-B001), 1599 Clifton Road NE, 4th Floor, Atlanta, GA 30322, in an amount not to exceed $15,000 to provide National Diabetes Prevention Program Lifestyle Coach Training, effective April 1, 2018, or upon Governor and Executive Council approval, whichever is later, through June 30, 2018. 100% Federal Funds.

Funds are available in the following account(s) for State Fiscal Year 2018.

05-95-90-902010-12270000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVS, HHS: DIVISION OF PUBLIC HEALTH, BUREAU OF COMMUNITY AND HEALTH SERVICES, COMBINED CHRONIC DISEASE

State Fiscal Year	Class/Account	Class Title	Job Number	Budget Amount
2018	102-500731	Contracts for Program Services	90001031	$15,000
			Total	**$15,000**

EXPLANATION

This request is **sole source** because Emory University's Diabetes Training and Technical Assistance Center is the only organization authorized by the Centers for Disease Control and Prevention (CDC) to provide the training utilizing the *PreventT2* evidence-based curriculum approved by the Centers for Disease Control and Prevention through a Memorandum of Understanding (MOU) with the Centers for Disease Control and Prevention to provide lifestyle change training.

The purpose of this agreement is for the vendor to conduct an on-site, two (2)-day training session in New Hampshire for up to eighteen (18) Lifestyle Coaches. The training will be led by an expert Master Trainer and will provide the skills and knowledge necessary to successfully implement National Diabetes Prevention Programs across the State. The training includes the CDC-approved curriculum *Prevent T2* as well as the most up-to-date information on the Centers for Disease Control and Prevention's recognition process; features an interactive, small-group format with hands-on practice and evaluation for each Lifestyle Coach; and will offer continuing education credits for nurses, certified diabetes educators, and dietitians.

Nearly sixty thousand (60,000) adults in New Hampshire have been told that they have prediabetes. Without implementing lifestyle changes, thirty percent (30%) of individuals with prediabetes will develop type 2 diabetes within five (5) years. The National Diabetes Prevention Program is an evidenced-based program to prevent or delay the onset of Type-2 diabetes, which requires a trained workforce to deliver the program.

As specified in the Exhibit C-1 of the Contract, the Department reserves the right to extend the agreement for up to two (2) additional year(s), contingent upon satisfactory delivery of services, available funding, agreement of the parties and approval of the Governor and Council.

Should Governor and Executive Council not authorize this Request, existing National Diabetes Prevention Programs in the State will struggle to sustain and expand their programs. In addition, the need to expand National Diabetes Prevention Programs to under-served geographical and diverse populations will remain unmet.

Area served: Statewide.

Source of Funds: 100% Federal Funds from Centers for Disease Control and Prevention, CFDA# 93.758, Federal Award Identification Number NB01OT009098; and Preventive Health and Health Services Block Grant

In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

Lisa Morris
Director

Approved by:

Jeffrey A. Meyers
Commissioner

FORM NUMBER P-37 (version 5/8/15)

Subject: SS-2018-DPHS-10-LIFES

Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name NH Department of Health and Human Services		1.2 State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3 Contractor Name Emory University's Diabetes Training and Technical Assistance Center		1.4 Contractor Address 1599 Clifton Road NE, 4th Floor Atlanta, GA 30322	
1.5 Contractor Phone Number 404-727-2503	1.6 Account Number 05-95-90-902010-12270000-102-500731	1.7 Completion Date June 30, 2018	1.8 Price Limitation $15,000
1.9 Contracting Officer for State Agency E. Maria Reinemann, Esq. Director of Contracts and Procurement		1.10 State Agency Telephone Number 603-271-9330	
1.11 Contractor Signature		1.12 Name and Title of Contractor Signatory Janette Hannam Hayes, Associate Director for Research	
1.13 Acknowledgement: State of Georgia , County of Dekalb On 1/26/18 , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace MINH LE NOTARY PUBLIC DEKALB COUNTY State of Georgia My Commission Expires 03/28/2021 [Seal]			
1.13.2 Name and Title of Notary or Justice of the Peace Minh Le Sr. Assoc. Sponsored Research Analyst			
1.14 State Agency Signature Date: 2/20/18		1.15 Name and Title of State Agency Signatory LISA MORRIS, DIRECTOR DPHS	
1.16 Approval by the N.H. Department of Administration, Division of Personnel *(if applicable)* By: Director, On:			
1.17 Approval by the Attorney General (Form, Substance and Execution) *(if applicable)* By: Megan A. Yaple Attorney On: 3/12/18			
1.18 Approval by the Governor and Executive Council *(if applicable)* By: On:			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.
Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.
5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.
6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Contractor Initials [handwritten initials]
Date 1/26/18

Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.
8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):
8.1.1 failure to perform the Services satisfactorily or on schedule;
8.1.2 failure to submit any report required hereunder; and/or
8.1.3 failure to perform any other covenant, term or condition of this Agreement.
8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:
8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/ PRESERVATION.
9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.
9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.
9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.
14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:
14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than $1,000,000per occurrence and $2,000,000 aggregate ; and
14.1.2 special cause of loss coverage form covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.
14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

Contractor Initials JTH
Date 1/26/18

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.
15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A *("Workers' Compensation")*.
15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

Contractor Initials ________
Date 1/26/18

Scope of Services

1. Provisions Applicable to All Services

1.1. The Contractor agrees that, to the extent future legislative action by the New Hampshire General Court or federal or state court orders may have an impact on the Services described herein, the State Agency has the right to modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

2. Scope of Services

2.1. The Contractor shall coordinate a two (2) day interactive Lifestyle Coach Training for existing Centers for Disease Control (CDC)-recognized National Diabetes Prevention Programs (DPP) and for new programs that wish to deliver the CDC-recognized Lifestyle Change Program in New Hampshire.

2.2. The Contractor shall provide the training to a maximum of eighteen (18) New Hampshire based Lifestyle Coaches working in:

2.2.1. American Association of Diabetes Educators (AADE)-Accredited/American Diabetes Association (ADA)-Recognized Diabetes Self-Management Education Programs;

2.2.2. Federally Qualified Health Centers;

2.2.3. Hospitals;

2.2.4. Community Organizations; and

2.2.5. Existing National Diabetes Prevention Programs that wish to train additional Lifestyle Coaches.

2.2.6. Priority shall be given to new Lifestyle Coaches that will deliver the program in areas without National Diabetes Prevention Programs and serve vulnerable populations.

2.3. The Contractor shall:

2.3.1. Conduct the two (2) day training prior to June 30, 2018, between the hours of 8:00 am and 5:00 pm (with a one-hour break for lunch);

2.3.2. Conduct the training at a location approved by the Department;

2.3.3. Provide (pay for) lunch and refreshments for both days of the training;

2.3.4. Provide a minimum of one (1) Master Trainer to facilitate the two (2)-day training;

2.3.5. Collect registrations via on-line registration;

2.3.6. Develop an on-line evaluation and compile evaluation results following the two (2)-day training; and

2.3.7. Ensure that Lifestyle Coaches in attendance receive the skills and knowledge required to effectively facilitate the Lifestyle Change Program.

2.4. The Contractor training shall include, but is not limited to:

2.4.1. Learning materials for each participant, including but not limited to:

2.4.1.1. Pre-training learning materials provided online;

2.4.1.2. Diabetes Training and Technical Assistance Center (DTTAC) Lifestyle Coach Training Manual;

2.4.1.3. National DPP Lifestyle Coach Facilitation Guide;

2.4.1.4. National DPP Participant Notebook;

2.4.1.5. Calorie King Book;

2.4.1.6. The official National DPP Curricula (2012 curriculum and/or PreventT2); and

2.4.1.7. The most up-to-date information on the CDC recognition process.

2.4.2. An interactive, small group format with hands-on practice and evaluation for each Lifestyle Coach in attendance;

2.4.3. Continuing Education Credits for nurses, certified diabetes educators and dietitians;

2.4.4. A *National Diabetes Prevention Program Lifestyle Coach Training* Certificate of Completion; and

2.4.5. Ongoing support to Lifestyle Coaches through an on-line learning community.

3. Reporting

3.1. The Contractor shall provide to the Department:

3.1.1. Registration updates as requested by the Department; and

3.1.2. Evaluation Report within thirty (30) days of the training completion date.

Method and Conditions Precedent to Payment

1. This contract is funded with federal funds made available under the Catalog of Federal Domestic Assistance, CFDA #93.758, Centers for Disease Control and Prevention (CDC), Preventive Health and Health Services Block Grant, in providing services pursuant to Exhibit A, Scope of Services. The Contractor agrees to provide the services in Exhibit A, Scope of Services, in compliance with funding requirements.

2. The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8 of the Form P-37, General Provisions, for services provided in accordance with Exhibit A, Scope of Services.

3. Payment for said services shall be made as follows:

   3.1. The Contractor shall submit one (1) fixed-price invoice within thirty (30) days of the training that specifies the number of participants and expenses, in accordance with the Allowable Expenses chart below.

ALLOWABLE EXPENSES	
Expenses	**Price**
Training Participation	$750 per attendee for up to 18 attendees
Lunches and refreshments	An amount not to exceed $1,500 for both days

   3.2. The Contractor shall submit an invoice in a form satisfactory to the State which identifies and requests reimbursement for authorized expenses in accordance with Exhibit A, Scope of Work. An invoice must be submitted to the Department in order to initiate payment. The State shall make payment to the Contractor within thirty (30) days of receipt of an accurate invoice.

   3.3. The invoice must be submitted by mail or e-mail to:

   Financial Manager
   Division of Public Health Services
   29 Hazen Drive
   Concord, NH 03301
   dphscontractbilling@dhhs.state.nh.us

4. Payment may be withheld pending receipt of required reports and deliverables or documentation as identified in Exhibit A, Scope of Services.

5. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the services provided, or if the said services have not been completed in accordance with the terms and conditions of this Agreement.

SPECIAL PROVISIONS

Contractors Obligations: The Contractor covenants and agrees that all funds received by the Contractor under the Contract shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

1. **Compliance with Federal and State Laws:** If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.

2. **Time and Manner of Determination:** Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.

3. **Documentation:** In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.

4. **Fair Hearings:** The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or re-applicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.

5. **Gratuities or Kickbacks:** The Contractor agrees that it is a breach of this Contract to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.

6. **Retroactive Payments:** Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.

7. **Conditions of Purchase:** Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractors costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party funders for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party funders, the Department may elect to:
   7.1. Renegotiate the rates for payment hereunder, in which event new rates shall be established;
   7.2. Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

7.3. Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

RECORDS: MAINTENANCE, RETENTION, AUDIT, DISCLOSURE AND CONFIDENTIALITY:

8. **Maintenance of Records:** In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:
   8.1. Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.
   8.2. Statistical Records: Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.
   8.3. Medical Records: Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.

9. **Audit:** Contractor shall submit an annual audit to the Department within 60 days after the close of the agency fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.
   9.1. Audit and Review: During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.
   9.2. Audit Liabilities: In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.

10. **Confidentiality of Records:** All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.

Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

11. **Reports:** Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.
    - 11.1. Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.
    - 11.2. Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

12. **Completion of Services:** Disallowance of Costs: Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

13. **Credits:** All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:
    - 13.1. The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

14. **Prior Approval and Copyright Ownership:** All materials (written, video, audio) produced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution or use. The DHHS will retain copyright ownership for any and all original materials produced, including, but not limited to, brochures, resource directories, protocols or guidelines, posters, or reports. Contractor shall not reproduce any materials produced under the contract without prior written approval from DHHS.

15. **Operation of Facilities: Compliance with Laws and Regulations:** In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

16. **Equal Employment Opportunity Plan (EEOP):** The Contractor will provide an Equal Employment Opportunity Plan (EEOP) to the Office for Civil Rights, Office of Justice Programs (OCR), if it has received a single award of $500,000 or more. If the recipient receives $25,000 or more and has 50 or

more employees, it will maintain a current EEOP on file and submit an EEOP Certification Form to the OCR, certifying that its EEOP is on file. For recipients receiving less than $25,000, or public grantees with fewer than 50 employees, regardless of the amount of the award, the recipient will provide an EEOP Certification Form to the OCR certifying it is not required to submit or maintain an EEOP. Non-profit organizations, Indian Tribes, and medical and educational institutions are exempt from the EEOP requirement, but are required to submit a certification form to the OCR to claim the exemption. EEOP Certification Forms are available at: http://www.ojp.usdoj/about/ocr/pdfs/cert.pdf.

17. **Limited English Proficiency (LEP):** As clarified by Executive Order 13166, Improving Access to Services for persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with the Omnibus Crime Control and Safe Streets Act of 1968 and Title VI of the Civil Rights Act of 1964, Contractors must take reasonable steps to ensure that LEP persons have meaningful access to its programs.

18. **Pilot Program for Enhancement of Contractor Employee Whistleblower Protections:** The following shall apply to all contracts that exceed the Simplified Acquisition Threshold as defined in 48 CFR 2.101 (currently, $150,000)

CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS (SEP 2013)

(a) This contract and employees working on this contract will be subject to the whistleblower rights and remedies in the pilot program on Contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239) and FAR 3.908.

(b) The Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation.

(c) The Contractor shall insert the substance of this clause, including this paragraph (c), in all subcontracts over the simplified acquisition threshold.

19. **Subcontractors:** DHHS recognizes that the Contractor may choose to use subcontractors with greater expertise to perform certain health care services or functions for efficiency or convenience, but the Contractor shall retain the responsibility and accountability for the function(s). Prior to subcontracting, the Contractor shall evaluate the subcontractor's ability to perform the delegated function(s). This is accomplished through a written agreement that specifies activities and reporting responsibilities of the subcontractor and provides for revoking the delegation or imposing sanctions if the subcontractor's performance is not adequate. Subcontractors are subject to the same contractual conditions as the Contractor and the Contractor is responsible to ensure subcontractor compliance with those conditions.
When the Contractor delegates a function to a subcontractor, the Contractor shall do the following:
    19.1. Evaluate the prospective subcontractor's ability to perform the activities, before delegating the function
    19.2. Have a written agreement with the subcontractor that specifies activities and reporting responsibilities and how sanctions/revocation will be managed if the subcontractor's performance is not adequate
    19.3. Monitor the subcontractor's performance on an ongoing basis

19.4. Provide to DHHS an annual schedule identifying all subcontractors, delegated functions and responsibilities, and when the subcontractor's performance will be reviewed
19.5. DHHS shall, at its discretion, review and approve all subcontracts.

If the Contractor identifies deficiencies or areas for improvement are identified, the Contractor shall take corrective action.

DEFINITIONS
As used in the Contract, the following terms shall have the following meanings:

COSTS: Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

DEPARTMENT: NH Department of Health and Human Services.

FINANCIAL MANAGEMENT GUIDELINES: Shall mean that section of the Contractor Manual which is entitled "Financial Management Guidelines" and which contains the regulations governing the financial activities of contractor agencies which have contracted with the State of NH to receive funds.

PROPOSAL: If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

UNIT: For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

FEDERAL/STATE LAW: Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

CONTRACTOR MANUAL: Shall mean that document prepared by the NH Department of Administrative Services containing a compilation of all regulations promulgated pursuant to the New Hampshire Administrative Procedures Act. NH RSA Ch 541-A, for the purpose of implementing State of NH and federal regulations promulgated thereunder.

SUPPLANTING OTHER FEDERAL FUNDS: The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

REVISIONS TO GENERAL PROVISIONS

1. Subparagraph 4 of the General Provisions of this contract, Conditional Nature of Agreement, is replaced as follows:

   4. CONDITIONAL NATURE OF AGREEMENT.
   Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including without limitation, the continuance of payments, in whole or in part, under this Agreement are contingent upon continued appropriation or availability of funds, including any subsequent changes to the appropriation or availability of funds affected by any state or federal legislative or executive action that reduces, eliminates, or otherwise modifies the appropriation or availability of funding for this Agreement and the Scope of Services provided in Exhibit A, Scope of Services, in whole or in part. In no event shall the State be liable for any payments hereunder in excess of appropriated or available funds. In the event of a reduction, termination or modification of appropriated or available funds, the State shall have the right to withhold payment until such funds become available, if ever. The State shall have the right to reduce, terminate or modify services under this Agreement immediately upon giving the Contractor notice of such reduction, termination or modification. The State shall not be required to transfer funds from any other source or account into the Account(s) identified in block 1.6 of the General Provisions, Account Number, or any other account, in the event funds are reduced or unavailable.

2. Subparagraph 10 of the General Provisions of this contract, Termination, is amended by adding the following language;

   10.1 The State may terminate the Agreement at any time for any reason, at the sole discretion of the State, 30 days after giving the Contractor written notice that the State is exercising its option to terminate the Agreement.

   10.2 In the event of early termination, the Contractor shall, within 15 days of notice of early termination, develop and submit to the State a Transition Plan for services under the Agreement, including but not limited to, identifying the present and future needs of clients receiving services under the Agreement and establishes a process to meet those needs.

   10.3 The Contractor shall fully cooperate with the State and shall promptly provide detailed information to support the Transition Plan including, but not limited to, any information or data requested by the State related to the termination of the Agreement and Transition Plan and shall provide ongoing communication and revisions of the Transition Plan to the State as requested.

   10.4 In the event that services under the Agreement, including but not limited to clients receiving services under the Agreement are transitioned to having services delivered by another entity including contracted providers or the State, the Contractor shall provide a process for uninterrupted delivery of services in the Transition Plan.

   10.5 The Contractor shall establish a method of notifying clients and other affected individuals about the transition. The Contractor shall include the proposed communications in its Transition Plan submitted to the State as described above.

3. The Department reserves the right to renew the Contract for up to two (2) additional years, subject to the continued availability of funds, satisfactory performance of services and approval by the Governor and Executive Council.

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

1. The grantee certifies that it will or will continue to provide a drug-free workplace by:
   - 1.1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
   - 1.2. Establishing an ongoing drug-free awareness program to inform employees about
     - 1.2.1. The dangers of drug abuse in the workplace;
     - 1.2.2. The grantee's policy of maintaining a drug-free workplace;
     - 1.2.3. Any available drug counseling, rehabilitation, and employee assistance programs; and
     - 1.2.4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
   - 1.3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
   - 1.4. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
     - 1.4.1. Abide by the terms of the statement; and
     - 1.4.2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
   - 1.5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 1.4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency

has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
   1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
   1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.

2. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (street address, city, county, state, zip code) (list each location)

Check ☐ if there are workplaces on file that are not identified here.

Contractor Name: Emory University

1/26/18
Date

Name: Janette Hannam Hayes
Title: Associate Director for Research

CERTIFICATION REGARDING LOBBYING

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

Programs (indicate applicable program covered):
*Temporary Assistance to Needy Families under Title IV-A
*Child Support Enforcement Program under Title IV-D
*Social Services Block Grant Program under Title XX
*Medicaid Program under Title XIX
*Community Services Block Grant under Title VI
*Child Care Development Block Grant under Title IV

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.)

3. The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Contractor Name: Emory University

1/26/18
Date

Name: Janette Hannam Hayes
Title: Associate Director for Research

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.

6. The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and

information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
    - 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
    - 11.2. have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
    - 11.3. are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (l)(b) of this certification; and
    - 11.4. have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

12. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

LOWER TIER COVERED TRANSACTIONS

13. By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:
    - 13.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
    - 13.2. where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

14. The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Contractor Name: Emory University

1/26/18
Date

Name: Janette Hannam Hayes
Title: Associate Director for Research

CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND WHISTLEBLOWER PROTECTIONS

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

Contractor will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;

- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;

- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);

- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;

- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;

- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;

- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;

- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;

- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to comply with the provisions indicated above.

Contractor Name: Emory University

1/26/18
Date

Name: Janette Hannam Hayes
Title: Associate Director for Research

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Contractor identified in Section 1.3 of the General Provisions agrees, by signature of the Contractor's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.

1/26/18
Date

Contractor Name: Emory University

Name: Janette Hannam Hayes
Title: Associate Director for Research

RESERVED

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than $25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of $25,000 or more. If the initial award is below $25,000 but subsequent grant modifications result in a total award equal to or over $25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

In accordance with 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

1. Name of entity
2. Amount of award
3. Funding agency
4. NAICS code for contracts / CFDA program number for grants
5. Program source
6. Award title descriptive of the purpose of the funding action
7. Location of the entity
8. Principle place of performance
9. Unique identifier of the entity (DUNS #)
10. Total compensation and names of the top five executives if:
    10.1. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than $25M annually and
    10.2. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

Contractor Name: Emory University

1/26/18
Date

Name: Janette Hannam Hayes
Title: Associate Director for Research

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 066469933

2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) $25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

   ________ NO   X YES

   If the answer to #2 above is NO, stop here

   If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

   ________ NO   X YES

   If the answer to #3 above is YES, stop here

   If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

   Name: ______________________ Amount: ____________

   Name: ______________________ Amount: ____________

   Name: ______________________ Amount: ____________

   Name: ______________________ Amount: ____________

   Name: ______________________ Amount: ____________

Contractor Initials [signature]

Date 1/26/18

DHHS INFORMATION SECURITY REQUIREMENTS

1. Confidential Information: In addition to Paragraph #9 of the General Provisions (P-37) for the purpose of this SOW, the Department's Confidential information includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing contracted services - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Personal Health Information (PHI), Personally Identifiable Information (PII), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.

2. The vendor will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of contracted services. Minimum expectations include:

   2.1. Contractor shall not store or transfer data collected in connection with the services rendered under this Agreement outside of the United States. This includes backup data and Disaster Recovery locations.

   2.2. Maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).

   2.3. Maintain appropriate authentication and access controls to contractor systems that collect, transmit, or store Department confidential information where applicable.

   2.4. Encrypt, at a minimum, any Department confidential data stored on portable media, e.g., laptops, USB drives, as well as when transmitted over public networks like the Internet using current industry standards and best practices for strong encryption.

   2.5. Ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for contractor provided systems.

   2.6. Provide security awareness and education for its employees, contractors and sub-contractors in support of protecting Department confidential information

   2.7. Maintain a documented breach notification and incident response process. The vendor will contact the Department within twenty-four 24 hours to the Department's contract manager, and additional email addresses provided in this section, of a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.

      2.7.1. "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.

      Breach notifications will be sent to the following email addresses:

      2.7.1.1. DHHSChiefInformationOfficer@dhhs.nh.gov

      2.7.1.2. DHHSInformationSecurityOffice@dhhs.nh.gov

   2.8. If the vendor will maintain any Confidential Information on its systems (or its sub-contractor systems), the vendor will maintain a documented process for securely disposing of such data upon request or contract termination; and will obtain written certification for any State of New Hampshire data destroyed by the vendor or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure deletion, or otherwise physically destroying the media (for example, degaussing). The vendor will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and the vendor prior to destruction.

2.9. If the vendor will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the vendor will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the vendor, including breach notification requirements.

3. The vendor will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the vendor and any applicable sub-contractors prior to system access being authorized.

4. If the Department determines the vendor is a Business Associate pursuant to 45 CFR 160.103, the vendor will work with the Department to sign and execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.

5. The vendor will work with the Department at its request to complete a survey. The purpose of the survey is to enable the Department and vendor to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the vendor engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the vendor, or the Department may request the survey be completed when the scope of the engagement between the Department and the vendor changes. The vendor will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the appropriate authorized data owner or leadership member within the Department.

6. Data Security Breach Liability. In the event of any security breach Contractor shall make efforts to investigate the causes of the breach, promptly take measures to prevent future breach and minimize any damage or loss resulting from the breach. The State shall recover from the Contractor all costs of response and recovery from the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.

Internal Revenue Service

Date: February 12, 2005

EMORY UNIVERSITY
1762 CLIFTON RD NE 1ST FLR
ATLANTA GA 30322-4001

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Schaquistia Bolton 31-08028
Customer Service Representative
Toll Free Telephone Number:
8:30 a.m. to 5:30 p.m. ET
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
58-0566256

Dear Sir or Madam:

This is in response to your request of January 10, 2005, regarding your organization's tax-exempt status.

In April 1937 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(ii) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca

Janna K. Skufca, Director, TE/GE
Customer Account Services

CERTIFICATE OF VOTE

I, __________Holly Sommers____, do hereby certify that:
(Name of the Officer of the Agency; cannot be contract signatory)

1. I am a Representative of _____Emory University____.
(Agency Name)

2. The following is a true copy of the resolution duly adopted at a meeting of the Board of Directors of

the Agency duly held on _2/22/16________________:
(Date)

RESOLVED: That the _____Associate Director____
(Title of Contract Signatory)

is hereby authorized on behalf of this Agency to enter into the said contract with the State and to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable or appropriate.

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of

the 26th day of January, 2018.
(Date Contract Signed)

4. _____Janette Hannam Hayes_______________ is an ____Associate Director______________________
(Name of Contract Signatory) (Title of Contract Signatory)

of the University.

____
(Signature of the Officer)

STATE OF Georgia

County of DeKalb

The forgoing instrument was acknowledged before me this 27th day of January, 2018.

By ____Holly Sommers______________________________.
(Name of Officer of the Agency)

MINH LE
NOTARY PUBLIC
DEKALB COUNTY
State of Georgia
My Commission Expires 03/28/2021

____
(Notary Public/Justice of the Peace)

(NOTARY SEAL)

Commission Expires: 3/28/21

NH DHHS, Office of Business Operations
Bureau of Provider Relationship Management
Certificate of Vote Without Seal

July 1, 2005

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 2/6/18

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER n/a	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #:
INSURED Emory University c/o Office of Quality and Risk 101 West Ponce de Leon Avenue, Suite 242 Decatur, GA 30030	

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Clifton Casualty Insurance Company, Ltd.	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY						EACH OCCURRENCE	$1,000,000
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$
	X CLAIMS-MADE / OCCUR						MED EXP (Any one person)	$
				1-00001-HE 2017	9/1/2017	9/1/2018	PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$3,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS/COMP/OP AGG	$
	x POLICY / PROJECT / LOC							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS						BODILY INJURY (Per accident)	$
	SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident)	$
	HIRED AUTOS							$
	NON-OWNED AUTOS							$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DEDUCTIBLE $							$
	RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?						E.L. EACH ACCIDENT	
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	
	MEDICAL PROFESSIONAL LIABILITY			1-00001-HE 2017	9/1/2017	9/1/2018	**EACH CLAIM**	**$4,000,000**

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

EVIDENCING COVERAGE IS IN EFFECT AS RELATES TO EMORY UNIVERSITY, ITS FACULTY, STAFF AND STUDENTS

CERTIFICATE HOLDER	CANCELLATION
State of New Hampshire Department of Health & Human Services 129 Pleasant Street Concord, NH 03301	**SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.** AUTHORIZED REPRESENTATIVE

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 08/30/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	
Willis of Illinois, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com

INSURED	INSURER(S) AFFORDING COVERAGE	NAIC #
Emory University Attn: Kevin Wysner Office of Quality and Risk 101 W. Ponce de Leon Ave, Suite 242 Decatur, GA 30030 USA	INSURER A : Phoenix Insurance Company	25623
	INSURER B : Zurich American Insurance Company	16535
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** W3384686 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
A	AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY / SCHEDULED AUTOS HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY			Y-810-9038N936-PHX-17	09/01/2017	09/01/2018	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
B	Excess Workers' Compensation & Employers Liability			EWS 5921801 04	09/01/2017	09/01/2018	See Below	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidencing coverage is in effect as relates to Emory University

$1,000,000 E.L. Each Accident
$1,000,000 E.L. Disease - Each Employee
$1,000,000 E.L. Disease - Policy Limit
Excess over $500,000 Self Insured each occurrence

CERTIFICATE HOLDER	CANCELLATION
Emory University Attn: Office of Quality and Risk 101 W. Ponce de Leon Avenue, Suite 242 Decatur, GA 30030	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE

SR ID: 15004296 BATCH: 431598

Mission Statements

University Mission Statement

Emory University's mission is to create, preserve, teach, and apply knowledge in the service of humanity.

To fulfill this mission, the University supports the full range of scholarship, from undergraduate to advanced graduate and professional instruction, and from basic research to its application in public service. While being a comprehensive research university, Emory limits its academic scope to those fields in which, by virtue of its history and location, it can excel. Hence its academic programs focus on the arts and sciences, business, law, theology, and the health professions. These disciplines are unified by their devotion to liberal learning; by cooperative interdisciplinary programs; and by the common pursuit of intellectual distinction.

The Emory community is open to all who meet its high standards of intelligence, competence, and integrity. It welcomes a diversity of ethnic, cultural, socioeconomic, religious, national, and international backgrounds, believing that the intellectual and social energy that results from such diversity is a primary asset of the University.

In keeping with the demand that teaching, learning, research, and service be measured by high standards of integrity and excellence, and believing that each person and every level of scholarly activity should be valued on its own merits, the University aims to imbue scholarship at Emory with

> A commitment to humane teaching and mentorship and a respectful interaction among faculty, students, and staff;

Our Profile (profile.html)

Our Mission (mission.html)

Our History (history.html)

Trustees and Administrators (trustees-administrators.html)

Contact Us (contact-us.html)

KPMG

EMORY UNIVERSITY

Consolidated Financial Statements and
Supplementary Information

August 31, 2017 and 2016

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
Emory University:

We have audited the accompanying consolidated financial statements of Emory University and subsidiaries (Emory University), which comprise the consolidated statements of financial position as of August 31, 2017 and 2016, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of mate misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emory University and subsidiaries as of August 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

December 19, 2017

EMORY UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31, 2017 and August 31, 2016
(Dollars in thousands)

	August 31, 2017	August 31, 2016
ASSETS:		
Cash and cash equivalents	$ 51,113	$ 492,549
Patient accounts receivable, net	364,376	375,966
Student accounts receivable, net	57,713	47,972
Loans receivable, net	24,921	26,672
Contributions receivable, net	80,407	99,674
Other receivables, net	246,286	239,858
Prepaid expenses, deferred charges and other assets	310,799	348,058
Investments	8,043,880	6,917,239
Interests in perpetual funds held by others	1,244,906	1,170,348
Property and equipment, net	3,102,848	3,009,906
Total assets	**$ 13,527,249**	**$ 12,728,242**
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued liabilities	$ 595,228	$ 538,509
Deferred tuition and other revenue	431,735	468,813
Interest payable	29,271	28,307
Liability for derivative instruments	188,612	268,735
Bonds and notes payable	1,992,454	1,862,330
Accrued liabilities for benefit obligations and professional liabilities	565,699	595,466
Funds held in trust for others	747,109	665,215
Annuities payable	14,921	15,579
Government advances for federal loan programs	18,721	18,724
Total liabilities	4,583,750	4,461,678
Unrestricted net assets:		
Net assets controlled by Emory	3,960,429	3,537,370
Net assets related to noncontrolling interests	96,633	81,273
Total unrestricted net assets	4,057,062	3,618,643
Temporarily restricted net assets	2,722,596	2,602,814
Permanently restricted net assets	2,163,841	2,045,107
Total net assets	8,943,499	8,266,564
Total liabilities and net assets	**$ 13,527,249**	**$ 12,728,242**

See accompanying notes to consolidated financial statements.

EMORY UNIVERSITY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended August 31, 2017 (with summarized financial information for the year ended 2016)

(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total August 31, 2017	Total August 31, 2016
OPERATING REVENUES AND OTHER SUPPORT:					
Tuition and fees	$ 675,179	-	-	$ 675,179	$ 640,025
Less: Scholarship allowances	(253,897)	-	-	(253,897)	(232,208)
Net tuition and fees	421,282	-	-	421,282	407,817
Endowment spending distribution	179,696	-	-	179,696	172,261
Distribution from perpetual funds	34,873	-	-	34,873	33,199
Other investment income designated for current operations	72,622	-	-	72,622	57,499
Gifts and contributions	44,550	-	-	44,550	51,849
Grants and contracts	470,375	-	-	470,375	400,030
Indirect cost recoveries	131,012	-	-	131,012	122,148
Net patient service revenue	3,174,419	-	-	3,174,419	2,935,464
Medical services	301,404	-	-	301,404	273,896
Sales and services of auxiliary enterprises	74,464	-	-	74,464	72,688
Independent operations	23,097	-	-	23,097	23,440
Other revenue	163,133	-	-	163,133	153,580
Net assets released from restrictions	44,477	(15,093)	-	29,384	31,395
Total operating revenues and other support	**5,135,404**	**(15,093)**	-	**5,120,311**	**4,735,266**
OPERATING EXPENSES:					
Salaries and fringe benefits	3,055,127	-	-	3,055,127	2,875,003
Student financial aid	13,159	-	-	13,159	14,774
Professional fees and purchased services	503,309	-	-	503,309	463,513
Supplies and pharmaceuticals	757,407	-	-	757,407	712,016
Other operating expenses	341,749	-	-	341,749	285,720
Interest on indebtedness	81,476	-	-	81,476	78,487
Depreciation	247,302	-	-	247,302	237,857
Total operating expenses	**4,999,529**	-	-	**4,999,529**	**4,667,370**
NET OPERATING ACTIVITIES:	**135,875**	**(15,093)**	-	**120,782**	**67,896**
NONOPERATING ACTIVITIES, NET:					
Investment return in excess of (less than) spending distribution for current operations	179,573	177,417	3,123	360,113	(37,709)
Change in undistributed income from perpetual funds held by others	-	-	74,558	74,558	98,817
Gifts and contributions	5,964	25,465	41,335	72,764	87,210
Loss on disposal of property and equipment	(11,494)	-	-	(11,494)	(3,678)
Loss on defeasance of debt	(8,659)	-	-	(8,659)	-
Change in fair value of derivative instruments	80,123	-	-	80,123	(91,944)
Pension and postretirement benefit plans	23,017	-	-	23,017	(45,712)
Other nonoperating items, net	(7,174)	2,571	(282)	(4,885)	7,819
Net assets released from restrictions	41,194	(70,578)	-	(29,384)	(31,395)
Total nonoperating activities, net	**302,544**	**134,875**	**118,734**	**556,153**	**(16,592)**
CHANGE IN NET ASSETS	**438,419**	**119,782**	**118,734**	**676,935**	**51,304**
Less change in net assets related to noncontrolling interests	15,360	-	-	15,360	2,929
CHANGE IN NET ASSETS CONTROLLED BY EMORY	**$ 423,059**	**$ 119,782**	**$ 118,734**	**$ 661,575**	**$ 48,375**

See accompanying notes to consolidated financial statements.

EMORY UNIVERSITY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended August 31, 2016

(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total August 31, 2016
OPERATING REVENUES AND OTHER SUPPORT:				
Tuition and fees	$ 640,025	-	-	$ 640,025
Less: Scholarship allowances	(232,208)	-	-	(232,208)
Net tuition and fees	407,817	-	-	407,817
Endowment spending distribution	172,261	-	-	172,261
Distribution from perpetual funds	33,199	-	-	33,199
Other investment income designated for current operations	57,499	-	-	57,499
Gifts and contributions	51,849	-	-	51,849
Grants and contracts	400,030	-	-	400,030
Indirect cost recoveries	122,148	-	-	122,148
Net patient service revenue	2,935,464	-	-	2,935,464
Medical services	273,896	-	-	273,896
Sales and services of auxiliary enterprises	72,688	-	-	72,688
Independent operations	23,440	-	-	23,440
Other revenue	153,580	-	-	153,580
Net assets released from restrictions	39,469	(8,074)	-	31,395
Total operating revenues and other support	**4,743,340**	**(8,074)**	-	**4,735,266**
OPERATING EXPENSES:				
Salaries and fringe benefits	2,875,003	-	-	2,875,003
Student financial aid	14,774	-	-	14,774
Professional fees and purchased services	463,513	-	-	463,513
Supplies and pharmaceuticals	712,016	-	-	712,016
Other operating expenses	285,720	-	-	285,720
Interest on indebtedness	78,487	-	-	78,487
Depreciation	237,857	-	-	237,857
Total operating expenses	**4,667,370**	-	-	**4,667,370**
NET OPERATING ACTIVITIES:	**75,970**	**(8,074)**	-	**67,896**
NONOPERATING ACTIVITIES, NET:				
Investment return (less than) in excess of spending distribution for current operations	50,785	(89,420)	926	(37,709)
Change in undistributed income from perpetual funds held by others	-	-	98,817	98,817
Gifts and contributions	2,098	40,862	44,250	87,210
Loss on disposal of property and equipment	(3,678)	-	-	(3,678)
Change in fair value of derivative instruments	(91,944)	-	-	(91,944)
Pension and postretirement benefit plans	(45,712)	-	-	(45,712)
Other nonoperating items, net	7,290	592	(63)	7,819
Net assets released from restrictions	117,127	(148,522)	-	(31,395)
Total nonoperating activities, net	**35,966**	**(196,488)**	**143,930**	**(16,592)**
CHANGE IN NET ASSETS	**111,936**	**(204,562)**	**143,930**	**51,304**
Less change in net assets related to noncontrolling interests	2,929	-	-	2,929
CHANGE IN NET ASSETS CONTROLLED BY EMORY	**$ 109,007**	**$ (204,562)**	**$ 143,930**	**$ 48,375**

See accompanying notes to consolidated financial statements.

EMORY UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended August 31, 2017 and 2016
(Dollars in thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 676,935	$ 51,304
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Capital contributions from noncontrolling interests	802	3,587
Contributions for endowment and capital projects	(17,000)	(29,902)
Net realized gains on sale of investments	(351,422)	(101,009)
Net unrealized gains on investments	(228,118)	(20,769)
Loss on disposal of property and equipment	11,494	3,678
Interests in perpetual funds held by others	(74,558)	(98,817)
Loss on defeasance of debt	8,659	-
Depreciation and amortization	247,302	237,857
Provision for uncollectible patients accounts receivable	196,904	183,518
Accretion/amortization of bond discounts/premiums and issuance costs	(2,627)	(1,798)
Actuarial adjustments for retiree pension and benefit plans	(23,017)	45,712
Change in fair value of derivative instruments	(80,123)	91,944
Decrease (increase) in operating assets:		
Accounts and other receivables, net	(201,483)	(191,527)
Contributions receivable for operations, net	20,334	10,600
Prepaid expenses, deferred charges and other assets	(29,243)	(24,326)
Increase (decrease) in operating liabilities:		
Accounts payable, accrued liabilities and interest payable	53,090	48,374
Accrued liabilities for benefit obligations and professional liabilities	(6,750)	34,129
Deferred tuition and other revenue	(37,078)	28,541
Net cash provided by operating activities	**164,101**	**271,096**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disbursements for loans to students	(2,933)	(3,226)
Repayment of loans from students	4,684	4,965
Proceeds from sales and maturities of investments	13,016,971	8,900,249
Purchases of investments	(13,564,072)	(8,853,527)
Purchases of property, plant and equipment	(347,145)	(351,730)
Increase in funds held in trust for others	81,894	19,219
Net cash used in investing activities	**(810,601)**	**(284,050)**

(Continued)

EMORY UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended August 31, 2017 and 2016
(Dollars in thousands)

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds received from contributions for endowment and capital projects	15,933	12,352
Proceeds from bonds payable	491,171	-
Principal repayments of bonds payable	(365,776)	(42,249)
Required refund (posting) of collateral for debt-related derivatives	66,502	(67,572)
Decrease in annuities payable	(658)	(1,494)
(Decrease) increase in government advances for federal loan programs	(3)	890
Bond issuance costs	(1,303)	-
Capital distributions to noncontrolling interests	(802)	(3,587)
Net cash provided (used in) by financing activities	**205,064**	**(101,660)**
Net decrease in cash and cash equivalents	**(441,436)**	**(114,614)**
Cash and cash equivalents at beginning of year	**492,549**	**607,163**
Cash and cash equivalents at end of year	**$ 51,113**	**$ 492,549**
Supplemental disclosure:		
Cash paid for interest	$ 83,455	$ 81,799
Change in accrued liabilities attributable to property, plant and equipment purchases	10,477	16,299
Income taxes (refunded) paid, net	(235)	1,760
Pledge payments received in form of securities and immediately sold	34,452	33,756

See accompanying notes to consolidated financial statements.

(1) Organization

Emory University (the University or Emory) is a private, coeducational, not-for-profit institution, located in Atlanta, Georgia. Founded in 1836, Emory owns and operates educational, research and healthcare facilities to support its mission. Emory provides educational services to approximately 7,900 undergraduate students and 7,300 graduate and professional students within its nine schools and colleges. Included within the University is the Emory Healthcare system, Emory Medical Care Foundation (EMCF) and Emory Innovations, LLC.

The Emory Healthcare system (Emory Healthcare) consists of Emory Healthcare, Inc. (EHC) and its controlled operating companies, including Emory University Hospital Midtown (EUHM), Emory University Hospital (EUH), EHCA Johns Creek Hospital, LLC (EJCH), Emory Saint Joseph's Hospital (ESJH), Saint Joseph's Translational Research Institute (SJTRI) d/b/a T3 Laboratories (T3) (sold in 2016), The Emory Clinic, Inc. (TEC), Emory Specialty Associates, LLC (ESA), Emory Specialty Associates – Joint Operating Company (ESA-JOC), Wesley Woods Center of Emory University, Inc. (WWC), Emory Rehabilitation Hospital (ERH) and Clifton Casualty Insurance Company, Ltd. (CCIC).

The consolidated financial statements include the University and all other entities in which Emory has significant financial interest and control. All significant inter-entity accounts and transactions have been eliminated in consolidation.

EUH, EUHM, EJCH and ESJH are sometimes referred to herein, collectively, as "the Hospitals."

(2) Summary of Significant Accounting Policies

The following significant accounting policies are used in the preparation of the accompanying consolidated financial statements:

The consolidated financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles (GAAP).

Net assets and revenues, gains and losses are classified based on the existence or absence of externally imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Certain unrestricted net assets are designated for specific purposes or uses under various internal operating and administrative arrangements of the University.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the University and/or the passage of time.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that the University maintains permanently (see note 7). Generally, the donors of these assets permit the University to use all or part of the income earned and net appreciation on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions and shown as reclassifications between the applicable classes of net assets.

Income and realized and unrealized gains on investments of permanently donor-restricted endowment net assets are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund.
- As increases in temporarily restricted net assets until appropriated for expenditure by the University and/or donor restrictions are met.

Revenues earned, expenses incurred, and returns made available for the University's operating purposes of teaching, research, patient care, and other programs and services are components of the net operating revenues/expenses presented in the consolidated statement of activities. The University considers the following items to be nonoperating: gifts and contributions for capital and long-term investment and the related net assets released from restriction, investment return in excess of or less than spending distribution for current operations, actuarial gain or loss on annuity obligations, gain or loss on disposal of property and equipment, loss of defeasance of debt, change in fair value of derivative instruments, pension and postretirement related changes other than net periodic cost, gain or loss from affiliates (equity method), and other, net.

(a) Cash Equivalents

Cash equivalents consist primarily of short-term money market mutual funds and treasury bills with original maturities of 90 days or less that are not invested as part of the long-term investment assets. These amounts are carried at cost, which approximates fair value. Cash and cash equivalents that are part of the long-term pool are shown within investments as those funds generally are not used for daily operating purposes.

(b) Contributions Receivable

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Contributions to be received after one year, net of an allowance for uncollectible amounts, are discounted to their present value at a credit-adjusted rates. Amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors.

(c) Loans Receivable, Net

Emory-funded loans to students are carried at estimated net realizable value. Loans receivable from students under certain governmental loan programs, carried at cost, can only be assigned to the federal government or its designees. In addition to Federal Direct Loans (which are not reported in the financial statements), loans to qualified students are funded principally with government advances to Emory under the Perkins, Nursing and Health Professions Student Loan Programs.

(d) Other Receivables, Net

Other receivables are recorded at net realizable value and include receivables under grants and contracts, medical services provided to other organizations and losses recoverable from reinsurers.

(e) Investments

Investments are reported at fair value.

Investments in securities include U.S. and non-U.S. equities and fixed income instruments, both publicly traded and privately held. Fair value for these investments is measured based upon quoted prices in active markets, if available. If the market is inactive, fair value is determined by underlying managers and reviewed by the University after considering various sources of information. Due to variations in trading volumes and the lack of quoted market prices for fixed income, the fair value of fixed income is normally derived through recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable data described above.

Investments in funds primarily include investments in commingled equity and fixed income funds and other investments in funds (hedged strategies, private market investments, real estate partnerships and natural resources) and are reported at fair value as determined by the University in accordance with the University's valuation policies and procedures. The University has estimated the fair value of the majority of its investments in investment funds on the basis of the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient, if a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated by the fund manager or fund administrator as of the University's fiscal year end date. If the reported NAV is not as of the University's fiscal year end date or is not fair value based, the University will adjust the NAV, if deemed necessary. If the University determines it is not practicable to calculate an adjusted NAV as of the University's fiscal year end date, the practical expedient will not be utilized and other valuation methodologies will be used. Typically, real estate partnerships and similar funds are valued based on appraisals of underlying properties held and conducted by third-party appraisers retained by the general partner or investment manager. General partners of oil and gas partnerships also use third-party appraisers to value properties. Valuations provided by the general partners and investment managers are evaluated by the Emory Investment Management Office and are believed to present reasonable estimates of fair value at August 31, 2017 and 2016.

The University's investments in investment funds are subject to the terms of the respective funds' agreements, private placement memoranda, and other governing agreements of such funds. These terms are typical for hedge fund and private equity arrangements. The University's investments are also subject to management and performance fees as specified in such funds' agreements. Additionally, such funds in which the University invests may restrict both the transferability of the University's interest and the University's ability to withdraw. In light of such restrictions imposed, an investment in these funds is illiquid and subject to liquidity risk.

Investment transactions are accounted for on the trade date basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. Realized gains and losses are determined by the specific identification method for investments in investment funds and average cost for investments in securities. Additionally, gains and losses from realized and unrealized changes in the fair value of investments are reported in the consolidated statements of activities as increases or decreases in unrestricted net assets, if there are no donor restrictions, or in temporarily restricted net assets, until amounts have been appropriated and the donor-imposed time restrictions have elapsed. Changes in the fair value of these instruments are recognized as nonoperating investment gains or losses in the consolidated statements of activities.

(f) Fair Value Measurements

Fair value measurements reflected in the consolidated financial statements conceptually represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect the University's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured and reported at fair value are classified and disclosed within one of the following categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets as of the reporting date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations are determined through direct or indirect observations other than quoted market prices. The type of investments in Level 2 also includes certain positions in which the University is a unit of account holder within a fund or account that holds underlying assets that are traded in active exchange markets with readily available pricing.

Level 3 – Valuations for assets and liabilities that are unobservable and derived from other valuation methodologies including discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The majority of the University's investments are held through limited partnerships and commingled funds, for which fair value is estimated using the NAVs reported by the investment managers as a practical expedient. Such investments have not been categorized within the fair value hierarchy.

(g) Split-Interest Agreements

The University's split-interest agreements with donors consist primarily of gift annuity agreements and irrevocable charitable remainder trusts for which the University serves as trustee. Assets held in the trusts are included in investments. Contribution revenues are recognized when trusts (or annuity agreements) are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits.

(h) Interests in Perpetual Funds Held by Others

The University is also the beneficiary of certain perpetual funds held and administered by others. The value of the funds' assets (or Emory's share when there are other beneficiaries) is considered a reasonable estimate of the present value of the estimated future cash flows from these funds and is recognized in beneficial interest in perpetual funds and as contribution revenue at the date such funds are established. The largest fund of this type consists primarily of shares of common stock of The Coca-Cola Company. The carrying value of Emory's interest is adjusted annually for changes in fair value. The fair value of these perpetual funds is recorded in the consolidated statements of financial position on August 31, 2017 and 2016 at $1,244.9 million and $1,170.3 million, respectively.

(i) Property and Equipment

Land, buildings, and equipment are recorded at cost at the date of acquisition or fair value at the date of gift to the University. Depreciation expense is based on the straight-line method over the estimated useful lives of the assets. Useful lives are as follows: buildings – 10 to 60 years; land improvements and infrastructure – 5 to 40 years; moveable equipment – 3 to 20 years; fixed equipment – 3 to 30 years; software and enterprise systems – 3 to 10 years; leasehold improvements – term of the lease; and library books – 10 years. Certain assets totaling $99.0 million and $93.1 million, such as art, museum assets and rare books, are included in property and equipment on August 31, 2017 and August 31, 2016, respectively, but are not depreciated.

(j) Tuition and Fees

Tuition and fee revenues are recognized in the fiscal year during which the academic services are rendered. Student tuition and fees received in advance of services to be rendered are reported as deferred revenue. Student aid provided by the University for tuition and fees is reflected as a reduction of gross tuition and fee revenue.

(k) Contributions Revenue

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions restricted for capital projects, endowment funds, and contributions under split-interest agreements or perpetual funds held by others are reported as nonoperating revenue. All other contributions are recorded as operating revenues. Unconditional promises to give, with payments due in future periods, are recorded as increases in temporarily or permanently restricted assets at the estimated present value of future cash flows, net of an allowance for uncollectible pledges.

Donor-restricted contributions are reported as temporarily restricted or permanently restricted revenue that increases those net asset classes. Expirations of temporary restrictions on net assets, such as the donor stipulation being met or the passage of time, are reported as net assets released from restrictions and reflect reclassifications from temporarily restricted net assets to unrestricted net assets. If the donor stipulation for a temporarily restricted contribution is met in the year of the gift, the contribution is reflected in the unrestricted net asset class. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period when the asset is placed in service. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are met.

(l) Grants and Contracts Revenue and Indirect Cost Recoveries

Indirect cost recoveries and grants and contracts revenue are reported at the estimated net realizable amounts due from sponsoring agencies. These grants and contract awards generally specify the purpose for which the funds are to be used. Revenues from sponsored grants and contracts are recognized when allowable expenditures are incurred under such agreements. These revenues, primarily from the federal government, are recorded as unrestricted support. Amounts recorded in grants and contracts receivable are for grant expenditures incurred in advance of the receipt of funds.

Indirect cost recoveries are based on negotiated rates and represent recoveries of facilities and administrative costs incurred under grants and contracts agreements.

(m) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenues on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Emory Healthcare's estimates in this area may differ from actual experience, and those differences may be material.

(n) Auxiliary Enterprises and Independent Operations

Auxiliary enterprises include residence halls, food service, bookstore and parking operations which provide services to students, faculty and staff. Fee charges are directly related to the costs of services provided. Independent operations include an externally managed conference center, hotel, and a fitness center. Fee charges are based on market rates for the services provided.

(o) Income Taxes

The University is recognized as a tax-exempt organization as defined in Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and is generally exempt from the federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made in the consolidated financial statements. Unrelated business income of the University is reported on Form 990-T. As of August 31, 2017 and 2016, there were no material uncertain tax positions.

(p) Derivative Instruments

Certain investment strategies used by the University and its investment managers incorporate various derivative financial instruments in order to reduce volatility, manage market risk, and enhance investment returns. Such instruments are reflected at fair value. Changes in the fair value of these instruments are recognized as nonoperating investment gains or losses in the consolidated statements of activities.

The University will from time to time utilize interest rate swap agreements to hedge interest rate market exposure of variable rate debt. The University uses the accrual method to account for the interest rate swap agreements in connection with the underlying bonds. The difference between amounts paid and received under such agreements is reported in interest expense in the consolidated statements of activities. Changes in the fair value of these swap agreements are recognized as nonoperating changes in net assets in the consolidated statements of activities.

(q) Pension and Postretirement Benefits

The University recognizes the funded status of its defined benefit pension and postretirement benefit plans as an asset or liability and recognizes changes in funded status during the year in which the changes occur as changes in unrestricted net assets.

(r) New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for the University for fiscal years beginning after December 15, 2017 (as amended in August 2015 by ASU No. 2015-14, *Deferral of Effective Date*). The University has not yet completed its assessment of the impact of the new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The ASU is effective for all business entities for fiscal years beginning after December 15, 2018. The University has not yet determined the impact of the new standard on its current policies for lessee accounting.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities* (ASU 2016-14). ASU 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The University is in the process of assessing the impact of the new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-02, *Not-for-Profit Entities - Consolidation* (Subtopic 958-810) which provides further guidance around when a not-for-profit entity that is a general partner or a limited partner should consolidate a for-profit partnership or similar legal entity once the amendments in Accounting Standards Update 2015-02, *Consolidation* (Topic 810): Amendments to the Consolidation Analysis, become effective. It also clarifies that the amendments in the new guidance on classifying and measuring financial instruments in ASU 2016-01 were not intended to affect the ability of not-for-profit entities with investments in certain for-profit entities to elect to measure those investments at fair value. The new standard is effective for the University for fiscal years beginning after December 15, 2017. The University is in the process of assessing the impact of the new guidance on its consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires companies to present the service cost component of net benefit cost in the income statement line items where they report compensation cost, and all other components of net benefit cost in the income statement separately from the service cost component and outside of operating income, if this subtotal is presented. Additionally, the service cost component will be the only component that can be capitalized. The new standard is effective for fiscal years beginning after December 15, 2018. It also requires retrospective application for the amendments related to the presentation of the service cost component and other components of net benefit cost, and prospective application for the amendments related to the capitalization requirements for the service cost components of net benefit cost. The University is in the process of assessing the impact of the new guidance on its consolidated financial statements.

(s) Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant items in the University's consolidated financial statements subject to such estimates and assumptions include valuations for certain investments without readily determinable fair values, the determination of the allowances for uncollectible accounts and contractual adjustments, reserves for employee healthcare and workers' compensation claims, accrued professional and general liability costs, estimated third-party settlements, and actuarially determined benefit liabilities related to the University's pension and other postretirement benefit plans. Depreciation expense is based on the estimated useful lives of the related assets.

(t) Conflict of Interest Policies

University trustees, directors, principal officers and key employees may periodically be directly or indirectly associated with companies doing business with the University. The University requires annual disclosure of significant financial interests in, or employment or board service with, entities doing business with the University. The annual disclosures cover these key officials and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict. Written conflict of interest policies for the University require, among other things, that no member of a governing board may participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the University does business with an entity in which that member (or an immediate family member) has a material financial interest or is employed or serves as a director or officer. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to the University, and in accordance with applicable conflict of interest laws.

(3) Contributions Receivable

Contributions receivable as of August 31 consist of the following (in thousands):

		2017	2016
Unconditional promises expected to be collected in:			
Less than one year	$	35,953	58,900
One year to five years		52,171	42,473
Over five years		3,671	9,610
Gross contributions receivable		91,795	110,983
Less:			
Allowance for uncollectible amounts		(2,516)	(3,101)
Discount to present value		(8,872)	(8,208)
Contributions receivable, net	$	80,407	99,674

At August 31, 2017 and 2016, the five largest outstanding donor pledge balances represented 42.0% and 50.0%, respectively, of Emory's gross contributions receivable. Contributions receivable are discounted at rates ranging from 1.79% to 9.25%.

As of August 31, 2017, the University had received bequest intentions and conditional promises of approximately $22.0 million. These intentions to give are not recognized as assets or revenues and, if received, will generally be restricted for purposes stipulated by the donor.

(4) Business and Credit Concentrations

Emory Healthcare grants credit to patients, substantially all of whom reside in the service areas. Emory Healthcare generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Managed Care, capitated, and other preferred provider arrangements and commercial insurance policies). The composition of net receivables from patients and third-party payors follows:

	2017	2016
Managed care and other third-party payors	54%	53%
Medicare	38	37
Patients	4	5
Medicaid	4	5
	100%	100%

(5) Net Patient Service Revenue

Emory Healthcare has agreements with governmental and other third-party payors that provide for reimbursement to Emory Healthcare at amounts different from established rates. Contractual adjustments under third-party reimbursement programs represent the difference between Emory Healthcare's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Medicare – Substantially all acute care and professional services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Revenue from the Medicare program accounted for approximately 41% of Emory Healthcare's net patient service revenue for both years ended August 31, 2017 and 2016.
- Medicaid – Inpatient and professional services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. Outpatient services are generally paid based upon cost reimbursement methodologies. Emory Healthcare's cost reports have been audited and substantially settled for all fiscal years through August 31, 2013. Revenue from the Medicaid program accounted for approximately 4% of Emory Healthcare's net patient service revenue for both years ended August 31, 2017 and 2016.

Emory Healthcare has also entered into other reimbursement arrangements providing for payment methodologies which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

The composition of net patient service revenue (excluding charity care) follows (in thousands):

		2017	2016
Gross patient service revenue	$	9,106,824	8,343,096
Less provisions for contractual and other adjustments		(5,735,501)	(5,224,114)
Less provisions for uncollectible accounts		(196,904)	(183,518)
Net patient service revenue	$	3,174,419	2,935,464

Emory Healthcare recognizes patient service revenue associated with services provided to patients with third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for financial assistance in accordance with Emory Healthcare's established charity/indigent care policy, Emory Healthcare recognizes revenue on the basis of its discounted rates for services provided. On the basis of historical experience, a significant portion of Emory Healthcare's uninsured patients are unable or unwilling to pay for the services provided. Thus, Emory Healthcare records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized during the years ended August 31, 2017 and 2016 from these major payor sources is as follows (in thousands):

		2017	2016
Third-party payors	$	3,173,150	2,988,727
Self-pay		198,173	130,255
Total	$	3,371,323	3,118,982

(6) Investments

The following table summarizes the fair value of investments as of August 31 (in thousands):

		2017	2016
Short-term investments and cash equivalents [a]	$	427,137	341,498
Investments in securities:			
Global equity securities			
U.S. equity securities		437,527	361,078
Non-U.S. equity securities		141,152	173,445
Fixed income securities			
U.S. government securities		897,719	491,649
Domestic bonds and long-term notes [b]		431,770	122,384
International bonds and long-term notes [c]		174,647	21,485
Investments in private securities [d]		16,287	14,765
Commingled funds - equity [e]		762,567	656,602
Commingled funds - fixed income [e]		442,598	673,550
Investments in funds:			
Hedged strategies [f]		2,251,918	2,177,099
Private market investments [g]		1,261,446	1,083,857
Natural resources [h]		518,985	457,842
Real estate partnerships [i]		281,497	326,869
Derivatives [j]		(9,572)	192
Marketable real estate investments [k]		1,881	1,928
Oil and gas properties		680	680
Miscellaneous investments [l]		—	7
Total investments at fair value		8,038,239	6,904,930
Joint ventures (equity method)		5,641	12,309
Total investments	$	8,043,880	6,917,239

(a) Includes short-term U.S. Treasury securities with maturities of less than one year, as well as funds that invest in these types of investments. At August 31, 2017 and 2016, $24.2 million and $25.3 million, respectively, was posted as collateral (primarily related to derivatives' trading agreements) and thus not readily available for use.

(b) Includes investments in non-government debt securities. Investments consist primarily of credit-oriented securities including U.S. investment-grade and below investment-grade debt securities. Other investments include mortgage-backed securities, asset-backed securities, repurchase agreements, senior loans, and bank loans.

(c) Includes fixed income investments in non-U.S. debt securities such as government bonds, corporate bonds, bank loans, and asset backed securities.

(d) Includes investments in private securities not held through a traditional fund or commingled vehicle.

(e) Includes professionally managed pooled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (i.e., mutual funds and collective trusts).

(f) Includes investments in fund structures that pursue multiple strategies to diversify risks and reduce volatility. Fund managers have the ability to shift investments across a wide variety of sectors, geographies, and strategies and from a net long position to a net short position. Certain investments in hedged strategies may be subject to restrictions that limit the University's ability to withdraw capital until i) a certain "lock-up period" has expired or ii) until certain underlying investments designated as "illiquid" in "side pockets" are sold. In addition, this class includes investments that may be subject to restrictions that limit the amount that the University is able to withdraw as of a given redemption date.

(g) Includes illiquid investments in venture capital, growth equity, buyout, mezzanine, distressed debt and reinsurance held in commingled vehicles in which Emory is typically a limited partner or shareholder. The nature of the investments in this category is such that distributions are received through liquidation of the underlying assets of the funds. As of August 31, 2017, it is estimated that underlying assets of the funds will be liquidated over the next 12 years.

(h) Includes investments in timber, mining, energy, farmland, commodities and related services businesses held through liquid and illiquid fund structures. The nature of the investments in this category is largely such that distributions are received through liquidation of the underlying assets of the funds. As of August 31, 2017, it is estimated that the underlying assets of the funds will be liquidated over the next 8 years.

(i) Includes illiquid investments in real estate assets, projects, or land held in commingled funds. The fair value of these investments is calculated from the net asset value of Emory's ownership interests in these funds. The nature of the investments in this category is such that distributions are received through liquidation of the underlying assets of the funds. As of August 31, 2017, it is estimated that the underlying assets of the funds will be liquidated over the next 9 years.

(j) Includes investments in derivative instruments including both exchange traded and over the counter futures, forwards, swaps, options, rights and warrants valued at the fair market value of each underlying instrument.

(k) Includes miscellaneous investments in real estate such as land gifts.

(l) Includes other investments in mutual funds not included in the endowment and other similar funds.

At August 31, 2017 and 2016, cash equivalents of $427.1 million and $341.5 million, respectively, are included in investments and restricted for investment activity within the investment portfolio. The Investment Policy for the long-term asset portfolio contains an allocation to cash equivalents with a range of 0.0% to 6.0%.

The University's investment policy allows fund managers to use foreign exchange contracts, currency hedges, and other derivative transactions to reduce volatility and manage market risk in investment portfolios. These financial instruments are included in investments at fair value in the accompanying consolidated statements of financial position with the related gain or loss recognized as investment income and gains (losses) in excess of spending distributions for current operations in the accompanying consolidated statements of activities.

The University may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates, and this can have an effect on the reported value of these investments.

The value of securities held by the University may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include (but are not limited to) economic changes, market fluctuations, regulatory changes, global and political instability, and currency, interest rate, and commodity price fluctuations. The University attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.

As of August 31, 2017, the related unfunded commitments of the University's alternative investments valued using the practical expedient and limitations and restrictions on the University's ability to redeem or sell are summarized as follows (in thousands):

	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Hedged strategies	$ 40,000	30 days - over 2 years	3 - 306 days
Private market investments	1,027,760	not eligible	not eligible
Real estate partnerships	324,869	not eligible	not eligible
Natural resources	118,010	30 days or not eligible	30-90 days or not eligible
	$ 1,510,639		

Unfunded commitments are expected to be called by funds within five years of fund inception.

Investment return as reflected in the accompanying consolidated statements of activities for August 31 is as follows (in thousands):

		2017	2016
Investment income, net	$	32,891	70,273
Realized and unrealized gains, net		579,540	121,778
Total investment return		612,431	192,051
Operating			
Endowment spending distribution		179,696	172,261
Other investment income designated for current operations		72,622	57,499
Total operating return		252,318	229,760
Nonoperating			
Investment return in excess of (less than) spending distribution for current operations		360,113	(37,709)
Total investment return	$	612,431	192,051

The University employs an internal core group of investment professionals dedicated to the management of Emory's investments and external investment managers.

(7) Endowment Net Assets

The University's Endowment (Endowment) consists of over 1,900 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The Endowment provides stable financial support to a wide variety of programs and activities in perpetuity, playing a critical role in enabling the University to achieve its mission. Net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Board of Trustees of the University has approved the University's adoption of the State of Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides standards for managing investments of institutional funds and spending from endowments. The University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers several factors in making a determination to appropriate or accumulate donor-restricted endowment funds, including the duration and preservation of the fund, the purposes of the fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the University and the investment policies of the University.

The endowment funds subject to UPMIFA are true endowments and do not include perpetual funds held by others, long-term investments, annuity funds, and deposits held in custody and miscellaneous investments. As of August 31, 2017, approximately 62.4% of the investments described in note 6 are classified as endowed net assets. Endowment funds are categorized in the following net asset classes as of August 31 (in thousands):

	2017			2016		
	Donor-Restricted	Board-Designated	Total	Donor-Restricted	Board-Designated	Total
Unrestricted	$ (7,779)	1,498,575	1,490,796	(19,893)	1,398,999	1,379,106
Temporarily restricted	2,642,490	—	2,642,490	2,467,363	—	2,467,363
Permanently restricted	881,625	—	881,625	837,814	—	837,814
Total endowment funds	$ 3,516,336	1,498,575	5,014,911	3,285,284	1,398,999	4,684,283

Changes in endowment funds by net asset classification for the years ended August 31 are summarized as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance as of August 31, 2015	$ 1,404,065	2,557,777	806,288	4,768,130
Investment return:				
Investment income	10,122	29,302	—	39,424
Realized and unrealized gain, net	23,200	24,351	—	47,551
Total investment return	33,322	53,653	—	86,975
Cash contributions	369	2	29,701	30,072
Transfers of institutional funds for quasi endowments	28,423	—	—	28,423
Withdrawal of board-designated funds for strategic initiatives	(3,666)	—	—	(3,666)
Appropriations for expenditure	(74,791)	(130,002)	—	(204,793)
Appropriations for capital purposes	(7,096)	(13,762)	—	(20,858)
Other	(1,520)	(305)	1,825	—
Balance as of August 31, 2016	$ 1,379,106	2,467,363	837,814	4,684,283
Investment return:				
Investment income	2,807	16,021	—	18,828
Realized and unrealized gain, net	134,226	350,647	—	484,873
Total investment return	137,033	366,668	—	503,701
Cash contributions	1,100	—	41,206	42,306
Additions of funds for endowments	—	—	2,647	2,647
Transfers of institutional funds for quasi endowments	23,747	(258)	—	23,489
Withdrawal of board-designated funds for strategic initiatives	(5,555)	—	—	(5,555)
Appropriations for expenditure	(51,147)	(162,998)	—	(214,145)
Appropriations for capital purposes	(6,421)	(15,394)	—	(21,815)
Other	12,933	(12,891)	(42)	—
Balance as of August 31, 2017	$ 1,490,796	2,642,490	881,625	5,014,911

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the donor's original contribution. Deficiencies of this nature that are reported in unrestricted net assets were $7.8 million and $19.9 million as of August 31, 2017 and 2016, respectively. Subsequent gains that restore the fair value of the assets of the endowment fund to book value will be classified as an increase in unrestricted net assets.

(c) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested within risk tolerances of the University to provide an expected total return in excess of spending and inflation over the long-term.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University employs a diversified asset allocation strategy across global equities, fixed income, marketable alternatives, and private investments to achieve its long-term return objectives within prudent risk constraints. The Endowment's long-term target asset allocation is approved by the Investment Committee of the Board of Trustees. The portfolio is periodically rebalanced to the target weightings for each asset class.

(e) Relationship between Investment Objectives and Spending Policy

The University's Board of Trustees has established a spending policy that determines how endowment distributions are made. The University employs a total return endowment spending policy that establishes the amount of endowment investment return available to support current operating and capital needs. The distribution of endowment income in 2017 and 2016 was based on 4.75% of the average fair value of the endowment over the previous 12 months ending on December 31. The University considers the expected return on its endowment, including the effect of inflation in setting the annual appropriation amount. Accordingly, the University expects the current spending policy to allow its endowment to maintain its purchasing power if projected growth rates are achieved. Additional real growth will be provided through new gifts and any excess investment return. The payout rate is approved annually by the Board of Trustees as part of the budget process.

(8) Derivative Instruments and Hedging Activities

Investments

The University has executed derivative financial instruments in the normal course of its business. Investment strategies employed by Emory and investment managers retained by Emory may incorporate the use of various derivative financial instruments with valuation risk. Emory uses these instruments for a number of investment purposes, including hedging or altering exposure to certain asset classes and cost-effectively adding exposures to portions of the portfolio. Futures, options, swaps and other derivative instruments are used to adjust elements of investment exposures to various securities, markets and currencies without actually taking a position in the underlying asset.

These instruments expose Emory to risk of an unexpected movement in the fair value of the underlying security, a counterparty failing to meet its obligations, and, in certain circumstances, not being able to unwind a position at current fair value due to market illiquidity. Emory has established procedures to monitor and manage these risks. The purchase and sale of exchange traded derivatives require collateral deposits with a Futures Commission Merchant (FCM). In the event of an FCM's insolvency, recovery may be limited to

Emory's pro rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total of cash and other equity deposited. Management does not consider the underlying counterparty risk from these arrangements to have a material impact on the financial position of the University.

Emory's net investment related derivative exposures, categorized by primary underlying risk, as of August 31, 2017 (in thousands):

		Gross Notional Amount (1)	Derivative Assets (2)	Derivative Liabilities (2)	Gains (Losses) (3)
Interest-rate contracts	$	1,103,290	1,087	(1,017)	6,492
Foreign exchange contracts		511,563	814	(2,260)	(2,637)
Equity contracts		883,547	5,464	(16,513)	31,649
Credit contracts		142,905	2,947	(94)	1,763
Total	$	2,641,305	10,312	(19,884)	37,267

Emory's net investment related derivative exposures, categorized by primary underlying risk, as of August 31, 2016 (in thousands):

		Gross Notional Amount (1)	Derivative Assets (2)	Derivative Liabilities (2)	Gains (Losses) (3)
Interest-rate contracts	$	45,753	88	(112)	3,734
Foreign exchange contracts		26,920	64	(254)	(2,301)
Equity contracts		119,444	559	(106)	(5,664)
Credit contracts		890	—	(47)	39
Total	$	193,007	711	(519)	(4,192)

(1) The notional amount is representative of the absolute value of the open contracts on August 31, 2017 and 2016.

(2) Derivative assets less derivative liabilities for investment-related activities are presented as net in Note 6.

(3) Gains (losses) on derivatives are included in the Statements of Activities in "investment return in excess of (less than) spending distribution for current operations" in "nonoperating activities".

Emory's investment related derivative assets and liabilities at August 31, 2017, by counterparty, are as follows (in thousands):

		Assets	Liabilities	Cash Collateral Held (Pledged)
Counterparty A	$	9,403	(17,590)	(71,536)
Counterparty B		310	(138)	246
Counterparty C		221	(339)	(150)
Counterparty D		146	(1,012)	(856)
Counterparty E		72	(69)	—
All other		160	(736)	36
Total	$	10,312	(19,884)	(72,260)

Emory's investment related derivative assets and liabilities at August 31, 2016, by counterparty, are as follows (in thousands):

		Assets	Liabilities	Cash Collateral Held (Pledged)
Counterparty A	$	565	(116)	(25,103)
Counterparty B		50	(237)	—
Counterparty C		50	—	—
Counterparty D		36	(121)	(82)
Counterparty E		7	(6)	—
All other		3	(39)	(120)
Total	$	711	(519)	(25,305)

Debt

As a component of the debt portfolio, the University entered into interest rate swap agreements that effectively convert a portion of variable rate debt to fixed rates and are used to manage interest rate risk. The University's exchange arrangements are exposed to credit loss in the event of nonperformance by the counterparty and to interest rate risk driven by factors influencing the spread between the taxable and tax-exempt market interest rates on its basis exchange. Certain University derivative instruments contain provisions requiring long-term, unsecured debt to be maintained at specified credit ratings from Moody's Investors Service and Standard and Poor's Ratings Service. If the ratings of the University's debt were to fall below certain benchmarks, the counterparty could request immediate payment on derivatives in net liability positions. At August 31, 2017, the University's long-term debt ratings exceeded these benchmarks.

At August 31, 2017, Emory had nine interest rate swap agreements expiring on various dates ranging from November 15, 2028 through December 1, 2042. These agreements require Emory to pay fixed interest rates to the counterparties varying from 3.328% to 4.388% in exchange for variable rate payments from the counterparties based on a percentage of the three month London Interbank Offered Rate (LIBOR).

Net settlement transactions related to the agreements described above resulted in interest expense totaling $17.4 million and $19.6 million during 2017 and 2016, respectively. The fair value of each exchange agreement is estimated based on pricing models that utilize significant observable inputs, such as relevant current interest rates, that reflect assumptions on the amount the University would receive or pay to terminate the agreement at the reporting date. As such, the University's exchange agreements are categorized as Level 2 in the fair value hierarchy.

The aggregate fair value of all derivative instruments with credit-risk related contingent features that are in a liability position was $188.6 million and $268.7 million on August 31, 2017 and 2016, respectively, for which Emory University had a requirement to post collateral in the amount of $7.8 million and $74.3 million for 2017 and 2016, respectively. Collateral postings are reported in prepaid expenses, deferred charges and other assets in the consolidated statements of financial position.

The following table summarizes the debt-related derivatives as of August 31 (in thousands):

Interest Rate Swaps			**2017**		**2016**	
Inception	**Maturity**		**Liability Fair Value**	**Unrealized Gain (Loss)**	**Liability Fair Value**	**Unrealized Gain (Loss)**
August 4, 2005	September 1, 2035	$	(30,551)	13,442	(43,993)	(15,305)
August 25, 2005	September 1, 2035		(10,177)	4,593	(14,770)	(5,194)
April 19, 2007	November 15, 2028		(1,569)	505	(2,074)	(279)
December 1, 2007	September 1, 2035		(22,462)	9,084	(31,546)	(9,930)
May 1, 2008	September 1, 2038		(25,976)	10,624	(36,600)	(11,854)
December 1, 2008	December 1, 2042		(33,031)	15,983	(49,014)	(18,919)
December 1, 2009	September 1, 2035		(22,841)	9,133	(31,974)	(9,961)
June 23, 2015	September 1, 2035		(31,492)	12,502	(43,994)	(15,305)
June 23, 2015	September 1, 2035		(10,513)	4,257	(14,770)	(5,197)
	Total	$	(188,612)	80,123	(268,735)	(91,944)

Emory is exposed to financial loss in the event of nonperformance by a counterparty to any of the financial instruments described above. General market conditions could impact the credit standing of the counterparties and, therefore, potentially impact the value of the instruments on Emory's consolidated statement of financial position. Emory management, with consultation from third-party financial advisors, controls this counterparty credit risk by considering the credit rating, business risk, and reputation of any counterparty before entering into a transaction, monitoring for any change in the credit standing of its counterparty during the life of the transaction, and requiring collateral be posted when predetermined thresholds are crossed. Emory has additional counterparty arrangements managed by funds in which Emory invests, which are included in the general investment and fund manager monitoring activities for the funds.

Emory's debt-related derivative liabilities at August 31, 2017, by counterparty, are as follows (in thousands):

		Liabilities	Cash Collateral Held (Pledged)
Counterparty A	$	(22,462)	—
Counterparty B		(33,031)	—
Counterparty C		(40,728)	—
Counterparty D		(48,817)	(6,500)
Counterparty E		(42,005)	(1,270)
All other		(1,569)	—
Total	$	(188,612)	(7,770)

Emory's debt-related derivative liabilities at August 31, 2016, by counterparty, are as follows (in thousands):

		Liabilities	Cash Collateral Held (Pledged)
Counterparty A	$	(31,546)	—
Counterparty B		(49,014)	(7,500)
Counterparty C		(58,763)	(17,392)
Counterparty D		(68,574)	(28,800)
Counterparty E		(58,764)	(20,580)
All other		(2,074)	—
Total	$	(268,735)	(74,272)

(9) Fair Values of Assets and Liabilities

The carrying values for cash and cash equivalents, patient receivables, short-term receivables, and short-term payables approximate fair value because of the terms and relative short maturity of these financial instruments. Current year additions to contributions receivable and annuity and other split-interest obligations carrying amounts approximate fair value because these instruments are recorded at estimated net present value and are categorized as Level 3 assets. Long-term investments and funds held in trust for others are reflected in the accompanying consolidated financial statements at fair value. It is not practicable to determine the fair value of loans receivable, comprised primarily of federally sponsored student loans, and government advances for federal loan programs, due to significant government restrictions as to marketability, interest rates, and repayment terms of these loans.

The following table summarizes the valuation of the University's assets and liabilities according to the fair value hierarchy levels as of August 31, 2017 (in thousands):

	Total fair value	Investments measured at NAV [3]	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets:					
Short-term investments and cash equivalents	$ 427,137	—	389,429	37,708	—
Investments in securities:					
Global equity securities					
U.S. equity securities	437,527	—	437,362	137	28
Non-U.S. equity securities	141,152	—	140,831	321	—
Fixed income securities:					
U.S. government securities	897,719	—	163	897,556	—
Domestic bonds and long-term notes	431,770	—	1,628	429,020	1,122
International bonds and long-term notes	174,647	—	37	174,610	—
Investments in private securities	16,287	—	—	—	16,287
Commingled funds - equity	762,567	366,617	133,757	262,193	—
Commingled funds - fixed income	442,598	—	293,450	149,148	—
Investments in funds:					
Hedged strategies	2,251,918	2,251,918	—	—	—
Private market investments	1,261,446	1,260,729	—	—	717
Natural resources	518,985	518,985	—	—	—
Real estate partnerships	281,497	281,497	—	—	—
Derivatives	(9,572)	—	4,806	(14,378)	—
Marketable real estate investments	1,881	—	207	1,674	—
Oil and gas properties	680	—	—	—	680
Total investments [1]	8,038,239	4,679,746	1,401,670	1,937,989	18,834
Interest in perpetual funds held by others [2]	1,244,906	—	—	—	1,244,906
Total assets at fair value	$ 9,283,145	4,679,746	1,401,670	1,937,989	1,263,740
Financial liabilities:					
Derivative instruments - interest rate swaps	(188,612)	—	—	(188,612)	—
Funds held in trust for others	(747,109)	—	—	(747,109)	—
Total liabilities at fair value	$ (935,721)	—	—	(935,721)	—

(1) Certain investments in joint ventures carried under the equity method of accounting are not reported at fair value and thus not included in the table above (see note 6).

(2) Primarily invested in The Coca-Cola Company.

(3) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table summarizes the valuation of the University's assets and liabilities according to the fair value hierarchy levels as of August 31, 2016 (in thousands):

	Total fair value	Investments measured at NAV (3)	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets:					
Short-term investments and cash equivalents	$ 341,498	—	340,194	1,304	—
Investments in securities:					
Global equity securities					
U.S. equity securities	361,078	—	360,766	309	3
Non-U.S. equity securities	173,445	—	167,103	5,835	507
Fixed income securities:					
U.S. government securities	491,649	—	163	491,486	—
Domestic bonds and long-term notes	122,384	—	1,626	119,646	1,112
International bonds and long-term notes	21,485	—	39	21,446	—
Investments in private securities	14,765	—	—	—	14,765
Commingled funds - equity	656,602	319,668	78,092	258,842	—
Commingled funds - fixed income	673,550	—	452,715	220,835	—
Investments in funds:					
Hedged strategies	2,177,099	2,177,099	—	—	—
Private market investments	1,083,857	1,083,199	—	—	658
Natural resources	457,842	457,842	—	—	—
Real estate partnerships	326,869	326,869	—	—	—
Derivatives	192	—	266	(74)	—
Marketable real estate investments	1,928	—	254	1,674	—
Oil and gas properties	680	—	—	—	680
Miscellaneous investments	7	—	7	—	—
Total investments (1)	6,904,930	4,364,677	1,401,225	1,121,303	17,725
Interest in perpetual funds held by others (2)	1,170,348	—	—	—	1,170,348
Total assets at fair value	$ 8,075,278	4,364,677	1,401,225	1,121,303	1,188,073
Financial liabilities:					
Derivative instruments - interest rate swaps	(268,735)	—	—	(268,735)	—
Funds held in trust for others	(665,215)	—	—	(665,215)	—
Total liabilities at fair value	$ (933,950)	—	—	(933,950)	—

(1) Certain investments in joint ventures carried under the equity method of accounting are not reported at fair value and thus not included in the table above (see note 6).

(2) Primarily invested in The Coca-Cola Company.

(3) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Investments made directly by the University whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded common and preferred stock, U.S. government fixed income instruments and non-U.S. government fixed income instruments. Level 1 investments may also include commingled funds such as listed mutual funds, futures contracts, and exchange traded funds (ETFs).

Investments that trade in markets that are considered to be active, but are based on dealer quotations or alternative pricing sources supported by observable inputs or investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Alternative pricing sources include quotations from market participants and pricing models which are based on accepted industry modeling techniques. These investments include U.S. investment-grade and below investment-grade debt securities, international corporate bonds, mortgage-backed securities, asset-backed securities, money market funds, senior loans and bank loans, most derivative contracts other than futures, and commingled structures with quoted market prices.

Investments that do not trade in active markets and for which values are instead derived from significant unobservable inputs are classified within Level 3. However, as of August 31, 2017 and August 31, 2016, approximately $4.7 billion and $4.4 billion, respectively, of the University's investments are held through limited partnerships and commingled vehicles for which fair value is estimated using NAVs reported by the fund managers as a practical expedient, and thus are not categorized in the fair value hierarchy.

Typically, such funds are structured as limited partnership or limited liability vehicles. Funds with hedged strategies generally offer redemption terms and often hold marketable securities in addition to certain illiquid investments. The determination of NAV by managers of private market, real estate and natural resources funds, which generally do not have redemption terms, requires the use of significant unobservable inputs because the underlying investments trade infrequently or not at all. Such investments may include, for example, private placements, distressed securities, and properties and other real interests. Inputs used by the fund managers may include the original transaction price, recent transactions in the same or similar market, completed or pending third-party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available these investments are valued using one or more valuation techniques described below.

- Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income Approach: This approach determines a valuation by discounting future cash flows.
- Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Due to inherent uncertainty of fair value, such estimates of fair value may differ from values that would have been applied had a readily available market existed and those differences could be material. Although a secondary market exists for these investments, the market is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the University were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and that discount could be significant.

The categorization or omission of an investment within the hierarchy does not necessarily correspond to the perceived risk of that investment. The funds and the University use inputs in applying various valuation techniques that are assumptions which market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, operating statistics, specific and broad credit data, liquidity statistics, recent transactions, earnings forecasts, future cash flows, market multiples, discount rates and other factors.

The following tables summarize the University's Level 3 reconciliation as of August 31, 2017 and 2016 (in thousands):

	Balance as of August 31, 2016	Net gains (losses)	Purchases	Sales	Transfer in (out) of Level 3	Balance as of August 31, 2017
Investments in U.S. equity securities	$ 3	(46)	72	(1)	—	28
Non-U.S. equity securities	507	113	—	(620)	—	—
Domestic bonds & long-term notes	1,112	17	—	(7)	—	1,122
Investments in private securities	14,765	18,574	—	(17,052)	—	16,287
Investment in funds:						
Private market investments	658	15	31	(92)	105	717
Oil and gas properties	680	—	—	—	—	680
Total investments	17,725	18,673	103	(17,772)	105	18,834
Interest in perpetual funds held by others	1,170,348	74,558	—	—	—	1,244,906
Total assets	$ 1,188,073	93,231	103	(17,772)	105	1,263,740

	Balance as of August 31, 2015	Net gains (losses)	Purchases	Sales	Transfer in (out) of Level 3	Balance as of August 31, 2016
Investments in U.S. equity securities	$ 3	—	—	—	—	3
Non-U.S. equity securities	—	(24)	531	—	—	507
Domestic bonds & long-term notes	400	(6)	—	(8)	726	1,112
International bonds & long terms notes	785	(287)	74	(572)	—	—
Investments in private securities	14,257	—	508	—	—	14,765
Investment in funds:						
Private market investments	679	(61)	40	—	—	658
Oil and gas properties	2,255	(1,575)	—	—	—	680
Total investments	18,379	(1,953)	1,153	(580)	726	17,725
Interest in perpetual funds held by others	1,071,531	98,817	—	—	—	1,170,348
Total assets	$ 1,089,910	96,864	1,153	(580)	726	1,188,073

(10) Property and Equipment

Property and equipment at August 31 is summarized as follows (in thousands):

		2017	2016
Land and land improvements	$	201,696	201,898
Buildings and improvements		3,376,910	3,164,393
Equipment		2,308,381	2,171,703
Library and museum assets		414,132	392,350
Construction in progress		214,071	265,145
		6,515,190	6,195,489
Less accumulated depreciation		(3,412,342)	(3,185,583)
	$	3,102,848	3,009,906

Property and equipment is reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. There were no asset impairments for fiscal year 2017 and 2016.

The University has identified asset retirement obligations primarily from commitments to remove asbestos and lead paint in University facilities at the time of major renovation or demolition. The liability was estimated using an inflation rate of 5.00% and discount rate of 4.74%. The liability for asset retirement obligations at August 31, 2017 and 2016 is $63.0 million and $59.9 million, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

(11) Long-Term Debt

Bonds and notes payable, including unamortized premiums, discounts, and issuance costs consisted of the following at August 31 (dollars in thousands):

	Average interest rate	Final maturity	Outstanding principal 2017	Outstanding principal 2016
Tax-exempt fixed-rate revenue bonds:				
2016 Series A	4.62%	October 1, 2046	$ 130,030	—
2016 Series B	4.17	October 1, 2043	221,710	—
2013 Series A	4.95	October 1, 2043	191,415	195,735
2011 Series A	4.95	September 1, 2041	121,500	213,650
2009 Series B (1)	4.79	September 1, 2035	200,530	205,290
2009 Series C	4.93	September 1, 2039	95,060	96,505
2008 Series C (2)	4.96	September 1, 2038	—	122,460
2005 Series A (2)	4.15	September 1, 2025	—	33,835
Total tax-exempt fixed-rate revenue bonds			960,245	867,475
Tax-exempt variable-rate revenue bonds:				
2013 Series B (3)	1.01	October 1, 2039	135,100	135,100
2013 Series C (3)	1.38	October 1, 2039	57,865	57,865
2007 Series A	1.47	November 15, 2028	9,770	9,800
2005 Series B	0.71	September 1, 2035	250,000	250,000
2005 Series C	0.71	September 1, 2036	124,150	124,150
Total tax-exempt variable-rate revenue bonds			576,885	576,915
Taxable fixed-rate revenue bonds:				
2009 Series A	5.63	September 1, 2019	250,000	250,000
1994 Series C	8.00	October 1, 2024	5,080	5,515
Series 1991	8.85	April 1, 2022	243	306
Total taxable fixed-rate revenue bonds			255,323	255,821
Taxable variable-rate revenue bonds:				
1999 Series B	0.87	November 1, 2029	9,085	9,535
1995 Series B	0.87	November 1, 2025	2,115	2,280
1994 Series B	0.79	October 1, 2024	7,970	8,690
Total taxable variable-rate revenue bonds			19,170	20,505
Commercial paper:				
2010 Program 1 - Tax-exempt	0.81	August 1, 2050	2,834	2,834
2008 Program 1 - Taxable	0.84	April 1, 2047	108,394	112,278
Total commercial paper			111,228	115,112
Other long-term debt (4)	Various		379	630
Unamortized bond premiums			80,642	36,310
Unamortized bond discounts			(2,325)	(2,647)
Bond issuance costs			(9,093)	(7,791)
Total bonds and notes payable			$ 1,992,454	1,862,330

(1) Included in the 2009 Series Bonds is a medium-term maturity of $43.0 million due on September 1, 2019 at an average interest rate of 4.68%.

(2) Series 2008C and 2005A bonds were refunded with proceeds from the University's issuance of 2016B Series bonds.

(3) Series 2013B and 2013C bonds are floating rate notes and interest rates are based on a spread to one month LIBOR and SIFMA, respectively.

(4) Included in other long-term debt are the St. Joseph's capital leases.

The University incurred interest expense of $81.5 million and $78.5 million in 2017 and 2016, respectively, net of capitalized interest of $0.8 million and $0.7 million in 2017 and 2016. During 2017, the average interest rate on University tax-exempt and taxable variable rate demand bonds (VRDB) was 0.71% and 0.87%, respectively. Related indices for this period were 0.74% for tax-exempt debt (The Securities Industry and Financial Markets Association Index – SIFMA) and 0.87% for taxable debt (London Interbank Offered Rate – LIBOR).

During 2017, the University refunded its 2008C and 2005A Series Bonds totaling $147.2 million with proceeds from the University's issuance of 2016B Series Bonds. The University incurred an accounting loss of $8.7 million on the refunding of the extinguishment of the 2008C and 2005A Series Bonds which is included in the nonoperating activities in the accompanying 2017 consolidated statement of activities.

At August 31, 2017 the aggregate annual maturities of bonds and notes payable for the next five years and thereafter are as follows (in thousands):

Payable in fiscal year:		
2018	$	22,247
2019		21,873
2020		302,418
2021		18,614
2022		13,461
Thereafter		1,544,617
		1,923,230
Unamortized net premium		78,317
Unamortized net bond issuance costs		(9,093)
	$	1,992,454

In 2010, the University established a $400.0 million tax-exempt Commercial Paper program. The primary purpose of the program is to meet interim financing needs related to capital projects. As of August 31, 2017 and 2016, the University had outstanding balances of $2.8 million under this program.

In 2008, the University established a $100.0 million taxable Commercial Paper program for general financial needs. In 2014, the University increased the program to $150.0 million. As of August 31, 2017 and 2016, the University had an outstanding balance of $108.4 million and $112.3 million, respectively, under this program.

The University has a standby credit facility to enable the University to purchase tendered variable rate debt in the event of a failed remarketing. Currently, it has one diversified facility totaling $150.0 million that is committed for this sole purpose and cannot be used for operating needs of the University. There were no draws against this line of credit in 2017 and 2016.

The University also has a $75.0 million line of credit at August 31, 2017. There was no balance outstanding as of August 31, 2017. There were no draws on either line of credit in 2017 or 2016.

The University has two letters of credit with a commercial bank totaling $1.7 million. There were no draws against these letters of credit as of August 31, 2017 and 2016.

The terms of the University's long-term debt provide for certain financial and nonfinancial covenants, including provisions as to the use of the proceeds, limits as to arbitrage and bond issuance costs, and various other administrative requirements. At August 31, 2017 and 2016, the University was in compliance with these covenants.

(12) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following as of August 31 (in thousands):

		2017	2016
Appreciation on endowments restricted until appropriated	$	2,517,580	2,342,332
Term endowments		124,910	125,031
Contributions receivable, time and purpose restricted		48,447	67,983
Restricted for capital projects and other donor purposes		24,518	60,230
Annuity and life income agreements		7,141	7,238
	$	2,722,596	2,602,814

Permanently restricted net assets include endowment funds subject to UPMIFA (note 7) as well as perpetual trusts and endowments held by others. Permanently restricted net assets consist of the following as of August 31 (in thousands):

		2017	2016
Donor-restricted endowments	$	881,625	837,814
Interests in perpetual funds held by others		1,244,906	1,170,348
Contributions receivable, restricted for endowment		31,961	31,691
Annuity and life income agreements		2,081	2,019
Split-interest trusts		3,268	3,235
	$	2,163,841	2,045,107

Generally, the donors of these restricted gifts permit the University to use all or part of the income earned and net appreciation on related investments for general or specific purposes, such as scholarships, faculty salaries or other operational and administrative support.

(13) Retirement and Deferred Compensation Plans

The University has a defined contribution plan under Internal Revenue Code (IRC) Section 403(b) covering certain employees and teaching staff. The University contributes an amount equal to 6% of each eligible employee's compensation to the plan as well as a supplemental contribution of 3% based on a 1.5 to 1 match of employee contributions of up to 2% of compensation. Emory Healthcare sponsors a retirement plan, covering most full time employees, under which annuities are purchased with contributions by Emory Healthcare and its employees. The benefits are vested only to the extent of the annuities purchased. The Emory Clinic (TEC) sponsors The Emory Clinic, Inc. Retirement Savings Plan (the Plan), covering all its employees, except those considered leased employees or those covered under collective bargaining agreements, as defined. The Plan provides for employees to make salary reduction contributions and for TEC to make discretionary contributions for employees who have attained the age of 21 and are employees at the date the contribution is made. The Plan provides for contributions at an annual determined percentage of compensation and employees cliff vest in employer contributions after three years of service. Retirement expense totaled $131.6 million and $129.8 million during 2017 and 2016, respectively, and is included in operating expense in the accompanying consolidated statements of activities.

The University sponsors an IRC Section 457(b) Deferred Compensation Plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees who are eligible for participation and elect to make salary deferrals under the Deferred Compensation Plan. These assets are fully vested and available to the participating employees at the point of termination of employment from the University. As of August 31, 2017 and 2016, respectively, the University held other assets of $115.7 million and $98.9 million under the plan. These assets are included in other assets, which are designated by the University to pay future salary deferral plan payments. The assets are held in separate investment funds for which $106.0 million and $90.0 million are classified as Level 1 as of August 31, 2017 and 2016, respectively, $3.0 million and $2.9 million are classified as Level 2 as of August 31, 2017 and 2016, respectively, and $6.7 million and $6.3 million are classified as Level 3 as of August 31, 2017 and 2016. Associated liabilities for the obligations of $115.7 million and $98.9 million as of August 31, 2017 and 2016, respectively, are included in accrued liabilities for benefit obligations and professional liabilities.

(14) Pension Plan

Emory Healthcare sponsors a defined benefit pension plan (the Plan). The Plan was curtailed, effective December 31, 2011. The terms of the curtailment generally provide that no further benefit accrual under the Plan is provided for service after the effective date nor will new entrants into the Plan be permitted after the effective date.

The JOC assumed certain defined benefit pension liabilities covering certain employees of the entities contributed to the JOC by SJHS (SJHS Pension Plan). The Plan was curtailed, effective December 31, 2011, and the JOC has agreed to provide for funding of the plan, generally over 10 years, beginning in fiscal year 2015, subject to certain terms and conditions.

At the time of the formation of the JOC and assumption of control over the JOC by Emory Healthcare, Emory Healthcare recognized as part of the business combination a liability representing the unfunded status of the SJHS Pension Plan, in accordance with FASB ASC 805-20, *Business Combinations – Identifiable Assets,* *Liabilities, and Any Noncontrolling Interest.* The SJHS Pension Plan is accounted for by Emory Healthcare as a multiple-employer plan in accordance with FASB ASC 715-30, *Defined Benefit Plans – Pension.*

The changes in the projected benefit obligations as of August 31 follow (in thousands):

		2017		2016	
		Emory Healthcare	SJHS Pension Plan	Emory Healthcare	SJHS Pension Plan
Projected benefit obligation, beginning of year	$	324,577	160,393	286,388	140,067
Interest cost		10,605	6,042	13,221	6,358
Actuarial (gain) loss		(1,131)	(6,498)	31,502	18,401
Benefits paid		(7,176)	(5,247)	(6,534)	(4,433)
Projected benefit obligation, end of year	$	326,875	154,690	324,577	160,393

Given the fiscal year 2012 curtailment of the plans, the accumulated benefit obligations at August 31, 2017 and 2016 are the same as the projected benefit obligations.

The changes in the fair value of plan assets, funded status of the plans, and the status of amounts recognized in the accompanying consolidated statements of financial position as of August 31 follow (in thousands):

		2017		2016	
		Emory Healthcare	SJHS Pension Plan	Emory Healthcare	SJHS Pension Plan
Fair value of plan assets, beginning of year	$	213,181	99,096	192,506	88,931
Actual return on plan assets		19,666	10,197	21,514	8,908
Employer contributions		9,447	6,270	5,695	5,690
Benefits paid		(7,176)	(5,247)	(6,534)	(4,433)
Fair value of plan assets, end of year	$	235,118	110,316	213,181	99,096
Funded status - accrued pension cost recognized in the consolidated statements of financial position	$	(91,757)	(44,374)	(111,396)	61,297

The components of net periodic pension cost as of August 31 follow (in thousands):

		2017		2016	
		Emory Healthcare	SJHS Pension Plan	Emory Healthcare	SJHS Pension Plan
Interest cost	$	10,605	6,042	13,221	6,358
Expected return on plan assets		(17,156)	(6,971)	(15,657)	(6,254)
Amortization of prior service cost		3,061	(438)	2,503	(438)
Recognized actuarial loss		2,576	2,196	6,270	1,756
Net periodic pension cost	$	(914)	829	6,337	1,422

The amounts accumulated in unrestricted net assets for net unrecognized actuarial loss totaled $92.5 million and $101.8 million as of August 31, 2017 and 2016, respectively, for Emory Healthcare and $56.2 million and $67.7 million as of August 31, 2017 and 2016, respectively, for SJHS Pension Plan.

Emory Healthcare's net loss of $2.3 million and SJHS Pension Plan's net loss of $1.4 million are expected to be amortized from unrestricted net assets into net periodic pension cost in fiscal year 2018.

Weighted average assumptions used to determine benefit obligations in the accompanying consolidated statements of financial position for 2017 and 2016 follow:

	2017		2016	
	Emory Healthcare	SJHS Pension Plan	Emory Healthcare	SJHS Pension Plan
Discount rate	4.07%	4.07%	3.83%	3.83%
Expected long-term rate of return on plan assets	8.00	7.00	8.00	7.00

Weighted average assumptions used to determine net periodic pension cost for 2017 and 2016 follow:

	2017		2016	
	Emory Healthcare	SJHS Pension Plan	Emory Healthcare	SJHS Pension Plan
Discount rate	3.83%	3.83%	4.67%	4.62%
Expected return on plan assets	8.00	7.00	8.00	7.00

Emory Healthcare Plan Assets

The Plan's investment objectives are to protect long-term asset value by applying prudent, low-risk, high-quality investment disciplines and to enhance the values by maximizing investment returns through active security management within the framework of the Plan's investment policy. Asset allocation strategies and investment management structure are designed to meet the Plan's investment objectives.

The Plan's expected long-term rate of return on assets is determined by reviewing the historical return of each asset category comprising the Plan's target asset allocation.

The following table summarizes the Plan's assets which are recorded at fair value as of August 31 (in thousands):

	2017				
	Total fair value	**Fair value hierarchy Level 1**	**Fair value hierarchy Level 2**	**Target allocation**	**Total asset allocation**
Investments:					
Short-term investments and cash equivalents	$ 354	(332)	686	—%	—%
Commingled funds - equity	163,270	—	163,270	70	70
Commingled funds - fixed income	71,494	—	71,494	30	30
Total investments	$ 235,118	(332)	235,450	100%	100%

	2016				
	Total fair value	**Fair value hierarchy Level 1**	**Fair value hierarchy Level 2**	**Target allocation**	**Total asset allocation**
Investments:					
Short-term investments and cash equivalents	$ 384	(267)	651	—%	—%
Commingled funds - equity	148,103	—	148,103	70	70
Commingled funds - fixed income	64,694	—	64,694	30	30
Total investments	$ 213,181	(267)	213,448	100%	100%

SJHS Pension Plan Assets

Under the terms of the agreement forming the JOC, the assets of the SJHS Pension Plan formally remain assets of SJHS and the plan assets remain invested in the CHE Trinity Health Pension Investment Program. Accordingly, neither the JOC nor Emory Healthcare has discretion over the management of the plan assets. However, the plan assets related to the entities contributed to the JOC (and certain other employees leased to the JOC) are contractually required to be clearly separated from the plan assets of the other entities participating in the CHE Trinity Health Employee Pension Program. The SJHS Pension Plan's investment objectives are to protect long-term asset value by applying prudent, low-risk, high-quality investment disciplines and to enhance the values by maximizing investment returns through active security management within the framework of the plan's investment policy. Asset allocation strategies and investment management structure are designed to meet the plan's investment objectives.

The SJHS Pension Plan's expected long-term rate of return on assets is determined by reviewing the historical return of each asset category comprising the plan's target asset allocation.

The following table summarizes the Plan's assets which are recorded at fair value as of August 31 (in thousands):

	2017				
	Total	Fair value hierarchy		Target	Total asset
	fair value	Level 1	Level 2	allocation	allocation
Investments:					
Short-term investments and cash equivalents	$ 3,990	1,868	2,122	—%	4%
Commingled funds - equity	54,671	23,190	31,481	50	49
Commingled funds - fixed income	35,868	—	35,868	40	33
Managed funds	15,787	—	15,787	10	14
Total investments	$ 110,316	25,058	85,258	100%	100%

	2016				
	Total	Fair value hierarchy		Target	Total asset
	fair value	Level 1	Level 2	allocation	allocation
Investments:					
Short-term investments and cash equivalents	$ 4,523	1,850	2,673	—%	4%
Commingled funds - equity	48,830	16,790	32,040	50	49
Commingled funds - fixed income	32,315	—	32,315	40	33
Managed funds	13,428	—	13,428	10	14
Total investments	$ 99,096	18,640	80,456	100%	100%

Cash Flows

Emory Healthcare expects to contribute $6.0 million to the Emory Healthcare Pension Plan in fiscal year 2018 and expects to contribute $0.2 million to the SJHS Pension Plan in fiscal year 2018.

Expected Future Benefit Payments

Emory Healthcare annual future benefit payments, excluding lump sum settlements, are expected to range from $8.1 million to $13.2 million for the next five years. SJHS Pension Plan annual future benefit payments, excluding lump sum settlements, are expected to range from $5.7 million to $7.1 million for the next five years.

Other Items

Emory Healthcare uses the straight-line method to amortize prior service cost for both plans.

(15) Postretirement Healthcare and Life Insurance Benefits

The University and Emory Healthcare each fund a separate trust (VEBA Trust) for retiree health and life benefits. The assets of the VEBA Trust are invested primarily in equity and fixed income securities. The University funds these benefits only to the extent of current retiree claims. The University measures its participation in the VEBA Trust at August 31 each fiscal year.

The changes in the accumulated postretirement benefit obligation (APBO) as of August 31 are as follows (in thousands):

	2017			2016
	Emory University	Emory Healthcare	Total	Total
APBO, beginning of year	$ 103,184	57,932	161,116	131,294
Service cost	1,644	664	2,308	1,984
Interest cost	3,326	1,855	5,181	6,018
Actuarial (gain) loss	(2,130)	(472)	(2,602)	26,677
Benefits paid	(3,393)	(1,378)	(4,771)	(4,857)
APBO, end of year	$ 102,631	58,601	161,232	161,116

The changes in the fair value of plan assets, funded status of the plan and the status of the accrued postretirement benefit obligation recognized in the accompanying consolidated statements of financial position as of August 31 are as follows (in thousands):

	2017			2016
	Emory University	Emory Healthcare	Total	Total
Fair value of plan assets, beginning of year	$ 60,916	19,500	80,416	78,592
Actual return on plan assets	7,293	2,330	9,623	3,556
Benefits paid by Emory	—	(1,378)	(1,378)	(1,732)
Fair value of plan assets, end of year	$ 68,209	20,452	88,661	80,416
Funded status - accrued postretirement benefit cost recognized in the consolidated statements of financial position	$ (34,422)	(38,149)	(72,571)	(80,700)

Actuarial assumptions used to determine the values of the APBO and the benefit costs for years ended August 31, 2017 and 2016 included a discount rate of 4.11% and 3.85%, respectively. Since the plan was amended on April 11, 2002 to limit the University's liability for future medical care cost increases to 4.00%, the per capita cost increase of healthcare benefits is capped at 4.00%. The estimated long-term rate of return on plan assets was 8.00% for the University and Emory Healthcare for both years ended August 31, 2017 and 2016. During fiscal year 2014, the University's Health Plan Steering Committee approved a change in the postretirement benefits plan whereby it converted to a Medicare exchange model. The model uses a concierge service to assist participants with plan selection and includes a Health Reimbursement Account (HRA) of $100 per month for each participant to help pay for the coverage. It also provides coverage of drug costs for participants in a Part D drug plan who have catastrophic, as defined, expenses. The effective date for this change was September 1, 2014.

The components of net periodic postretirement benefit cost for years ended August 31 were as follows (in thousands):

		2017			2016
		Emory University	Emory Healthcare	Total	Total
Service cost of benefits earned	$	1,644	664	2,308	1,984
Interest cost on APBO		3,326	1,855	5,181	6,018
Expected return on plan assets		(4,738)	(1,480)	(6,218)	(6,093)
Recognized net actuarial loss		3,392	2,734	6,126	3,778
Net periodic postretirement benefit cost	$	3,624	3,773	7,397	5,687

The amounts accumulated in unrestricted net assets follow (in thousands):

		2017			2016
		Emory University	Emory Healthcare	Total	Total
Net unrecognized actuarial loss	$	43,957	24,297	68,254	79,703
Prior service cost		(176)	222	46	118
Total		43,781	24,519	68,300	79,821

In fiscal year 2018, net unrecognized actuarial losses of $2.2 million for Emory University and $2.2 million for Emory Healthcare are expected to be amortized from unrestricted net assets into net periodic postretirement benefit cost.

Plan Assets

The Investment Committee of the Emory University Board of Trustees approves the investment guidelines and asset allocation targets for the pension benefits and postretirement benefits plans. The primary objective of the investments is to ensure the solvency of the plans over time to meet plan obligations. The secondary objective is to meet or exceed the plans' actuarial assumed rate of return over time, without taking excess risk. The funds are diversified by asset class in accordance with established allocation targets and rebalanced as needed. Specific investments are apportioned to a combination of institutional pooled funds and mutual funds.

The following tables summarize the University's VEBA Trust assets as of August 31 (in thousands):

	2017					
	Total fair value	NAV	Fair value hierarchy Level 1	Fair value hierarchy Level 2	Target allocation	Total asset allocation
Investments:						
Commingled funds - equity	$ 52,714	15,026	13,656	24,032	75%	77%
Commingled funds - fixed income	15,495	—	8,968	6,527	25	23
Total investments	$ 68,209	15,026	22,624	30,559	100%	100%

	2016					
	Total fair value	NAV	Fair value hierarchy Level 1	Fair value hierarchy Level 2	Target allocation	Total asset allocation
Investments:						
Commingled funds - equity	45,717	13,059	12,071	20,587	75%	75%
Commingled funds - fixed income	15,199	—	8,731	6,468	25	25
Total investments	$ 60,916	13,059	20,802	27,055	100%	100%

The following tables summarize Emory Healthcare's VEBA Trust assets as of August 31 (in thousands):

	2017					
	Total fair value	NAV	Fair value hierarchy Level 1	Fair value hierarchy Level 2	Target allocation	Total asset allocation
Investments:						
Commingled funds - equity	$ 15,377	—	4,563	10,814	75%	75%
Commingled funds - fixed income	5,075	—	3,067	2,008	25	25
Total investments	$ 20,452	—	7,630	12,822	100%	100%

	2016					
	Total fair value	NAV	Fair value hierarchy Level 1	Fair value hierarchy Level 2	Target allocation	Total asset allocation
Investments:						
Commingled funds - equity	$ 14,653	—	4,031	10,622	75%	75%
Commingled funds - fixed income	4,847	—	2,990	1,857	25	25
Total investments	$ 19,500	—	7,021	12,479	100%	100%

Cash Flows

Emory Healthcare plans to fund future retiree claims from VEBA Trust assets.

Expected Future Benefit Payments

Annual future benefit payments are expected to range from $3.1 million to $4.3 million for Emory University and from $1.9 million to $2.7 million for Emory Healthcare, for the next five years.

(16) Charity Care and Community Benefits

Emory Healthcare provides care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. Because such operating companies do not pursue collection of amounts determined to qualify as charity care, such amounts are not included in net patient service revenue.

Records are maintained to identify and monitor the level of charity care provided. These records include the amount of charges foregone and actual costs for services furnished under its charity and indigent care policies. The cost of charity care provided totaled approximately $74.7 million and $72.8 million for the years ended August 31, 2017 and 2016, respectively. Emory Healthcare estimated these costs by applying a ratio of cost to gross charges to the gross uncompensated charges associated with providing care to the charity patients.

(17) Functional Expenses

The Consolidated Statements of Activities include the following functional expenses for the years ended August 31 (in thousands):

		2017	2016
Instruction	$	454,276	448,333
Research		490,306	443,787
Public service		102,796	96,409
Academic support		162,308	155,049
Student services		95,017	88,081
Institutional support		199,057	217,710
Scholarships and fellowships		17,668	18,764
Medical services		263,842	214,817
Healthcare services		3,145,643	2,919,448
Auxiliary enterprises		46,554	43,100
Independent operations		22,062	21,872
Total operating expenses	$	4,999,529	4,667,370

Costs related to the University's operation and maintenance of property, including depreciation of property and equipment and interest on related debt, are allocated to program and supporting activities based upon information reported in the space study, conducted the second half of calendar year 2014, and debt financing records. Total amounts allocated in 2017 and 2016 were $192.0 million and $182.4 million, respectively. Fundraising costs were approximately $34.1 million and $30.9 million in 2017 and 2016, respectively.

(18) Medical Professional and General Liability Insurance Coverage

CCIC, Emory Healthcare's wholly owned off-shore captive insurer, provides claims-made primary medical professional and general liability coverage for the University, the Hospitals, Emory Clinic, Emory Specialty Associates, and Wesley Woods Center.

As of August 31, 2017 and 2016, the University has recorded an accrual for estimated losses associated with all retained CCIC risks of approximately $121.5 million (discounted at 2%) and $131.0 million (discounted at 2%), respectively.

Emory has purchased layered excess and umbrella insurance and reinsurance coverage beyond the amounts retained by CCIC, through various carriers, for a total of $128.0 million per claim and in the aggregate.

The estimated liability for professional and general liability claims will be significantly affected if current and future claims differ from historical trends. While the University monitors reported claims closely and considers potential outcomes as estimated by its actuaries when determining its professional and general liability accruals, the complexity of the claims, the extended period of time to settle the claims and the wide range of potential outcomes complicate the estimation. University management believes adequate provision has been made for the related risk.

(19) Related-Party Transactions

The Carter Center, Inc. (CCI) is a nonprofit organization founded by former United States President Jimmy Carter and Rosalynn Carter which sponsors various domestic and international programs. The Board of Trustees of CCI is comprised of 16 to 28 members, including its founders, and others as elected half by the University, including the University President, and half by the Carter Center class trustees. The University's Board of Trustees has the authority to approve amendments to CCI's articles of incorporation and bylaws.

Funds held in trust for others include $708.4 million and $628.8 million representing CCI's investment in the University's long-term investment portfolio of August 31, 2017 and 2016, respectively.

(20) Commitments and Contingencies

The University is in the process of constructing, renovating and equipping certain facilities for which the outstanding commitments at August 31, 2017 totaled $68.2 million.

Expenditures and indirect costs related to federal and state grants and contracts are subject to adjustment based upon review by the granting agencies. The amounts, if any, of expenditures, which may be disallowed by the granting agencies cannot be determined at this time, although management expects they will not have a material effect on the University's consolidated financial statements.

Lawsuits and claims have been filed against the University in the ordinary course of business. As one of the nation's largest research universities and academic medical centers, the University has active litigation that takes several forms. The University's policy is to accrue for litigation and claims when such amounts are probable and can be reasonably estimated based on consultation with external legal counsel and Emory General Counsel review. In addition, the University is subject to many federal and state regulations and, as a result, there may be one or more pending government investigations ongoing at any time. While the outcome of many of these actions is not presently determinable, it is the opinion of management that any resulting liability from these actions will not have a material adverse effect on the consolidated financial position or operating results of the University. The University also has a comprehensive program of primary and excess insurance; however if a final judgment were entered in any action in excess of its insurance coverage, the University would be liable for the excess. Management of the University believes any current pending lawsuit subjecting the University to liability would not have a materially adverse effect on the University's consolidated financial position.

(21) Subsequent Events

Emory has evaluated subsequent events after the consolidated statement of financial position date of August 31, 2017 through December 19, 2017, the date the consolidated financial statements were issued. No additional matters were identified for recognition or disclosure.

SUPPLEMENTARY INFORMATION

EMORY UNIVERSITY (excluding Emory Healthcare)

Schedule 1

STATEMENTS OF FINANCIAL POSITION - SUPPLEMENTARY INFORMATION

August 31, 2017 and August 31, 2016

(Dollars in thousands)

		August 31, 2017		August 31, 2016
ASSETS:				
Cash and cash equivalents	$	(341,279)	$	186,065
Student accounts receivable, net		57,713		47,972
Loans receivable, net		24,921		26,672
Contributions receivable, net		80,407		99,674
Other receivables, net		142,864		125,790
Prepaid expenses, deferred charges and other assets		230,259		275,214
Investments		7,698,190		6,594,513
Interests in perpetual funds held by others		1,244,906		1,170,348
Property and equipment, net		1,953,229		1,962,513
Due from affiliates		487,291		388,647
Total assets	**$**	**11,578,501**	**$**	**10,877,408**
LIABILITIES AND NET ASSETS:				
Accounts payable and accrued liabilities	$	200,502	$	185,932
Deferred tuition and other revenue		429,085		466,869
Interest payable		29,145		28,182
Liability for derivative instruments		187,042		266,661
Bonds and notes payable		1,984,348		1,854,126
Accrued liabilities for benefit obligations and professional liabilities		151,075		145,907
Funds held in trust for others		747,109		665,215
Annuities payable		14,921		15,579
Government advances for federal loan programs		18,721		18,724
Total liabilities		3,761,948		3,647,195
Unrestricted net assets		2,952,126		2,643,649
Temporarily restricted net assets		2,704,860		2,545,560
Permanently restricted net assets		2,159,567		2,041,004
Total net assets		7,816,553		7,230,213
Total liabilities and net assets	**$**	**11,578,501**	**$**	**10,877,408**

See accompanying independent auditors' report.

EMORY UNIVERSITY (excluding Emory Healthcare)

Schedule 2

STATEMENT OF ACTIVITIES - SUPPLEMENTARY INFORMATION

Year ended August 31, 2017 (with summarized financial information for the year ended 2016)

(Dollars in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total August 31, 2017	Total August 31, 2016
OPERATING REVENUES AND OTHER SUPPORT:					
Tuition and fees	$ 675,179	-	-	$ 675,179	$ 640,025
Less: Scholarship allowances	(253,897)	-	-	(253,897)	(232,208)
Net tuition and fees	421,282	-	-	421,282	407,817
Endowment spending distribution	179,696	-	-	179,696	172,261
Distributions from perpetual funds	34,873	-	-	34,873	33,199
Other investment income designated for current operations	65,138	-	-	65,138	55,120
Gifts and contributions	44,285	-	-	44,285	32,042
Grants and contracts	470,375	-	-	470,375	400,030
Indirect cost recoveries	131,012	-	-	131,012	122,148
Medical services	301,404	-	-	301,404	273,896
Sales and services of auxiliary enterprises	74,464	-	-	74,464	72,688
Independent operations	23,097	-	-	23,097	23,440
Other revenue	56,620	-	-	56,620	52,632
Net assets released from restrictions	44,477	(15,093)	-	29,384	31,395
Total operating revenues and other support	**1,846,723**	**(15,093)**	-	**1,831,630**	**1,676,668**
OPERATING EXPENSES:					
Salaries and fringe benefits	1,312,353	-	-	1,312,353	1,242,738
Student financial aid	13,159	-	-	13,159	14,774
Other operating expenses	364,020	-	-	364,020	303,725
Interest on indebtedness	59,887	-	-	59,887	56,933
Depreciation	133,516	-	-	133,516	129,752
Total operating expenses	**1,882,935**	-	-	**1,882,935**	**1,747,922**
NET OPERATING ACTIVITIES:	**(36,212)**	**(15,093)**	-	**(51,305)**	**(71,254)**
NONOPERATING ACTIVITIES, NET:					
Investment return in excess of (less than) spending distribution for current operations	164,916	177,355	2,952	345,223	(51,164)
Change in undistributed income from perpetual funds held by others	-	-	74,558	74,558	98,817
Gifts and contributions	3,050	25,527	41,335	69,912	84,298
Loss on disposal of property and equipment	(11,510)	-	-	(11,510)	(6,932)
Loss on defeasance of debt	(8,659)	-	-	(8,659)	-
Change in fair value of derivative instruments	79,619	-	-	79,619	(91,666)
Pension and postretirement benefit plans	5,523	-	-	5,523	(12,517)
Other nonoperating items, net	(5,696)	(2,422)	(282)	(8,400)	10,552
Net assets released from restrictions	(3,317)	(26,067)	-	(29,384)	(31,395)
Total nonoperating activities, net	**223,926**	**174,393**	**118,563**	**516,882**	**(7)**
Net transfers from affiliates	120,763	-	-	120,763	63,519
CHANGE IN NET ASSETS	**308,477**	**159,300**	**118,563**	**586,340**	**(7,742)**
BEGINNING NET ASSETS	2,643,649	2,545,560	2,041,004	7,230,213	7,237,955
ENDING NET ASSETS	**$ 2,952,126**	**$ 2,704,860**	**$ 2,159,567**	**$ 7,816,553**	**$ 7,230,213**

See accompanying independent auditors' report.

EMORY UNIVERSITY (excluding Emory Healthcare)

Schedule 3

STATEMENTS OF CASH FLOWS - SUPPLEMENTARY INFORMATION

Years Ended August 31, 2017 and 2016

(Dollars in thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 586,340	$ (7,742)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions for endowment and capital projects	(17,000)	(29,902)
Net realized gain on sale of investments	(348,883)	(86,234)
Net unrealized gain on investments	(219,897)	(25,905)
Loss on disposal of property and equipment	11,510	6,932
Interests in perpetual funds held by others	(74,558)	(98,817)
Loss on defeasance of debt	8,659	-
Depreciation and amortization	133,516	129,752
Accretion/amortization of bond discounts/premiums and issuance costs	(2,809)	(1,980)
Change in fair value of derivative instruments	(79,619)	91,665
Decrease (increase) in:		
Accounts and other receivables, net	(26,815)	29,415
Contributions receivable for operations, net	20,334	10,600
Prepaid expenses, deferred charges and other assets	(21,547)	(15,749)
(Decrease) increase in:		
Accounts payable, accrued liabilities and interest payable	10,940	(9,231)
Accrued liabilities for benefit obligations and professional liabilities	5,168	23,636
Deferred tuition and other revenue	(37,784)	28,435
Net cash (used in) provided by operating activities	**(52,445)**	**44,875**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disbursements of loans to students	(2,933)	(3,226)
Repayment of loans from students	4,684	4,965
Proceeds from sales and maturities of investments	12,993,489	8,866,599
Purchases of investments	(13,528,386)	(8,814,194)
Purchases of property, plant and equipment	(131,149)	(163,366)
Increase in funds held in trust for others	81,894	19,219
Increase in investments held for affiliate	170	601
Net cash used in investing activities	**(582,231)**	**(89,402)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds received from contributions for endowment and capital projects	15,933	12,352
Proceeds from bonds payable	491,171	-
Principal repayments of bonds payable	(365,496)	(42,251)
Disbursements to affiliate for capital projects	(44,511)	(92,915)
(Increase) decrease in affiliate debt, net	(54,303)	20,414
Required refund (posting) of collateral for debt related derivatives	66,502	(67,572)
Decrease in annuities payable	(658)	(1,494)
(Decrease) increase in government advances for federal loan programs	(3)	890
Bond issuance costs	(1,303)	-
Net cash provided by (used in) financing activities	**107,332**	**(170,576)**
Net decrease in cash and cash equivalents	**(527,344)**	**(215,103)**
Cash and cash equivalents at beginning of year	**186,065**	**401,168**
Cash and cash equivalents at end of year	**$ (341,279)**	**$ 186,065**
Supplemental disclosure:		
Cash paid for interest	$ 61,865	$ 60,244
Accounts payable attributable to property, plant and equipment purchases	10,477	15,070
Income taxes (refunded) paid, net	(235)	1,760
Pledge payments received in form of securities and immediately sold	34,452	33,756

See accompanying independent auditors' report.

Trustees and Administrators

Emory College Leadership (http://college.emory.edu/leadership)

President's Cabinet (http://president.emory.edu/university-leadership.html#cabinet)

Deans (http://president.emory.edu/university-leadership.html#deans)

Administrative Council (http://president.emory.edu/university-leadership.html#admin)

Board of Trustees (http://secretary.emory.edu/board_of_trustees/current_b

Other University Administration

John F. Latting, Dean of Admissions and Assistant Vice-Provost for Undergraduate Enrollment

JoAnn McKenzie, University Registrar

John Leach, Director of Financial Aid

Bridgette Young Ross, Dean of the Chapel and of Religious Life

Bridget Guernsey Riordan, Assistant Vice-President of Development, Alumni Relations, and Parent and Family Programs (Campus Life)

Suzanne Onorato, Assistant Vice President for Community (Campus Life)

Scott K Rausch, Assistant Dean and Director, Residence Life (Campus Life)

Michael J. Huey, Assistant Vice-President and Executive Director, Student Health and Counseling Services (Campus Life)

Eric Bymaster, Assistant Vice-President for Finance and Operations (Campus Life)

Michael Vienna, Director of Athletics and Recreation (Campus Life)

Paul Fowler, Executive Director of the Career Center (Campus Life)

Vivian H. Cullen

WORK EXPERIENCE

VH Cullen Consulting
P. O. Box 91074
Tucson, AZ 85752 April 2017 - Present

Consult with physicians and organizations interested in implementing the National Diabetes Prevention Program. Assist organizational Program Directors/Coordinators in all aspects of program development and implementation. Provide additional training and support for program management and coaches as requested. As contractor for Emory University's Diabetes Training and Technical Assistance Center (DTTAC), train Lifestyle Coaches to deliver classes in accordance with the Center for Disease Control (CDC) regulations and accreditation requirements.

Director, Community Outreach
Diabetes Prevention Program Coordinator
YMCA of Southern Arizona
60 W. Alameda Street
Tucson, AZ 85701 January 2012 – April 2017

Manage the YMCA's health education and wellness programs including Diabetes Prevention Program (YMCA DPP), Diabetes Empowerment Education Program (DEEP) and worksite wellness programs. Facilitate weekly and monthly classes; give community presentations, coordinate health fairs and organize A1c & wellness screenings. Oversee operations, market programs, ensure quality outcomes. Establish relationships with a wide variety of stakeholders to enhance awareness of and referrals to YMCA programs. Recruit participants and determine eligibility. Schedule classes throughout Tucson, Oro Valley, Marana, Green Valley, Arizona City and Prescott. Hire, supervise and provide support and guidance to 25 Coaches. Organize training opportunities for and monitor performance of Coaches. Review data entry of Coaches and analyze data from programs to ensure we meet quality performance standards.

Worksite Wellness Coach
YMCA of Southern Arizona
60 W. Alameda Street
Tucson, AZ 85701 July 2010 – January 2012

Organize and promote high quality worksite wellness programs to local businesses and organizations. Evaluate worksite policies, systems and environments to look for opportunities to adapt current wellness programs or begin programs if none exist. Recruit, train and mentor company wellness champions who will then motivate their staff to reach wellness goals. Assist in marketing, distribution of information, give presentations, compile and submit program evaluations. Coordinate community business forums and trainings. Meet grant objectives.

Assistant Director
Alumni Continuing Education & Travel (ACE&T)
Alumni Relations, Dartmouth College
Hanover, NH January 2007 – January 2010

Hired as the Program Manager in January 2007; promoted to Assistant Director in July 2007. Coordinate national/international trips and seminars which provide alumni with an educational connection to the College. Established and maintained relationships with college faculty, museum, art gallery and festival events staff, as well as Alumni club officers to plan and promote specialized Dartmouth events in major U.S. cities. Negotiated contracts, managed program budgets, marketed programs using email and web-based marketing tools. Designed and developed the first all-alumni community service trips.

Project Director, Wellness on Wheels
Central Vermont Community Action Council
Barre, VT July 2003 - January 2007

Designed and coordinated activities for grant funded collaborative projects bringing health and social services access and education to under-served communities. Directed Service Coordination project developed to ensure clients received comprehensive services from multiple agencies. Collaborated with state and local health departments, the Vermont Area Health Education Center, university departments and other county and state agencies on a variety of community health projects. Developed and coordinated pilot Supervised Visitation Project for families involved in domestic violence related Family Court. System. Developed pilot re-entry program to provide wrap around services and housing for formerly incarcerated women. Re-entry participants received assistance around social and life skills, mentoring, career-preparation, addiction recovery, nutrition and health, housing, and family reunification. Coordinated community health fairs. Managed budget, supervised staff, hired facilitators, researched and wrote grant proposals, reports and evaluations. Also organized a week-long free dental clinic working with volunteer dentists which provided over $25,000 of dental services to uninsured Vermonters.

Director, Twinfield Learning Center
Twinfield Union School
Plainfield, VT **August 2001 – January 2004**

Administered grant funded after school, evening and summer camp programs for two rural Vermont communities. The academic enrichment activities in the afterschool program primarily focused on children in grades 2-6, but TLC also coordinated cultural and recreational programs for adults and seniors. Supervised 12 full and part-time staff members (professional, clerical, instructional staff) as well as contracted facilitators. Ensured the program's sustainability through grant writing, setting fees, publicity, marketing and exceptional programming ensuring broad community support. Coordinated community newsletter production including writing articles, editing content and ensure timely delivery.

EDUCATION

VERMONT COLLEGE OF NORWICH UNIVERSITY
Master of Arts: Adult Higher Ed Administration & Domestic Violence Advocacy – Dec. 2001
Bachelor of Arts: Higher Education Administration – June 1998

ADDITIONAL TRAINING/CERTIFICATIONS

Livestrong at the YMCA Cancer Survivor Exercise Program - Coach – July 2017
YMCA Facilitating Change in Small Groups – Faculty trainer – May 2017
Prescott College Certificate in Coaching – Sept 2015
YMCA Diabetes Prevention Program Master Trainer Institute, Y-USA – December 2012
Listen First I & II – February 2011 & 2013
YMCA Diabetes Prevention Program Lifestyle Coach – February 2012
Vermont Leadership Institute @ UVM's Snelling Center for Gov't – Sept 2006 - June 2007
Non-Violent Communication Workshop – December 2005
Health Realization Train the Trainers Course – November 2004 - May 2005
Inside-Out Prison Exchange Higher Education Certification – July 2004
Bridges Out of Poverty Workshop (for social workers) - October 2004
Designing Learning for Adult Students – May/June 2004
Deliberative Dialogue Training – January 2004
Understanding Poverty – (for educators) - March 2003
Gender Responsive Training for Corrections (female inmate population) – April 2003
American Red Cross Disaster Assistance Training – 2003
Vermont Community Leadership Certification – June 2002
National Center for Community Education Leadership Certification – February 2002

FACILITATION/TEACHING:

YMCA Living Our Cause Trainer – April 2016 - Present
YMCA Diabetes Prevention Program Lifestyle Coach Master Trainer – June 2013 - present
YMCA Diabetes Prevention Program Lifestyle Coach – February 2012 - present
Be Well Arizona, Pima County Walking Program – December 2011 – January 2013
Community Leadership Development for Incarcerated Women – July 2005 - June 2006
Health Realization Workshop for Incarcerated Women – July 2005 & April 2006
Health Realization Workshop for Woodbury College Students – Summer 2005
Community Leadership Development Training for Low Income Housing Boards – 2005
Deliberative Dialogue Training on Crime & Punishment – April 2004

CONTRACTOR NAME

Key Personnel

Name	Job Title	% Paid from this Contract	Amount Paid from this Contract
Blais, Linelle	Executive Director, Emory Centers for Training and Technical Assistance	4.62	$606.00
Piper, Sarah	DTTAC Program Director	18.46	$1475.00
Sipler, Alison	Director of Programs and Operations	9.23	$829.00
Redd, Tara	Sr. Program Coordinator	13.85	$1074.00
Regenia Jarrett	Training Coordinator	18.46	$946.00
Sherree Hill	Admin Staff	9.23	$450