THE FRIST FOUNDATION

AUDITED FINANCIAL STATEMENTS

December 31, 2015 and 2014

THE FRIST FOUNDATION

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December 31, 2015 and 2014

FAULKNER MACKIE & COCHRAN, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Frist Foundation
Nashville, Tennessee

We have audited the accompanying financial statements of **The Frist Foundation** (a not-for-profit organization), which are comprised of the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Frist Foundation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Faulkner Mackie & Cochran, P.C.

July 19, 2016

THE FRIST FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents, at fair value	$ 4,158,270	$ 13,451,012
Accrued income on investments	382,148	301,035
Unsettled investment transactions	2,455,734	5,543,026
Federal excise taxes refundable	302,449	0
Other current assets	8,834	11,704
Total Current Assets	7,307,435	19,306,777
Investments, at fair value		
Equity securities	268,483,687	292,764,297
Debt securities	22,524,732	5,439,499
Ownership interests in pass-through entities	18,523,232	20,860,965
Total Investments	309,531,651	319,064,761
Property and Equipment, net	4,321	3,054
TOTAL ASSETS	$ 316,843,407	$ 338,374,592
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 177,730	$ 239,680
Accrued employee benefits	49,494	41,283
Federal excise taxes payable	0	26,595
Unsettled equity derivatives - covered call options	25,416	208,157
Unconditional promises to give	5,364,500	4,350,000
Total Current Liabilities	5,617,140	4,865,715
Unconditional Promises to Give, less current portion	564,390	0
Deferred Federal Excise Taxes	2,309,994	2,709,876
Other Liabilities	8,684	10,481
Total Liabilities	8,500,208	7,586,072
Unrestricted Net Assets	308,343,199	330,788,520
TOTAL LIABILITIES AND NET ASSETS	$ 316,843,407	$ 338,374,592

See notes to financial statements.

THE FRIST FOUNDATION

STATEMENTS OF ACTIVITIES

	Year Ended December 31	
	2015	2014
SUPPORT AND REVENUES		
Investment income	$ 4,915,307	$ 4,736,078
Net realized and unrealized capital gains (losses)	(9,996,426)	47,445,780
TOTAL SUPPORT AND REVENUES	(5,081,119)	52,181,858
EXPENSES		
Grant Expenses		
Grants to not-for-profit organizations	16,160,930	13,596,462
Processing and administration expenses		
Salaries, wages, and benefits	483,553	464,130
Office rent and occupancy	61,554	60,519
Depreciation and amortization	2,566	3,694
Supplies, postage, and telephone	21,648	11,036
Travel, conferences, and meetings	20,163	19,511
Legal, accounting, auditing, and tax	48,176	48,121
Other, net	9,641	8,834
Total	647,301	615,845
Total Grant Expenses	16,808,231	14,212,307
Investment Management and Custodial Fees	814,897	1,037,214
Federal Excise Tax Expense (Benefit)		
Current	140,956	572,022
Deferred	(399,882)	437,760
Total Federal Excise Tax Expense (Benefit)	(258,926)	1,009,782
TOTAL EXPENSES	17,364,202	16,259,303
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (22,445,321)	$ 35,922,555
Unrestricted Net Assets at Beginning of Year	330,788,520	294,865,965
UNRESTRICTED NET ASSETS AT END OF YEAR	$ 308,343,199	$ 330,788,520

See notes to financial statements.

THE FRIST FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Investment income received	$ 4,860,374	$ 4,747,050
Grants paid to not-for-profit organizations	(14,582,040)	(8,641,413)
Cash paid to employees, consultants, and suppliers	(1,512,298)	(1,618,133)
Federal excise taxes paid	(470,000)	(860,000)
Net Cash Used in Operating Activities	(11,703,964)	(6,372,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments sold	85,236,025	95,848,955
Payments for investments acquired	(82,820,969)	(92,410,363)
Payments for property and equipment acquired	(3,834)	(1,001)
Net Cash Provided by Investing Activities	2,411,222	3,437,591
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (9,292,742)	$ (2,934,905)
Balance at Beginning of Year	13,451,012	16,385,917
CASH AND CASH EQUIVALENTS AT END OF YEAR, at fair value	$ 4,158,270	$ 13,451,012

(Continued)

THE FRIST FOUNDATION

STATEMENTS OF CASH FLOWS (Continued)

	Year Ended December 31	
	2015	2014
RECONCILIATION OF CHANGE IN UNRESTRICTED NET ASSETS TO CASH FLOWS FROM OPERATIONS		
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (22,445,321)	$ 35,922,555
Reconciling Adjustments:		
Non-cash grant to not-for-profit organization	0	1,278,197
Depreciation and amortization	2,566	3,694
Bond premium amortization	152,053	88,720
Net realized and unrealized capital (gains) losses	9,996,426	(47,445,780)
Undistributed investment (income) losses reported by pass-through entities	(125,873)	(128,789)
Deferred federal excise tax expense (benefit)	(399,882)	437,760
(Increase) decrease in:		
Accrued income on investments	(81,113)	51,041
Federal excise taxes refundable	(302,449)	0
Other current assets	2,870	(853)
Increase (decrease) in:		
Accounts payable	(61,950)	32,284
Accrued employee benefits	8,211	1,598
Federal excise taxes payable	(26,595)	(287,978)
Unconditional promises to give	1,578,890	3,676,852
Other liabilities	(1,797)	(1,797)
Total Reconciling Adjustments	10,741,357	(42,295,051)
NET CASH USED IN OPERATING ACTIVITIES	$ (11,703,964)	$ (6,372,496)

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES

Non-cash Grant to Not-for-profit Organization: During 2014, the Foundation provided non-cash grant support to a not-for-profit organization by donating appreciated publicly-traded common stock with an aggregate fair value of $1,278,197. The Foundation recognized grant expense equal to the fair value of the stock on the date of the transfer.

Disposal of Fully-Depreciated Furniture and Computer Equipment: During 2015 and 2014, the Foundation disposed of fully-depreciated furniture and computer equipment that had an original cost basis of $2,431 and $1,305, respectively. These disposals consisted principally of assets that had previously been replaced or were no longer used in the Foundation's operations.

See notes to financial statements.

THE FRIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE A -- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: The Frist Foundation, formerly The HCA Foundation, was chartered as a Tennessee not-for-profit organization on April 19, 1982, by Hospital Corporation of America. Effective April 1, 1997, its name was formally changed to The Frist Foundation (herein the "Foundation") to recognize the philanthropic influence and creative support of its founding directors, Dr. Thomas F. Frist, Sr. and Dr. Thomas F. Frist, Jr.

The Foundation's mission is to invest its resources in selected not-for-profit organizations located in the metropolitan area of Nashville, Tennessee, and elsewhere as appropriate, in ways that strengthen their ability to provide services. The Foundation does not actively solicit contributions, nor does it directly conduct charitable programs or activities. Accordingly, the Foundation is considered to be a non-operating private foundation.

Basis of Accounting: The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") using the accrual method of accounting.

Financial Statement Presentation: Pursuant to U.S. GAAP, the Foundation reports information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted), based on the existence or absence of donor-imposed restrictions. Due to the absence of any donor-imposed restrictions on the Foundation, all activities and net assets are reported as unrestricted in the accompanying financial statements.

Use of Estimates: Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets, support and revenues, and expenses, and the disclosure of contingent assets and liabilities. Significant estimates used by management in preparing these financial statements principally include those assumed in establishing: (1) the fair values of cash equivalents and investments held, as more fully described in Notes A, C, and D; (2) the estimated useful lives of property and equipment, for purposes of calculating depreciation and amortization; and (3) the estimated liability for deferred federal excise taxes. Actual results could differ from the significant estimates used by management and such differences could be material.

Subsequent Events: In preparing the accompanying financial statements, management has evaluated subsequent events through July 19, 2016, which represents the date the financial statements were available to be issued.

Cash and Cash Equivalents: Cash consists of amounts on deposit in bank accounts and investment-related custodial accounts, adjusted for outstanding checks and other uncleared items as of the reporting date. The Federal Deposit Insurance Corporation ("FDIC") insures the total amount deposited by each customer in a participating bank up to its basic limit of $250,000. Cash balances held in investment-related custodial accounts are generally eligible for up to $250,000 of insurance coverage provided by the Securities Investor Protection Corporation ("SIPC"), in the event of bankruptcy of the brokerage firm.

At December 31, 2015, the Foundation had interest-bearing cash deposits in one bank that totaled approximately $2,890,000 and additional cash deposits in investment-related custodial accounts that totaled approximately $19,000.

Cash equivalents include all highly-liquid investments, such as bank money market accounts and shares of money market mutual funds, that have a scheduled maturity of three months or less as of the respective acquisition date. Cash equivalents may be issued on an unsecured basis, or they may be eligible for FDIC or SIPC insurance coverage, subject to applicable limits and conditions.

The Foundation held cash equivalents of approximately $1,346,000 and $3,841,000 at December 31, 2015 and 2014, respectively. These investments earn interest at variable short-term market rates and are presented herein at fair value, based on readily available quoted market prices (i.e., categorized as Level 1 securities, in accordance with the U.S. GAAP fair value hierarchy described in Note D).

Contributions from Donors: A contribution to the Foundation is recorded at fair value on the date received from the donor. However, the Foundation does not actively solicit contributions, conduct fund-raising activities, or generally receive any significant donations of services or materials.

Receivables and Allowance for Uncollectible Amounts: Receivables are recorded at each reporting date for amounts due from various parties in conjunction with financial transactions. An allowance for potentially uncollectible receivables is provided when necessary and amounts deemed worthless are written off as determined. Recognition of an allowance was deemed unnecessary by management at both December 31, 2015 and 2014.

Investments: The Foundation's investment portfolio is comprised of a diversified mix of domestic and international investments, which are allocated among several asset categories according to the Foundation's investment policy and guidelines. The Foundation acquires publicly-traded investments via brokers who process trades through public security exchanges. Non-publicly traded investments are acquired via private placement offerings and typically represent ownership of capital stock, member units, or an interest in a "pass-through" entity (e.g., a limited partnership).

Major categories of investments typically held by the Foundation include: equity securities (e.g., common stocks, equity and fixed income mutual funds, and other types of investment funds), debt securities, and ownership interests in various limited partnerships. Certain of these investments (e.g., hedge funds) are deemed to represent "alternative" or "opportunistic" investments for which the objective is to reduce overall portfolio risk and generate positive risk-adjusted returns by participating in investment opportunities that may perform contrary to general market conditions or that seek to take advantage of market dislocations and pricing opportunities within a distinct market segment.

Investments are presented at fair value in accordance with prescribed measurement principles, which are described in Note D. Unrealized capital gains and losses are recorded for changes in the fair value of investments during the reporting period. Realized capital gains and losses are recorded when investments are sold, as periodically reported by pass-through entities, and upon settlement of certain financial instruments. Investment purchase and sale transactions are recorded on a "trade date" basis. At each reporting date, unsettled investment transactions are combined and presented as a net current asset or a net current liability in the Statement of Financial Position. Realized and unrealized capital gains and losses during each reporting period are combined and presented as a net amount in the Statement of Activities.

Investment income principally includes dividend and interest income, and other income (expense) reported by "pass-through" entities, which may be recognized in different periods for financial statement and tax reporting purposes. Investment fees incurred in conjunction with active portfolio management and custodial services are presented as a component of "Expenses" in the Statements of Activities. Other investment fees and expenses, such as those typically charged by investment funds and pass-through entities, are netted against the investment earnings reported to the Foundation and are not separately reported herein.

Equity Derivatives – Covered Call Options: The Foundation periodically writes publicly-traded covered call options on certain investment securities held in its portfolio (principally common stocks and market index funds). In exchange for the call premium received, the Foundation grants the buyer an option to purchase the underlying securities at a specified strike price during a specified time frame. Based on management's analysis, these options are considered to be derivative instruments, however, they are not designated as part of a hedging strategy. As derivatives, call premiums received are not recognized as revenue until: (1) the option expires, (2) the option is exercised by the buyer, or (3) the option is repurchased and closed by the Foundation. As a result, call premiums for unsettled options as of a reporting date are presented as a current liability in the Statement of Financial Position. This liability is adjusted to reflect the current estimated fair value of the options. Realized and unrealized capital gains and losses for settled and unsettled options during the reporting period, respectively, are recognized in the Statement of Activities.

Investment Management and Custody of Assets: The Foundation's Board of Directors has engaged a global investment banking, securities, and investment management firm to assist with allocating the Foundation's investment portfolio among various asset categories, identifying various investment alternatives within such categories, and monitoring the performance of active sub-account managers, investment funds, and pass-through entities. Notwithstanding the foregoing, the Foundation's Board of Directors and its management remain primarily responsible for the Foundation's overall investment policy and guidelines regarding permissible investments, allocation mix, and other restrictive parameters.

The Foundation also utilizes the global investment firm's brokerage and custodian services to process transactions and maintain custody of substantially all cash, cash equivalents, and publicly-traded investment securities directly owned by the Foundation. In regard to non-publicly-traded investments, such as ownership interests in pass-through entities, the underlying invested assets are typically held in certificate form and managed by the investee's principal manager, or one or more third-party investment custodians or managers. (Refer to "Risks and Uncertainties" in Note I.)

Foreign Currency Translation: The accounting records of the Foundation are maintained in U.S. dollars. The value of cash and foreign securities associated with direct and indirect non-U.S. investments held by the Foundation are recorded after translation to U.S. dollars. Accordingly, investment income and expenses, and realized and unrealized capital gains and losses, reported in the accompanying financial statements include the effects of changes in foreign exchange rates without isolation and separate reporting of such amounts.

Property and Equipment: Furniture, equipment, and leasehold improvements are recorded at cost if purchased, or at estimated fair value if contributed. Significant additions and improvements are also capitalized. Depreciation and amortization expense is recognized over the estimated service lives of the assets, principally three to ten years, using the straight-line method. Normal repairs and maintenance, including the cost of annual service contracts, are charged to expense as incurred. Upon the retirement or disposal of a capitalized asset, the recorded cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized in operations of the current period. Property and equipment is reported net of accumulated depreciation and amortization in the Statements of Financial Position.

Unconditional Promises to Give to Not-for-profit Organizations: A promise by the Foundation to give financial support to a not-for-profit organization is recognized as a liability, at fair value, on the date the Foundation considers its grant obligation to be unconditional. A conditional grant is not recorded by the Foundation until the contingent condition is effectively satisfied. Grants scheduled to be paid in less than one year are recorded at net settlement value. Grants scheduled for payment in excess of one year are recorded at estimated present value. This amount is derived by discounting the expected future cash flows using a risk-free interest rate, such as the rate available on zero-coupon U.S. government issues with a similar maturity date. Additional grant expense is recorded in subsequent years to recognize accretion of the discount to the ultimate settlement value.

Retirement Plan: The Foundation maintains a qualified retirement plan, *The Frist Foundation 403(B) Plan* (the "Plan"), which covers all employees and provides for their elective deferral of compensation into the Plan up to the specified annual federal threshold. Each participant's deferred compensation is deposited into a separate custodial account maintained with an unrelated investment company and then invested pursuant to the participant's direction. Plan participants are eligible to receive benefits provided under the Plan upon the occurrence of a qualifying event such as normal retirement, disability, or separation of employment. All contributions to the Plan are made directly by the Plan participants.

Income and Excise Taxes: The Foundation is generally exempt from federal and state income taxes (except as discussed below) as a result of its qualification under Internal Revenue Code Section 501(c)(3). However, continued compliance with statutory rules and regulations is required to maintain this exemption. Management is not aware of the occurrence of any event or activity that might adversely affect the Foundation's status as a tax-exempt not-for-profit organization.

The Foundation may be subject to federal and state income taxes if it has net income from trade or business activities that are not substantially related to its exempt purpose or activities. For example, trade or business income reported to the Foundation by "pass-through" entities is typically recognized as "unrelated business income" that is subject to regular corporate income taxation.

Although generally exempt from income tax, the Foundation is subject to federal excise tax on its net investment income calculated for tax purposes. The annual excise tax rate is normally 2%, however, when qualifying charitable distributions exceed certain thresholds, the excise tax rate is reduced to 1%. The Foundation was subject to the 2% excise tax rate in 2014 and qualified for the reduced tax rate of 1% in 2015. The Foundation's 2015 quarterly estimated excise tax deposits were calculated and remitted based on the regular 2% tax rate, resulting a federal excise tax refundable as of December 31, 2015. Net investment income subject to excise tax includes taxable investment income less allocated investment expenses, plus net realized capital gains for the reporting period. Net realized capital losses and investment expenses allocated to tax-exempt income are not deductible in computing taxable net investment income. Unrealized gains and losses are also excluded from the computation of federal excise taxes currently payable or refundable.

When the Foundation reports a net unrealized capital gain on its investments for financial statement purposes, a deferred excise tax liability is also recognized for the estimated future tax consequences of the net unrealized capital gain. However, a deferred tax asset is not recognized when a net unrealized capital loss is reported by the Foundation, because federal tax rules prohibit using a "net capital loss" to offset taxable investment income. In addition, federal tax rules do not allow a net capital loss to be carried forward to a future tax year.

A deferred excise tax liability is recognized by the Foundation when certain amounts reported by "pass-through" entities are reported for financial statement purposes in advance of the period in which they are recognized for tax purposes. Deferred federal excise tax liabilities are measured using the maximum enacted excise tax rate of 2%. Deferred excise tax expense (benefit) represents the net increase (decrease), respectively, of the deferred tax liability at the current financial statement date compared to the prior financial statement date.

In accordance with U.S. GAAP, management evaluates the federal and state tax and regulatory filing positions of the Foundation to identify uncertain tax positions for consideration of whether to record an estimated liability or disclose a potential liability, including applicable interest and penalties. Management has not identified any material uncertain tax positions that require financial statement recognition as of December 31, 2015 or 2014. The Foundation's tax and information returns are subject to examination by the applicable taxing and regulatory authorities, generally for a period of three years after a return is filed. As of December 31, 2015, management considers the Foundation's open tax years to include the returns filed for 2012, 2013, and 2014, as well as the returns that will be filed for 2015.

THE FRIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE B -- FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of the Foundation's financial instruments (principally cash, cash equivalents, investments, unconditional promises to give, and investment-related liabilities) are summarized in the accompanying Statements of Financial Position. Significant fair value measurement principles and assumptions used by the Foundation are described in Note A and supplemented by information presented in Notes C, D, and F.

NOTE C -- INVESTMENTS

Components of Major Investment Categories: Components of the Foundation's major investment categories are summarized as follows:

	December 31	
	2015	**2014**
INVESTMENTS, at fair value		
Equity securities:		
Common stocks	$ 134,009,826	$ 167,215,276
Market index funds	61,592,920	65,775,691
Equity mutual funds	29,081,724	32,011,486
Fixed income funds	16,307,837	16,214,788
Global multi-strategy hedge funds	9,641,305	429,297
Mortgage-backed security fund	2,799,742	985,152
Opportunistic funds	1,442,958	381,812
Private equity funds	11,111,322	9,750,795
Risk management fund	2,496,053	0
Total equity securities	268,483,687	292,764,297
Debt securities	22,524,732	5,439,499
Ownership interests in pass-through entities:		
Private equity partnerships	7,651,743	8,630,366
Real estate partnerships	1,678,340	2,217,951
Infrastructure partnership	3,564,305	3,680,945
Hedge and opportunistic partnerships	2,268,844	3,435,703
Risk management partnership	3,360,000	2,896,000
Total pass-through entities	18,523,232	20,860,965
TOTAL INVESTMENTS, at fair value	$ 309,531,651	$ 319,064,761

Refer to Note D for additional information regarding the fair value of investments, including definitions and the fair value hierarchy.

Realized Capital Gains and Losses: Components of the Foundation's net realized capital gains and losses are summarized as follows:

	Year Ended December 31	
	2015	**2014**
Gains (Losses) from Investments Sold:		
Aggregate realized gains	$ 16,639,248	$ 24,824,673
Less: Aggregate realized losses	(8,138,616)	(1,942,923)
Net Realized Gains (Losses) from Investments Sold	8,500,632	22,881,750
Net realized gains reported by pass-through entities	1,081,326	2,654,469
Net realized gains (losses) resulting from settlement of equity derivatives - covered call options	314,313	122,988
NET REALIZED CAPITAL GAINS (LOSSES)	$ 9,896,271	$ 25,659,207

Unrealized Capital Gains and Losses: Components of the Foundation's net unrealized capital gains and losses are summarized as follows:

	December 31	
	2015	**2014**
Aggregate estimated fair value of investments	$ 309,531,651	$ 319,064,761
Less: Aggregate cost basis of investments	(194,006,552)	(183,464,224)
Less: Unsettled equity derivatives – covered call options	(25,416)	(208,157)
NET UNREALIZED CAPITAL GAINS (LOSSES)	$ 115,499,683	$ 135,392,380

Net unrealized capital gains and losses by investment category are summarized as follows:

Equity securities	$ 110,413,042	$ 131,795,940
Debt securities	(160,553)	75,634
Ownership interests in pass-through entities	5,155,854	3,572,541
Unsettled equity derivatives – covered call options	91,340	(51,735)
NET UNREALIZED CAPITAL GAINS (LOSSES)	$ 115,499,683	$ 135,392,380

Net Realized and Unrealized Capital Gains (Losses) from Investments: Included in the net totals presented in the accompanying Statements of Activities are the following significant components:

	Year Ended December 31	
	2015	**2014**
Net Realized Capital Gains (Losses)	$ 9,896,271	$ 25,659,207
Net Change in Net Unrealized Capital Gains (Losses)	(19,892,697)	21,786,573
NET REALIZED AND UNREALIZED CAPITAL GAINS (LOSSES)	$ (9,996,426)	$ 47,445,780

Investment Income: Major categories of investment income are summarized as follows:

	Year Ended December 31	
	2015	2014
Dividend income	$ 4,487,677	$ 4,417,350
Interest income	519,146	446,812
Other income (expense) reported by pass-through entities	(91,516)	(128,084)
TOTAL INVESTMENT INCOME	$ 4,915,307	$ 4,736,078

Investment in Common Stock of HCA: As discussed in Note A, the Foundation was organized in 1982 by Hospital Corporation of America, a predecessor company to HCA Inc. During 2010, HCA Inc. reorganized by creating a new holding company structure in which "HCA Holdings, Inc." became the new parent company of HCA Inc. All outstanding shares of HCA Inc.'s common stock were automatically converted, on a share for share basis, into identical common shares of HCA Holdings, Inc. The rights, privileges, and interests of HCA Inc.'s shareholders remained the same with respect to HCA Holdings, Inc., as the new parent company. At December 31, 2012, the Foundation held 2,207,450 shares of HCA Holdings, Inc. common stock, which had a carryover cost basis of $2,619,470.

Beginning in 2013, the Foundation's Investment Committee authorized its investment management firm to administer a covered call option writing program not to exceed 900,000 shares of the HCA Holdings, Inc. common stock held by the Foundation. As a result of options exercised during 2013, 542,200 shares were sold. Effective November 22, 2013, the Investment Committee voted to discontinue the covered call option writing program using HCA common stock. As of December 31, 2013, 138,000 shares were subject to unexpired options. These options were exercised during 2014, resulting in realized capital gains of approximately $6,860,000.

At December 31, 2015 and 2014, the Foundation held 1,527,250 shares of HCA Holdings, Inc. common stock with a residual cost basis of $1,812,072.

Management has estimated that the fair value of HCA Holdings, Inc. common stock held by the Foundation at December 31, 2015 and 2014 was $103,287,918 and $112,084,878, respectively, based on the quoted market price per share of $67.63 and $73.39 as of the respective date. These fair value totals are reported herein as a component of "Common stocks" under the investment category captioned "Equity securities".

At December 31, 2014, the Foundation was deemed to indirectly hold additional shares of HCA Holdings, Inc. common stock (fair value of $70,182), as a result of its proportionate ownership interest in a private equity partnership that held the shares in its portfolio. There were no indirect holdings as of December 31, 2015.

The Foundation's aggregate direct and indirect holdings of HCA Holdings, Inc. common stock represent approximately 33% and 35% of its total investments at December 31, 2015 and 2014, respectively. Due to the relative significance of this stock holding to total investments, a significant concentration of market risk is deemed to exist within the Foundation's investment portfolio.

Affiliation with HCA Holdings, Inc.: Two members of the Foundation's Board of Directors are affiliated with HCA as a result of their stock ownership in HCA Holdings, Inc. and serving as members of its Board of Directors. In addition, several other members of the Foundation's Board could be deemed to be affiliated with HCA Holdings, Inc. as a result of their direct or indirect ownership of HCA Holdings, Inc. common stock.

Accordingly, with respect to all matters involving HCA Holdings, Inc. common stock held by the Foundation, it is the Foundation's policy that a separate and distinct Investment Committee of the Board will make final decisions without the knowledge or participation of these "affiliated" directors. The Investment Committee is comprised of the Foundation's "non-affiliated" directors and other "non-affiliated" advisors. All matters involving the Foundation's overall investment policy and non-HCA investments remain the responsibility of the full Board.

NOTE D -- FAIR VALUE MEASUREMENTS – INVESTMENTS

DEFINITION AND HIERARCHY

As prescribed by U.S. GAAP, provisions relating to fair value measurements define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value, and provide disclosure requirements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

U.S. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that gives the highest priority to observable inputs (Level 1) and the lowest priority to unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect management's assumptions about the inputs market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities. (Valuation adjustments and block discounts are not applied to Level 1 securities, and valuation of these securities does not entail a significant degree of judgment.)

Level 2: Fair values are based on quoted prices in markets that are not active or models in which all significant inputs are observable either directly or indirectly.

Level 3: Fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors. To the extent that a valuation is based on models or inputs that are less observable or unobservable, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. According to U.S. GAAP, in such cases, the level in the fair value hierarchy within which the fair value measurement falls is determined by the lowest level input that is significant to the fair value measurement in its entirety. Further, it should be noted that the disclosures do not take into consideration the effect of offsetting Level 1 and 2 financial instruments entered into by the Foundation that economically hedge certain exposures to the Level 3 positions.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Foundation's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Foundation uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities.

Various conditions and changing circumstances can cause a security to be reclassified to a higher or lower level within the fair value hierarchy. The Foundation reports any such reclassifications among fair value hierarchy levels as of the date of the triggering event, if known, or at the end of the applicable reporting period if a single date is not identifiable.

Valuation of Investments in Securities: Equity securities, such as common stocks, mutual funds, and other investment funds that are listed on one or more securities exchanges, will generally be classified as Level 1 securities and valued on the basis of market quotations. Debt securities and non-publicly traded equity securities are generally classified as Level 2 or Level 3 securities. This classification is typically based on information obtained from representative independent pricing sources, valuation of the underlying net assets provided by the investee's management and contracted financial advisors, or the existence of withdrawal restrictions that limit redemption of the investment at fair value in the near term. (Refer to the additional information presented herein regarding fair value measurements based on net asset value per share.)

Valuation of Ownership Interests in Pass-Through Entities: The Foundation's investments in pass-through entities are recorded on the basis of its contributions to the respective entity plus its allocated share of undistributed profits and losses, as reported annually for tax purposes. The recorded value of each investment is adjusted to fair value for financial reporting based on valuation of the underlying net assets provided by the investee's management and contracted financial advisors.

This type of investment is typically subject to advance notification and withdrawal restrictions, as specified in the underlying ownership agreement. Management considers subscription and redemption rights, as well as the existence of withdrawal restrictions, in its determination of fair value. These investments are generally classified as Level 2 or Level 3 in the fair value hierarchy, depending upon the Foundation's ability to redeem the respective investment at fair value in the near term and other factors. (Refer to the additional information presented herein regarding fair value measurements based on net asset value per share.)

Valuation of Derivative Financial Instruments: The Foundation periodically uses derivative financial instruments, such as forward currency contracts and covered call options, in connection with its investment activities. Management determines the fair value of these investments by evaluating multiple inputs, such as currency rates, equity prices, time value, interest rates, credit and default risks, and implied volatility, as applicable. These investments are generally classified as Level 2 or Level 3 in the fair value hierarchy. Risks associated with these types of contracts principally include exposure to adverse changes in the operative contractual inputs and the potential failure of the counterparty to fulfill its obligations under the contract.

Additional Information Regarding Investment-Related Liabilities

Unsettled Equity Derivatives – Covered Call Options: At December 31, 2015 and 2014, the Foundation recorded liabilities totaling $25,416 and $208,157, respectively, for unsettled equity derivative transactions associated with writing covered call options. These liabilities reflect gross call premiums received of $116,756 and $156,422, adjusted for unrealized capital gains (losses) of $91,340 and ($51,735), respectively.

FAIR VALUE MEASUREMENTS

Information regarding fair values of the Foundation's investments and investment-related liabilities at December 31, 2015, categorized in accordance with the fair value hierarchy prescribed by U.S. GAAP, is summarized in the following table.

December 31, 2015	Level 1	Level 2	Level 3	Total
INVESTMENTS, at fair value				
Equity securities:				
Common stocks	$ 134,009,826	$ 0	$ 0	$ 134,009,826
Market index funds	61,592,920	0	0	61,592,920
Equity mutual funds	29,081,724	0	0	29,081,724
Fixed income mutual funds	16,307,837	0	0	16,307,837
Global multi-strategy hedge funds	0	0	9,641,305	9,641,305
Mortgage-backed security fund	0	0	2,799,742	2,799,742
Opportunistic funds	0	0	1,442,958	1,442,958
Private equity funds	0	0	11,111,322	11,111,322
Risk management fund	0	0	2,496,053	2,496,053
Total equity securities	240,992,307	0	27,491,380	268,483,687
Debt securities	0	22,524,732	0	22,524,732
Ownership interests in pass-through entities:				
Private equity partnerships	0	0	7,651,743	7,651,743
Real estate partnerships	0	0	1,678,340	1,678,340
Infrastructure partnership	0	0	3,564,305	3,564,305
Hedge and opportunistic partnerships	0	0	2,268,844	2,268,844
Risk management partnership	0	0	3,360,000	3,360,000
Total pass-through entities	0	0	18,523,232	18,523,232
TOTAL INVESTMENTS, at fair value	$ 240,992,307	$ 22,524,732	$ 46,014,612	$ 309,531,651
INVESTMENT-RELATED LIABILITIES, at fair value				
Unsettled equity derivatives - covered call options	$ 0	$ (25,416)	$ 0	$ (25,416)
TOTAL INVESTMENT-RELATED LIABILITIES, at fair value	$ 0	$ (25,416)	$ 0	$ (25,416)

Information regarding fair values of the Foundation's investments and investment-related liabilities at December 31, 2014, categorized in accordance with the fair value hierarchy prescribed by U.S. GAAP, is summarized in the following table.

December 31, 2014	Level 1	Level 2	Level 3	Total
INVESTMENTS, at fair value				
Equity securities:				
Common stocks	$ 167,215,276	$ 0	$ 0	$ 167,215,276
Market index funds	65,457,871	0	317,820	65,775,691
Equity mutual funds	32,011,486	0	0	32,011,486
Fixed income mutual funds	16,214,788	0	0	16,214,788
Global multi-strategy hedge funds	0	0	429,297	429,297
Mortgage-backed security fund	0	0	985,152	985,152
Opportunistic funds	0	0	381,812	381,812
Private equity funds	0	0	9,750,795	9,750,795
Risk management fund	0	0	0	0
Total equity securities	280,899,421	0	11,864,876	292,764,297
Debt securities	0	5,439,499	0	5,439,499
Ownership interests in pass-through entities:				
Private equity partnerships	0	0	8,630,366	8,630,366
Real estate partnerships	0	0	2,217,951	2,217,951
Infrastructure partnership	0	0	3,680,945	3,680,945
Hedge and opportunistic partnerships	0	0	3,435,703	3,435,703
Risk management partnership	0	0	2,896,000	2,896,000
Total pass-through entities	0	0	20,860,965	20,860,965
TOTAL INVESTMENTS, at fair value	$ 280,899,421	$ 5,439,499	$ 32,725,841	$ 319,064,761
INVESTMENT-RELATED LIABILITIES, at fair value				
Unsettled equity derivatives - covered call options	$ 0	$ (208,157)	$ 0	$ (208,157)
TOTAL INVESTMENT-RELATED LIABILITIES, at fair value	$ 0	$ (208,157)	$ 0	$ (208,157)

THE FRIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Information regarding changes in the Foundation's Level 3 investments is summarized in the following table for the year ended December 31, 2015.

Year Ended December 31, 2015	Balance at December 31, 2014	Activity During the Year: Purchases	Activity During the Year: Sales	Activity During the Year: Total Realized and Unrealized Gains (Losses)	Balance at December 31, 2015	Change in Unrealized Gains (Losses) for Investments Held at December 31, 2015
LEVEL 3 INVESTMENTS, at fair value						
Equity securities:						
Market index funds	$ 317,820	$ 0	$ (483,342)	$ 165,522	$ 0	$ 6,202,647
Global multi-strategy hedge funds	429,297	10,000,000	(148,198)	(639,794)	9,641,305	(768,202)
Mortgage-backed security fund	985,152	1,800,000	(116,917)	131,507	2,799,742	14,590
Opportunistic funds	381,812	1,500,000	(69,585)	(369,269)	1,442,958	(381,353)
Private equity funds	9,750,795	4,175,644	(2,595,118)	(219,999)	11,111,322	(1,373,512)
Risk management fund	0	2,500,000	0	(3,947)	2,496,053	(3,947)
Total equity securities	11,864,876	19,975,644	(3,413,160)	(935,980)	27,491,380	3,690,223
Ownership interests in pass-through entities:						
Private equity partnerships	8,630,366	1,487,356	(4,141,640)	1,675,661	7,651,743	791,140
Real estate partnerships	2,217,951	0	(919,767)	380,156	1,678,340	213,096
Infrastructure partnership	3,680,945	0	(234,911)	118,271	3,564,305	141,138
Hedge and opportunistic partnerships	3,435,703	5,700	(1,256,292)	83,733	2,268,844	122,130
Risk management partnership	2,896,000	0	(76,000)	540,000	3,360,000	324,037
Total pass-through entities	20,860,965	1,493,056	(6,628,610)	2,797,821	18,523,232	1,591,541
TOTAL LEVEL 3 INVESTMENTS, at fair value	$ 32,725,841	$ 21,468,700	$ (10,041,770)	$ 1,861,841	$ 46,014,612	$ 5,281,764

THE FRIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Information regarding changes in the Foundation's Level 3 investments is summarized in the following table for the year ended December 31, 2014.

Year Ended December 31, 2014	Balance at December 31, 2013	Activity During the Year: Purchases	Sales	Total Realized and Unrealized Gains (Losses)	Balance at December 31, 2014	Change in Unrealized Gains (Losses) for Investments Held at December 31, 2014
LEVEL 3 INVESTMENTS, at fair value						
Equity securities:						
Market index funds	$ 317,820	$ 0	$ 0	$ 0	$ 317,820	$ 0
Global multi-strategy hedge funds	7,391,133	0	(7,338,698)	376,862	429,297	(2,286,912)
Mortgage-backed security fund	2,957,492	800,000	(2,983,207)	210,867	985,152	5,010
Opportunistic funds	660,955	19,682	(319,835)	21,010	381,812	(195,226)
Private equity funds	14,244,896	0	(4,925,730)	431,629	9,750,795	(1,737,316)
Risk management fund	0	0	0	0	0	0
Total equity securities	25,572,296	819,682	(15,567,470)	1,040,368	11,864,876	(4,214,444)
Ownership interests in pass-through entities:						
Private equity partnerships	9,348,952	1,365,072	(3,458,805)	1,375,147	8,630,366	(34,538)
Real estate partnerships	4,820,229	42,715	(3,109,356)	464,363	2,217,951	(266,786)
Infrastructure partnership	3,955,853	0	(218,111)	(56,797)	3,680,945	(32,990)
Hedge and opportunistic partnerships	3,646,194	1,353,332	(1,808,922)	245,099	3,435,703	(404,180)
Risk management partnership	2,308,000	0	0	588,000	2,896,000	594,288
Total pass-through entities	24,079,228	2,761,119	(8,595,194)	2,615,812	20,860,965	(144,206)
TOTAL LEVEL 3 INVESTMENTS, at fair value	$ 49,651,524	$ 3,580,801	$ (24,162,664)	$ 3,656,180	$ 32,725,841	$ (4,358,650)

Amounts shown in the two preceding tables under the captions "Total Realized and Unrealized Gains (Losses)" and "Change in Unrealized Gains (Losses) for Investments Held at December 31" are reported as components of "Net realized and unrealized capital gains and losses" in the accompanying 2015 and 2014 Statements of Activities, respectively.

FAIR VALUE MEASUREMENTS FOR INVESTMENTS IN CERTAIN ENTITIES THAT CALCULATE NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT)

Non-publicly traded investments (e.g., private equity securities and ownership interests in certain pass-through entities) typically do not have readily determinable fair values due to the absence of quoted market prices. Investee management periodically provides financial reports to investors, such as the Foundation, which present net asset value per share or equivalent unit ("NAV"), as determined in accordance with U.S. GAAP requirements for investment companies.

In accordance with U.S. GAAP, the Foundation may utilize the NAV provided by the investee, without adjustment, as a practical expedient for estimating the fair value of its investment holding, provided that the NAV reflects the amount the Foundation could reasonably expect to receive if the investment was withdrawn as of the measurement date or within the near term. However, use of the practical expedient approach is not allowed if it is probable that the Foundation will sell all or a portion of an investment at an amount different from the NAV reported by the investee. In such an instance, the Foundation considers other factors in addition to the NAV in its determination of fair value, such as relevant features of the investment (e.g., redemption rights, expected discounted cash flows, overall market conditions, etc.).

Except as regards the determination of fair values described in Notes (a), (j), and (k) referenced below, the estimated fair value of each non-publicly traded investment held by the Foundation at December 31, 2015 and 2014, was derived from the unadjusted NAV (or its equivalent) reported by the investee as of the respective reporting date. Accordingly, for these investments, there were no unobservable inputs that have been internally developed and used by the Foundation in determining the reported fair values as of December 31, 2015 and 2014.

Additional information regarding fair value measurements is presented in the following tables and supplemented by Notes (a) through (l) on pages 23 through 27 herein.

December 31, 2015	Notes	Fair Value Level	Fair Value	Unfunded Commitments	General Redemption Frequency	Redemption Notice Period
Equity securities:						
Market index fund	(a)	3	$ 0	$ 0		
Global multi-strategy hedge funds	(b)	3	9,641,305	0	Quarterly	30 - 91 days
Mortgage-backed security fund	(c)	3	2,799,742	2,200,000		
Opportunistic funds	(d)	3	1,442,958	591,174		
Private equity funds	(e)	3	11,111,322	11,266,587		
Risk management fund	(f)	3	2,496,053	0		
Total equity securities			27,491,380	14,057,761		
Ownership interests in pass-through entities:						
Private equity partnerships	(g)	3	7,651,743	7,572,918		
Real estate partnerships	(h)	3	1,678,340	638,231		
Infrastructure partnership	(i)	3	3,564,305	0		
Opportunistic partnerships	(j)	3	1,326,224	361,764		
Hedge partnerships	(k)	3	942,620	2,100,000		
Risk management partnership	(l)	3	3,360,000	0		
Total pass-through entities			18,523,232	10,672,913		
TOTAL			$ 46,014,612	$ 24,730,674		

December 31, 2014	Notes	Fair Value Level	Fair Value	Unfunded Commitments	General Redemption Frequency	Redemption Notice Period
Equity securities:						
Market index fund	(a)	3	$ 317,820	$ 0		
Global multi-strategy hedge funds	(b)	3	429,297	0		
Mortgage-backed security fund	(c)	3	985,152	4,000,000		
Opportunistic funds	(d)	3	381,812	102,261		
Private equity funds	(e)	3	9,750,795	12,901,204		
Risk management fund	(f)	3	0	0		
Total equity securities			11,864,876	17,003,465		
Ownership interests in pass-through entities:						
Private equity partnerships	(g)	3	8,630,366	6,195,027		
Real estate partnerships	(h)	3	2,217,951	638,231		
Infrastructure partnership	(i)	3	3,680,945	0		
Opportunistic partnerships	(j)	3	2,505,438	481,776		
Hedge partnerships	(k)	3	930,265	2,100,000		
Risk management partnership	(l)	3	2,896,000	0		
Total pass-through entities			20,860,965	9,415,034		
TOTAL			$ 32,725,841	$ 26,418,499		

Notes – Equity Securities:

(a) **Market Index Fund:** This category includes one fund for which the Foundation received notification in February 2009 of alleged trading improprieties and theft of fund assets by the managing principals of the fund. At that time, the fund ceased issuing financial reports and a court-appointed trustee and receiver was engaged to identify and liquidate any remaining assets in the fund, followed by distribution of the residual cash to the investors. Since 2010, the Foundation has received periodic cash distributions from the trustee as approved by the court.

At December 31, 2014, the Foundation based the estimated fair value of this investment on proposed distributions of proceeds allocated to the Foundation, as reflected in the trustee's filings with the court. During 2015, the Foundation received a final distribution and does not expect to receive any future distributions.

(b) **Global Multi-Strategy Hedge Funds:** As of December 31, 2014, this category included investments in two hedge funds that have an international emphasis and pursue multiple strategies to diversify risks and reduce volatility.

The Foundation initially requested redemption of one of the funds in this category during 2009. Partial proceeds have been received periodically through 2015, resulting in residual fair values of $106,030 and $171,447 at December 31, 2015 and 2014, respectively. Additional distributions are contingent upon disposal of the underlying illiquid investments in the fund. The timing of the ultimate residual redemption is presently unknown, however, the investee has reported that the fund is actively involved in the winding down process.

During 2014, the Foundation requested full redemption from the second fund in this category. A substantial portion of the fair value of this investment was distributed in 2014, resulting in residual balances of $257,850 and $224,965 at December 31, 2015 and 2014, respectively. Additional distributions are expected to be received as the underlying investments are liquidated, however, timing of the ultimate residual redemption is presently unknown.

During 2015, the Foundation invested in three new hedge funds reported in this category. Two of the funds, which have a combined fair value of $7,450,300 at December 31, 2015, seek opportunities on a global basis in both public and private markets. These funds use a multi-strategy approach based on a combination of fundamental and technical analysis. The third fund is a global macro hedge fund that is mainly focused on liquid markets in the Asian foreign exchange. Each of these funds may generally be redeemed monthly or quarterly with advance notice ranging from 30 to 91 days.

The Foundation has estimated the fair values of these investments at each reporting date based on the net asset value per share reported by the respective investee.

(c) **Mortgage-backed Security Fund:** This category includes an ownership interest in a fund that focuses on real estate credit investments in North America and Europe. The credit investments include mortgages, B-notes, and mezzanine loans related to real estate assets. Owners are prohibited from withdrawing from this fund and redemption distributions are generally deferred until after disposal of the underlying fund assets. This fund is scheduled to terminate in 2024, subject to a one-year extension.

The Foundation has estimated the fair value of this investment at each reporting date based on the net asset value per share reported by the respective investee.

(d) **Opportunistic Funds:** At December 31, 2014, this category included an ownership interest in a fund that invests via pooled investment vehicles to achieve attractive risk-adjusted returns primarily through opportunistic investments in illiquid credit and asset markets, focusing on companies that are currently experiencing financial or operational distress. Owners are prohibited from withdrawing from the fund and redemption distributions are generally deferred until after disposal of the underlying fund assets. The fund is nearing maturity and is scheduled to terminate one year after the fund's investments have been liquidated.

During 2015, the Foundation invested in an additional fund that seeks to achieve attractive returns primarily through opportunistic investments in fixed income securities issued by energy-related issuers. The fund's fair value was $1,140,335 at December 31, 2015. This fund may be redeemed on a quarterly basis with 60 days advance notice. However, no withdrawal is allowed before April 2016, and redemption requests are subject to penalties of 3% and 2%, respectively, if requested before April 2017 and April 2018.

The Foundation has estimated the fair value of these investments at each reporting date based on the net asset value per share reported by the investee.

(e) **Private Equity Funds:** At December 31, 2014, this category included ownership interests in four funds, two of which invest through pooled investment vehicles in privately-issued equity securities and directly through privately-negotiated transactions. The other two funds focus on investments in the secondary private equity market via acquisitions of existing ownership interests, or in connection with providing capital or partnering solutions.

The two funds that invest through pooled investment vehicles (representing 3% and 4% of the category fair value at December 31, 2015 and 2014, respectively) are in process of winding up operations. The third fund in this category (25% and 37% of the category value as of the respective year end) had a scheduled termination date in 2014, which has been extended by the general partner, while the fourth fund (35% and 59% of the category value as of the respective year end) has a scheduled termination date in 2016. Each of the four funds may continue to operate for up to one year after the underlying investments have been liquidated.

With respect to this category, the Foundation made commitments to invest in two additional funds in 2014, and one additional fund in 2015. The first of these new funds represents 28% of the category fair value at December 31, 2015, and invests via a master-feeder structure in unsecured, convertible, senior paid-in-kind notes issued by a privately-held company, which are convertible into common shares at a discount upon a qualified initial public offering. This fund shall wind-up and dissolve upon the later of the complete disposition of the underlying assets or one year after the date by which all partnership's obligations have been terminated.

The primary focus of the second new fund is to make selected investments alongside a diversified group of private equity managers. Investments are expected to be made primarily in middle market buyout transactions, but the Fund may also make opportunistic investments in distressed, growth, and other private equity companies in North America, Western Europe, and other growth markets. Capital will be called over the investment term, as the underlying managers identify opportunities. This fund represents 3% of the category fair value at December 31, 2015. The Fund's estimated termination date is in 2022, subject to available extensions of three one-year periods.

The third new fund seeks investment opportunities on a global basis, with a focus on North America and emerging markets across various sectors. Investments may include equity, debt, or other types of securities in private equity. This fund represents 6% of the category fair value at December 31, 2015. The Fund's estimated termination date is also in 2022, subject to early liquidation or an extension of up to two years.

For each of the above investments, owners are prohibited from withdrawing from the funds and redemption distributions are generally deferred until after disposal of the underlying assets in the respective investment.

The Foundation has estimated the fair value of these investments at each reporting date based on the net asset value per share reported by the investee.

(f) **Risk Management Fund**: This category includes one fund that invests in the common shares of an insurance company that seeks to underwrite a core book of insurance and reinsurance business in the property, energy, marine, and aviation risk classes. Owners are prohibited from withdrawing from the fund, which has a scheduled termination date in 2030.

Notes – Ownership Interests in Pass-through Entities:

(g) **Private Equity Partnerships**: This category includes ownership interests in several private equity limited partnerships that invest with the objective of achieving capital appreciation. The underlying investments of the partnerships include equity in publicly-traded and privately-held domestic and non-U.S. companies. The Foundation has estimated the fair values of these investments at each reporting date based on the partnership capital account value reported by the respective general partner.

Partners are prohibited from withdrawing from the partnerships and redemption distributions are generally deferred until after disposal of the underlying partnership assets. The partnerships have scheduled termination dates, generally ranging from 2016 to 2024, however, each partnership's term may be extended up to 3 or 4 years (as specified) to allow for the orderly liquidation of partnership assets.

(h) **Real Estate Partnerships**: This category includes ownership interests in two limited partnerships that invest in real estate investment trusts comprised of diversified portfolios of domestic real estate properties. The Foundation has estimated the fair values of these investments at each reporting date based on the partnership capital account value reported by the respective general partner. Partners are prohibited from withdrawing from the partnerships and redemption distributions are generally deferred until after disposal of the underlying partnership assets. These partnerships have scheduled termination dates ranging from 2016 to 2018, however, one partnership has the option to extend for up to 2 years to allow for the orderly liquidation of partnership assets.

(i) **Infrastructure Partnership**: This category includes an ownership interest in one limited partnership fund that was formed to invest in a broad range of infrastructure properties located in member countries of the Organization for Economic Co-Operation and Development, with a primary focus on the United States of America, Canada, Western Europe, and Australia. The Foundation has estimated the fair value of this investment at each reporting date based on the partnership capital account value reported by the general partner. The Foundation has provided notice of its intent to withdraw from the partnership beginning in January 2016, as permitted by the partnership agreement. Management anticipates that the investment will be liquidated by four quarterly payments in 2016.

(j) **Opportunistic Partnerships:** This category includes ownership interests in two limited partnerships that invest via master-feeder structures to achieve attractive risk-adjusted returns primarily through opportunistic investments in the global illiquid credit and asset markets. Partners are prohibited from withdrawing from the partnerships and redemption distributions are generally deferred until after disposal of the underlying partnership assets. The Foundation has estimated the fair values of these investments at each reporting date based on the partnership capital account value reported by the respective general partner. Each partnership will terminate as of the date on which all underlying partnership investments have been disposed, but no later than fifteen years after formation (approximately February 2025 and November 2025).

(k) **Hedge Partnerships:** This category includes ownership interests in two partnerships. The first is a hedge partnership that was materially affected by criminal fraud and theft of the investment assets under management, which resulted in a substantial realized loss being recognized by the Foundation in 2008. At December 31, 2014, the Foundation estimated the net realizable value of its partnership interest to be zero based on available information regarding the likelihood of recoverable investment proceeds. During 2015, the Foundation was notified that distributions totaling $2,844,265 had been allocated to the Foundation from a litigation settlement fund. Of this total, $410,498 was received during 2015, and the residual amount of $2,433,767 was recognized as an unsettled investment transaction at December 31, 2015. The total distribution was recognized a realized capital gain, which offset a portion of the capital loss recognized on this investment in prior years. The residual proceeds receivable were received in early 2016. The potential receipt of any additional litigation settlement funds or residual redemption proceeds from the partnership investment is presently unknown. Accordingly, the Foundation has reported the underlying investment using a fair value of zero at December 31, 2015.

The second hedge partnership acquires general partner interests in established hedge funds. The partnership focuses on generating a high cash yield during its holding period with an opportunity for capital appreciation upon exit. The Foundation has estimated the fair value of this investment based on the partnership capital account value reported by the general partner. Partners are prohibited from withdrawing from this partnership and redemption distributions are generally deferred until after disposal of the underlying partnership assets. This partnership will terminate no later than fifteen years after formation (approximately October 2028).

(l) **Risk Management Partnership:** This category includes an ownership interest in one partnership that operates through U.S.-focused life and annuity reinsurance, and global property and casualty segments. The life and annuity segment seeks to grow through acquisition, reinsurance, and issuance of life insurance and annuity contracts. The property and casualty segment seeks to source diversified, property-focused insurance risk, primarily through a syndicate. The Foundation has estimated the fair value of this investment based on the book value reported by the general partner. Withdrawals from the partnership are prohibited for five years following the closing of the partnership's offering of ownership interests (approximately April 2018).

NOTE E -- PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

	December 31	
	2015	2014
Furniture	$ 54,095	$ 54,095
Computer equipment	53,324	53,186
Leasehold improvements	96,487	95,222
	203,906	202,503
Less: Accumulated depreciation and amortization	(199,585)	(199,449)
PROPERTY AND EQUIPMENT, net	$ 4,321	$ 3,054

Depreciation and amortization expense totaled $2,566 and $3,694 during the years ended December 31, 2015 and 2014, respectively.

NOTE F -- UNCONDITIONAL PROMISES TO GIVE TO NOT-FOR-PROFIT ORGANIZATIONS

At December 31, 2014, the current portion of the Foundation's unconditional promises to give totaled $4,350,000, which represented the net settlement value payable. The underlying amounts comprising this balance were paid as scheduled by the Foundation during 2015.

At December 31, 2015, unconditional promises to give financial support to non-profit organizations are scheduled to be paid as follows:

Year Ending December 31:	
2016	$ 5,364,500
2017	326,500
2018	250,000
Total Unconditional Promises to Give	5,941,000
Less: Current portion -- Payable in 2016	(5,364,500)
Total Non-current portion	576,500
Less: Unamortized discount to present value	(12,110)
NET NON-CURRENT PORTION	$ 564,390

Amounts payable in 2016 are recorded at their net settlement value. Amounts payable after 2016 are recorded at the estimated present value of the future cash flows, using discount rates varying from 1.01% to 1.17%.

THE FRIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE G -- ANNUAL MINIMUM DISTRIBUTION REQUIREMENT

Private foundations are required to annually disburse a minimum amount of qualifying distributions (i.e., grants and related expenses) to avoid a 15% penalty imposed by the Internal Revenue Code on any undistributed portion. The distributable amount is generally equal to 5% of the average fair value of investments and other assets that are not designated and utilized for specific charitable purposes, as defined in the Internal Revenue Code. Substantially all of the Foundation's assets are included in this calculation base. For purposes of avoiding the 15% penalty, a private foundation is deemed to have satisfied its annual requirement for a given year if the minimum amount is fully distributed by the end of the following year.

Based on the actual amount of qualifying distributions made by the Foundation during the year ended December 31, 2014, management determined that approximately $11,902,000 of additional qualifying distributions were necessary in 2015 to satisfy its residual minimum distribution requirement for 2014. Sufficient additional qualifying distributions were made in 2015 to satisfy this requirement.

With respect to the year ended December 31, 2015, management estimates that the Foundation will be required to distribute approximately $13,315,000 on or before December 31, 2016, to satisfy its minimum distribution requirement for 2015.

NOTE H -- COMMITMENTS

Office Lease: The Foundation most recently extended its lease of commercial office space for a ten-year term expiring November 30, 2020. In conjunction with this amendment, the lessor agreed to pay for tenant renovations up to $19,850, with any unused amount to be paid directly to the Foundation. The unused portion of $17,219 was paid to the Foundation in 2011, and this renovation allowance is being amortized ratably as a reduction in rent expense over the extended lease term.

The amended lease requires minimum annual base rental payments as follows:

Year ending December 31:	
2016	$ 62,671
2017	63,924
2018	65,197
2019	66,509
2020	62,084
Total	$ 320,385

During the years ended December 31, 2015 and 2014, the Foundation incurred net rent expense of $61,554 and $60,519, respectively. Net rent expense in each year includes the base rental payments offset by amortization of the applicable construction and renovation allowances, plus parking fees and allocated common area maintenance charges.

Employee Benefits: The Foundation has adopted personnel guidelines that describe its obligations for compensated absences, including vacation and personal days, and salary continuation in the event of illness or injury. These benefits are accrued as earned by recording a liability and the corresponding expense. The Foundation's personnel guidelines also describe its policy regarding severance pay to employees who are involuntarily terminated. These amounts, if any, are expensed as incurred.

NOTE I -- CONCENTRATIONS, RISKS, AND UNCERTAINTIES

Concentrations: The Foundation regularly maintains cash deposits in bank accounts and investment-related custodial accounts, and investment funds in cash equivalent instruments, for which the various balances fluctuate on a daily basis. As generally described in Note A, these balances may be fully unsecured or they may be eligible for varying amounts of insurance coverage provided by the FDIC or SIPC, based on the nature or amount of the specific financial instrument.

As described in Note C, a significant concentration of market risk is deemed to exist with respect to the Foundation's investment in the common stock of HCA Holdings, Inc. This investment represents approximately 33% and 35% of the Foundation's total investments at December 31, 2015 and 2014, respectively.

Risks and Uncertainties: The Foundation's cash equivalents and investments are inherently exposed to a variety of market risks, credit risks, and uncertainties due to factors such as deteriorating economic conditions, interest rate volatility, adverse industry developments, and market dislocation. The Foundation is also subject to risks and uncertainties resulting from inflated fair value representations by investment managers, investee principals and third parties; the illiquid nature of certain investments, including the potential for delays in the payment of funds after request for redemption; and the actual loss of investment funds due to criminal fraud, theft, and other illegal acts perpetrated by investment custodians and managers.

As a result of the Foundation's exposure to inherent risks and uncertainties, it is at least reasonably possible that changes in the reported fair value of its cash equivalents and investments will occur in the near term and that such changes could materially affect the amounts presented in the accompanying 2015 Statement of Financial Position. Exposure to inherent risks and uncertainties could also result in a partial or total loss of principal and accrued earnings. Management continually monitors the Foundation's cash positions and investment portfolio, and the performance of its professional advisors, with the objective of minimizing the exposure to risks and uncertainties to the extent possible.