The Community Foundation of Louisville, Inc.

Consolidated Financial Statements

June 30, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors
The Community Foundation of Louisville, Inc.
Louisville, Kentucky

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Community Foundation of Louisville, Inc. (a not-for-profit organization), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of The Louisville Orchestra Foundation, Inc., which statements reflect total assets constituting 2% of consolidated assets as of June 30, 2016 and 2015, and total revenues, gains, and other support constituting 2% and 1% of consolidated revenues, gains, and other support for the years then ended, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Louisville Orchestra Foundation Inc., is based solely on the report of the other auditors. 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 auditor's judgment, including the assessment of the risks of material 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.

Independent Auditor's Report (Continued)

Opinion

In our opinion, based on our audits and the report of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Louisville, Inc. as of June 30, 2016 and 2015, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedules of functional expenses on page 27 are presented for purposes of additional analysis and are 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 consolidated schedules of functional expenses have been subjected to the auditing procedures applied in the audits 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 consolidated schedules of functional expenses are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mountjoy Chilton Medley LLP
Louisville, Kentucky
December 7, 2016

The Community Foundation of Louisville, Inc.
Consolidated Statements of Financial Position
June 30, 2016 and 2015

		2016		2015
Assets				
Cash	$	6,766,162	$	4,195,062
Investments		428,198,497		433,060,242
Accounts receivable		30,738		16,783
Contributions receivable		4,252,500		3,815,000
Notes receivable		956,454		697,739
Beneficial interests in charitable remainder trusts and real estate		9,533,765		9,555,284
Cash surrender value of life insurance		389,522		383,140
Property and equipment, net		301,186		334,960
Other assets		1,203,323		704,446
Total assets	$	451,632,147	$	452,762,656
Liabilities and Net Assets				
Liabilities				
Accounts payable	$	84,417	$	46,312
Grants payable		4,878,684		4,701,624
Accrued expenses		35,194		83,871
Depository liabilities				
Depository		16,524,755		15,221,820
Corporate Depository		13,141,852		10,827,801
Agency endowment liabilities		16,847,779		17,207,227
Deferred gift liabilities for split-interest agreements		6,684,821		7,044,541
Other liabilities		105,339		140,032
Total liabilities		58,302,841		55,273,228
Net assets				
Unrestricted				
Operations		897,513		656,906
Endowments		242,445,191		241,904,585
Depositories		(101,254)		54,379
Non-controlling interest in unrestricted net assets (see Note M)		475,415		865,400
Total unrestricted		243,716,865		243,481,270
Temporarily restricted		140,766,748		145,162,465
Permanently restricted				
Endowments		8,059,055		8,059,055
Non-controlling interest in permanently restricted net assets (see Note M)		786,638		786,638
Total permanently restricted		8,845,693		8,845,693
Total net assets		393,329,306		397,489,428
Total liabilities and net assets	$	451,632,147	$	452,762,656

See accompanying notes.

The Community Foundation of Louisville, Inc.
Consolidated Statements of Activities
Years ended June 30, 2016 and 2015

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support				
Contributions and bequests	$ 2,107,084	$ 29,019,291	$ -	$ 31,126,375
Less amounts received for agency endowments	-	(241,228)	-	(241,228)
Investment income	2,613,950	7,822,127	-	10,436,077
Net realized gains on sales of investments	2,971,013	5,608,413	-	8,579,426
Administered fund fees				
Depository and Corporate Depository	46,192	-	-	46,192
Endowment and deferred funds	40,529	-	-	40,529
Other income	108,570	-	-	108,570
	7,887,338	42,208,603	-	50,095,941
Net assets released from restrictions	33,928,035	(33,928,035)	-	-
Total revenues, gains, and other support	41,815,373	8,280,568	-	50,095,941
Expenses and losses				
Program services				
Grants	32,570,950	-	-	32,570,950
Less amounts granted from agency endowments	(701,170)	-	-	(701,170)
Income distributions from Depositories to donors' funds	230,806	-	-	230,806
Distributions from deferred funds	749,108	-	-	749,108
Other program services expenses	1,020,201	-	-	1,020,201
	33,869,895	-	-	33,869,895
Management and general	2,680,617	-	-	2,680,617
Fundraising	526,083	-	-	526,083
	37,076,595	-	-	37,076,595
Net unrealized losses on investments	4,503,183	12,676,285	-	17,179,468
Total expenses and losses	41,579,778	12,676,285	-	54,256,063
Change in net assets	235,595	(4,395,717)	-	(4,160,122)
Net assets, beginning of year	243,481,270	145,162,465	8,845,693	397,489,428
Net assets, end of year	$ 243,716,865	$ 140,766,748	$ 8,845,693	$ 393,329,306

See accompanying notes.

2015			
Unrestricted	Temporarily restricted	Permanently restricted	Total
$ 423,929	$ 30,774,169	$ -	$ 31,198,098
-	(261,126)	-	(261,126)
2,252,254	7,350,173	-	9,602,427
2,526,425	15,075,545	-	17,601,970
82,383	-	-	82,383
41,306	-	-	41,306
67,647	-	-	67,647
5,393,944	52,938,761	-	58,332,705
34,554,145	(34,554,145)	-	-
39,948,089	18,384,616	-	58,332,705
31,374,383	-	-	31,374,383
(1,370,516)	-	-	(1,370,516)
461,612	-	-	461,612
798,484	-	-	798,484
882,498	-	-	882,498
32,146,461	-	-	32,146,461
2,697,896	-	-	2,697,896
535,256	-	-	535,256
35,379,613	-	-	35,379,613
32,803	7,916,905	-	7,949,708
35,412,416	7,916,905	-	43,329,321
4,535,673	10,467,711	-	15,003,384
238,945,597	134,694,754	8,845,693	382,486,044
$ 243,481,270	$ 145,162,465	$ 8,845,693	$ 397,489,428

The Community Foundation of Louisville, Inc.
Consolidated Statements of Cash Flows
Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	$ (4,160,122)	$ 15,003,384
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributed other assets	(525,000)	(525,000)
Net unrealized losses on investments	17,179,468	7,949,708
Net realized gains on sales of investments	(8,579,426)	(17,601,970)
Depreciation and amortization	75,625	79,603
Changes in assets and liabilities		
Accounts receivable	(13,955)	(9,594)
Contributions receivable	(437,500)	(2,124,851)
Beneficial interests in charitable remainder trusts and real estate	21,519	(911,704)
Cash surrender value of life insurance	(6,382)	(8,937)
Other assets	26,123	17,287
Accounts payable	38,105	6,604
Grants payable	177,060	(1,345,439)
Accrued expenses	(48,677)	15,900
Depository liabilities	3,616,986	3,491,613
Agency endowment liabilities	(359,448)	(502,362)
Deferred gift liabilities for split-interest agreements	(359,720)	(585,058)
Other liabilities	(34,693)	(30,301)
Net cash provided by operating activities	6,609,963	2,918,883
Cash flows from investing activities		
Proceeds from sales and maturities of investments	140,968,547	160,772,006
Principal payments received on notes receivable	91,285	-
Purchases of investments	(144,706,844)	(162,802,948)
Additional notes receivable	(350,000)	(630,989)
Purchases of property and equipment	(41,851)	(27,606)
Net cash used in investing activities	(4,038,863)	(2,689,537)
Change in cash	2,571,100	229,346
Cash, beginning of year	4,195,062	3,965,716
Cash, end of year	$ 6,766,162	$ 4,195,062

See accompanying notes.

Note A--Nature of Organization/Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of The Community Foundation of Louisville, Inc., The Community Foundation of Louisville Depository, Inc., The Community Foundation of Louisville Corporate Depository, Inc., the Real Estate Asset Legacy Foundation of Kentucky, Inc., the Felix E. Martin, Jr. Foundation, Inc., the John B. and Mary Bell Pirtle Endowment Fund, Finzer Street 2015, LLC, and The Louisville Orchestra Foundation, Inc. (collectively, the Foundation). All significant inter-organization accounts and transactions have been eliminated in consolidation.

The Community Foundation of Louisville, Inc. (Community Foundation) was organized in 1980 as a successor to the Louisville Foundation (which was established in 1916). The Community Foundation's primary purpose is to receive contributions and bequests, most of which are placed into endowment funds. The distributions of grants to meet community needs are made in accordance with the Community Foundation’s spending policies, as approved by the Community Foundation’s Board of Directors.

The Community Foundation of Louisville Depository, Inc. (Depository) and The Community Foundation of Louisville Corporate Depository, Inc. (Corporate Depository) consist of pooled funds which are designed to receive assets contributed from multiple donors. Both the Depository and the Corporate Depository (collectively, the Depositories) distribute grants, in accordance with the individual or corporate depositor's direction, to not-for-profit organizations throughout the United States. Distributions can be made at any time during the donor’s lifetime or the corporate depositor’s existence. Within one year of the death of the donor (or surviving spouse) or dissolution of the corporate donor, any undistributed funds will be granted either to charitable organizations, if specified by the donor agreement, or to the general endowment of the Community Foundation.

The Real Estate Asset Legacy Foundation of Kentucky, Inc. (REAL Foundation) was organized in 2008 to receive contributions of real estate. The REAL Foundation holds such donated property until it is sold, the proceeds from which, depending on the nature of the arrangements made with the donor when the contribution was made, are either granted to the Community Foundation or to the Depositories.

In 2008, the Felix E. Martin, Jr. Foundation, Inc. (Martin Foundation) was established as a Type I supporting organization (as described in Section 509(a)(3) of the Internal Revenue Code) to the Community Foundation. The Martin Foundation was formed to receive and maintain the funds bequeathed by Felix E. Martin, Jr. to be used exclusively for charitable, scientific, literary, or educational purposes for the benefit of the residents of Muhlenberg County, Kentucky, either directly or by contributions to organizations that qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

In 1937, the John B. and Mary Bell Pirtle Endowment Fund (Fund) was established to benefit the Louisville Foundation, which, as noted above, was the precursor to the Community Foundation. In 1992, the Internal Revenue Service approved the designation of the Fund as a Type I supporting organization to the Community Foundation. The Fund’s assets consist of an investment account comprised of marketable securities. The terms of the related agreement specify that all income generated by such assets be distributed to the Community Foundation. At June 30, 2016 and 2015, the fair value of the Fund’s assets total $1,957,283 and $2,120,677, respectively, and are included with the Community Foundation’s investments.

Note A--Nature of Organization/Consolidated Financial Statements (Continued)

Finzer Street 2015, LLC (Finzer), a single member limited liability company of which the REAL Foundation is the single member, was formed in 2015 solely to receive the contributions of a specific parcel of real estate ($1,050,000 and $525,000 classified as other assets at June 30, 2016 and 2015, respectively). Explicit donor stipulations specify how the property must be used, therefore the contributions are reflected in temporarily restricted net assets at June 30, 2016 and 2015.

The Louisville Orchestra Foundation, Inc. (Orchestra Foundation) is a not-for-profit organization formed for the specific purpose of supporting orchestral music in Louisville, Kentucky. The Community Foundation transferred certain assets to the Orchestra Foundation to provide its initial funding. Subsequent to its formation, resources for the Orchestra Foundation's activities are primarily provided by contributions and income from its investments. The Orchestra Foundation's articles of incorporation state that in the event of the Orchestra Foundation's dissolution, the lesser of its net assets or an amount equal to the remainder of the Community Foundation's initial transfer to the Orchestra Foundation will be distributed to the Community Foundation with the restriction that the funds be used to support orchestral music. The Orchestra Foundation's bylaws require its Board of Directors be comprised entirely of individuals nominated by the Community Foundation. The applicable provisions of the Financial Accounting Standards Board Accounting Standards Codification require the consolidation of an entity when both elements of economic interest and control as described above exist. Accordingly, the accounts of the Orchestra Foundation have been included in the accompanying consolidated financial statements. See also Note M.

Note B--Summary of Significant Accounting Policies

1. <u>Basis of Accounting</u>

   The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the sole source of authoritative GAAP.

2. <u>Basis of Presentation</u>

   Financial statement presentation follows the recommendations of the FASB specifically as it pertains to financial statements of not-for-profit organizations. As such, the Foundation is required to report information regarding its financial position and activities according to the three classes of net assets as follows:

   - Unrestricted net assets--Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets also include net assets which have been designated by the Community Foundation's Board of Directors.
   - Temporarily restricted net assets--Net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation pursuant to those stipulations and/or that will expire through the passage of time.
   - Permanently restricted net assets--Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Note B--Summary of Significant Accounting Policies (Continued)

3. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Cash

Cash consists of funds not otherwise held in custodial investment accounts or certificates of deposit.

5. Investments

The Foundation invests in a combination of cash equivalent funds, publicly-traded common stocks, mutual funds, fixed-income securities, and alternative investments. All investment securities are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risk. Due to the level of risk associated with all investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

The Foundation's investments are stated at fair value. Fair value is the amount 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.

Purchases and sales of investments are recorded on a trade-date basis. Investment income includes both interest and dividend income. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized gains (losses) represent the gains (losses) on investments sold during the year. Net unrealized gains (losses) represent the gains (losses) on investments held throughout the year and are included in the change in net assets in the accompanying consolidated statements of activities.

6. Contributions Receivable

Contributions receivable consist principally of assets which have been bequeathed to the Community Foundation. When contribution receivable amounts are expected to have collection periods in excess of a year, such amounts have generally been recorded after discounting them to the present value of future cash flows using a risk free interest rate.

No allowance for uncollectible contributions receivable is reflected in the accompanying consolidated financial statements as management considers all contributions receivables to be fully collectible.

7. Notes Receivable

The estimated fair values of notes receivable represent the outstanding principal balances under the terms of the respective loan agreements. Interest income is recognized over the terms of the notes receivable as calculated on the outstanding principal amounts. Notes receivable generally bear interest at 1%.

No allowance for uncollectible notes receivable is reflected in the accompanying consolidated financial statements as management considers all notes receivable to be fully collectible.

Note B--Summary of Significant Accounting Policies (Continued)

8. Beneficial Interests in Charitable Remainder Trusts and Real Estate

Beneficial interests in charitable remainder trusts, under which the Community Foundation is not the trustee, are stated at fair value which has been estimated based on the calculated present value of the estimated future benefits expected to be received.

The REAL Foundation has an irrevocable beneficial interest in residential real estate whereby the donor retains the right to use the property for life. Upon the donor's passing, the REAL Foundation has the right to sell the property. The beneficial interest is stated at fair value which has been estimated based on the discounted appraised fair value of the respective property.

9. Property and Equipment, Net

Property and equipment is stated at cost at the date of acquisition or fair value at the date of donation in the case of donated real estate or other assets. Property and equipment is presented in the accompanying consolidated statements of financial position net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the depreciable assets, which range from to three to ten years.

The Foundation capitalizes all expenditures for property and equipment which are in excess of $1,000. Repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

10. Depository Liabilities

Depository liabilities represent the unexpended portion of funds contributed by donors (individual or corporate) who direct the distribution of such funds for specified charitable purposes.

11. Agency Endowment Liabilities

Agency endowment liabilities represent the unexpended portion of funds received from various not-for-profit organizations which have designated themselves the beneficiary of grants made from the distributable portion of the funds transferred to the Community Foundation. Under the applicable provisions of the ASC, the unexpended portion of such funds is reported as a liability instead of as a net asset of the Community Foundation.

12. Deferred Gift Liabilities for Split-Interest Agreements

Deferred gift liabilities for split-interest agreements are stated at estimated fair value, which is based upon the calculated present value of the income distributions or other payments to the donor or other designated beneficiaries during the terms of the split-interest agreements.

Note B--Summary of Significant Accounting Policies (Continued)

13. Contributions and Bequests

Contributions and bequests, including unconditional promises to give (contributions receivable), are recognized as revenue in the period when they are received or unconditionally pledged and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Gifts of donated real estate or other assets are reported as unrestricted contribution revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the contribution is reported as temporarily or permanently restricted contribution revenue and net assets.

14. Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying consolidated statements of activities. Directly identifiable expenses are charged to the applicable program and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited based on management's time and service estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

15. Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Additionally, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code.

When applicable, the Foundation recognizes uncertain income tax positions using the “more-likely-than-not” approach as defined in the ASC. No liability for uncertain tax positions has been reflected in the accompanying consolidated financial statements.

16. Subsequent Events

The Foundation has evaluated events occurring subsequent to year-end through the date of the Independent Auditor’s Report, the date the accompanying consolidated financial statements were available to be issued.

17. Recently Issued Accounting Standards Update

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 changes presentation and disclosure requirements for not-for-profit organizations to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users of the financial statements. This standard includes qualitative and quantitative requirements in the following areas: 1) net asset classes, 2) investment return, 3) expenses, 4) liquidity and the availability of resources, and 5) presentation of operating cash flows. The provisions of ASU 2016-14 are effective for the year ending June 30, 2019. Early adoption is permitted. The Foundation is currently evaluating ASU 2016-14 and the related impact thereof on the Foundation’s consolidated financial statements.

Note C--Concentration of Credit Risk

The Foundation maintains its deposits (cash and cash equivalents and certificates of deposit included as investments) with several financial institutions. The federal deposit insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) currently amounts to $250,000 per depositor at each FDIC insured U.S. depository institution.

At June 30, 2016, uninsured balances, including invested certificates of deposit, total approximately $7,000,000. The balances of the Foundation's money market funds included in investments are uninsured.

Note D--Investments

At June 30, 2016, investments consist of the following:

	Community Foundation	Depository	Corporate Depository	Martin Foundation	Orchestra Foundation	Consolidated
Cash equivalents	$ 8,504,158	$ 6,557,103	$ 2,523,285	$ 233,784	$ 9,394	$ 17,827,724
U.S. government and government agency obligations	977,749	456,220	296,622	2,850,109	-	4,580,700
Corporate bonds and notes	1,096,168	-	337,439	7,961,326	-	9,394,933
Municipal bonds	592,620	-	141,901	2,683,047	-	3,417,568
Mutual funds	230,614,128	8,621,741	2,056,805	17,719,424	8,653,316	267,665,414
Common stock	75,546,250	45,958	3,396,576	22,207,566	-	101,196,350
Alternative investments (see Note E)	23,254,192	665,373	-	-	196,243	24,115,808
	$ 340,585,265	$ 16,346,395	$ 8,752,628	$ 53,655,256	$ 8,858,953	$ 428,198,497

At June 30, 2015, investments consist of the following:

	Community Foundation	Depository	Corporate Depository	Martin Foundation	Orchestra Foundation	Consolidated
Cash equivalents	$ 7,069,471	$ 5,347,192	$ 2,590,448	$ 214,348	$ 188,102	$ 15,409,561
U.S. government and government agency obligations	942,858	2,145,980	392,940	3,264,737	-	6,746,515
Corporate bonds and notes	220,083	2,298,659	395,849	7,542,611	-	10,457,202
Municipal bonds	606,939	-	141,531	2,729,088	-	3,477,558
Mutual funds	237,540,442	4,432,700	1,877,812	20,113,322	8,668,625	272,632,901
Common stock	67,878,900	45,958	3,353,371	21,452,967	-	92,731,196
Alternative investments (see Note E)	30,486,679	738,319	-	-	380,311	31,605,309
	$ 344,745,372	$ 15,008,808	$ 8,751,951	$ 55,317,073	$ 9,237,038	$ 433,060,242

Note E--Alternative Investments

The Foundation invests in various types of alternative investments, investments which result from direct purchases as well as contributions from donors. Such alternative investments include limited liability companies, limited partnerships, and closely-held corporations.

Limited liability companies: The Foundation's limited liability company investments consist of entities which invest in marketable securities with a readily determinable fair value, as well as entities which invest in securities for which there is no public market or readily determinable fair value. The Foundation is only liable for losses to the extent of its invested capital.

Limited partnerships: The Foundation's limited partnership investments consist of entities which invest in marketable securities with a readily determinable fair value, as well as entities which invest in securities for which there is no public market or readily determinable fair value. The Foundation is a limited partner in each of these investments. Under the terms of the respective limited partnership agreements, the limited partners are only liable for losses to the extent of their invested capital.

Closely-held corporations: The Foundation is a shareholder in a bank holding company for which there is no public market or readily determinable fair value.

The Foundation's methodologies for determining the fair values of its investments in each of these alternative investments are described in Note K.

Note F--Contributions Receivable

At June 30, 2016 and 2015, contributions receivable consist of the following:

	2016	2015
Estimated to be collected in less than one year	$ 2,960,000	$ 2,515,000
Estimated to be collected in one to five years	1,292,500	1,300,000
	$ 4,252,500	$ 3,815,000

Note G--Notes Receivable

At June 30, 2016 and 2015, notes receivable per the accompanying consolidated statements of financial position consist of funds advanced under the Community Foundation's Impact Investing program ($631,454 and $297,739 at June 30, 2016 and 2015, respectively) and a note receivable due to the Martin Foundation ($325,000 and $400,000 at June 30, 2016 and 2015, respectively).

At June 30, 2016, the estimated aggregate maturities required under notes receivable are as follows:

Year ending June 30	
2017	$ 140,288
2018	153,830
2019	249,421
2020	196,326
2021	36,062
Thereafter	180,527
	$ 956,454

Note H--Property and Equipment, Net

At June 30, 2016 and 2015, net property and equipment consists of the following:

	2016	2015
Land	$ 12,500	$ 12,500
Building	116,772	116,772
Leasehold improvements	248,563	248,563
Office furniture and equipment	265,033	240,811
Computer hardware and software	343,364	325,735
	986,232	944,381
Less accumulated depreciation and amortization	685,046	609,421
	$ 301,186	$ 334,960

Depreciation and amortization expense totals $75,625 and $79,603 for the years ended June 30, 2016 and 2015, respectively.

Note I--Depository Liabilities

A progression of depository liabilities for the years ended June 30, 2016 and 2015 is as follows:

	2016		2015	
	Depository	Corporate Depository	Depository	Corporate Depository
Beginning of the year	$ 15,221,820	$ 10,827,801	$ 13,637,119	$ 8,920,889
Additions	11,377,784	13,937,543	11,893,046	5,861,265
Net investment income retained	2,648	110,025	2,059	96,448
Net unrealized and realized appreciation (depreciation)	(42,416)	160,549	43,127	319,978
Distributions	(10,035,081)	(11,894,066)	(10,353,531)	(4,370,779)
End of the year	$ 16,524,755	$ 13,141,852	$ 15,221,820	$ 10,827,801

Note J--Split-interest Agreements

The Community Foundation is party to various irrevocable split-interest agreements. A split-interest agreement is a gift that is partially for the Community Foundation's benefit and partially for an individual's benefit. Upon acceptance of a split-interest agreement, the Community Foundation records the contributed asset and the present value of the liability payable to the beneficiary. These agreements include charitable remainder trusts, a pooled income fund, and charitable gift annuities.

Charitable remainder trusts are arrangements in which a donor establishes and funds a trust with specified distributions to be made to designated beneficiaries over the trust's term. Upon termination of the trust, the Community Foundation receives the assets remaining in the trust. Obligations to the beneficiaries are limited to the trust's assets.

Note J--Split-interest Agreements (Continued)

The Community Foundation manages a pooled income fund in which contributions of multiple donors' life income gifts are pooled and invested as a group. Each donor is assigned a specific number of units based on the proportion of the fair value of the contributions to the total fair value of the pooled income fund on the date of the donor's gift. Until the beneficiary's death, the beneficiary (either the donor or the donor's designated beneficiary) is paid the actual income earned on the donor's assigned units. Upon the beneficiary's death, the value of these assigned units reverts to the Community Foundation. Obligations to the beneficiaries are limited to the income earned by the pooled income fund.

A charitable gift annuity is an arrangement between a donor and the Community Foundation in which the donor contributes assets to the Community Foundation in exchange for a contractual commitment by the Community Foundation to pay a fixed amount to the beneficiary (either the donor or to others designated by the donor) until the beneficiary's death. Upon the beneficiary's death, the remaining amount of assets, if any, reverts to the Community Foundation.

These assets are reported at fair value in the same manner as all Foundation investments. The income or loss recognized under these trusts is included in temporarily restricted net assets. Discount rates are determined in accordance with the Internal Revenue Code and represent the rate at the date of the contribution. The actuarial assumptions used in calculating the present values of the related liabilities include the beneficiary’s age, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate.

Amounts subject to split-interest agreements include the following at June 30, 2016 and 2015:

	2016			
	Charitable remainder trusts	Pooled income fund	Charitable gift annuities	Total
Assets	$ 11,863,577	$ 765,745	$ 1,694,750	$ 14,324,072
Liabilities	5,403,109	605,255	676,457	6,684,821

	2015			
	Charitable remainder trusts	Pooled income fund	Charitable gift annuities	Total
Assets	$ 13,028,544	$ 656,713	$ 1,288,227	$ 14,973,484
Liabilities	5,988,842	524,931	530,768	7,044,541

Note K--Fair Value Measurements

The ASC provides a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as described below:

- Level 1--Quoted prices in active markets for identical assets or liabilities.
- Level 2--Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active or unobservable inputs that are derived principally from or corroborated by observable market data. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3--Unobservable inputs that are based on the Foundation's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2016 and 2015.

Cash equivalents: Valued at the net asset value of the units held by the Foundation at year-end.

U.S. government and government agency obligations: Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Corporate bonds and notes: Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Municipal bonds: Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Mutual funds: Valued at the net asset value of the shares held by the Foundation at year-end.

Common stock: Valued at the quoted market price of the shares held by the Foundation at year-end.

Limited liability companies: The estimated fair values are based on information provided by the managing member of each of the limited liability companies. The fair values of the limited liability companies which invest primarily in publicly traded securities with readily determinable fair values are determined by allocating the aggregate fair values of the underlying securities to each member based on the number of units held by the member, and are equivalent to net asset value. The fair values of the limited liability companies which invest primarily in securities for which there are no readily available market quotations are estimated based on the initial cost of the investment adjusted for changes in the managing members' estimates of the fair values of the underlying assets, and are equivalent to net asset value.

Note K--Fair Value Measurements (Continued)

Limited partnerships: The estimated fair values are based on information provided by the general partner of each of the limited partnerships. The fair values of the limited partnerships which invest primarily in publicly traded securities with readily determinable fair values are determined by allocating the aggregate fair values of the underlying securities to each limited partner based on the number of units held by the partner, and are equivalent to net asset value. The fair values of the limited partnerships which invest primarily in securities for which there are no readily available market quotations are estimated based on the initial cost of the investment adjusted for changes in the general partners' estimates of the fair values of the underlying assets, and are equivalent to net asset value.

Closely-held corporations: The estimated fair value of the investment in the common stock of a closely-held bank holding company is based on the initial cost of the investment, adjusted for changes in the fair values of the underlying assets, if any, as reported to the shareholders by the holding company's management.

Notes receivable: The estimated fair values of notes receivable represent the outstanding principal balances under the terms of the respective loan agreements.

Beneficial interests in charitable remainder trusts: The estimated fair values of the beneficial interests are based on the calculated present value of the estimated future benefits expected to be received. The actuarial assumptions used in calculating the present values include the beneficiary's age, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate. The Community Foundation is also the sole beneficiary of a trust which holds mineral rights. The estimated fair value of this charitable remainder trust is based on information provided by the trustee and is determined based on aggregate historical production from the oil wells owned by the trust multiplied by a factor that is based on lease terms and industry averages.

Beneficial interest in real estate: The estimated fair value of the beneficial interest is based on the discounted appraised fair value of the respective property. The actuarial assumptions used in calculating the estimated fair value include the beneficiary's age, the date of the gift, the appraised fair value of the gifted property, and the discount rate.

Deferred gift liabilities for split-interest agreements: The estimated fair value is based on the calculated present value of the income distributions or other payments to the donor or other designated beneficiaries during the terms of the split-interest agreements. The actuarial assumptions used in calculating the present values include the beneficiary's age, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note K--Fair Value Measurements (Continued)

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 17,827,724	$ -	$ -	$ 17,827,724
U.S. government and government agency obligations				
Rated AAA	-	4,580,700	-	4,580,700
Corporate bonds and notes				
Rated AAA	-	961,713	-	961,713
Rated AA- to AA+	-	2,000,285	-	2,000,285
Rated A- to A+	-	4,027,637	-	4,027,637
Rated BB+ to BBB+	-	2,405,298	-	2,405,298
	-	9,394,933	-	9,394,933
Municipal bonds				
Rated AAA	-	307,121	-	307,121
Rated AA- to AA+	-	2,689,987	-	2,689,987
Rated A- to A+	-	420,460	-	420,460
	-	3,417,568	-	3,417,568
Mutual funds				
Equity	66,952,629	-	-	66,952,629
Fixed income	102,781,099	-	-	102,781,099
Index and exchange traded funds	50,173,234	-	-	50,173,234
International	39,545,127	-	-	39,545,127
Other	8,213,325	-	-	8,213,325
	267,665,414	-	-	267,665,414
Common stock				
Consumer discretionary	18,067,027	-	-	18,067,027
Energy	4,574,841	-	-	4,574,841
Financial	17,877,408	-	-	17,877,408
Healthcare	12,369,242	-	-	12,369,242
Industrials	14,130,502	-	-	14,130,502
Information technology	19,368,218	-	-	19,368,218
Other	14,809,112	-	-	14,809,112
	101,196,350	-	-	101,196,350
Alternative investments				
Limited liability companies	-	-	22,527,832	22,527,832
Limited partnerships	-	-	1,337,726	1,337,726
Closely-held corporation	-	-	250,250	250,250
	-	-	24,115,808	24,115,808
Notes receivable	-	-	956,454	956,454
Beneficial interests in charitable remainder trusts and real estate				
Unitrusts	-	-	6,187,685	6,187,685
Annuity trusts	-	-	246,080	246,080
Real estate	-	-	3,100,000	3,100,000
	-	-	9,533,765	9,533,765
	$ 386,689,488	$ 17,393,201	$ 34,606,027	$ 438,688,716

Note K--Fair Value Measurements (Continued)

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 15,409,561	$ -	$ -	$ 15,409,561
U.S. government and government agency obligations				
Rated AAA	-	6,746,515	-	6,746,515
Corporate bonds and notes				
Rated AAA	-	1,132,433	-	1,132,433
Rated AA- to AA+	-	1,879,162	-	1,879,162
Rated A- to A+	-	6,010,677	-	6,010,677
Rated BB+ to BBB+	-	1,434,930	-	1,434,930
	-	10,457,202	-	10,457,202
Municipal bonds				
Rated AAA	-	305,433	-	305,433
Rated AA- to AA+	-	2,708,600	-	2,708,600
Rated A- to A+	-	463,525	-	463,525
	-	3,477,558	-	3,477,558
Mutual funds				
Equity	63,238,333	-	-	63,238,333
Fixed income	94,612,849	-	-	94,612,849
Index and exchange traded funds	56,468,194	-	-	56,468,194
International	48,736,245	-	-	48,736,245
Other	9,577,280	-	-	9,577,280
	272,632,901	-	-	272,632,901
Common stock				
Consumer discretionary	14,823,085	-	-	14,823,085
Energy	3,649,314	-	-	3,649,314
Financial	15,493,451	-	-	15,493,451
Healthcare	14,795,549	-	-	14,795,549
Industrials	12,060,663	-	-	12,060,663
Information technology	14,822,200	-	-	14,822,200
Other	17,086,934	-	-	17,086,934
	92,731,196	-	-	92,731,196
Alternative investments				
Limited liability companies	-	-	26,289,691	26,289,691
Limited partnerships	-	-	5,065,368	5,065,368
Closely-held corporation	-	-	250,250	250,250
	-	-	31,605,309	31,605,309
Notes receivable	-	-	697,739	697,739
Beneficial interests in charitable remainder trusts and real estate				
Unitrusts	-	-	6,422,501	6,422,501
Annuity trusts	-	-	232,783	232,783
Real estate	-	-	2,900,000	2,900,000
	-	-	9,555,284	9,555,284
	$ 380,773,658	$ 20,681,275	$ 41,858,332	$ 443,313,265

Note K--Fair Value Measurements (Continued)

The changes in the Level 3 assets measured at fair value on a recurring basis using significant unobservable inputs during the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Beginning of the year	$ 41,858,332	$ 38,401,399
Purchases/contributions	4,875,000	1,618,172
Sales	(11,054,413)	(3,944,975)
Net unrealized and realized appreciation (depreciation)	(838,076)	5,589,169
Actuarial change	(234,816)	194,567
End of the year	$ 34,606,027	$ 41,858,332

The following table sets forth by level within the fair value hierarchy, the Foundation's liabilities (deferred gift liabilities for split-interest agreements) at fair value at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Charitable remainder trusts				
Unitrusts	$ -	$ -	$ 5,328,908	$ 5,328,908
Annuity trust	-	-	74,201	74,201
Pooled income fund	-	-	605,255	605,255
Charitable gift annuities	-	-	676,457	676,457
	$ -	$ -	$ 6,684,821	$ 6,684,821

The following table sets forth by level within the fair value hierarchy, the Foundation's liabilities (deferred gift liabilities for split-interest agreements) at fair value at June 30, 2015:

	Level 1	Level 2	Level 3	Total
Charitable remainder trusts				
Unitrusts	$ -	$ -	$ 5,904,809	$ 5,904,809
Annuity trust	-	-	84,033	84,033
Pooled income fund	-	-	524,931	524,931
Charitable gift annuities	-	-	530,768	530,768
	$ -	$ -	$ 7,044,541	$ 7,044,541

Note K--Fair Value Measurements (Continued)

The changes in the Level 3 liabilities measured at fair value on a recurring basis using significant unobservable inputs during the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Beginning of the year	$ 7,044,541	$ 7,629,599
Actuarial change	389,388	213,426
Payment obligations	(749,108)	(798,484)
End of the year	$ 6,684,821	$ 7,044,541

The following table sets forth the unfunded commitments, redemption frequencies, and redemption notice periods related to the Foundation's limited liability company and limited partnership investments for which the fair values at June 30, 2016 are determined using a net asset value per share or its equivalent:

	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
Limited liability companies - marketable securities	$ 16,584,624	$ -	N/A	N/A
Limited liability companies - marketable securities	4,620,148	-	monthly	30 days
Limited liability companies - commercial real estate	1,323,060	-	N/A	N/A
Limited partnerships - marketable securities	665,373	-	quarterly	45 days
Limited partnerships - marketable securities	59,802	-	N/A	N/A
Limited partnerships - marketable securities and private equity	196,243	-	quarterly	65 days
Limited partnerships - private equity	416,308	2,614,673	N/A	N/A

Note L--Endowment Funds

The ASC provides guidance on the net asset classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Foundation's endowments consist of approximately 630 funds established for a variety of purposes. Such endowments include both donor-restricted endowment funds and funds designated by the Board of Directors (Board) to function as endowments. These endowment funds also include various charitable remainder trusts and charitable gift annuities, some of which are administered by outside parties. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

Management and the Board, on the advice of legal counsel, have determined that the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA. The Foundation is governed subject to its bylaws and most contributions are received subject to the terms of fund agreements.

Under the terms of the Foundation's standard fund agreements**,** the Board has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the purposes of the organization and the respective endowment fund
- other resources of the organization
- the investment policies of the organization
- the duration and preservation of the endowment fund
- the expected total return from income and the appreciation of investments
- general economic conditions
- the possible effect of inflation and deflation

As a result of the ability to distribute corpus, management has determined that all contributions received subject to the standard fund agreements**,** and subject to UPMIFA, are classified as temporarily restricted until appropriated, at which time the appropriation is reclassified to unrestricted net assets. Contributions that are subject to fund agreements which are modified may be recorded as permanently restricted, temporarily restricted, or unrestricted, depending on the specific terms of the respective fund agreement.

Generally if the corpus of a contribution can at some point in the future become available for spending it is recorded as temporarily restricted. If the corpus never becomes available for spending it is reported as permanently restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are received.

Note L--Endowment Funds (Continued)

At June 30, 2016, endowment net assets consist of the following:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Board designated	$ 70,785,522	$ -	$ -	$ 70,785,522
Endowments subject to donor fund agreements	171,659,669	139,716,748	8,059,055	319,435,472
	$ 242,445,191	$ 139,716,748	$ 8,059,055	$ 390,220,994

At June 30, 2015, endowment net assets consist of the following:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Board designated	$ 74,084,774	$ -	$ -	$ 74,084,774
Endowments subject to donor fund agreements	167,819,811	144,637,465	8,059,055	320,516,331
	$ 241,904,585	$ 144,637,465	$ 8,059,055	$ 394,601,105

Changes in endowment net assets during the year ended June 30, 2016 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Beginning of the year	$ 241,904,585	$ 144,637,465	$ 8,059,055	$ 394,601,105
Contributions	2,025,326	28,253,063	-	30,278,389
Investment return				
Net investment income	1,851,433	7,822,127	-	9,673,560
Net unrealized and realized depreciation	(1,331,042)	(7,067,872)	-	(8,398,914)
Net assets released from restrictions	33,928,035	(33,928,035)	-	-
Appropriation of endowment assets for expenditure	(35,933,146)	-	-	(35,933,146)
End of the year	$ 242,445,191	$ 139,716,748	$ 8,059,055	$ 390,220,994

Note L--Endowment Funds (Continued)

Changes in endowment net assets during the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Beginning of the year	$ 237,199,977	$ 134,694,754	$ 8,059,055	$ 379,953,786
Contributions	255,544	29,988,043	-	30,243,587
Investment return				
Net investment income	1,654,374	7,350,173	-	9,004,547
Net unrealized and realized appreciation	2,140,511	7,158,640	-	9,299,151
Net assets released from restrictions	34,554,145	(34,554,145)	-	-
Appropriation of endowment assets for expenditure	(33,899,966)	-	-	(33,899,966)
End of the year	$ 241,904,585	$ 144,637,465	$ 8,059,055	$ 394,601,105

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets when they occur. There are no such deficiencies at June 30, 2016 and 2015.

Return objectives and risk parameters:

The Foundation has adopted investment and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through the diversification of asset classes. The current long-term return objective is to return 8% net of related investment management fees. Actual returns in any given year may vary from this objective.

Strategies employed for achieving return objectives:

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Note L--Endowment Funds (Continued)

Spending policy and how the investment objectives relate to the spending policy:

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant making and administration. The current standard spending policy is to make available for distribution an amount equal to 5% of a rolling twelve quarter average of the fair values of the endowment assets. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow annually at an average rate of 3%. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Note M--Non-controlling Interest

As indicated in Note A, management has included the accounts of the Orchestra Foundation in the accompanying consolidated financial statements. As stated in the Orchestra Foundation's articles of incorporation, should the Orchestra Foundation dissolve, the Orchestra Foundation shall distribute the lesser of its net assets or an amount equal to the remainder of the Community Foundation’s initial transfer to the Orchestra Foundation. The remainder of the Community Foundation’s initial transfer is $7,600,000 at June 30, 2016 and 2015.

The limitation stated in the Orchestra Foundation’s articles of incorporation resulted in management of the Community Foundation determining the Community Foundation has less than an entire interest in the net assets of the Orchestra Foundation. As a result, the difference between the Orchestra Foundation’s net assets and the amount to which the Community Foundation is entitled is reported as a non-controlling interest.

The following table summarizes the change in the remainder of the Community Foundation’s initial transfer amount and the non-controlling interest for the years ended June 30, 2016 and 2015:

	Remainder of the original transfer	Amount attributable to the non-controlling interest	Total Orchestra Foundation net assets
Balance, June 30, 2014	$ 7,600,000	$ 1,751,997	$ 9,351,997
Net change for the year ended June 30, 2015	-	(99,959)	(99,959)
Balance, June 30, 2015	7,600,000	1,652,038	9,252,038
Net change for the year ended June 30, 2016	-	(389,985)	(389,985)
Balance, June 30, 2016	$ 7,600,000	$ 1,262,053	$ 8,862,053

Note M--Non-controlling Interest (Continued)

The Community Foundation's non-controlling interest in the net assets of the Orchestra Foundation is presented in the accompanying consolidated statements of financial position as of June 30, 2016 and 2015 under the following captions:

	2016	2015
Non-controlling interest in unrestricted net assets	$ 475,415	$ 865,400
Non-controlling interest in permanently restricted net assets	786,638	786,638
	$ 1,262,053	$ 1,652,038

For the years ended June 30, 2016 and 2015, the change in net assets attributable to the Community Foundation is as follows:

	2016	2015
Total change in net assets per the accompanying consolidated statement of activities	$ (4,160,122)	$ 15,003,384
Less change in net assets attributable to the non-controlling interest	(389,985)	(99,959)
Change in net assets attributable to the Community Foundation	$ (3,770,137)	$ 15,103,343

Note N--Office Space Lease

The Community Foundation leases its office space under an operating lease. The lease agreement, under which the Community Foundation pays rent in the amount of $13,718 per month, inclusive of utilities, expires in September 2018 and is thereafter renewable for an additional five-year term.

Rent expense totals approximately $165,000 for the years ended June 30, 2016 and 2015.

At June 30, 2016, the future minimum lease payments under this operating lease are as follows:

Year ending June 30	
2017	$ 164,616
2018	41,154
	$ 205,770

Note O--Investment Management and Custodial Fees

As previously indicated, invested funds are primarily held in custodial investment accounts and are managed by professional investment advisors. Accordingly, the Foundation has entered into agreements with several professional investment advisors. Generally, such agreements are cancelable by either party upon written notice.

For the years ended June 30, 2016 and 2015, investment management and other fees include approximately $1,196,000 and $1,283,000, respectively, of investment management and custodial fees.

Note P--Pension Plan

The Community Foundation has a defined contribution pension plan covering all employees who are at least twenty-one years old and have at least one year of service. Participants become fully vested upon completion of two years of service. Currently, the monthly employer contributions are based on 5% of the participant's compensation. Pension plan expense for the years ended June 30, 2016 and 2015 totals approximately $59,000 and $64,000, respectively.

Note Q--Revocable Beneficiary

During 2006, the Community Foundation was notified that it is the revocable beneficiary of a charitable lead trust. During 2016 and 2015, the Community Foundation received distributions from the trust in the amount of approximately $8,500,000 and $8,300,000, respectively. The Community Foundation may continue to receive such significant distributions over an extended period of time. The donor has the right to change the beneficiary of the trust at any time.

Supplementary Information

The Community Foundation of Louisville, Inc.
Consolidated Schedules of Functional Expenses
Years ended June 30, 2016 and 2015

	2016			
	Program services	Management and general	Fundraising	Total
Grants	$ 31,869,780	$ -	$ -	$ 31,869,780
Special programs	268,712	-	-	268,712
Income distributions from Depositories to donors' funds	230,806	-	-	230,806
Distributions from deferred funds	749,108	-	-	749,108
Investment management and other fees	-	1,211,293	-	1,211,293
Salaries, payroll taxes, and benefits	539,697	1,008,589	347,938	1,896,224
Rent, utilities, and office expenses	75,530	160,720	36,449	272,699
Marketing and communications	281	-	61,512	61,793
Development and stewardship	-	-	31,037	31,037
Community leadership	34,565	-	-	34,565
Legal, audit, and other professional services	42,199	146,797	18,200	207,196
Travel, entertainment, and conference expenses	17,143	27,941	4,725	49,809
Software maintenance contracts and upgrades	12,518	27,353	6,491	46,362
Memberships and reference materials and continuing education	1,770	31,771	5,323	38,864
Postage, printing, and publications	6,537	14,283	3,390	24,210
Miscellaneous expenses	1,998	5,478	1,036	8,512
Depreciation and amortization	19,251	46,392	9,982	75,625
Totals	$ 33,869,895	$ 2,680,617	$ 526,083	$ 37,076,595

See accompanying independent auditor's report.

	2015			
	Program services	Management and general	Fundraising	Total
	$ 30,003,867	$ -	$ -	$ 30,003,867
	187,099	-	-	187,099
	461,612	-	-	461,612
	798,484	-	-	798,484
	-	1,297,066	-	1,297,066
	506,449	946,455	326,503	1,779,407
	71,048	152,678	34,934	258,660
	1,467	-	91,878	93,345
	-	-	31,883	31,883
	13,589	-	-	13,589
	42,154	139,970	17,395	199,519
	18,204	31,282	5,722	55,208
	14,380	31,422	7,456	53,258
	1,654	34,411	5,768	41,833
	4,106	8,970	2,129	15,205
	2,023	6,903	1,049	9,975
	20,325	48,739	10,539	79,603
	$ 32,146,461	$ 2,697,896	$ 535,256	$ 35,379,613