The DuPage Community Foundation
(d.b.a. DuPage Foundation)

Financial Report

June 30, 2015

The DuPage Community Foundation
(d.b.a. DuPage Foundation)

Contents

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Independent Auditor's Report

To the Board of Trustees
The DuPage Community Foundation
(d.b.a. DuPage Foundation)

We have audited the accompanying financial statements of The DuPage Community Foundation (d.b.a. DuPage Foundation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
The DuPage Community Foundation
(d.b.a. DuPage Foundation)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The DuPage Community Foundation (d.b.a. DuPage Foundation) as of June 30, 2015 and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Financial Statements

The financial statements of The DuPage Community Foundation (d.b.a. DuPage Foundation) as of and for the year ended June 30, 2014 were audited by other auditors, whose report dated October 9, 2014 expressed an unmodified opinion on those statements.

Plante & Moran, PLLC

November 6, 2015

The DuPage Community Foundation
(d.b.a. DuPage Foundation)

Statement of Financial Position

	June 30, 2015	June 30, 2014
Assets		
Cash	$ 1,691,233	$ 2,833,124
Administrative fees receivable	122,458	114,109
Prepaid expenses and other	23,866	26,097
Charitable lead trust receivable (Note 4)	211,239	229,368
Investments (Note 9)	58,198,752	55,221,367
Re-insurance contract (Note 3)	125,322	154,374
Cash value of life insurance	539,509	532,024
Other assets	28,000	-
Property and equipment - Net (Note 2)	1,875,386	426,841
Total assets	**$ 62,815,765**	**$ 59,537,304**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 247,834	$ -
Agency funds (Note 7)	11,626,672	11,929,528
Annuity payable	262,714	195,637
Line of credit	267,413	-
Accrued liabilities	16,870	11,531
Total liabilities	12,421,503	12,136,696
Net Assets		
Unrestricted	8,169,503	8,190,490
Temporarily restricted (Note 9)	7,609,264	7,628,500
Permanently restricted (Note 9)	34,615,495	31,581,618
Total net assets	50,394,262	47,400,608
Total liabilities and net assets	**$ 62,815,765**	**$ 59,537,304**

The DuPage Community Foundation (d.b.a. DuPage Foundation)

Statement of Activities and Changes in Net Assets

	Year Ended							
	June 30, 2015				June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support								
Gifts, bequests, and grants	$ 1,382,108	$ 2,394,942	$ 3,033,877	$ 6,810,927	$ 2,629,542	$ 2,315,972	$ 4,145,226	$ 9,090,740
Interest and dividend income	181,252	749,593	-	930,845	126,057	596,920	-	722,977
Net investment (losses) gains	(67,455)	208,420	-	140,965	838,086	4,035,915	-	4,874,001
Administrative fees	112,920	-	-	112,920	108,234	-	-	108,234
Net assets released from restrictions	3,372,191	(3,372,191)	-	-	3,683,696	(3,558,021)	(125,675)	-
Total and revenue, gains, and other support	4,981,016	(19,236)	3,033,877	7,995,657	7,385,615	3,390,786	4,019,551	14,795,952
Expenses								
Grants awarded	3,598,673	-	-	3,598,673	3,095,458	-	-	3,095,458
Grant-making activities	796,176	-	-	796,176	712,464	-	-	712,464
Management and general	309,477	-	-	309,477	261,111	-	-	261,111
Fundraising	297,677	-	-	297,677	234,731	-	-	234,731
Total expenses	5,002,003	-	-	5,002,003	4,303,764	-	-	4,303,764
(Decrease) Increase in Net Assets	(20,987)	(19,236)	3,033,877	2,993,654	3,081,851	3,390,786	4,019,551	10,492,188
Net Assets - Beginning of year	8,190,490	7,628,500	31,581,618	47,400,608	5,108,639	4,237,714	27,562,067	36,908,420
Net Assets - End of year	**$ 8,169,503**	**$ 7,609,264**	**$ 34,615,495**	**$ 50,394,262**	**$ 8,190,490**	**$ 7,628,500**	**$ 31,581,618**	**$ 47,400,608**

The DuPage Community Foundation
(d.b.a. DuPage Foundation)

Statement of Cash Flows

	Year Ended June 30, 2015	Year Ended June 30, 2014
Cash Flows from Operating Activities		
Increase in net assets	$ 2,993,654	$ 10,492,188
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net investment gains	(140,965)	(4,874,001)
Depreciation	15,439	16,310
Non-cash donations	(2,223,641)	(2,078,120)
Changes in operating assets and liabilities which (used) provided cash:		
Administrative fees receivable	(8,349)	(18,255)
Charitable lead trust receivable	18,129	(10,129)
Prepaid expenses and other	2,231	(9,199)
Other assets	1,052	-
Accounts payable and accrued expenses	10,523	(7,328)
Agency funds	(302,856)	2,053,570
Annuity payable	67,077	29,365
Other accrued liabilities	16,870	-
Net cash provided by operating activities	449,164	5,594,401
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,238,204)	-
Purchases of investments	(14,242,061)	(22,192,999)
Proceeds from sales and maturities of investments	13,900,959	16,718,811
Net cash used in investing activities	(1,579,306)	(5,474,188)
Cash Flows from Financing Activities		
Proceeds from line of credit	267,413	-
Non-cash donations for endowments	(279,162)	(279,967)
Net cash used in financing activities	(11,749)	(279,967)
Net Decrease in Cash	(1,141,891)	(159,754)
Cash - Beginning of year	2,833,124	2,992,878
Cash - End of year	**$ 1,691,233**	**$ 2,833,124**

See Notes to Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

Organization Purpose - The DuPage Community Foundation (d.b.a. DuPage Foundation) (the "Foundation") is a grant-making community foundation created in 1986 to benefit the people of DuPage County, Illinois. The Foundation receives contributions and bequests into endowment funds. The earnings on these funds are used, according to donors' wishes, for the Foundation's grant-making and community leadership activities.

During the year 2015, the Foundation started doing business as DuPage Foundation. Its legal name has not been changed.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. This method records revenues and related assets when earned and records expenses and related liabilities when the obligations are incurred.

Classification of Net Assets - Net assets of the Foundation are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Foundation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Cash - For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts at Northern Trust, which at times may exceed federally insured limits. The Foundation has not experienced any losses and does not believe it is exposed to any signficant credit risk on cash.

Cash and short-term investments held in bank and brokerage money market accounts are reported as restricted because the Foundation holds those funds as endowments.

Investments - The Foundation's investments are reported at fair value. Donated investments are reflected as contributions at their fair values at the date the donor relinquishes control. Gain or loss on the sale of investments is computed using the specific recorded costs of each security. Investment income is recorded on the accrual basis and is reported in the statement of activities and changes in net assets.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Foundation's investments are exposed to various risks such as interest rate, credit risk, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Administrative Fees Receivable - Receivables represent administrative fees charged to agencies and other fund holders. Management determines the allowance for doubtful accounts by reviewing and identifying troubled accounts. For the years ended June 30, 2015 and 2014, all amounts are deemed to be collectible.

Agency Funds - The Foundation adopted the accounting treatment prescribed by generally accepted accounting principles, *Transfers of Assets to a Not-for-Profit Organization of Charitable Trust that Raises or Holds Contributions for Others*, and accordingly, records the funds received on behalf of others as a liability.

Property and Equipment - Property and equipment are stated at their estimated fair value at the date donated or at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The capitalization policy is set at $5,000. Costs of maintenace and repairs are charged to expense when incurred.

Contributions Receivable - Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. There were no contributions receivable as of June 30, 2015 and 2014.

Gifts, Bequests, and Grants - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Conditional promises are recorded when donor stipulations are substantially met. Contributions are recorded net of allowances. An allowance for doubtful accounts is provided based on management's judgement including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Contributions received with donor-imposed restrictions are reported as revenue of the permanently restricted or temporarily restricted net asset class as required by the donor intent. Temporarily restricted net assets released from restrictions primarily relate to expenditures incurred for capital additions and program services. Contributions of land, building, and equipment without donor-imposed restrictions concerning the use of such long-lived assets are reported as revenue of the unrestricted net asset class.

Donated Services - The Foundation records contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation. When such contributions are received, they are recorded at their fair values in the period received. The Foundation did not receive donated services during the years ended June 30, 2015 and 2014.

Income Taxes - The Foundation is exempt from income tax under provision of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2012.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Note 2 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2015	2014	Depreciable Life - Years
Land	$ 163,770	$ 95,000	-
Buildings	1,399,625	379,696	7-40
Building improvements	343,514	-	3-10
Computer software	66,518	54,838	3-5
Furniture and equipment	63,659	43,568	5
Total cost	2,037,086	573,102	
Less accumulated depreciation	(161,700)	(146,261)	
Net carrying amount	$ 1,875,386	$ 426,841	

Depreciation expense was $15,439 for 2015 and $16,310 for 2014.

Note 3 - Charitable Gift Annuities

In 2004, the Foundation entered into a charitable gift annuity agreement with a donor. The donor agreed to provide a gift to the fund, in exchange for a lifetime annuity to be paid to the donor. The present value of the annuity payments expected to be made has been shown as a liability in the statement of financial position. The gift, net of the annuity liability and expenses related to the donation, was reported as a contribution in the statement of activities and changes in net assets in the fiscal year ended June 30, 2005. As required by state law, the Foundation entered into an agreement with an insurance company to fund payment of the annuity to this donor. The value of this annuity agreement is reflected as a re-insurance contract in the statement of financial position. It is expected that the re-insurance contract will offset the annuity liability, resulting in no net impact on the statement of activities and changes in net assets in future periods. At June 30, 2015 and 2014, the asset and liability arising from this agreement are reported at $125,322 and $154,374, respectively.

Note 3 - Charitable Gift Annuities (Continued)

During the fiscal years 2013 through 2015, the Foundation entered into four charitable gift annuity agreements with donors. The donors agreed to provide a gift to the fund, in exchange for a lifetime annuity to be paid to the donors. The present value of the annuity payments expected to be made has been shown as a liability in the statement of financial position. The gift, net of the annuity liability and the expenses related to the donation, was reported as a contribution in the statement of activities and changes in net assets in the respective year ends. The Foundation met state law requirements and was not required to enter into an agreement with an insurance company to fund payment of the annuity to those donors. At June 30, 2015 and 2014, the liability arising from these agreements is reported at $137,392 and $41,263, respectively.

Note 4 - Charitable Lead Trust

During fiscal year 2009, a donor established a trust naming the Foundation as one of the lead beneficiaries of a charitable lead annuity trust. Under terms of the split-interest agreement, the Foundation is to receive 45 percent of a unitrust amount equal to 4 percent of the net fair market value of the assets of the trust valued as of the first business day of each taxable year for the trust for a period of 22 years. After that time, the trust is to terminate, and remaining trust assets are to be distributed to others. The receivable for the split-interest agreement is carried at fair value, which the Foundation has estimated based on the present value of expected future cash inflows. Based on the duration of the trust and a 5 percent discount rate, the fair value of the Foundation's interest in the trust was estimated to be $206,138, which was recorded in 2009 as a temporarily restricted contribution and as charitable lead trust receivable. The Foundation received $18,424 and $17,686 from the trust in 2015 and 2014, respectively, which was recorded as a reduction in the receivable and a corresponding reclassification from temporarily restricted to unrestricted net assets. On an annual basis, the Foundation will revalue the contribution receivable based on annual asset valuation and current market conditions.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Note 5 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Foundation's policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no transfers during the years ended June 30, 2015 and 2014.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2015 and 2014, and the valuation techniques used by the Foundation to determine those fair values. As of June 30, 2015, the Foundation implemented new guidance that changes the required disclosures for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Previously, investments measured at fair value using NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investments. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy.

Note 5 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2015
Assets				
Investments:				
Emerging markets mutual funds	$ 2,406,675	$ 763,356	$ -	$ 3,170,031
International mutual funds	2,219,027	3,555,276	-	5,774,303
International common stock	184,823	-	-	184,823
Domestic mutual funds	19,054,032	3,539,789	-	22,593,821
Domestic common stock	6,254,771	-	-	6,254,771
Fixed-income securities	7,707,267	3,771,964	-	11,479,231
Hedge funds	584,725	-	-	584,725
Real estate funds/partnerships	1,253,317	-	-	1,253,317
Commodity funds	778,368	-	-	778,368
Hedge funds measured at net asset value	-	-	-	4,289,175
Private equity funds measured at net asset value	-	-	-	1,836,187
Total assets	$ 40,443,005	$ 11,630,385	$ -	$ 58,198,752

Assets Measured at Fair Value on a Recurring Basis at June 30, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2014
Assets				
Investments:				
Emerging markets mutual funds	$ 1,463,372	$ 1,506,571	$ -	$ 2,969,943
International mutual funds	2,126,020	4,226,704	-	6,352,724
International common stock	108,556	-	-	108,556
Domestic mutual funds	16,110,602	5,199,608	-	21,310,210
Domestic common stock	5,342,688	-	-	5,342,688
Fixed-income securities	7,096,745	4,622,201	-	11,718,946
Hedge funds	741,922	-	-	741,922
Real estate funds/partnerships	1,619,923	-	1,774	1,621,697
Commodity funds	36,346	-	-	36,346
Hedge funds measured at net asset value	-	-	-	3,924,393
Private equity funds measured at net asset value	-	-	-	1,093,942
Total assets	$ 34,646,174	$ 15,555,084	$ 1,774	$ 55,221,367

Note 5 - Fair Value Measurements (Continued)

Level 1 Inputs

Fair values determined by the use of quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 Inputs

Estimated fair values for emerging markets mutual funds, international mutual funds, domestic mutual funds, and fixed-income securities that are not actively traded are valued based on quoted market prices for similar and other observable inputs such as yield curves and default rates.

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at June 30, 2015

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Emerging markets mutual funds (a)	$ 763,356	$ -	Daily	1-2 days
International mutual funds (b)	3,555,276	-	Daily	2-3 days
Domestic mutual funds (c)	3,539,789	-	Daily	1-2 days
Fixed-income securities (d)	3,771,964	-	Daily	None
Funds of hedge funds (e)	4,289,175	-	90 days or less	90 days or less
Private equity (f)	1,836,187	5,772,600	Quarterly	None
Total	$ 17,755,747	$ 5,772,600		

Note 5 - Fair Value Measurements (Continued)

Investments Held at June 30, 2014

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Emerging markets mutual funds (a)	$ 1,506,571	$ -	Daily	1-2 days
International mutual funds (b)	4,226,704	-	Daily	2-3 days
Domestic mutual funds (c)	5,199,608	-	Daily	1-2 days
Fixed-income securities (d)	4,622,201	-	Daily	None
Funds of hedge funds (e)	3,924,393	-	90 days or less	90 days or less
Private equity (f)	1,093,942	3,504,500	Quarterly	None
Total	$ 20,573,419	$ 3,504,500		

(a) Emerging markets mutual funds: invest in international securities that are in the MSCI Emerging Markets Index with the objective of replicating the performance of the MSCI Emerging Markets Index.

(b) International mutual funds: invest in international securities that are in the MSCI EAFE Index and in the MSCI Emerging Markets Index with the objective of outperforming the MSCI EAFE Index and replicating the performance of the MSCI ACWI ex-US.

(c) Domestic mutual funds: invest in domestic equities in the Russell 1000, Midcap, and 2000 Indices with the objective of outperforming the Russell 1000, Midcap, and 2000 Indices.

(d) Fixed-income securities: invest in domestic fixed-income securities with the objective of replicating the BC US Aggregate Bond Index.

(e) Funds of hedge funds: these funds of hedge funds are designed to provide a competitive rate of return. Generally, these investments have a redemption period of 90 days or less and a notification period of 90 days or less. Approximately 0.2 percent of the investments are in side pocket arrangements. The Foundation will not be able to redeem such value from any particular underlying investment until such amount is released from its respective side pocket arrangement. The Foundation is not able to estimate the timing of receipt of such amounts.

(f) Private equity: invests in private equities with the objective of obtaining a competitive rate of return.

Note 6 - Line of Credit

In 2015, the Foundation established an unsecured revolving line of credit agreement totaling $1,500,000 with interest at a variable interest rate as determined by the bank's prime interest rate index less .5 percentage points expiring in January 2017. The effective rate as of June 30, 2015 was 2.75 percent.

The oustanding balance as of June 30, 2015 was $267,413.

Note 7 - Agency Funds

The financial effects of transactions related to agency funds are recorded as changes in the agency funds liability on the statement of financial position and are not included in the statement of activities and changes in net assets. The changes are summarized as follows:

	2015	2014
Additions:		
Deposits	$ 561,457	$ 757,794
Investment income	227,405	210,610
Net unrealized and realized (loss) gains	(20,539)	1,453,603
Total additions	768,323	2,422,007
Deductions:		
Distributions	923,254	223,955
Investment expense	147,925	144,482
Total deductions	1,071,179	368,437
Change in balance	(302,856)	2,053,570
Agency funds - Beginning of year	11,929,528	9,875,958
Agency funds - End of year	$ 11,626,672	$ 11,929,528

Note 8 - Subsequent Events

Subsequent to June 30, 2015, the Foundation sold an office condo in Wheaton, Illinois and paid the outstanding balance on its line of credit.

The Foundation has evaluated the financial statements and related disclosures for subsequent events through November 6, 2015, the date which the financial statements were available to be issued.

Note 9 - Donor-restricted and Board-designated Endowments

The Foundation's endowment consists of approximately 279 individual funds established for a variety of purposes. Endowments include both donor-restricted funds and funds designated by the board of trustees to function as endowments.

Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (1,693,193)	$ 7,609,264	$ 34,615,495	$ 40,531,566
Board-designated endowment funds	7,991,814	-	-	7,991,814
Total funds	$ 6,298,621	$ 7,609,264	$ 34,615,495	$ 48,523,380

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 7,339,688	$ 7,628,500	$ 31,581,618	$ 46,549,806
Investment return:				
Investment income	180,612	749,593	-	930,205
Net (depreciation) appreciation (realized and unrealized)	(67,455)	208,420	-	140,965
Total investment return	113,157	958,013	-	1,071,170
Contributions	147,814	2,394,942	3,033,877	5,576,633
Appropriation of endowment assets for expenditure	(1,302,038)	(3,372,191)	-	(4,674,229)
Endowment net assets - End of year	$ 6,298,621	$ 7,609,264	$ 34,615,495	$ 48,523,380

Endowment Net Asset Composition by Type of Fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (902,902)	$ 7,628,500	$ 31,581,618	$ 38,307,216
Board-designated endowment funds	8,242,590	-	-	8,242,590
Total funds	$ 7,339,688	$ 7,628,500	$ 31,581,618	$ 46,549,806

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 4,459,131	$ 4,237,714	$ 27,562,067	$ 36,258,912
Investment return:				
Investment income	125,884	596,920	-	722,804
Net appreciation (realized and unrealized)	924,443	4,035,915	-	4,960,358
Total investment return	1,050,327	4,632,835	-	5,683,162
Contributions	2,207,055	2,315,972	4,145,226	8,668,253
Appropriation of endowment assets for expenditure	(376,825)	(3,558,021)	(125,675)	(4,060,521)
Endowment net assets - End of year	$ 7,339,688	$ 7,628,500	$ 31,581,618	$ 46,549,806

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $1,693,193 as of June 30, 2015 and $902,902 as of June 30, 2014. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the board of trustees.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies, approved by the board of trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while maintaining the purchasing power of those assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return with acceptable levels of risk, including investment income as well as capital appreciation, which exceeds the annual distribution.

Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to minimize risk.

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation will use the moving average method to plan year-to-year grants in order to reduce annual variations in the amounts distributed from the aggregate portfolio. The amount will be determined based on the moving average of the portfolio fair value from the previous 12 quarters (that is, the moving average will be determined in the last quarter of the calendar year based on 12 averaged quarters ending September 30 before the calendar year in which the funds are to be spent). For funds less than three years old, the market value will be the average of all averaged quarters to date. This policy creates more consistent and predictable granting by the Foundation over the long term.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in consistent inflation-protected rates of return with sufficient liquidity to make an annual distribution of between 4 percent and 5 percent, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return, net of fees of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Note 10 - Concentration of Contributions

For the year ended June 30, 2014, the Foundation received approximately 25 percent of its total support and revenue from a trust. Additional funds are expected to be received subsequent to year end; however, the amount to be received is unknown and contingent upon probate. No concentrations were noted for the year ended June 30, 2015.

Note 11 - Noncash Transactions

Capital expenditures in the amount of $225,780 were included in accounts payable and accrued expenses as of June 30, 2015.