THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2017 and 2016

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report

To the Board of Directors
The Greater New Orleans Foundation

Report on the Financial Statements
We have audited the accompanying combined financial statements of The Greater New Orleans Foundation (the Foundation) which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities and cash flows, for the years then ended and the related notes to the combined financial statements (collectively, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater New Orleans Foundation as of December 31, 2017 and 2016, 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.

LaPorte

A Professional Accounting Corporation

Metairie, LA
May 31, 2018

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and Cash Equivalents	**$ 581,658**	$ 3,177,217
Interest Receivable	**70,762**	48,948
Unconditional Promises to Give (Net of Discount of $192,538 and $255,392, for 2017 and 2016, Respectively)	**4,377,510**	5,294,959
Note Receivable	**-**	739,186
Investments	**319,622,217**	288,743,053
Assets Held in Charitable Remainder Trusts	**9,677,106**	9,101,652
Beneficial Interests in Remainder Trusts and Lead Trusts	**1,243,168**	1,674,879
Property and Equipment, Net	**12,774,923**	12,712,993
Real Estate Held	**2,947,500**	2,947,500
Other Assets	**357,379**	342,062
Total Assets	**$ 351,652,223**	$ 324,782,449
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 325,327**	$ 275,278
Grants Payable	**10,105,497**	15,242,818
Liabilities Under Split-Interest Agreements	**3,417,742**	3,425,307
Agency Funds	**18,823,875**	16,627,299
Total Liabilities	**32,672,441**	35,570,702
Net Assets		
Unrestricted		
Endowment Purposes	**113,710,426**	112,707,292
Available for Grants	**194,950,828**	166,148,418
Temporarily Restricted	**10,318,528**	10,356,037
Total Net Assets	**318,979,782**	289,211,747
Total Liabilities and Net Assets	**$ 351,652,223**	$ 324,782,449

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 18,258,774	$ 2,295,344	$ -	$ 20,554,118
Fees, Net	154,146	-	-	154,146
Interest and Dividends	4,567,288	-	-	4,567,288
Change in Value of Split-Interest Agreements	437,222	256,878	-	694,100
Net Realized and Unrealized Gain on Investments	32,640,385	-	-	32,640,385
Other Income	290,493	-	-	290,493
Net Assets Released from Restriction	2,589,731	(2,589,731)	-	-
Total Support and Revenues	58,938,039	(37,509)	-	58,900,530
Expenses				
Grants and Program Initiatives				
Grants	23,505,055	-	-	23,505,055
Program Initiatives	1,820,392	-	-	1,820,392
Administrative Expenses				
Program Services Support	1,774,433	-	-	1,774,433
Management and General	1,217,932	-	-	1,217,932
Fundraising	814,683	-	-	814,683
Total Expenses	29,132,495	-	-	29,132,495
Change in Net Assets	29,805,544	(37,509)	-	29,768,035
Net Assets, Beginning of Year	278,855,710	10,356,037	-	289,211,747
Net Assets, End of Year	$ 308,661,254	$ 10,318,528	$ -	$ 318,979,782

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 22,981,315	$ 2,382,564	$ -	$ 25,363,879
Fees, Net	145,099	-	-	145,099
Interest and Dividends	4,635,793	-	-	4,635,793
Change in Value of Split-Interest Agreements	305,982	(219,716)	-	86,266
Net Realized and Unrealized Gain on Investments	6,540,165	-	-	6,540,165
Other Income	75,863	-	-	75,863
Net Assets Released from Restriction	1,748,044	(1,748,044)	-	-
Total Support and Revenues	36,432,261	414,804	-	36,847,065
Expenses				
Grants and Program Initiatives				
Grants	31,552,211	-	-	31,552,211
Program Initiatives	1,208,806	-	-	1,208,806
Administrative Expenses				
Program Services Support	1,609,600	-	-	1,609,600
Management and General	1,062,891	-	-	1,062,891
Fundraising	773,893	-	-	773,893
Total Expenses	36,207,401	-	-	36,207,401
Change in Net Assets	224,860	414,804	-	639,664
Net Assets, Beginning of Year	278,630,850	9,941,233	-	288,572,083
Net Assets, End of Year	$ 278,855,710	$ 10,356,037	$ -	$ 289,211,747

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	**$ 29,768,035**	$ 639,664
Adjustments to Reconcile Change in Net Assets		
to Net Cash Used in Operating Activities		
Net Realized and Unrealized Gain on Investments	**(32,640,385)**	(6,540,165)
Stock Donations	**(5,563,023)**	(7,422,534)
Depreciation	**260,470**	69,578
Decrease (Increase) in Assets		
Interest Receivable	**(21,814)**	12,484
Unconditional Promises to Give	**917,449**	863,817
Note Receivable	**739,186**	739,187
Other Assets	**(15,317)**	(20,918)
Increase (Decrease) in Liabilities		
Accounts Payable	**50,049**	(604,123)
Grants Payable	**(5,137,321)**	5,016,222
Liabilities Under Split-Interest Agreements	**(7,565)**	(180,144)
Agency Funds	**2,196,576**	906,490
Net Cash Used in Operating Activities	**(9,453,660)**	(6,520,442)
Cash Flows from Investing Activities		
(Increase) Decrease in Assets Held in Charitable Remainder Trusts	**(575,454)**	137,139
Decrease in Beneficial Interests in Remainder Trusts and Lead Trusts	**431,711**	256,790
Proceeds from Sale of Investments	**79,589,522**	225,224,216
Purchases of Investments	**(72,265,278)**	(214,803,547)
Purchases of Property and Equipment	**(322,400)**	(5,827,067)
Net Cash Provided by Investing Activities	**6,858,101**	4,987,531
Net Decrease in Cash and Cash Equivalents	**(2,595,559)**	(1,532,911)
Cash and Cash Equivalents, Beginning of Year	**3,177,217**	4,710,128
Cash and Cash Equivalents, End of Year	**$ 581,658**	$ 3,177,217

The accompanying notes are an integral part of these combined financial statements.

Note 1. Summary of Significant Accounting Policies

The Greater New Orleans Foundation and its supporting organizations (the Foundation) are a community foundation created to build charitable endowments and to assist the community in many areas. The Foundation administers many individual charitable funds, each established with a gift instrument describing either the general or specific purposes from which grants will be made. The Foundation's spending policy for endowed funds is based on a percentage of a twelve quarter rolling average. The Foundation improves the quality of life for all citizens of the area, now and for future generations. As a catalyst and resource for philanthropy, the Foundation demonstrates strategic grant making that invests in leaders and systematic change, builds irrevocable endowments for the community's changing issues and opportunities, and serves as a flexible and cost-effective vehicle for philanthropists to invest in their community.

Basis of Accounting
The Foundation prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Combined Financial Statements
The combined financial statements of the Foundation include the accounts of The Greater New Orleans Foundation and ten supporting organizations. All significant inter-company accounts and transactions have been eliminated. Collectively, the entities are referred to as "the Foundation."

Supporting Organizations
Supporting organizations are affiliated charitable organizations, which enjoy the continuing involvement of their founders yet gain public charity status through their affiliation with the Foundation. The net assets of the supporting organizations at December 31, 2017 and 2016, were $19,277,184 and $17,055,596, respectively, and are included in the unrestricted - available for grants net asset classification.

Basis of Presentation
Financial statement presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the Foundation's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. However, under the Foundation's governing instruments, the assets are held as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. Accordingly, the combined financial statements classify all net assets that meet these criteria as unrestricted, but segregate the portion that is held as endowment from the funds that are currently available for grants and administration.

New Donations

New donations are accrued when all events required for the transfer of the assets from the donor to the Foundation have occurred.

Investments

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the combined statements of financial position. Investments also include an allocation to the asset class commonly referred to as alternative investments with net asset value (NAV) investments in private equity, hedge funds, and a pooled investment fund. The Foundation has significant transparency into the underlying positions of the private equity funds. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market. These investments are structured as limited liability entities and are reported at NAV, which approximates fair value.

Dividend and interest income is accrued when earned. Net unrealized and realized gains and losses are included in the change in net assets.

Fair Values of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)
The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Pricing inputs are quoted prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, include equities, mutual funds, and money market securities.

Level 2 - Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable. Quoted prices are available but the assets are traded less frequently and thus valuation is accomplished using similar securities, the parameters of which can be directly observed.

Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment grade corporate bonds, less liquid listed equities, state, municipal, and principal obligations, and most physical commodities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3 - Pricing inputs are not observable in the market. Thus valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include contributions expected to be collected in future periods and convertible notes of public benefit corporations. When observable prices are not available for these assets, the Foundation uses one or more valuation techniques (e.g. market approach, income approach, or cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

The inputs used by the Foundation in estimating the fair value of Level 3 investments include the original transaction price, recent transactions for the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Foundation in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs as an input, although those costs may have been capitalized as part of the security's cost. Due to the lack of observable inputs, assumptions used by the Foundation may significantly impact the resulting fair value and, therefore, the amounts reported in the Foundation's accompanying combined financial statements.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 12).

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Management closely monitors outstanding balances throughout the year and writes off all balances that are considered uncollectible. The Foundation believes that all promises to give at December 31, 2017 and 2016 will be fully collected. Accordingly, no allowance for doubtful accounts is required.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment, Net

Assets greater than $2,500 are recorded at cost. Depreciation is provided on the straight-line method. Computer and office furniture and equipment are depreciated over a five to seven-year period. Leasehold improvements are depreciated over the life of the lease.

Grants Payable

Grants payable are grants authorized but unpaid at year-end. The recipients of these grants are subject to routine performance requirements.

Note 1. Summary of Significant Accounting Policies (Continued)

Administrative Fees

The Foundation charges administrative fees to the various funds. Gross revenues are reported net of related expenses to the various funds. Net revenues from such assessments totaled $154,146 and $145,099 in 2017 and 2016, respectively.

Cash and Cash Equivalents

The Foundation considers investments in money market accounts to be cash equivalents, except for certain money market accounts maintained with investments at financial institutions which are reported as investments, as disclosed in Note 4.

Endowment Funds

The *Not-for-Profit Entities* Topic of the FASB ASC provides guidance on the net asset classification of endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This Topic requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), which are disclosed in Note 11.

Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the combined statements of activities. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

Income Tax

The Foundation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible.

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provided accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Foundation believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the combined financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the combined financial statements. Accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the combined financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Foundation is currently evaluating the impact the adoption of this guidance will have on its combined financial statements.

Note 2. Promises to Give

Unconditional promises to give at December 31, 2017 and 2016, respectively, are as follows:

	2017	2016
Receivable in Less than One Year	**$ 3,204,048**	$ 3,470,441
Receivable in One to Five Years	**866,000**	1,529,910
Receivable in More than Five Years	**500,000**	550,000
Total Unconditional Promises to Give	**4,570,048**	5,550,351
Less Discounts to Net Present Value	**(192,538)**	(255,392)
Net Unconditional Promises to Give	**$ 4,377,510**	$ 5,294,959

Interest rate assumptions used to calculate the discounts on various promises to give range from 1.76% to 2.58%.

Note 3. Note Receivable

During 2009, the Foundation received an unsecured note receivable as a contribution from a donor. The note accrued interest at the rate of 2.25% per year. The note was payable in eight annual installments of $739,187 plus interest, due on June 30th of each year. During the year ended December 31, 2017, the note receivable matured and was received in full. At December 31, 2017 and 2016, the balance of the note receivable was $-0- and $739,186, respectively.

Note 4. Investments

Investments consist of the following as of December 31, 2017 and 2016:

2017	**Fair Market Value**	**Cost or Assigned Amount**
Common Stocks	**$ 46,032,463**	**$ 33,718,721**
Equity Mutual Funds	**62,848,537**	**49,569,917**
Bond Mutual Funds	**17,002,336**	**17,190,558**
Corporate and Treasury Bonds	**36,523,295**	**36,945,183**
Money Market Funds	**14,277,499**	**14,247,171**
Limited Liability Entities	**59,919,501**	**45,743,286**
Private Equity Funds	**24,587,666**	**21,973,455**
Hedge Funds	**46,897,720**	**43,417,256**
Pooled Investment Fund	**11,533,200**	**9,723,485**
Total	**$ 319,622,217**	**$ 272,529,032**

2016	Fair Market Value	Cost or Assigned Amount
Common Stocks	$ 37,204,554	$ 29,990,512
Equity Mutual Funds	63,152,858	56,404,501
Bond Mutual Funds	7,078,372	7,302,746
Corporate and Treasury Bonds	35,513,823	36,321,648
Money Market Funds	22,769,957	22,758,332
Limited Liability Entities	47,705,746	45,903,069
Private Equity Funds	21,181,685	20,246,464
Hedge Funds	45,458,040	44,262,056
Pooled Investment Fund	8,678,018	8,313,341
Total	$ 288,743,053	$ 271,502,669

Note 5. Property and Equipment, Net

Property and equipment are summarized as follows by major classification at December 31st:

		2017		2016
Land	$	**1,960,101**	$	1,960,101
Building		**10,658,692**		10,406,586
Office Furniture and Equipment		**475,951**		405,657
Computer Equipment		**7,225**		7,225
		13,101,969		12,779,569
Less: Accumulated Depreciation		**(327,046)**		(66,576)
Property and Equipment, Net	$	**12,774,923**	$	12,712,993

Depreciation expense was $260,470 and $69,578 for the years ended December 31, 2017 and 2016, respectively.

Note 6. Agency Funds

Agency funds are funds in which the Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2017 and 2016 are as follows:

		2017		2016
Funds Received	$	**1,450,913**	$	2,087,578
Interest and Dividends		**129,402**		117,140
Gain on Investments		**2,161,398**		500,563
Disbursements to Beneficiaries		**(1,468,321)**		(1,713,030)
Administrative Fees		**(76,816)**		(85,761)
Net Change		**2,196,576**		906,490
Agency Funds				
Beginning of Year		**16,627,299**		15,720,809
End of Year	$	**18,823,875**	$	16,627,299

Note 7. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2017, include eight charitable remainder unitrusts, one charitable remainder annuity trust, five charitable gift annuities, and three charitable lead annuity trusts. The Foundation is named trustee on seven of the unitrusts, the remainder annuity trust and the five gift annuities.

Charitable remainder trusts (unitrusts and annuity trusts) provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the combined statements of activities in the period the trust is established. Assets held in the charitable remainder trusts were $9,677,106 and $9,101,652, at December 31, 2017 and 2016, respectively, and are reported at fair market value in the Foundation's combined statements of financial position. Changes in fair market value of charitable remainder trusts are reflected as a change in net assets in the Foundation's combined statements of activities. On a quarterly basis, the Foundation reviews the need to revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present values of the estimated future payments totaled $3,104,721 and $3,107,049, at December 31, 2017 and 2016, respectively, and are calculated using discount rates that range from 1.2% to 10.0% and applicable mortality tables.

The Foundation is the beneficiary of three charitable lead annuity trusts which are held by an unrelated third party. The beneficial interests in the trusts totaled $974,156 and $1,369,265 at December 31, 2017 and 2016, respectively. The trusts annually pay 5.0% to 9.3% of the respective initial net fair market values of the trusts. These assets are reported at the present value of the estimated future distributions expected to be received by the Foundation in the Foundation's combined statements of financial position.

The net asset value of the charitable remainder trust for which the Foundation is not the trustee was $269,011 and $305,614, at December 31, 2017 and 2016, respectively. This trust and the lead trusts are reported as beneficial interests in remainder trusts and lead trusts in the Foundation's combined statements of financial position and are stated at fair market value of the assets held in trust less the present value of future payments to the designated income beneficiaries.

Note 7. Split-Interest Agreements (Continued)

The portion of net assets related to the split-interest agreements that are classified as temporarily restricted net assets at December 31st are as follows:

		2017		2016
Assets Held in Charitable Remainder Trusts	**$**	**9,677,106**	$	9,101,652
Beneficial Interests in Charitable Remainder Trusts and Lead Trusts		**1,243,168**		1,674,879
Total Assets		**10,920,274**		10,776,531
Liabilities Under Charitable Remainder Trusts		**3,104,721**		3,107,049
Total Liabilities		**3,104,721**		3,107,049
Temporarily Restricted Net Assets	**$**	**7,815,553**	$	7,669,482

The Foundation manages a gift annuity program in which assets were transferred to the Foundation. As of December 31, 2017, the Foundation pays $30,606 annually to the donors until the donors' deaths. The assets of $526,825 and $490,866, at December 31, 2017 and 2016, respectively, are included in investments and the present value of estimated future payments of $313,021 and $318,258, at December 31, 2017 and 2016, respectively, are included in the liabilities under split-interest agreements in the Foundation's combined statements of financial position.

Note 8. Restricted Assets

Temporarily restricted net assets as of December 31st have the following donor restrictions on them:

		2017		2016
Restricted for the Purpose of:				
Hurricane Relief	**$**	**536,649**	$	586,008
Program Funds		**1,966,326**		2,100,547
Charitable Remainder Trusts and Lead Trusts		**7,815,553**		7,669,482
Total	**$**	**10,318,528**	$	10,356,037

Note 9. Release of Restricted Net Assets

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes.

		2017		2016
Restrictions Accomplished:				
Hurricane Relief Grants and Fees	**$**	**49,359**	$	155,743
Program Funds Grants and Fees		**2,429,565**		1,592,301
Split Interest - Other		**110,807**		-
Total	**$**	**2,589,731**	$	1,748,044

Note 10. Pension Plan

The Foundation has a defined contribution pension plan for all employees. Employees are eligible to participate in the plan after completing six months of service. This plan specifies that the Foundation contribute on behalf of the employees based on their annual compensation. The Foundation's contribution was 8% of the employees' compensation for 2017 and 2016. Contributions were $156,766 and $157,661, for the years ended December 31, 2017 and 2016, respectively.

Note 11. Endowment Funds

As of December 31, 2017 and 2016, respectively, the Board of Directors had designated $113,710,426 and $112,707,292, of unrestricted net assets for endowment purposes. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as unrestricted net assets.

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2017 and 2016 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

Note 11. Endowment Funds (Continued)

The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well diversified asset mix, which includes equity securities, fixed income securities and alternative investments that is intended to meet this objective. The Foundation has established a 5% real rate of return objective for the Foundation's portfolio. Actual returns in any given year may vary from this amount. Investment assets and the allocation among asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Unrestricted Endowment Net Assets, Beginning of Year	**$ 112,707,292**	$ 110,837,585
Contributions	**1,046,078**	1,829,875
Net Transfers	**(42,944)**	39,832
Unrestricted Endowment Net Assets, End of Year	**$ 113,710,426**	$ 112,707,292

Note 12. Fair Value of Financial Instruments

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the *Fair Value Measurement* Topic of the FASB Accounting Standards Codification. See Note 1 for a description of the Foundation's policies and valuation procedures.

Note 12. Fair Value of Financial Instruments (Continued)

The valuation of the Foundation's assets measured at fair value on a recurring basis at December 31, 2017 and 2016 are as follows:

2017	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
Common Stocks	**$ 46,032,463**	**$ -**	**$ -**	**$ 46,032,463**
Equity Mutual Funds	**62,848,537**	**-**	**-**	**62,848,537**
Bond Mutual Funds	**17,002,336**	**-**	**-**	**17,002,336**
Corporate and Treasury Bonds	**-**	**35,983,295**	**540,000**	**36,523,295**
Money Market Funds	**14,277,499**	**-**	**-**	**14,277,499**
Unconditional Promises to Give, Net	**-**	**-**	**4,377,510**	**4,377,510**
Total Assets in the Fair Value Hierarchy	**$ 140,160,835**	**$ 35,983,295**	**$ 4,917,510**	**181,061,640**
Assets Measured at Net Asset Value[(a)]				**142,938,087**
Total				**$ 323,999,727**

2016	Level 1	Level 2	Level 3	Net Balance
Common Stocks	$ 37,204,554	$ -	$ -	$ 37,204,554
Equity Mutual Funds	63,152,858	-	-	63,152,858
Bond Mutual Funds	7,078,372	-	-	7,078,372
Corporate and Treasury Bonds	-	35,493,823	20,000	35,513,823
Money Market Funds	22,769,957	-	-	22,769,957
Unconditional Promises to Give, Net	-	-	5,294,959	5,294,959
Total	$ 130,205,741	$ 35,493,823	$ 5,314,959	171,014,523
Assets Measured at Net Asset Value[(a)]				123,023,489
Total				$ 294,038,012

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

The FASB issued a standards update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share.

Note 12. Fair Value of Financial Instruments (Continued)

The Foundation's investments at December 31, 2017, that feature NAV per share are as follows:

Category of Investment	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restriction Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity Funds (a)	$ 24,587,666	17	1 to 10 years	$ 10,150,984	Redemption not permitted during the life of the fund; distributions may be made at the discretion of the general partners	N/A	N/A
Hedge Funds (b)	46,897,720	14	Open ended	-	Quarterly redemptions with 100 day notice	Initial staggered 3 year lockup expires 2018	N/A
Limited Liability Entities (c)	59,919,501	7	Open ended	-	Current	N/A	N/A
Pooled Investment Fund (d)	11,533,200	1	Open ended	5,815,900	Quarterly redemptions with 180 day notice after initial lockup	N/A	Annual distribution election; minimum of 50% withdrawn paid in cash within 30 days; remainder up to 3 years
Total	$ 142,938,087			$ 15,966,884			

(a) Each fund has a different objective, mainly to provide returns materially greater than the MSCI world index or to generate a net IRR of inflation plus 500 basis points over the life of the fund.

(b) The main objective of these funds is to generate over rolling three-year periods an annualized return equal to or greater than 91-day Treasury bills plus 5%, net of all costs.

(c) These are various entities structured to provide limited liability for its investors. The entities were formed as funds primarily holding equity securities to provide returns to its investors.

(d) The fund is a core endowment solution with exposure to a globally diverse mix of public and private assets. The fund measures its performance against a constructed index.

Note 12. Fair Value of Financial Instruments (Continued)

The changes in investments and unconditional promises to give measured at fair value for which the Foundation has used Level 3 inputs to determine fair value are as follows:

2017	**Level 3 Beginning Balance**	**Net Realized and Unrealized Gains**	**Net Payments and Gifts**	**Net Purchases and Sales**	**Net Transfers In (Out) of Level 3**	**Level 3 Ending Balance**
Unconditional Promises to Give, Net	**$ 5,294,959**	**$ -**	**$ (917,449)**	**$ -**	**$ -**	**$ 4,377,510**
Corporate and Treasury Bonds	**20,000**	**-**	**-**	**-**	**520,000**	**540,000**
Total	**$ 5,314,959**	**$ -**	**$ (917,449)**	**$ -**	**$ 520,000**	**$ 4,917,510**

2016	Level 3 Beginning Balance	Net Realized and Unrealized Gains	Net Payments and Gifts	Net Purchases and Sales	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Unconditional Promises to Give, Net	$ 6,158,776	$ -	$ (863,817)	$ -	$ -	$ 5,294,959
Corporate and Treasury Bonds	-	-	-	-	20,000	20,000
Total	$ 6,158,776	$ -	$ (863,817)	$ -	$ 20,000	$ 5,314,959

The following disclosure is made in accordance with the requirements of the *Financial Instruments* Topic of the FASB ASC. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. Listed below are the carrying amounts of financial instruments which approximate fair value.

	December 31, 2017		December 31, 2016	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	**$ 581,658**	**$ 581,658**	$ 3,177,217	$ 3,177,217
Interest Receivable	**70,762**	**70,762**	48,948	48,948
Unconditional Promises to Give, Net	**4,377,510**	**4,377,510**	5,294,959	5,294,959
Note Receivable	**-**	**-**	739,186	739,186
Investments	**319,622,217**	**319,622,217**	288,743,053	288,743,053
Assets Held in Charitable Remainder Trusts	**9,677,106**	**9,677,106**	9,101,652	9,101,652
Beneficial Interests in Charitable Remainder Trusts and Lead Trusts	**1,243,168**	**1,243,168**	1,674,879	1,674,879
Financial Liabilities				
Accounts Payable	**$ 325,327**	**$ 325,327**	$ 275,278	$ 275,278
Grants Payable	**10,105,497**	**10,105,497**	15,242,818	15,242,818
Liabilities Under Split-Interest Agreements	**3,417,742**	**3,417,742**	3,425,307	3,425,307

The carrying value of cash and cash equivalents, interest receivable, notes receivable, accounts payable, and grants payable approximate fair value because of the terms and relatively short maturity of these financial instruments.

Note 13. Related Party Transactions

A majority of board members and committee members of the Foundation also serve as board members of entities receiving grants and support from the Foundation. Each board member has to complete a conflict of interest declaration form annually. Those board members and committee members who have conflicts abstain from voting on grants if the beneficiary is one of these entities.

Note 14. Concentrations

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The amount in excess of the federally insured limits were approximately $5,957,000 and $5,626,000 for the years ended December 31, 2017 and 2016, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

For the year ended December 31, 2017, there was no significant concentrations of donations that warranted disclosure. In 2016, contributions from five donors totaled approximately $13,250,000, representing approximately 50% of its contribution revenue for the year ended December 31, 2016.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, May 31, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after May 31, 2018 have been evaluated for inclusion in these combined financial statements.