THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2013 and 2012

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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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, 2013 and 2012, and the related combined statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Greater New Orleans Foundation as of December 31, 2013 and 2012, 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 5, 2014

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
Assets		
Cash and Cash Equivalents	**$ 9,757,459**	$ 3,202,926
Interest Receivable	**89,633**	77,220
Unconditional Promises to Give (Net of Discount of $191,972 and $115,945, for 2013 and 2012, Respectively)	**7,893,180**	5,763,004
Program-Related Receivable	**111,943**	650,000
Notes Receivable	**2,956,744**	3,695,930
Investments	**282,238,564**	253,365,355
Assets Held in Charitable Remainder Trusts	**9,896,793**	1,741,232
Beneficial Interests in Remainder Trusts and Lead Trusts	**2,439,469**	2,751,538
Property and Equipment, Net	**2,173,674**	1,979,718
Real Estate Held	**2,947,500**	2,947,500
Other Assets	**293,418**	280,137
Total Assets	**$ 320,798,377**	$ 276,454,560
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 222,464**	$ 256,882
Grants Payable	**742,309**	822,578
Liabilities Under Split-Interest Agreements	**3,846,388**	937,928
Agency Funds	**15,883,888**	14,284,330
Total Liabilities	**20,695,049**	16,301,718
Net Assets		
Unrestricted		
Endowment Purposes	**112,961,863**	110,787,773
Available for Grants	**172,570,252**	137,619,281
Temporarily Restricted	**14,571,213**	11,745,788
Total Net Assets	**300,103,328**	260,152,842
Total Liabilities and Net Assets	**$ 320,798,377**	$ 276,454,560

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, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 20,522,141	$ 9,017,133	$ -	$ 29,539,274
Fees, Net	91,995	-	-	91,995
Interest and Dividends	3,587,841	-	-	3,587,841
Change in Value of Split-Interest Agreements	244,544	(170,706)	-	73,838
Net Realized and Unrealized Gain on Investments	31,258,891	-	-	31,258,891
Other Income	76,372	-	-	76,372
Net Assets Released from Restriction	6,021,002	(6,021,002)	-	-
Total Support and Revenues	61,802,786	2,825,425	-	64,628,211
Expenses				
Grants and Program Initiatives				
Grants	19,104,835	-	-	19,104,835
Program Initiatives	2,440,351	-	-	2,440,351
Administrative Expenses				
Program Services Support	1,560,783	-	-	1,560,783
Management and General	895,920	-	-	895,920
Fundraising	675,836	-	-	675,836
Total Expenses	24,677,725	-	-	24,677,725
Change in Net Assets	37,125,061	2,825,425	-	39,950,486
Net Assets, Beginning of Year	248,407,054	11,745,788	-	260,152,842
Net Assets, End of Year	$ 285,532,115	$ 14,571,213	$ -	$ 300,103,328

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, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 30,103,346	$ 8,606,439	$ -	$ 38,709,785
Fees, Net	88,024	-	-	88,024
Interest and Dividends	5,248,168	5,506	-	5,253,674
Change in Value of Split-Interest Agreements	(85,700)	316,162	-	230,462
Net Realized and Unrealized Gain on Investments	17,320,063	-	-	17,320,063
Other Income	25,607	-	-	25,607
Net Assets Released from Restriction	9,016,583	(9,016,583)	-	-
Total Support and Revenues	61,716,091	(88,476)	-	61,627,615
Expenses				
Grants and Program Initiatives				
Grants	19,006,768	-	-	19,006,768
Program Initiatives	1,285,697	-	-	1,285,697
Administrative Expenses				
Program Services Support	1,497,415	-	-	1,497,415
Management and General	880,140	-	-	880,140
Fundraising	606,995	-	-	606,995
Total Expenses	23,277,015	-	-	23,277,015
Change in Net Assets	38,439,076	(88,476)	-	38,350,600
Net Assets, Beginning of Year	209,967,978	11,834,264	-	221,802,242
Net Assets, End of Year	$ 248,407,054	$ 11,745,788	$ -	$ 260,152,842

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, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in Net Assets	**$ 39,950,486**	$ 38,350,600
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities		
Net Realized and Unrealized Gain on Investments	**(31,258,891)**	(17,320,063)
Depreciation	**8,335**	8,335
Decrease (Increase) in:		
Interest Receivable	**(12,413)**	(16,613)
Unconditional Promises to Give	**(2,130,176)**	2,017,975
Program-Related Receivable	**538,057**	900,000
Notes Receivable	**739,186**	739,189
Assets Held in Charitable Remainder Trusts	**(8,155,561)**	(81,847)
Beneficial Interests in Remainder Trusts and Lead Trusts	**312,069**	(2,513,351)
Other Assets	**(13,281)**	(13,039)
Increase (Decrease) in:		
Accounts Payable	**(34,418)**	37,365
Grants Payable	**(80,269)**	(1,097,779)
Liabilities Under Split-Interest Agreements	**2,908,460**	(111,248)
Agency Funds	**1,599,558**	1,696,855
Net Cash Provided by Operating Activities	**4,371,142**	22,596,379
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	**61,005,088**	49,356,370
Purchase of Investments	**(58,619,406)**	(68,490,253)
Purchase of Property	**(202,291)**	(1,960,101)
Net Cash Provided by (Used in) Investing Activities	**2,183,391**	(21,093,984)
Net Increase in Cash and Cash Equivalents	**6,554,533**	1,502,395
Cash and Cash Equivalents, Beginning of Year	**3,202,926**	1,700,531
Cash and Cash Equivalents, End of Year	**$ 9,757,459**	$ 3,202,926

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 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 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, 2013 and 2012, were $32,170,035 and $27,686,250, 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. 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 Accounting Standards Codification, 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.

The Foundation received contributions of $3,379 in 2013 and $32,915 in 2012, designated for hurricane relief and for the rebuilding of New Orleans. At December 31, 2013 and 2012, these net assets were $3,043,132 and $3,665,498, respectively, and are included in temporarily restricted net assets in the Foundation's combined statements of financial position.

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 Accounting Standards Codification, 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. Unrealized and realized gains and losses are included in the change in net assets. An investment in a non-publicly traded company is stated at the value established in the most recent valuation of the company.

Dividend and interest income is accrued when earned.

Fair Values of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB Accounting Standards Codification. 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 Accounting Standards Codification 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 actively traded equities, certain mutual funds, certain U.S. government obligations, and certain 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. Also included in Level 2 are investment measured using a net asset value (NAV) per share, or its equivalent that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

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 are classified within Level 2. 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. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments and contributions expected to be collected in future periods. 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 13).

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.

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

Program-Related Receivable

During 2010, the Foundation began awarding recoverable grants. The Foundation initiated this program as a way to maximize the impact of its granting activities in the community by recovering certain grants to distribute the funds again. The Foundation records the recoverable portion as a program-related receivable on the combined statement of financial position. Unrecoverable amounts are written off to grant expense in the period in which they are deemed unrecoverable. As of December 31, 2013, all program-related receivables are considered recoverable.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Grants

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

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 $91,995 and $88,024 in 2013 and 2012, 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.

Income Taxes

The Foundation is exempt from federal 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.

Endowment Funds

The *Not-for-Profit Entities* Topic of the FASB Accounting Standards Codification provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit 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 12.

Use of Estimates

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

Uncertain Tax Positions

The Foundation follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. All tax returns have been appropriately filed by the Foundation. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Foundation's tax filings are subject to audit by various taxing authorities. The Foundation's federal tax returns for 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed. As of December 31, 2013, management evaluated the Foundation's tax position and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 2. Promises to Give

Unconditional promises to give at December 31, 2013 and 2012, respectively, are as follows:

	2013	2012
Receivable in Less than One Year	**$ 2,714,620**	$ 2,948,608
Receivable in One to Five Years	**5,370,532**	2,630,341
Receivable in More than Five years	**-**	300,000
Total Unconditional Promises to Give	**8,085,152**	5,878,949
Less Discounts to Net Present Value	**(191,972)**	(115,945)
Net Unconditional Promises to Give	**$ 7,893,180**	$ 5,763,004

Interest rate assumptions used to calculate the discounts on various promises to give range from 0.38% to 1.75%.

Note 3. Note Receivable

During 2009, the Foundation received an unsecured note receivable as a contribution from a donor. The note includes accrued interest at the rate of 2.25% per year. The note is payable in eight annual installments of $739,186 plus interest, due on June 30th of each year.

Maturities on the note receivable as of December 31, 2013, are as follows:

2014	$ 739,186
2015	739,186
2016	739,186
2017	739,186
Total	$ 2,956,744

Note 4. Investments

Investments consist of the following as of December 31, 2013 and 2012:

2013	**Fair Market Value**	**Cost or Assigned Amount**
Common Stocks	**$ 34,171,618**	**$ 24,959,548**
Equity Mutual Funds	**52,536,126**	**35,556,810**
Bond Mutual Funds	**16,394,328**	**16,535,806**
Corporate and Treasury Bonds	**25,545,727**	**25,694,850**
Money Market Funds	**17,318,293**	**17,329,269**
Pooled Mutual Fund	**72,071,898**	**57,265,354**
Private Equity Funds	**21,505,883**	**25,239,638**
Hedge Funds	**14,501,968**	**10,375,759**
Pooled Investment Fund	**28,192,723**	**24,500,000**
Other Investments	**-**	**-**
Total	**$282,238,564**	**$ 237,457,034**

2012	Fair Market Value	Cost or Assigned Amount
Common Stocks	$ 27,324,259	$ 22,263,410
Equity Mutual Funds	47,228,968	37,052,400
Bond Mutual Funds	25,433,750	25,085,656
Corporate and Treasury Bonds	27,767,086	25,429,504
Money Market Funds	15,405,517	15,392,558
Pooled Mutual Fund	58,885,656	45,298,961
Private Equity Funds	21,980,088	23,010,138
Hedge Funds	11,125,096	8,801,173
Pooled Investment Fund	18,206,666	16,500,000
Other Investments	8,269	6,250
Total	$253,365,355	$ 218,840,050

During 2009, the Foundation assigned to a lending institution a security interest in certificates of deposit totaling $500,000 as collateral on behalf of a nonprofit organization. The balance of the certificates assigned was $520,621 and $518,043, as of December 31, 2013 and 2012, respectively.

Note 5. Property and Equipment, Net

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

	2013	2012
Land	$ 1,960,101	$ 1,960,101
Construction in Progress	202,291	-
Computer Equipment	67,552	67,552
Office Furniture and Equipment	82,904	82,904
Leasehold Improvements	17,363	17,363
	2,330,211	2,127,920
Less: Accumulated Depreciation	(156,537)	(148,202)
Property and Equipment, Net	$ 2,173,674	$ 1,979,718

Depreciation expense was $8,335 in 2013 and 2012.

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, 2013 and 2012, are as follows:

	2013	2012
Funds Received	$ 2,279,026	$ 3,050,031
Interest and Dividends	181,640	335,972
Gain on Investments	1,440,711	958,585
Disbursements to Beneficiaries	(2,233,268)	(2,583,410)
Administrative Fees	(68,551)	(64,323)
Net Change	1,599,558	1,696,855
Agency Funds		
Beginning of Year	14,284,330	12,587,475
End of Year	$ 15,883,888	$ 14,284,330

Note 7. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2013, include ten charitable remainder unitrusts, two charitable remainder annuity trusts, four charitable gift annuities, and three charitable lead annuity trusts. The Foundation is named trustee on eight of the unitrusts, the two remainder annuity trusts and the four 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 statement of activities in the period the trust is established. Assets held in the charitable remainder trusts were $9,896,793 and $1,741,232, at December 31, 2013 and 2012, 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 value of the estimated future payments $3,587,066 and $741,171, at December 31, 2013 and 2012, respectively, is calculated using discount rates that range from 2.4% to 10.0% and applicable mortality tables.

The net asset values of the charitable remainder trusts for which the Foundation is not the trustee were $316,829 and $265,762, at December 31, 2013 and 2012, respectively. These 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.

During 2012 the Foundation became the beneficiary of three charitable lead annuity trusts which are held by an unrelated third party. The beneficial interests in the trusts totaled $2,122,640 and $2,485,776 at December 31, 2013 and 2012. 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.

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:

	2013	2012
Assets Held in Charitable Remainder Trusts	**$ 9,896,793**	$ 1,741,232
Beneficial Interests in Remainder Trusts and Lead Trusts	**2,439,469**	2,751,538
Total Assets	**12,336,262**	4,492,770
Liabilities Under Charitable Remainder Trusts	**3,587,066**	741,171
Total Liabilities	**3,587,066**	741,171
Temporarily Restricted Net Assets	**$ 8,749,196**	$ 3,751,599

Charitable gift annuities were established in 2003, 2007, 2012 and 2013 in which assets were transferred to the Foundation. As of December 31, 2013, the Foundation pays $25,337 annually to the donors until the donors' death. The assets of $448,133 and $305,518, at December 31, 2013 and 2012, respectively, are included in investments and the present value of estimated future payments of $259,322 and $196,757, at December 31, 2013 and 2012, 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:

	2013	2012
Restricted for the Purpose of:		
Hurricane Relief	**$ 3,043,123**	$ 3,665,498
Program Funds	**2,778,894**	4,328,691
Charitable Remainder & Lead Trusts	**8,749,196**	3,751,599
Total	**$ 14,571,213**	$ 11,745,788

Note 9. Release of Restricted Assets

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

		2013		2012
Restrictions Accomplished:				
Hurricane Relief Grants and Fees	**$**	**625,211**	$	1,819,037
Program Funds Grants and Fees		**5,395,791**		7,098,883
Charitable Lead Trust Grants		**-**		98,663
Total	**$**	**6,021,002**	$	9,016,583

Note 10. Building Lease

The Foundation leases office space through September 30, 2015. Rental expense was $150,130 in 2013 and $149,415 in 2012, respectively. The Foundation subleased a portion of its space for a total of $32,662 in 2012, respectively. During 2012, the sublease arrangement was terminated and the space vacated.

Minimum future obligations on the lease in effect as of December 31, 2013, are as follows:

2014	$	131,904
2015		101,601
Total	$	233,505

Note 11. 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 2013 and 2012. Contributions were $147,889 and $136,571, for 2013 and 2012, respectively.

Note 12. Endowment Funds

As of December 31, 2013 and 2012, respectively, the Board of Directors had designated $112,961,863 and $110,787,773, 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.

Note 12. Endowment Funds (Continued)

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 2013 and 2012 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

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 allocation between 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 year ended December 31, 2013 and 2012, were as follows:

	2013	2012
Unrestricted Endowment Net Assets, Beginning of Year	**$ 110,787,773**	$ 103,159,861
Contributions	**3,723,034**	8,127,912
Net Transfers	**(1,548,944)**	(500,000)
Unrestricted Endowment Net Assets, End of Year	**$ 112,961,863**	$ 110,787,773

Note 13. 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 13. Fair Value of Financial Instruments (Continued)

The valuation of the Foundation's assets measured at fair value on a recurring basis at December 31, 2013 and 2012, are as follows:

2013	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
Common Stocks	**$ 34,171,618**	**$ -**	**$ -**	**$ 34,171,618**
Equity Mutual Funds	**52,536,126**	**-**	**-**	**52,536,126**
Bond Mutual Funds	**16,394,328**	**-**	**-**	**16,394,328**
Corporate and Treasury Bonds	**-**	**25,545,727**	**-**	**25,545,727**
Money Market Funds	**17,318,293**	**-**	**-**	**17,318,293**
Pooled Mutual Fund	**-**	**72,071,898**	**-**	**72,071,898**
Private Equity Funds	**-**	**-**	**21,505,883**	**21,505,883**
Hedge Funds	**-**	**14,501,968**	**-**	**14,501,968**
Pooled Investment Fund	**-**	**28,192,723**	**-**	**28,192,723**
Unconditional Promises to Give, Net	**-**	**-**	**7,893,180**	**7,893,180**
Total	**$ 120,420,365**	**$ 140,312,316**	**$ 29,399,063**	**$ 290,131,744**

2012	Level 1	Level 2	Level 3	Net Balance
Common Stocks	$ 27,324,259	$ -	$ -	$ 27,324,259
Equity Mutual Funds	47,228,968	-	-	47,228,968
Bond Mutual Funds	25,433,750	-	-	25,433,750
Corporate and Treasury Bonds	-	27,767,086	-	27,767,086
Money Market Funds	15,405,517	-	-	15,405,517
Pooled Mutual Fund	-	58,885,656	-	58,885,656
Private Equity Funds	-	-	21,980,088	21,980,088
Hedge Funds	-	11,125,096	-	11,125,096
Pooled Investment Fund	-	18,206,666	-	18,206,666
Other Investments	8,269	-	-	8,269
Unconditional Promises to Give, Net	-	-	5,763,004	5,763,004
Total	$ 115,400,763	$ 115,984,504	$ 27,743,092	$ 259,128,359

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 13. Fair Value of Financial Instruments (Continued)

The Foundation's investments at December 31, 2013, that feature net asset value per share in Level 2 and Level 3 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
Pooled Mutual Fund (a)	$ 72,071,898	1	N/A	N/A	Current	N/A	N/A
Private Equity	21,505,883	13	1 to 10 years	$ 13,610,362	N/A	N/A	N/A
Hedge Funds (c)	14,501,968	1	N/A	N/A	Quarterly redemptions with 100 day notice	Initial staggered 3 year lockup expires 2016	N/A
Pooled Investment Fund (d)	28,192,723	1	N/A	N/A	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	$ 136,272,472			$ 13,610,362			

(a) The pooled mutual fund’s strategy seeks to achieve a total return net of expenses that, over a majority of market cycles, exceeds inflation plus 5% per annum by employing a globally diversified portfolio. Such diversification is designed to constitute a hedge against catastrophic losses. The short-term fund invests almost exclusively in U.S. Treasury bills as it seeks to track closely gross of fees and expenses of BofA Merrill Lynch U.S. 6-Month Treasury Bill Index.

(b) 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.

(c) 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.

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

Note 13. 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:

2013	**Level 3 Beginning Balance**	**Net Realized and Unrealized Gains (Losses)**	**Net Payments and Gifts**	**Net Purchases and Sales**	**Net Transfers In (Out) of Level 3**	**Level 3 Ending Balance**
Private Equity Funds	**$ 21,980,088**	**$ 744,456**	**$ -**	**$ (1,218,661)**	**$ -**	**$ 21,505,883**
Unconditional Promises to Give, Net	**5,763,004**	**-**	**2,130,176**	**-**	**-**	**7,893,180**
Total	**$ 27,743,092**	**$ 744,456**	**$ 2,130,176**	**$ (1,218,661)**	**$ -**	**$ 29,399,063**

2012	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Net Payments and Gifts	Net Purchases and Sales	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Private Equity Funds	$ 19,073,923	$ 2,571,764	$ -	$ 334,401	$ -	$ 21,980,088
Unconditional Promises to Give, Net	7,780,979	-	(2,017,975)	-	-	5,763,004
Total	$ 26,854,902	$ 2,571,764	$ (2,017,975)	$ 334,401	$ -	$ 27,743,092

The following disclosure is made in accordance with the requirements of the *Financial Instruments* Topic of the FASB Accounting Standards Codification. 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, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	**$ 9,757,459**	**$ 9,757,459**	$ 3,202,926	$ 3,202,926
Interest Receivable	**89,633**	**89,633**	77,220	77,220
Unconditional Promises to Give, Net	**7,893,180**	**7,893,180**	5,763,004	5,763,004
Program-Related Receivable	**111,943**	**111,943**	650,000	650,000
Notes Receivable	**2,956,744**	**2,956,744**	3,695,930	3,695,930
Investments	**282,238,564**	**282,238,564**	253,365,355	253,365,355
Assets Held in Charitable Remainder Trusts and Lead Trust	**9,896,793**	**9,896,793**	1,741,232	1,741,232
Beneficial Interests in Remainder Trusts	**2,439,469**	**2,439,469**	2,751,538	2,751,538
Financial Liabilities				
Accounts Payable	**$ 222,464**	**$ 222,464**	$ 256,882	$ 256,882
Grants Payable	**742,309**	**742,309**	822,578	822,578
Liabilities Under Split-Interest Agreements	**3,846,388**	**3,846,388**	937,928	937,928

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

Note 14. Concentrations

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. 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.

In 2012, contributions from one donor totaled approximately $18,100,000, representing approximately 42% of its contribution revenue for the year ended December 31, 2012. No concentrations relating to contributions existed as of December 31, 2013.

Note 15. Environmental Remediation Costs

The Foundation purchased land during 2012 upon which it intends to construct a new building for use in the community. This site has known environmental issues, the costs of which to remediate are estimated to be $275,000. Since the likelihood of incurring these costs is not known, no liability has been recorded in the statements of financial position. Management intends to seek adequate funding to cover the costs of the remediation and to record the expenses as they are incurred.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, May 5, 2014, and determined that no events occurred that require disclosure. No subsequent events occurring after May 5, 2014 have been evaluated for inclusion in these combined financial statements.