

Greenville Area Community Foundation

Financial Statements

December 31, 2015 and 2014

Table of Contents

	Page
Independent Auditors' Report	1
Basic Financial Statements	
Statement of Financial Position	3
Statement of Activities	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Supplementary Information	
Operating Fund - Schedule of Changes in Net Assets	16
Pass Through and Endowment Funds Schedule of Changes in Net Assets	18



7810 N. Alger Road
Alma, MI 48801
Phone (989) 463-6108
Fax (989) 463-8560

Independent Auditors' Report

Management and Board of Trustees
Greenville Area Community Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Greenville Area Community Foundation which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Greenville Area Community Foundation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
April 27, 2016

Greenville Area Community Foundation
Statement of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 678,968	\$ 1,368,887
Pledges receivable, current portion	72,772	106,156
Note receivable, current portion	267,357	262,077
Total current assets	1,019,097	1,737,120
Investments	23,217,420	24,226,587
Beneficial interest in remainder unitrusts	1,244,624	943,783
Pledges receivable, net of current portion	93,229	143,916
Note receivable, net of current portion	834,833	1,102,189
Life insurance - cash surrender value	92,035	97,252
Property and equipment, net of accumulated depreciation	173,558	131,969
Property held for sale	-	285,000
Total assets	\$ 26,674,796	\$ 28,667,816

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Financial Position
December 31, 2015 and 2014

	2015	2014
Liabilities and Net Assets		
Current liabilities		
Payroll tax withholdings	\$ 3,312	\$ 3,050
Grants payable, current portion	787,136	891,851
Total current liabilities	790,448	894,901
Assets held for others	550,295	534,639
Total liabilities	1,340,743	1,429,540
Net assets		
Unrestricted	23,831,393	25,947,169
Temporarily restricted	1,502,660	1,291,107
Total net assets	25,334,053	27,238,276
Total liabilities and net assets	\$ 26,674,796	\$ 28,667,816

See Accompanying Notes to the Financial Statements

**Greenville Area Community Foundation
Statement of Activities
Years Ended December 31, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains (losses) and other support						
Contributions and grants	\$ 429,255	\$ 463,021	\$ 892,276	\$ 2,808,967	\$ 113,284	\$ 2,922,251
Add transfers out for agency endowments	(55,764)	-	(55,764)	(155,143)	-	(155,143)
Administrative fees	260,106	-	260,106	239,192	-	239,192
Change in value of charitable remainder trust	-	(141,093)	(141,093)	-	(5,274)	(5,274)
Other income	6,040	-	6,040	13,678	-	13,678
Interest and dividends	411,934	-	411,934	465,992	-	465,992
Gain on sale of property and equipment	3,667	-	3,667	-	-	-
Net realized and unrealized gain (loss) on investments	(1,667,506)	-	(1,667,506)	715,330	-	715,330
 Total revenues, gains (losses) and other support	 (612,268)	 321,928	 (290,340)	 4,088,016	 108,010	 4,196,026
 Net assets released from restrictions						
Restrictions satisfied by payments and time	110,375	(110,375)	-	101,823	(101,823)	-
 Expenses						
Program services						
Program grants and other expenses	1,155,910	-	1,155,910	986,083	-	986,083
Less grants made under agency endowments	(19,835)	-	(19,835)	(32,598)	-	(32,598)
Support services						
Administrative fees	260,106	-	260,106	239,192	-	239,192
Management and general	178,870	-	178,870	175,496	-	175,496
Fundraising	38,832	-	38,832	36,301	-	36,301
 Total expenses	 1,613,883	 -	 1,613,883	 1,404,474	 -	 1,404,474
 Change in net assets	 (2,115,776)	 211,553	 (1,904,223)	 2,785,365	 6,187	 2,791,552
Net assets at the beginning of the year	25,947,169	1,291,107	27,238,276	23,161,804	1,284,920	24,446,724
 Net assets at the end of the year	 <u>\$ 23,831,393</u>	 <u>\$ 1,502,660</u>	 <u>\$ 25,334,053</u>	 <u>\$ 25,947,169</u>	 <u>\$ 1,291,107</u>	 <u>\$ 27,238,276</u>

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Cash Flows
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (1,904,223)	\$ 2,791,552
Items not requiring cash		
Depreciation	4,698	3,873
Gain on sale of property and equipment	(3,667)	-
Unrealized gain (loss) on investments	1,742,986	(912,746)
Change in fair value of charitable remainder trusts	(300,841)	5,274
Donated land	-	(285,000)
Change in value of life insurance policy	5,217	(2,984)
Grants returned	(50,920)	(21,264)
Change in operating assets and liabilities		
Pledges receivable	84,071	(8,477)
Payroll tax withholdings	262	576
Grants payable	(53,795)	52,669
Assets held for others	15,656	141,729
	<u>(460,556)</u>	<u>1,765,202</u>
Cash flows from investing activities		
Purchase of property and equipment	(47,620)	(1,348)
Cash received from sale of land held for sale	290,000	-
Collections on note receivable	262,076	256,900
Proceeds from sale of investments	26,575,027	7,265,411
Purchases of investments	(27,308,846)	(8,876,465)
	<u>(229,363)</u>	<u>(1,355,502)</u>
Net cash flows used by investing activities		
	<u>(229,363)</u>	<u>(1,355,502)</u>
Net change in cash and cash equivalents	(689,919)	409,700
Cash and cash equivalents at the beginning of the year	1,368,887	959,187
Cash and cash equivalents at the end of the year	<u>\$ 678,968</u>	<u>\$ 1,368,887</u>

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Note 1 - Nature of Activities and Significant Accounting Policies

The Greenville Area Community Foundation (“the Foundation”), a Michigan not-for-profit corporation, supports charitable, philanthropic, educational, literary, artistic or scientific undertakings in the Greenville, Michigan area. The Foundation is supported primarily through donor contributions and grants.

Fund Accounting

The financial statements are prepared on the accrual basis of accounting. The Foundation has determined that the use of fund accounting to segregate assets, liabilities, net assets, income and expenses although not required by accounting principles generally accepted in the United States of America, is a meaningful practice to continue. The financial activities of the Foundation are recorded in separate funds, described as follows:

Operating Fund

This fund includes resources that represent the portion of expendable funds available for support of Foundation operations and funds expended for equipment.

Pass Through Funds

Pass Through Funds are used to account for assets held by the Foundation that are not endowed, but will be expended in their entirety on a specific project or for a specific cause.

Endowment Funds

This fund consists of funds that have been established by a gift instrument describing either the general or specific purpose for which grants from the individual funds are to be made. The individual funds have been classified and reported as follows:

Discretionary - funds over which the Board has discretionary control and are available for grant making and other purposes.

Agency Endowments - funds restricted by donors to support specific charitable organizations.

Field-of-Interest - funds established to benefit specific but broadly defined, charitable purpose.

Donor Advised - funds established whereby the donor suggests specific organizations to benefit from the fund. Such donor recommendations are not binding and the Foundation reserves the right to make the final decisions on distributions from such a fund.

Designated - funds established to support a specific community project.

Scholarship - funds established to provide scholarships to individuals.

The Foundation is required to report 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. Due to *variance power* granted by the Internal Revenue Service, the Foundation has no permanently restricted net assets and has presented its temporarily restricted and unrestricted net assets according to the requirements of the statement. In addition, the Foundation is required to present a statement of cash flows.

Contributions Received and Contributions Made

Contributions received are recorded as unrestricted or temporarily restricted, depending upon the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. A transfer of assets to the Foundation shall be accounted for as a liability if one or more of the following conditions is present:

- The transfer is subject to the resource provider's unilateral right to redirect the use of the assets to another beneficiary.

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

- The transfer is accompanied by the resource provider's conditional promise to give or is otherwise revocable or repayable.
- The resource provider controls the recipient organization and specifies an unaffiliated beneficiary.
- The resource provider specifies itself or its affiliate as the beneficiary and the transfer is not an equity transaction.

It is the Board of Trustees' (the "Board") interpretation of accounting principles generally accepted in the United States of America, that all gifts and grants received by the Foundation constitute unrestricted assets. The bylaws of the Foundation, under variance power, give the Board the authority to modify any restriction or condition on distribution of resources for any charitable purposes or to specific organizations, if in its sole judgment such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

Cash and Cash Equivalents

The Foundation invests temporary cash in various banks in the State of Michigan. For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

The bank balances of the Foundation's deposits with financial institutions was \$637,339. Of these balances, \$387,339 was uninsured by the Federal Deposit Insurance Corporation.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position as determined by quoted market prices. Unrealized gains and losses are included in the change in net assets.

Beneficial Interest in Remainder Unitrust

The Foundation is a beneficiary of two charitable remainder unitrusts with a request that the funds be used for the betterment of Greenville and the surrounding community. The beneficial interests are measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation. Changes in value each year are reported in the statement of activities.

Pledges Receivable

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 fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Life Insurance – Cash Surrender Value

The Foundation is listed as the beneficiary of a donor's life insurance policy. The cash surrender value of the policy is recorded in the statement of financial position. The initial recording and subsequent increases in value are recorded as contributions.

Property and Equipment

Acquired assets are stated at cost and donated assets at fair market value. The Foundation has a \$1,000 capitalization policy. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Following are the useful lives used to depreciate each category:

Land improvements	3 - 5 years
Building and improvements	10 - 40 years
Furniture and equipment	5 - 15 years

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Major improvements are capitalized while ordinary maintenance and repairs are expensed.

Property Held for Sale

The Foundation received property during 2014 valued at \$285,000. The Foundation sold the property during 2015.

Long-Lived Assets

The Foundation evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Grants Payable

Grants payable are recognized as liabilities at the time the Board or committees authorize the expenditures, regardless of the year in which the grant is paid. Grants authorized are subject to the spending policy limitations.

Assets Held for Others

Donor designations for specific organizations made by the beneficiary organizations are recognized as a liability to the specified organization.

Allocated Expenses

Operating Fund expenses by function have been allocated between management and general and fundraising.

Endowed Funds Management Policy

The Board of the Foundation has developed a spending policy that is based on the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which allows for total spending, for grants and operations, to be determined over a number of rolling quarters, regardless of the fact that distributions based on this calculation may dip into the historic gift amount or corpus.

Spending Policy - Income available for spending is determined by a total return, basically using a 12-quarter rolling average system.

The amount available to spend for administration and grants is based on 6% of the funds average market value.

Investment Policy - The primary objective of the investments for the Foundation will be to provide for long-term growth of principal and income without undue exposure to risk, enabling the Foundation to make grants on a continuing and reasonably consistent basis. The focus will be on long-term capital appreciation, with income generation as a secondary consideration. The Foundation seeks returns over a full market cycle (minimum five years) that equal or exceed the consumer price index plus 5%. Due to the inevitability of short-term market fluctuations, the Foundation does not expect that the investment objective will necessarily be achieved each and every year.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present federal income tax laws, and also is not a private foundation under the meaning of Section 509(a)(1) of the code. For the year ended December 31, 2015, there were no penalties recorded or included in the financial statements. The Foundation files information returns in the U.S. Federal jurisdiction.

Fair Value Disclosures

The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. The estimates are subjective in nature and involve uncertainties and matters of considerable judgment.

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Accordingly, the estimates presented herein are not necessarily indicative of the amount the Foundation could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Reclassifications

Expenses of \$36,301 were reclassified in the 2014 statement of activities from management and general to fundraising. This reclassification was made for consistent reporting between the years presented.

Subsequent Events

Management has evaluated subsequent events through April 27, 2016, which is the date the financial statements were available to be issued.

Note 2 - Investments

Fair value of investments is as follows at December 31:

	2015	2014
Mutual funds - equities	\$ 18,424,989	\$ 20,681,987
Mutual funds - fixed income	4,792,431	3,544,600
Total	<u>\$ 23,217,420</u>	<u>\$ 24,226,587</u>

Net realized and unrealized gain (loss) on investments is comprised of the following at December 31:

	2015	2014
Net realized gain (loss)	\$ 49,180	\$ (185,412)
Net unrealized gain (loss)	(1,742,986)	912,746
Agency endowment portion	26,300	(12,004)
	<u>\$ (1,667,506)</u>	<u>\$ 715,330</u>

Note 3 - Pledges Receivable

All recognized pledges receivable as of December 31, 2015 are unconditional. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

Pledges receivable are scheduled to be collected as follows:

<u>Year Ended December 31,</u>	
2016	\$ 72,772
2017	85,960
2018	2,733
2019	1,300
2020	1,935
Thereafter	1,301
	<u>\$ 166,001</u>

Note 4 - Note Receivable

The Foundation was assigned a note receivable by a donor, collectable from a local business. The face amount of the note at the time of assignment was \$2,180,790. The note matures December 15, 2019 and bears a 2% interest rate. All of the assets of the local business serve as collateral. The note is considered fully collectable.

Principal and interest are expected to be collected as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 267,357	\$ 20,047	\$ 287,404
2017	272,744	14,660	287,404
2018	278,241	9,163	287,404
2019	283,848	3,556	287,404
	<u>\$ 1,102,190</u>	<u>\$ 47,426</u>	<u>\$ 1,149,616</u>

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Note 5 - Property and Equipment

Property and equipment is made up of the following at December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 60,000	\$ 60,000
Land improvements	4,932	1,195
Building and improvements	114,425	80,240
Furniture and equipment	15,659	14,155
Less: accumulated depreciation	<u>(21,458)</u>	<u>(23,621)</u>
	<u>\$ 173,558</u>	<u>\$ 131,969</u>

Note 6 - Grants Payable

The following summarizes the changes in grants payable during 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Grants payable at beginning of year	\$ 891,851	\$ 860,446
Additions: unconditional grants recognized	573,080	942,489
Deductions: grants returned	(50,920)	(21,264)
Deductions: payments made	<u>(626,875)</u>	<u>(889,820)</u>
Grants payable at year end	<u>\$ 787,136</u>	<u>\$ 891,851</u>

The grants payable at December 31, 2015 are scheduled to be disbursed during 2016.

Note 7 - Assets Held for Others

The Foundation has entered into exchange transactions with other not-for-profit organizations and as a result, assets held for others are included in the agency endowment funds. The fund agreements between the Foundation and the organizations allow for distributions per the spending policy of the Foundation. The resources received under these agreements are not considered contributions to the Foundation and, therefore, have been classified as a liability. As of December 31, the assets held for others are as follows:

	<u>2015</u>	<u>2014</u>
Assets held for others	<u>\$ 550,295</u>	<u>\$ 534,639</u>

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Note 8 - Operating Fund

Operating fund unrestricted net assets consist of the following at December 31:

	2015	2014
Investment in land, property and equipment	\$ 173,558	\$ 131,969
Other	141,649	134,758
	<u>\$ 315,207</u>	<u>\$ 266,727</u>

Note 9 - Change in Endowment Net Assets

Changes in endowment net assets are as follows:

	Discretionary Endowment Funds	Agency Endowment Funds	Field of Interest Endowment Funds	Donor Advised Endowment Funds	Designated Endowment Funds	Scholarship Endowment Funds	Total
December 31, 2013	\$ 5,723,243	\$ 392,910	\$ 9,207,849	\$ 817,971	\$ 3,586,118	\$ 4,787,425	\$ 24,515,516
Contributions	1,411,073	155,143	10,999	31,920	478,446	826,496	2,914,077
Amounts appropriated for expenditures	(268,959)	(32,598)	(453,357)	(46,477)	(170,735)	(192,215)	(1,164,341)
Investment income	127,304	7,180	172,700	15,361	41,653	107,693	471,891
Appreciation of investments	174,409	12,004	295,586	24,796	65,492	153,067	725,354
Other changes	-	-	-	-	(14,314)	-	(14,314)
December 31, 2014	<u>7,167,070</u>	<u>534,639</u>	<u>9,233,777</u>	<u>843,571</u>	<u>3,986,660</u>	<u>5,682,466</u>	<u>27,448,183</u>
Contributions	178,891	55,764	11,453	30,007	530,815	58,725	865,655
Amounts appropriated for expenditures	(244,276)	(19,835)	(472,131)	(31,494)	(351,756)	(261,724)	(1,381,216)
Investment income	122,061	6,027	139,009	12,966	36,793	100,189	417,045
Depreciation of investments	(484,110)	(26,300)	(578,250)	(56,172)	(159,593)	(386,249)	(1,690,674)
Other changes	2,505	-	-	-	(146,310)	2,495	(141,310)
December 31, 2015	<u>\$ 6,742,141</u>	<u>\$ 550,295</u>	<u>\$ 8,333,858</u>	<u>\$ 798,878</u>	<u>\$ 3,896,609</u>	<u>\$ 5,195,902</u>	<u>\$ 25,517,683</u>

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Note 10 - Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2015	2014
Time restrictions accomplished for pledges	<u>\$ 110,375</u>	<u>\$ 101,823</u>

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	2015	2014
Pledges receivable	\$ 166,001	\$ 250,072
Life insurance - cash surrender value	92,035	97,252
Receivable from trusts	1,244,624	943,783
	<u>\$ 1,502,660</u>	<u>\$ 1,291,107</u>

Note 12 - Net Asset Reconciliation

The following is a reconciliation of fund categories to total net assets at December 31:

	2015	2014
Endowment funds (see note 9)	\$ 25,517,683	\$ 27,448,183
Operating fund (see note 8)	315,207	266,727
Pass through fund	51,458	58,005
	<u>25,884,348</u>	<u>27,772,915</u>
Less: assets held for others (see note 7)	(550,295)	(534,639)
Total net assets	<u>\$ 25,334,053</u>	<u>\$ 27,238,276</u>

	2015	2014
Unrestricted net assets	\$ 23,831,393	\$ 25,947,169
Temporarily restricted net assets (see note 11)	1,502,660	1,291,107
Total net assets	<u>\$ 25,334,053</u>	<u>\$ 27,238,276</u>

Note 13 - Retirement Benefit Plan

The Foundation has a Simple IRA Employee Pension Plan. The plan allows a pretax employee contribution up to \$6,000 per year. The Foundation contributes 3% of eligible employee wages to the plan. The contributions for December 31, 2015 and 2014 were \$4,199 and \$3,924 respectively.

Note 14 - Fair Value Measurements

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2015 and 2014, and the valuation techniques used at the Foundation to determine those fair values.

In general, 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.

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 or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the 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 or liability.

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Disclosure concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31:

Fair Value Measurements using:			
	Balance at December 31, 2015	Level 1	Level 3
Assets			
Mutual funds - equities	\$ 18,424,989	\$ 18,424,989	\$ -
Mutual funds - fixed income	4,792,431	4,792,431	-
Beneficial interest in remainder unitrust	1,244,624	-	1,244,624
	<u>\$ 24,462,044</u>	<u>\$ 23,217,420</u>	<u>\$ 1,244,624</u>
Liabilities			
Assets held for others	<u>\$ 550,295</u>	<u>\$ -</u>	<u>\$ 550,295</u>

Fair Value Measurements using:			
	Balance at December 31, 2014	Level 1	Level 3
Assets			
Mutual funds - equities	\$ 20,681,987	\$ 20,681,987	\$ -
Mutual funds - fixed income	3,544,600	3,544,600	-
Beneficial interest in remainder unitrust	943,783	-	943,783
	<u>\$ 25,170,370</u>	<u>\$ 24,226,587</u>	<u>\$ 943,783</u>
Liabilities			
Assets held for others	<u>\$ 534,639</u>	<u>\$ -</u>	<u>\$ 534,639</u>

Changes in level 3 assets and liabilities at fair value on a recurring basis are as follows:

	Beneficial Interest in Remainder Unitrust	Assets Held for Others
December 31, 2013	<u>\$ 949,057</u>	<u>\$ 392,910</u>
Total unrealized gains (losses) included in change in net assets	(5,274)	12,004
Additions	-	162,323
Payments	-	(32,598)
December 31, 2014	<u>943,783</u>	<u>534,639</u>
Total unrealized losses included in change in net assets	(141,093)	(26,300)
Additions	441,934	61,791
Payments	-	(19,835)
December 31, 2015	<u>\$ 1,244,624</u>	<u>\$ 550,295</u>

The Foundation estimates the fair value of the beneficial interest in remainder unitrusts asset based upon the fair value of the assets in the trusts unless the facts and circumstances indicate that the fair value would be different. The significant unobservable inputs and amounts used are the fair value of the assets in the trusts totaling \$1,546,647 and \$1,061,568 at December 31, 2015 and 2014, respectively.

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the fair value of the underlying assets unless the facts and circumstances indicate the fair value would be different.

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2015 and 2014

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value at 12/31/15	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Beneficial interest in remainder unitrust	\$ 1,244,624	Income Method	Interest rate Age	-2.62% to 7.17% (3.69%) 91 to 92 years
	Fair Value at 12/31/14	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Beneficial interest in remainder unitrust	\$ 943,783	Income Method	Interest rate Age	12.06% 90 years

Note 15 - Intention to Give

The Foundation has been listed as the beneficiary of an IRA which has a value of \$89,210 at December 31, 2015. The beneficiary designation is still revocable; therefore, no amounts have been recorded in these financial statements.

Note 16 - Subsequent Event

Subsequent to December 31, 2015, the grantor of one of the charitable remainder unitrusts ("the trust") passed away. The fair market value of the assets held in the trust was \$982,262 at December 31, 2015 and \$914,870 at the date of the grantor's passing. The trustee of the trust will distribute all of the remaining assets to the Foundation during 2016.

Greenville Area Community Foundation
Operating Fund
Schedule of Changes in Net Assets
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Contributions and grants	\$ 1,200	\$ -
Administrative fees	260,106	239,192
Other income	6,040	13,678
Interest and dividends	169	100
	<u>267,515</u>	<u>252,970</u>
Expenses		
Salaries	139,977	130,802
Employee benefits	4,199	3,924
Payroll taxes	11,150	10,476
Professional fees	12,244	12,312
FIMS fees	5,437	4,416
Supplies	2,575	3,182
Telephone	498	502
Postage	1,446	2,825
Insurance	3,893	2,994
Repairs and maintenance	4,083	2,381
Utilities	7,433	6,739
Publications and dues	5,888	7,172
Meetings, luncheons, dinners	3,338	1,605
Annual dinner expense	3,953	10,946
LAC interfund grant	-	4,000
Loss on sale of property and equipment	1,333	-
Miscellaneous	6,890	3,648
	<u>214,337</u>	<u>207,924</u>
Total expenses before depreciation	214,337	207,924

Greenville Area Community Foundation
Operating Fund
Schedule of Changes in Net Assets
Years Ended December 31, 2015 and 2014

	2015	2014
Depreciation	\$ 4,698	\$ 3,873
Total expenses	219,035	211,797
Change in net assets	48,480	41,173
Net assets at the beginning of the year	266,727	225,554
Net asset at the end of the year	\$ 315,207	\$ 266,727

Greenville Area Community Foundation
Pass Through and Endowment Funds
Schedule of Changes in Net Assets
Year Ended December 2015

	January 1, 2015	Transfers In (Out)	Contributions and Grants	Investment Income	Net Losses on Securities	Expenses		Other Changes	December 31, 2015
						Program Grants	Other Expenses		
Pass Through Fund	\$ 58,005	\$ -	\$ 30,638	\$ 747	\$ (3,132)	\$ 34,182	\$ 618	\$ -	\$ 51,458
Endowment Fund									
Discretionary Funds	\$ 7,167,070	\$ 5	\$ 178,891	\$ 122,061	\$ (484,110)	\$ 153,696	\$ 90,580	\$ 2,500	\$ 6,742,141
Agency Endowment Funds	534,639	-	55,764	6,027	(26,300)	15,008	4,827	-	550,295
Field of Interest Funds	9,233,777	-	11,453	139,009	(578,250)	343,417	128,714	-	8,333,858
Donor Advised Funds	843,571	-	30,007	12,966	(56,172)	20,792	10,702	-	798,878
Designated Funds	3,986,660	-	530,815	36,793	(159,593)	317,100	34,656	(146,310)	3,896,609
Scholarship Funds	5,682,466	(5)	58,725	100,189	(386,249)	192,485	69,239	2,500	5,195,902
	27,448,183	-	865,655	417,045	(1,690,674)	1,042,498	338,718	(141,310)	25,517,683
Less donor designations for specific organizations	534,639	-	55,764	6,027	(26,300)	15,008	4,827	-	550,295
	\$ 26,913,544	\$ -	\$ 809,891	\$ 411,018	\$ (1,664,374)	\$ 1,027,490	\$ 333,891	\$ (141,310)	\$ 24,967,388