

**Greenville Area Community Foundation**

**Financial Statements**

**December 31, 2016 and 2015**

## Table of Contents

	<b>Page</b>
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  
Greenville, Michigan

### **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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and 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 21, 2017

**Greenville Area Community Foundation**  
**Statement of Financial Position**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 555,502	\$ 678,968
Pledges receivable, current portion	65,655	72,772
Note receivable, current portion	272,745	267,357
Total current assets	893,902	1,019,097
Investments	28,164,403	23,217,420
Beneficial interest in remainder unitrusts	501,000	1,244,624
Pledges receivable, net of current portion	6,635	93,229
Note receivable, net of current portion	562,088	834,833
Life insurance - cash surrender value	99,881	92,035
Property and equipment, net of accumulated depreciation	175,873	173,558
Total assets	<b>\$ 30,403,782</b>	<b>\$ 26,674,796</b>

See Accompanying Notes to the Financial Statements

**Greenville Area Community Foundation**  
**Statement of Financial Position**  
**December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Payroll tax withholdings	\$ 3,875	\$ 3,312
Grants payable, current portion	959,926	787,136
Total current liabilities	963,801	790,448
Grants payable, net of current portion	2,000	-
Assets held for others	509,396	550,295
Total liabilities	1,475,197	1,340,743
Net assets		
Unrestricted	28,255,414	23,831,393
Temporarily restricted	673,171	1,502,660
Total net assets	28,928,585	25,334,053
Total liabilities and net assets	\$ 30,403,782	\$ 26,674,796

See Accompanying Notes to the Financial Statements

**Greenville Area Community Foundation**  
**Statement of Activities**  
**Years Ended December 31, 2016 and 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues, gains (losses) and other support</b>						
Contributions and grants	\$ 2,912,044	\$ 8,846	\$ 2,920,890	\$ 429,255	\$ 463,021	\$ 892,276
Transfers out for agency endowments	(64,598)	-	(64,598)	(55,764)	-	(55,764)
Administrative fees	248,953	-	248,953	260,106	-	260,106
Change in value of charitable remainder trust	-	59,066	59,066	-	(141,093)	(141,093)
Other income	7,325	-	7,325	6,040	-	6,040
Interest and dividends	630,577	-	630,577	411,934	-	411,934
Gain on sale of property and equipment	-	-	-	3,667	-	3,667
Net realized and unrealized gain (loss) on investments	1,358,483	-	1,358,483	(1,667,506)	-	(1,667,506)
 Total revenues, gains (losses) and other support	 <b>5,092,784</b>	 <b>67,912</b>	 <b>5,160,696</b>	 (612,268)	 321,928	 (290,340)
 <b>Net assets released from restrictions</b>						
Restrictions satisfied by payments and time	897,401	(897,401)	-	110,375	(110,375)	-
 <b>Expenses</b>						
Program services						
Program grants and other expenses	1,213,960	-	1,213,960	1,155,910	-	1,155,910
Less grants made under agency endowments	(137,223)	-	(137,223)	(19,835)	-	(19,835)
Support services						
Administrative fees	248,953	-	248,953	260,106	-	260,106
Management and general	197,845	-	197,845	178,870	-	178,870
Fundraising	42,629	-	42,629	38,832	-	38,832
 Total expenses	 <b>1,566,164</b>	 -	 <b>1,566,164</b>	 1,613,883	 -	 1,613,883
 <b>Change in net assets</b>	 <b>4,424,021</b>	 <b>(829,489)</b>	 <b>3,594,532</b>	 (2,115,776)	 211,553	 (1,904,223)
 Net assets at the beginning of the year	 <b>23,831,393</b>	 <b>1,502,660</b>	 <b>25,334,053</b>	 25,947,169	 1,291,107	 27,238,276
 <b>Net assets at the end of the year</b>	 <b>\$ 28,255,414</b>	 <b>\$ 673,171</b>	 <b>\$ 28,928,585</b>	 <b>\$ 23,831,393</b>	 <b>\$ 1,502,660</b>	 <b>\$ 25,334,053</b>

See Accompanying Notes to the Financial Statements

**Greenville Area Community Foundation**  
**Statement of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 3,594,532	\$ (1,904,223)
Items not requiring cash		
Depreciation	8,129	4,698
Gain on sale of property and equipment	-	(3,667)
Unrealized (gain) loss on investments	(1,363,804)	1,742,986
Change in fair value of charitable remainder trusts	(59,066)	(300,841)
Change in value of life insurance policy	(7,846)	5,217
Grants returned	(83,539)	(50,920)
Change in operating assets and liabilities		
Pledges receivable	93,711	84,071
Beneficial interest in remainder unitrusts	802,690	-
Payroll tax withholdings	563	262
Grants payable	258,329	(53,795)
Assets held for others	(40,899)	15,656
	<u>3,202,800</u>	<u>(460,556)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(10,444)	(47,620)
Cash received from sale of land held for sale	-	290,000
Collections on note receivable	267,357	262,076
Proceeds from sale of investments	628,954	26,575,027
Purchases of investments	(4,212,133)	(27,308,846)
	<u>(3,326,266)</u>	<u>(229,363)</u>
Net cash flows used by investing activities		
	<u>(3,326,266)</u>	<u>(229,363)</u>
Net change in cash and cash equivalents		
	<u>(123,466)</u>	<u>(689,919)</u>
Cash and cash equivalents at the beginning of the year	<u>678,968</u>	<u>1,368,887</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>\$ 555,502</u>	<u>\$ 678,968</u>

See Accompanying Notes to the Financial Statements



**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

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**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.

**Basis of Presentation**

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.

**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.

**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, 2016 and 2015**

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- 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 were \$586,630. Of these balances, \$336,630 was uninsured by the Federal Deposit Insurance Corporation.

#### **Investments**

Investments are presented in the financial statements at fair market value. Realized and unrealized gains and losses from securities are allocated monthly to the individual endowments based on the relationship of the beginning cash and security balance to the total cash and security balance, as adjusted. Certain endowed funds have net assets below contributed principal due to both investment and grant making activities. Investment property is presented in the

financial statements at fair value/cost at the date of acquisition net of depreciation and impairment losses.

#### **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. The Foundation received the final payout from one of the charitable remainder unitrusts during 2016.

#### **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.

**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

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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

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

**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, 2016, there were no penalties recorded or included in the financial statements. The Foundation files information returns in the U.S. Federal jurisdiction.

**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

**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. 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.

**Subsequent Events**

Management has evaluated subsequent events through April 21, 2017, 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:

	2016	2015
Mutual funds - fixed income	\$ 5,642,344	\$ 4,689,031
Mutual funds - domestic stock	13,418,455	11,070,935
Mutual funds - international stock	9,050,774	7,353,722
Money market funds	1,634	-
Bonds	51,196	103,732
Total	\$ 28,164,403	\$ 23,217,420

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

	2016	2015
Net realized gain	\$ 16,474	\$ 49,180
Net unrealized gain (loss)	1,363,804	(1,742,986)
Agency endowment portion	(21,795)	26,300
	\$ 1,358,483	\$ (1,667,506)

**Note 3 - Pledges Receivable**

All recognized pledges receivable as of December 31, 2016 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:

Year Ended December 31,	
2017	\$ 65,655
2018	1,500
2019	1,000
2020	1,300
2021	1,585
Thereafter	1,250
	\$ 72,290

Pledges receivable are presented in the statement of financial position for 2016 as follows:

Pledges receivable, current portion	\$ 65,655
Pledges receivable, net of current portion	6,635
	\$ 72,290

**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

**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:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 272,745	\$ 14,659	\$ 287,404
2018	278,241	9,163	287,404
2019	283,847	3,557	287,404
	<u>\$ 834,833</u>	<u>\$ 27,379</u>	<u>\$ 862,212</u>

The note receivable is presented in the statement of financial position for 2016 as follows:

Note receivable, current portion	\$ 272,745
Note receivable, net of current portion	562,088
	<u>\$ 834,833</u>

**Note 5 - Property and Equipment**

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

	2016	2015
Land	\$ 60,000	\$ 60,000
Land improvements	4,932	4,932
Building and improvements	122,735	114,425
Furniture and equipment	17,793	15,659
Less: accumulated depreciation	(29,587)	(21,458)
	<u>\$ 175,873</u>	<u>\$ 173,558</u>

**Note 6 - Grants Payable**

The following summarizes the changes in grants payable during 2016 and 2015.

	2016	2015
Grants payable at beginning of year	\$ 787,136	\$ 891,851
Additions: unconditional grants recognized	750,878	573,080
Deductions: grants returned	(83,539)	(50,920)
Deductions: payments made	(492,549)	(626,875)
Grants payable at year end	961,926	787,136
Less: current portion	(959,926)	(787,136)
Grants payable, net of current portion	<u>\$ 2,000</u>	<u>\$ -</u>

The grants payable at December 31, 2016 are scheduled to be disbursed as follows:

Year Ending December 31,	
2017	\$ 959,926
2018	1,000
2019	1,000
	<u>\$ 961,926</u>

**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:

	2016	2015
Assets held for others	<u>\$ 509,396</u>	<u>\$ 550,295</u>

**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

**Note 8 - Operating Fund**

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

	2016	2015
Investment in land, property and equipment	\$ 175,873	\$ 173,558
Other	153,196	141,649
	\$ 329,069	\$ 315,207

**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
<b>December 31, 2014</b>	\$ 7,167,070	\$ 534,639	\$ 9,233,777	\$ 843,571	\$ 3,986,660	\$ 5,682,466	\$ 27,448,183
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)
<b>December 31, 2015</b>	6,742,141	550,295	8,333,858	798,878	3,896,609	5,195,902	25,517,683
Contributions	2,221,281	64,598	109,611	68,752	409,531	105,103	2,978,876
Amounts appropriated for expenditures	(312,791)	(137,223)	(518,506)	(43,265)	(221,384)	(224,867)	(1,458,036)
Investment income	197,167	9,931	206,092	19,949	63,411	143,029	639,579
Appreciation of investments	417,577	21,795	453,730	44,756	139,344	301,134	1,378,336
Other changes	637,282	(10,652)	2,850	-	(627,280)	20,043	22,243
<b>December 31, 2016</b>	\$ 9,902,657	\$ 498,744	\$ 8,587,635	\$ 889,070	\$ 3,660,231	\$ 5,540,344	\$ 29,078,681

**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

**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:

	2016	2015
Time restrictions accomplished for pledges	\$ 94,711	\$ 110,375
Trust distributions	802,690	-
	<u>\$ 897,401</u>	<u>\$ 110,375</u>

**Note 11 - Temporarily Restricted Net Assets**

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

	2016	2015
Pledges receivable	\$ 72,290	\$ 166,001
Life insurance - cash surrender value	99,881	92,035
Receivable from trusts	501,000	1,244,624
	<u>\$ 673,171</u>	<u>\$ 1,502,660</u>

**Note 12 - Net Asset Reconciliation**

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

	2016	2015
Endowment funds (see note 9)	\$ 29,078,681	\$ 25,517,683
Operating fund (see note 8)	329,069	315,207
Pass through fund	30,231	51,458
	<u>29,437,981</u>	<u>25,884,348</u>
Less: assets held for others (see note 7)	(509,396)	(550,295)
Total net assets	<u>\$ 28,928,585</u>	<u>\$ 25,334,053</u>

	2016	2015
Unrestricted net assets	\$ 28,255,414	\$ 23,831,393
Temporarily restricted net assets (see note 11)	673,171	1,502,660
Total net assets	<u>\$ 28,928,585</u>	<u>\$ 25,334,053</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, 2016 and 2015 were \$4,336 and \$4,199 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, 2016 and 2015, 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.

**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

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.

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, 2016	Level 1	Level 3
<b>Assets</b>			
Mutual funds - fixed income	\$ 5,642,344	\$ 5,642,344	\$ -
Mutual funds - domestic stock	13,418,455	13,418,455	-
Mutual funds - international stock	9,050,774	9,050,774	-
Money market funds	1,634	1,634	-
Bonds	51,196	51,196	-
Beneficial interest in remainder unitrust	501,000	-	501,000
	<u>\$ 28,665,403</u>	<u>\$ 28,164,403</u>	<u>\$ 501,000</u>
<b>Liabilities</b>			
Assets held for others	\$ 509,396	\$ -	\$ 509,396

Fair Value Measurements using:			
	Balance at December 31, 2015	Level 1	Level 3
<b>Assets</b>			
Mutual funds - fixed income	\$ 4,689,031	\$ 4,689,031	\$ -
Mutual funds - domestic stock	11,070,935	11,070,935	-
Mutual funds - international stock	7,353,722	7,353,722	-
Bonds	103,732	103,732	-
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>
<b>Liabilities</b>			
Assets held for others	\$ 550,295	\$ -	\$ 550,295

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
<b>December 31, 2014</b>	\$ 943,783	\$ 534,639
Total unrealized losses included in change in net assets	(141,093)	(26,300)
Additions	441,934	61,791
Payments	-	(19,835)
<b>December 31, 2015</b>	<u>1,244,624</u>	<u>550,295</u>
Total unrealized gains included in change in net assets	59,066	21,795
Additions	-	74,529
Payments	(802,690)	(137,223)
<b>December 31, 2016</b>	<u>\$ 501,000</u>	<u>\$ 509,396</u>

The Foundation estimates the fair value of the beneficial interest in remainder unitrust asset based upon the fair value of the assets in the trust 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 \$598,388 and \$1,546,647 at December 31, 2016 and 2015, respectively.



**Greenville Area Community Foundation**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

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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.

**Quantitative Information about Level 3 Fair Value Measurements**

	Fair Value at 12/31/16	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Beneficial interest in remainder unitrust	\$ 501,000	Income Method	Interest rate Age	2.55% (2.55%) 93 years

	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

**Note 15 - Intention to Give**

The Foundation has been listed as the beneficiary of an IRA which has a value of \$84,000 and \$89,210 at December 31, 2016 and 2015, respectively. The beneficiary designation is still revocable; therefore, no amounts have been recorded in these financial statements.

**Greenville Area Community Foundation**  
**Operating Fund**  
**Schedule of Changes in Net Assets**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Contributions and grants	\$ 130	\$ 1,200
Administrative fees	248,953	260,106
Other income	7,325	6,040
Interest and dividends	128	169
	<u>256,536</u>	<u>267,515</u>
<b>Expenses</b>		
Salaries	153,902	139,977
Employee benefits	4,336	4,199
Payroll taxes	12,277	11,150
Professional fees	13,393	12,244
FIMS fees	4,069	5,437
Supplies	3,328	2,575
Telephone	522	498
Postage	2,332	1,446
Insurance	3,594	3,893
Repairs and maintenance	2,245	4,083
Utilities	7,000	7,433
Publications and dues	5,788	5,888
Meetings, luncheons, dinners	3,387	3,338
Annual dinner expense	4,266	3,953
LAC interfund grant	2,200	-
Loss on sale of property and equipment	-	1,333
Miscellaneous	11,906	6,890
	<u>234,545</u>	<u>214,337</u>
Total expenses before depreciation		

**Greenville Area Community Foundation**  
**Operating Fund**  
**Schedule of Changes in Net Assets**  
**Years Ended December 31, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
Depreciation	<u>\$ 8,129</u>	<u>\$ 4,698</u>
Total expenses	<u>242,674</u>	<u>219,035</u>
<b>Change in net assets</b>	<b>13,862</b>	48,480
Net assets at the beginning of the year	<u>315,207</u>	<u>266,727</u>
<b>Net asset at the end of the year</b>	<u><u>\$ 329,069</u></u>	<u><u>\$ 315,207</u></u>

**Greenville Area Community Foundation**  
**Pass Through and Endowment Funds**  
**Schedule of Changes in Net Assets**  
**Year Ended December 31, 2016**

	January 1, 2016	Transfers In (Out)	Contributions and Grants	Investment Income	Net Gains on Securities	Expenses		Other Changes	December 31, 2016
						Program Grants	Other Expenses		
Pass Through Fund	\$ 51,458	\$ -	\$ 950	\$ 801	\$ 1,942	\$ 4,490	\$ 387	\$ (20,043)	\$ 30,231
Endowment Fund									
Discretionary Funds	\$ 6,742,141	\$ -	\$ 2,221,281	\$ 197,167	\$ 417,577	\$ 232,727	\$ 80,064	\$ 637,282	\$ 9,902,657
Agency Endowment Funds	550,295	(10,652)	64,598	9,931	21,795	132,920	4,303	-	498,744
Field of Interest Funds	8,333,858	-	109,611	206,092	453,730	422,210	96,296	2,850	8,587,635
Donor Advised Funds	798,878	-	68,752	19,949	44,756	33,915	9,350	-	889,070
Designated Funds	3,896,609	10,652	409,531	63,411	139,344	194,613	26,771	(637,932)	3,660,231
Scholarship Funds	5,195,902	-	105,103	143,029	301,134	162,738	62,129	20,043	5,540,344
	25,517,683	-	2,978,876	639,579	1,378,336	1,179,123	278,913	22,243	29,078,681
Less donor designations for specific organizations	550,295	-	64,598	9,931	21,795	132,920	4,303	-	509,396
	\$ 24,967,388	\$ -	\$ 2,914,278	\$ 629,648	\$ 1,356,541	\$ 1,046,203	\$ 274,610	\$ 22,243	\$ 28,569,285