THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2014 and 2013

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LaPorte
CPAs & BUSINESS ADVISORS

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

Independent Auditor's Report

To the Board of Directors
The Greater New Orleans Foundation

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Greater New Orleans Foundation (the Foundation) which comprise the combined statements of financial position as of December 31, 2014 and 2013, and the related combined statements of activities and cash flows for the years then ended and the related notes to the combined 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 from 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, 2014 and 2013, 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 27, 2015

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and Cash Equivalents	**$ 1,808,192**	$ 9,757,459
Interest Receivable	**58,121**	89,633
Unconditional Promises to Give (Net of Discount of $156,616 and $191,972, for 2014 and 2013, Respectively)	**4,854,753**	7,893,180
Program-Related Receivable	**-**	111,943
Notes Receivable	**2,217,557**	2,956,744
Investments	**291,970,622**	282,238,564
Assets Held in Charitable Remainder Trusts	**9,833,823**	9,896,793
Beneficial Interests in Remainder Trusts and Lead Trusts	**2,240,732**	2,439,469
Property and Equipment, Net	**2,535,241**	2,173,674
Real Estate Held	**2,947,500**	2,947,500
Other Assets	**307,083**	293,418
Total Assets	**$ 318,773,624**	$ 320,798,377
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 401,278**	$ 222,464
Grants Payable	**6,763,801**	742,309
Liabilities Under Split-Interest Agreements	**3,867,539**	3,846,388
Agency Funds	**15,480,001**	15,883,888
Total Liabilities	**26,512,619**	20,695,049
Net Assets		
Unrestricted		
Endowment Purposes	**115,093,039**	112,961,863
Available for Grants	**164,987,175**	172,570,252
Temporarily Restricted	**12,180,791**	14,571,213
Total Net Assets	**292,261,005**	300,103,328
Total Liabilities and Net Assets	**$ 318,773,624**	$ 320,798,377

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, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 15,635,981	$ 1,825,740	$ -	$ 17,461,721
Fees, Net	151,193	-	-	151,193
Interest and Dividends	5,774,952	-	-	5,774,952
Change in Value of Split-Interest Agreements	293,498	(67,227)	-	226,271
Net Realized and Unrealized Gain on Investments	2,387,918	-	-	2,387,918
Other Income	65,530	-	-	65,530
Net Assets Released from Restriction	4,148,935	(4,148,935)	-	-
Total Support and Revenues	28,458,007	(2,390,422)	-	26,067,585
Expenses				
Grants and Program Initiatives				
Grants	28,818,377	-	-	28,818,377
Program Initiatives	1,989,179	-	-	1,989,179
Administrative Expenses				
Program Services Support	1,428,474	-	-	1,428,474
Management and General	982,275	-	-	982,275
Fundraising	691,603	-	-	691,603
Total Expenses	33,909,908	-	-	33,909,908
Change in Net Assets	(5,451,901)	(2,390,422)	-	(7,842,323)
Net Assets, Beginning of Year	285,532,115	14,571,213	-	300,103,328
Net Assets, End of Year	$ 280,080,214	$ 12,180,791	$ -	$ 292,261,005

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 Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Change in Net Assets	**$ (7,842,323)**	$ 39,950,486
Adjustments to Reconcile Change in Net Assets		
to Net Cash (Used in) Provided by Operating Activities		
Net Realized and Unrealized Gain on Investments	**(2,387,918)**	(31,258,891)
Depreciation	**4,385**	8,335
Decrease (Increase) in:		
Interest Receivable	**31,512**	(12,413)
Unconditional Promises to Give	**3,038,427**	(2,130,176)
Program-Related Receivable	**111,943**	538,057
Notes Receivable	**739,187**	739,186
Other Assets	**(13,665)**	(13,281)
Increase (Decrease) in:		
Accounts Payable	**178,814**	(34,418)
Grants Payable	**6,021,492**	(80,269)
Liabilities Under Split-Interest Agreements	**21,151**	2,908,460
Agency Funds	**(403,887)**	1,599,558
Net Cash (Used in) Provided by Operating Activities	**(500,882)**	12,214,634
Cash Flows from Investing Activities		
Decrease (Increase) Assets Held in Charitable Remainder Trusts	**62,970**	(8,155,561)
Decrease in Beneficial Interests in Remainder Trusts and Lead Trusts	**198,737**	312,069
Proceeds from Sale of Investments	**58,711,603**	61,005,088
Purchase of Investments	**(66,055,743)**	(58,619,406)
Purchase of Property and Equipment	**(365,952)**	(202,291)
Net Cash Used in Investing Activities	**(7,448,385)**	(5,660,101)
Net (Decrease) Increase in Cash and Cash Equivalents	**(7,949,267)**	6,554,533
Cash and Cash Equivalents, Beginning of Year	**9,757,459**	3,202,926
Cash and Cash Equivalents, End of Year	**$ 1,808,192**	$ 9,757,459

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, 2014 and 2013, were $22,425,541 and $32,170,035, 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.

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. Investments also include an allocation to the asset class commonly referred to as alternative investments with net asset value (NAV) investments in private equity, real estate and hedge funds, and pooled investment funds. GNOF has significant transparency into the underlying positions of the private equity funds. GNOF cannot independently assess the value of these underlying positions through a public exchange or over the counter market. These investments are structured as limited liability corporations and are reported at NAV, which approximates fair value.

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

Fair Values of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB 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. 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, 2014, all program-related receivables have been recovered.

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 $151,193 and $91,995 in 2014 and 2013, 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.

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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

The Foundation follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. 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. As of December 31, 2014, 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, 2014 and 2013, respectively, are as follows:

	2014	2013
Receivable in Less than One Year	**$ 2,181,035**	$ 2,714,620
Receivable in One to Five Years	**2,830,334**	5,370,532
Total Unconditional Promises to Give	**5,011,369**	8,085,152
Less Discounts to Net Present Value	**(156,616)**	(191,972)
Net Unconditional Promises to Give	**$ 4,854,753**	$ 7,893,180

Interest rate assumptions used to calculate the discounts on various promises to give range from 0.25% to 1.65%.

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 $739,187 plus interest, due on June 30th of each year.

Maturities on the note receivable as of December 31, 2014, are as follows:

2015	$ 739,187
2016	739,187
2017	739,183
Total	$ 2,217,557

Note 4. Investments

Investments consist of the following as of December 31, 2014 and 2013:

2014	**Fair Market Value**	**Cost or Assigned Amount**
Common Stocks	**$ 34,289,307**	**$ 27,837,487**
Equity Mutual Funds	**58,350,542**	**41,455,983**
Bond Mutual Funds	**11,066,426**	**11,144,240**
Corporate and Treasury Bonds	**24,646,908**	**24,698,550**
Money Market Funds	**12,738,183**	**12,738,183**
Pooled Mutual Fund	**74,815,745**	**64,794,510**
Private Equity Funds	**21,508,045**	**27,199,984**
Hedge Funds	**16,197,930**	**11,720,823**
Pooled Investment Fund	**38,357,536**	**32,930,330**
Total	**$ 291,970,622**	**$ 254,520,090**

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
Total	$ 282,238,564	$ 237,457,034

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 $-0- and $520,621, as of December 31, 2014 and 2013, respectively.

During 2014 the collateral pledged was called by the bank as the nonprofit organization defaulted on the loan. The collateral amounts forfeited were converted to grant expense.

Note 5. Property and Equipment, Net

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

	2014	2013
Land	$ 1,960,101	$ 1,960,101
Construction in Progress	563,538	202,291
Computer Equipment	72,257	67,552
Office Furniture and Equipment	82,904	82,904
Leasehold Improvements	17,363	17,363
	2,696,163	2,330,211
Less: Accumulated Depreciation	(160,922)	(156,537)
Property and Equipment, Net	$ 2,535,241	$ 2,173,674

Depreciation expense was $4,385 and $8,335 in 2014 and 2013, respectively.

Note 6. Agency Funds

Agency Funds are funds in which the Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Funds Received	$ 2,054,299	$ 2,279,026
Interest and Dividends	139,112	181,640
Gain on Investments	646,625	1,440,711
Disbursements to Beneficiaries	(3,172,196)	(2,233,268)
Administrative Fees	(71,727)	(68,551)
Net Change	(403,887)	1,599,558
Agency Funds		
Beginning of Year	15,883,888	14,284,330
End of Year	$ 15,480,001	$ 15,883,888

Note 7. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2014, include ten charitable remainder unitrusts, two charitable remainder annuity trusts, five 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 five gift annuities.

Charitable remainder trusts (unitrusts and annuity trusts) provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the combined statement of activities in the period the trust is established. Assets held in the charitable remainder trusts were $9,833,823 and $9,896,793, at December 31, 2014 and 2013, 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 $3,537,641 and $3,587,066, at December 31, 2014 and 2013, respectively, is calculated using discount rates that range from 1.2% 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 $312,554 and $316,829, at December 31, 2014 and 2013, 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 2013 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 $1,928,178 and $2,122,640 at December 31, 2014 and 2013. 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:

	2014	2013
Assets Held in Charitable Remainder Trusts	**$ 9,833,823**	$ 9,896,793
Beneficial Interests in Remainder Trusts and Lead Trusts	**2,240,732**	2,439,469
Total Assets	**12,074,555**	12,336,262
Liabilities Under Charitable Remainder Trusts	**3,537,641**	3,587,066
Total Liabilities	**3,537,641**	3,587,066
Temporarily Restricted Net Assets	**$ 8,536,914**	$ 8,749,196

The Foundation manages a gift annuity program 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' deaths. The assets of $538,396 and $448,133, at December 31, 2014 and 2013, respectively, are included in investments and the present value of estimated future payments of $329,898 and $259,322, at December 31, 2014 and 2013, 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:

	2014	2013
Restricted for the Purpose of:		
Hurricane Relief	**$ 2,172,548**	$ 3,043,123
Program Funds	**1,471,329**	2,778,894
Charitable Remainder and Lead Trusts	**8,536,914**	8,749,196
Total	**$ 12,180,791**	$ 14,571,213

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.

	2014	2013
Restrictions Accomplished:		
Hurricane Relief Grants and Fees	**$ 871,840**	$ 625,211
Program Funds Grants and Fees	**2,951,772**	5,395,791
Charitable Lead Trust Grants	**325,323**	-
Total	**$ 4,148,935**	$ 6,021,002

Note 10. Building Lease

The Foundation leases office space and parking through September 30, 2016. Rental expense was $169,920 in 2014 and $157,200 in 2013, respectively.

Minimum future obligations on the lease in effect as of December 31, 2014, are as follows:

2015	$ 153,948
2016	118,161
Total	$ 272,109

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 2014 and 2013. Contributions were $141,363 and $147,889, for 2014 and 2013, respectively.

Note 12. Endowment Funds

As of December 31, 2014 and 2013, respectively, the Board of Directors had designated $115,093,039 and $112,961,863, 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 2014 and 2013 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, 2014 and 2013 were as follows:

	2014	2013
Unrestricted Endowment Net Assets, Beginning of Year	**$ 112,961,863**	$ 110,787,773
Contributions	**2,448,204**	3,723,034
Net Transfers	**(317,028)**	(1,548,944)
Unrestricted Endowment Net Assets, End of Year	**$ 115,093,039**	$ 112,961,863

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, 2014 and 2013 are as follows:

2014	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
Common Stocks	**$ 34,289,307**	**$ -**	**$ -**	**$ 34,289,307**
Equity Mutual Funds	**58,350,542**	**-**	**-**	**58,350,542**
Bond Mutual Funds	**11,066,426**	**-**	**-**	**11,066,426**
Corporate and Treasury Bonds	**-**	**24,646,908**	**-**	**24,646,908**
Money Market Funds	**12,738,183**	**-**	**-**	**12,738,183**
Pooled Mutual Fund	**-**	**74,815,745**	**-**	**74,815,745**
Private Equity Funds	**-**	**-**	**22,276,902**	**22,276,902**
Hedge Funds	**-**	**18,495,751**	**-**	**18,495,751**
Pooled Investment Fund	**-**	**35,290,858**	**-**	**35,290,858**
Unconditional Promises to Give, Net	**-**	**-**	**4,854,753**	**4,854,753**
Total	**$ 116,444,458**	**$ 153,249,262**	**$ 27,131,655**	**$ 296,825,375**

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

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, 2014, 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)	$ 74,815,745	1	N/A	N/A	Current	N/A	N/A
Private Equity Funds (b)	21,508,045	15	1 to 10 years	$ 14,769,862	N/A	N/A	N/A
Hedge Funds (c)	16,197,930	2	N/A	N/A	Quarterly redemptions with 100 day notice	Initial staggered 3 year lockup expires 2016	N/A
Pooled Investment Fund (d)	38,357,536	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	$ 150,879,256			$ 14,769,862			

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.

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

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

(c) The fund is a core endowment solution with exposure to a globally diverse mix of public and private assets. The 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:

2014	**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	**$21,505,883**	**$ 3,723,348**	**$ -**	**$ (2,952,329)**	**$ -**	**$22,276,902**
Unconditional Promises to Give, Net	**7,893,180**	**-**	**(3,038,427)**	**-**	**-**	**4,854,753**
Total	**$29,399,063**	**$ 3,723,348**	**$ (3,038,427)**	**$ (2,952,329)**	**$ -**	**$27,131,655**

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

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, 2014		December 31, 2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	**$ 1,808,192**	**$ 1,808,192**	$ 9,757,459	$ 9,757,459
Interest Receivable	**58,121**	**58,121**	89,633	89,633
Unconditional Promises to Give, Net	**4,854,753**	**4,854,753**	7,893,180	7,893,180
Program-Related Receivable	**-**	**-**	111,943	111,943
Notes Receivable	**2,217,557**	**2,217,557**	2,956,744	2,956,744
Investments	**291,970,622**	**291,970,622**	282,238,564	282,238,564
Assets Held in Charitable Remainder Trusts and Lead Trust	**9,833,823**	**9,833,823**	9,896,793	9,896,793
Beneficial Interests in Remainder Trust	**2,240,732**	**2,240,732**	2,439,469	2,439,469
Financial Liabilities				
Accounts Payable	**$ 401,278**	**$ 401,278**	$ 222,464	$ 222,464
Grants Payable	**6,763,801**	**6,763,801**	742,309	742,309
Liabilities Under Split-Interest Agreeme	**3,867,539**	**3,867,539**	3,846,388	3,846,388

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 2014, contributions from one donor totaled approximately $2,400,000, representing approximately 14% of its contribution revenue for the year ended December 31, 2014. No concentrations relating to contributions existed as of December 31, 2013.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, May 27, 2015, and determined that no events occurred that require disclosure. No subsequent events occurring after May 27, 2015 have been evaluated for inclusion in these combined financial statements.