SIKICH

AKRON COMMUNITY FOUNDATION
AND SUBSIDIARIES
(A NON-PROFIT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018
(With Summarized Comparative Information)
at March 31, 2017

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AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Akron Community Foundation and Subsidiaries:

We have audited the accompanying consolidated financial statements of Akron Community Foundation and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of March 31, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Akron Community Foundation and Subsidiaries as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Akron Community Foundation and Subsidiaries' 2017 financial statements and we expressed an unmodified opinion on those statements in our report dated September 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Sikich LLP

Akron, Ohio
September 4, 2018

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2018
(With summarized comparative financial information at March 31, 2017)
(Amounts in thousands)

ASSETS	**2018**	**2017**
Cash and cash equivalents	$ 6,628	$ 9,556
Accrued investment income	217	168
Contributions receivable, net	117	167
Prepaid expenses	83	87
Cash surrender value of life insurance	38	61
Note receivable	828	944
Property and equipment, net	1,325	1,381
Investments	197,699	177,931
Trust accounts	11,500	10,888
Real property held for investment	552	552
	$ 218,987	$ 201,735

LIABILITIES AND NET ASSETS		
Liabilities:		
Grants approved for future payment	$ 752	$ 648
Accounts payable and other liabilities	472	484
Funds held as agency endowment obligations	24,870	23,330
Total liabilities	26,094	24,462
Net assets:		
Unrestricted	100,695	91,278
Temporarily restricted	48,872	45,130
Permanently restricted	43,326	40,865
Total net assets	192,893	177,273
	$ 218,987	$ 201,735

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
for the year ended March 31, 2018
(With summarized comparative financial information for the year ended March 31, 2017)
(Amounts in thousands)

	2018				
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**2017 Total**
Revenues and other support:					
Contributions	$ 9,129	$ 2,435	$ 2,453	$ 14,017	$ 15,122
Investment income	3,544	1,870	-	5,414	3,463
Net appreciation on investments and trust accounts	8,975	5,364	-	14,339	15,450
Less amounts for agency endowments:					
Contributions	(386)	-	-	(386)	(253)
Investment income	(565)	-	-	(565)	(355)
Net appreciation in investments	(1,756)	-	-	(1,756)	(1,933)
Other reclasses	(7)	(1)	8	-	-
Net assets released from restrictions	5,926	(5,926)	-	-	-
Total revenues and other support	24,860	3,742	2,461	31,063	31,494
Expenses:					
Grants and other distributions	13,258	-	-	13,258	11,430
Administrative expenses	2,586	-	-	2,586	2,382
Investment expenses	767	-	-	767	753
Less amounts for agency endowments:					
Grants and other distributions	(839)	-	-	(839)	(1,246)
Administrative expenses	(243)	-	-	(243)	(230)
Investment expenses	(86)	-	-	(86)	(78)
Total expenses	15,443	-	-	15,443	13,011
Increase in net assets	9,417	3,742	2,461	15,620	18,483
Net assets, beginning of year	91,278	45,130	40,865	177,273	158,790
Net assets, end of year	$ 100,695	$ 48,872	$ 43,326	$ 192,893	$ 177,273

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended March 31, 2018
(with summaraized financial information at March 31, 2017)
(Amounts in thousands)

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 15,620	$ 18,483
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Net appreciation in investments and trust accounts	(14,339)	(15,450)
Depreciation	80	80
Noncash contributions	(1,855)	(3,167)
(Increase) decrease in operating assets:		
Accrued investment income	(49)	(2)
Contributions receivable, net	50	101
Prepaid expenses	4	(20)
Cash surrender value of life insurance	23	(4)
Increase (decrease) in operating liabilities:		
Grants approved for future payment	104	259
Accounts payable and other liabilities	(12)	15
Net cash provided (used) by operating activities	(374)	295
Cash flows from investing activities:		
Purchases of investments	(52,269)	(50,081)
Proceeds from sales and maturities of investments	49,623	52,855
Payments received from notes receivable	116	114
Expenditures for property and equipment	(24)	(8)
Net cash provided (used) by investing activities	(2,554)	2,880
Net increase (decrease) in cash and cash equivalents	(2,928)	3,175
Cash and cash equivalents, beginning of year	9,556	6,381
Cash and cash equivalents, end of year	$ 6,628	$ 9,556

1. Nature of Activities:

Akron Community Foundation (the Foundation) is a nonprofit organization which was organized in 1955. Its primary mission is to improve the quality of life in the greater Akron area by building permanent endowments and providing philanthropic leadership that enables donors to make lasting investments in the community. The Foundation is committed to enriching the life of the community through grant making in distinct areas: arts and culture, education, health and human services and civic affairs/community services.

2. Summary of Significant Accounting Policies:

Basis of Accounting – The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation – The consolidated financial statements include the accounts of Akron Community Foundation, ACF Properties, LLC and Akron Digital Media Center/Akronist.com, LLC. ACF Properties, LLC holds certain donated and acquired real property which is included on the consolidated statements of financial position as real property held for investment. All significant transactions between these entities have been eliminated from the consolidated amounts.

Financial Statement Presentation – The Foundation presents information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – under the discretionary control of the Board of Directors and include amounts designated by the Board of Directors for specified purposes.

Temporarily Restricted Net Assets – are restricted by the donor for a specific purpose or for use in a future time period. As restrictions are met or expire, the net assets are released from restrictions and transferred to unrestricted.

Permanently Restricted Net Assets – are subject to the donor's restriction that the principal remain invested in perpetuity.

Net investment income on permanently restricted net assets is classified as permanently restricted, temporarily restricted, or unrestricted, depending on the gift agreement.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents – Cash and cash equivalents primarily include amounts held for grants and other disbursements and amounts received from contributions which are held pending investment. Cash and cash equivalents include cash on hand and cash in checking and money market accounts.

Concentrations of Credit Risk – The Foundation maintains their cash in accounts that at times exceed federally insured limits. At March 31, 2018 and 2017, the Foundation's cash accounts exceeded federally insured limits by approximately $51 and $67, respectively. The Foundation has not experienced any loses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments – The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. In addition, the Foundation holds certain funds in alternative investments which are carried at the funds' net asset value. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and interest and dividends are recognized as revenue in the period earned. Realized gains and losses are determined on the specific identification method. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statements of financial position and the consolidated statement of activities.

Third Party Trusts – The Foundation is the sole or joint beneficiary to the income of certain trusts held by third parties. The Foundation records these trust accounts at the fair value of the trust assets available for distribution to the Foundation, as the Foundation has determined that the fair value of the trust assets generally approximates the present value of expected future cash receipts. Distributions the Foundation receives from the trusts are recorded as investment income in the consolidated statement of activities.

Pooled Life Income Funds – Upon death of the donors, the Foundation is the beneficiary to the residual value of certain pooled life income funds. Deferred revenue is the difference between the fair value of the pooled life income funds at the time of receipt of the gift and the present value of the estimated future cash flows and is included in accounts payable and other liabilities.

2. Summary of Significant Accounting Policies, Continued:

Contributions 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 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. An allowance for uncollectible pledges is provided based on experience and anticipated collection efforts and is adjusted for current conditions as deemed appropriate. Noncash bequests, gifts, and donations are recorded at the fair market value of the asset at the date of donation.

Note Receivable – During December 2015, the Foundation received a donation of closely-held stock and in accordance with the Foundation's policy, the stock was sold in January 2016 to be invested in accordance with their investment policy. The donated closely-held stock was sold to an organization in exchange for a note receivable totaling $1,086 to be paid over 9-years in monthly installments of $11 including interest at a rate of 1.81%. The note is stated at its unpaid principal balance. The note is collateralized by a pledge agreement of the closely-held stock to the Foundation. Interest on the note receivable is recognized over the term of the note and is calculated using the interest method on principal amounts outstanding. The term of the note will expire in November 2024. No allowance for doubtful accounts has been recorded against the note based on the collateralization and collection history.

Property and Equipment – Property and equipment acquisitions with a cost of $1 or more and that have an estimated useful life greater than one year are capitalized at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 30 years. Repairs and maintenance costs are expensed as incurred.

Grants – The Board of Directors has established a spending policy based upon the quarterly market value of assets. The spending policy provides guidelines for amounts to be expended for grants and other expenses. All grants and other distributions are approved by the Board of Directors. Unconditional grants are recognized when approved. Grants approved by the Board of Directors that are payable upon performance of specified conditions by the grantee are recognized in the consolidated statement of activities when the specified conditions are substantially satisfied.

(amounts in thousands)

2. Summary of Significant Accounting Policies, Continued:

Functional Expenses – The costs of supporting the activities of the Foundation have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services as follows:

	2018	2017
Program expenses	$ 13,433	$ 11,142
Management and general	914	812
Development	1,096	1,057
	$ 15,443	$ 13,011

Comparative Financial Information – The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended March 31, 2017, from which the summarized information was derived.

Income Taxes – The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxes. The Foundation is not a private foundation. ACF Properties, LLC and Akron Digital Media Center/Akronist.com, LLC are limited liability companies and are not tax paying entities for federal or state income tax purposes. Therefore, no provisions for federal and state income taxes have been recorded in the consolidated financial statements.

Funds Held as Agency Endowments – *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* establishes accounting and reporting standards for transactions in which a donor transfers assets to a not-for-profit organization that accepts the assets from the donor and agrees to transfer those assets, the return on investment, or both, to the donor or another entity specified by the donor. Pursuant to this pronouncement, certain agency endowment funds received by the Foundation are considered liabilities, rather than net assets of the Foundation.

2. Summary of Significant Accounting Policies, Continued:

New Accounting Pronouncements – In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities", which amend the requirements for financial statements and notes in Topic 958, Not-For-Profit Entities. This standard aims to improve existing standards for financial statements of not-for-profit entities to provide more useful information to donors, grantors, creditors, and other users of the financial statements by improving the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14, as amended, is effective for not-for-profit entities for annual reporting periods beginning after December 15, 2017 and interim periods with fiscal years beginning after December 15, 2018. The Foundation and Sikich LLP are currently assessing the impact of this new standard.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers", as amended by ASU 2015-14, which supersedes or replaces nearly all GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time and will expand disclosures about revenue. ASU 2014-09, as amended, is effective for non-public companies for annual reporting periods beginning after December 15, 2018 and interim periods within the annual period beginning after December 15, 2019. The Foundation and Sikich LLP are currently assessing the impact of this new standard.

Subsequent Events – Subsequent events are transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Foundation has evaluated subsequent events through September 4, 2018, which was the date these financial statements were available for issuance and determined that there were no significant non-recognized subsequent events through that date.

(amounts in thousands)

3. Cash and Cash Equivalents:

Cash and cash equivalents consist of the following as of March 31:

	2018	2017
Cash	$ 117	$ 104
Short-term investments	6,511	9,452
	$ 6,628	$ 9,556

4. Real Property Held for Investment:

The Foundation has ownership in a real estate property through its status as a limited partner in a development agreement (46% ownership by the Foundation). Revenue is restricted from the property to support a scholarship fund held as a fund of the Foundation. As a limited partner, the Foundation does not take part in management of the business or affairs of the partnership and does not have the right or authority to act on behalf of the partnership. Further, the Foundation is not liable for any losses, debts or liabilities of the partnership. The property's value was $552 at March 31, 2017 and 2016 and is valued using an income capitalization analysis.

5. Contributions Receivable:

Contributions receivable represent promises to pay recorded at the present value of estimated future cash flows using a risk-adjusted rate of 4.75%, which approximates the prevailing borrowing rate. Aggregate maturities of contributions receivable are as follows:

2019	$ 50
2020	34
2021	25
2022	23
	132
Less: Discounts to net present value	10
Allowance for doubtful accounts	5
	$ 117

(amounts in thousands)

6. Property and Equipment:

Property and equipment consist of the following at March 31:

	2018	2017
Land	$ 344	$ 344
Building and improvements	996	993
Furniture and fixtures	438	417
	1,778	1,754
Less accumulated depreciation	453	373
Property and equipment, net	$ 1,325	$ 1,381

7. Cash Surrender Value of Life Insurance:

The Foundation is the beneficiary of five individual life insurance policies with face values totaling approximately $193 and $220 at March 31, 2018 and 2017, respectively. The amount reported in the accompanying consolidated statements of financial position represents the cash surrender value of the policies as of fiscal year end.

8. Retirement Plans:

The Foundation offers a voluntary tax deferred plan under the provisions of Section 403(b) of the Internal Revenue Code, which permits employees to elect to invest a portion of their compensation until retirement. The plan is available to all full-time employees. The Foundation does not make contributions to this plan.

The Foundation also has a plan to provide supplemental retirement benefits to a former employee. Payments of approximately $3 are made monthly and continue for 15 years or until the former employee's death. After 15 years, the payments increase by approximately $1 per month. Benefit payments totaled approximately $32 in 2018 and 2017.

(amounts in thousands)

9. Commitments:

The Foundation leases office equipment under non-cancelable operating leases expiring at various dates through September 2021. Lease expense totaled approximately $3 in 2018 and $4 in 2017.

The Foundation has entered into various non-cancelable licensing agreements for software programs that expire in October 2018. The minimum subscription fees are $47 per annum with annual increases not to exceed 6% or 7%, depending on the licensing agreement. The subscription fees totaled $47 in 2018 and 2017.

As of March 31, 2018, the future minimum lease payments are as follows:

2019	$ 27
2020	3
2021	3
2022	2
	$ 35

10. Fair Value Measurements:

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Foundation to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in active markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Levels 1, 2, or 3, but are separately reported.

(amounts in thousands)

10. Fair Value Measurements, Continued:

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended March 31, 2018 and 2017.

U.S. domestic equity, mutual funds, fixed income and trusts comprise securities measured at Levels 1 and 2. Investments whose values are based on quoted market prices in active markets are classified within Level 1. These investments generally include equity and mutual fund securities traded on a national securities exchange or listed on the Nasdaq and U.S. government obligations. Corporate bonds, U.S. government agencies and municipal obligations are measured at Level 2 and are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Real property held for investment categorized as Level 3 (unobservable inputs), is reported at the fair value of the property at the time of the donation to the Foundation less any impairment losses. The fair value is based on a combination of capitalized income from the property as well as comparable direct sales.

Alternative investments comprise of investments in private equity and real estate funds measured using net asset value per share as the practical expedient. The fair value amounts presented in the fair value hierarchy table below are intended to permit reconciliation of the fair value hierarchy to amounts presented in the statement of financial position.

Recurring Measurements – Assets measured on a recurring basis as of March 31:

	2018			
	Level 1	Level 2	Level 3	Total
U.S. domestic equity:				
Consumer discretionary	$ 8,520	$ -	$ -	$ 8,520
Consumer staples	2,043	-	-	2,043
Energy	2,786	-	-	2,786
Financials	13,429	-	-	13,429
Healthcare	6,449	-	-	6,449
Industrials	8,178	-	-	8,178
Information technology	12,073	-	-	12,073
Materials	2,502	-	-	2,502
Other equity	119	-	-	119
Telecommunications	1,346	-	-	1,346
Utilities	717	-	-	717
Total U.S. domestic equity	58,162	-	-	58,162

(amounts in thousands)

10. Fair Value Measurements, Continued:

	2018			
	Level 1	Level 2	Level 3	Total
U.S. domestic equity mutual funds	56,765	-	-	56,765
International equity mutual funds	33,800	-	-	33,800
Fixed income:				
Corporate bonds	-	9,071	-	9,071
Fixed income mutual funds	15,680	-	-	15,680
Municipal obligations	-	47	-	47
U.S. government agencies	-	1,959	-	1,959
U.S. treasury obligations	-	11,251	-	11,251
Total fixed income	15,680	22,328	-	38,008
Trusts accounts	11,500	-	-	11,500
Real property held for investment	-	-	552	552
Total assets at fair value	$ 175,907	$ 22,328	$ 552	$ 198,787
Real estate fund				3,245
Private equity fund				7,511
Other				208
Total investments valued using NAV				10,964
Total investments				$ 209,751

(amounts in thousands)

10. Fair Value Measurements, Continued:

	2017			
	Level 1	Level 2	Level 3	Total
U.S. domestic equity:				
Consumer discretionary	$ 6,045	$ -	$ -	$ 6,045
Consumer staples	2,811	-	-	2,811
Energy	2,113	-	-	2,113
Financials	8,776	-	-	8,776
Healthcare	4,684	-	-	4,684
Industrials	9,060	-	-	9,060
Information technology	8,787	-	-	8,787
Materials	3,187	-	-	3,187
Other equity	1,143	-	-	1,143
Telecommunications	420	-	-	420
Utilities	1,179	-	-	1,179
Total U.S. domestic equity	48,205	-	-	48,205
U.S. domestic equity mutual funds	50,668	-	-	50,668
International equity mutual funds	36,623	-	-	36,623
Fixed income:				
Corporate bonds	-	9,152	-	9,152
Fixed income mutual funds	16,384	-	-	16,384
Municipal obligations	-	47	-	47
U.S. government agencies	-	3,825	-	3,825
U.S. treasury obligations	-	7,062	-	7,062
Total fixed income	16,384	20,086	-	36,470
Trusts accounts	10,888	-	-	10,888
Real property held for investment	-	-	552	552
Total assets at fair value	$ 162,768	$ 20,086	$ 552	$ 183,406

(amounts in thousands)

10. Fair Value Measurements, Continued:

	2017			
	Level 1	Level 2	Level 3	Total
Fund of funds				498
Real estate fund				1,494
Private equity fund				3,723
Other				250
Total investments valued using NAV				5,965
Total investments				$ 189,371

The following tables set forth a summary of the Foundation's investments with a reported NAV as of March 31:

	2018			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (b)	$ 3,245	$ 686	None	None
Private equity fund (c)	7,511	1,835	None	None
Other (d)	208	-	None	None
Total	$ 10,964	$ 2,521		

	2017			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fund of funds (a)	$ 498	$ -	Quarterly	90-95 days
Real estate fund (b)	1,494	-	None	None
Private equity fund (c)	3,723	506	None	None
Other (d)	250	-	None	None
Total	$ 5,965	$ 506		

(a) Funds included in this category comprise of investments in other offshore funds organized to invest and trade directly and indirectly in securities and other financial instruments through advisory accounts and investments in private investment funds.

(b) Funds included in this category comprise of real estate private equity funds for the purpose of income and capital appreciation.

(amounts in thousands)

10. Fair Value Measurements, Continued:

(c) Funds included in this category comprise private equity funds held in a limited partnership that are focused primarily on making buyout and growth capital investments in companies that are organized or headquartered within the United States and that have EBITDA below $25 million and enterprise values below $100 million.

(d) The fund included in this category is an investment in a LLC whose main purpose is investing in pre-market-entry-stage businesses that have high growth potential.

11. Net Assets:

Net assets include the following types of restrictions by the donors:

Donor Advised funds are subject to ongoing recommendations or designations by donors. Donors serve as advisory members to the fund and recommend to the Foundation the charitable organizations or fields of interest to receive grants from the funds.

Donor Restricted funds are restricted to make grants to designated nonprofit agencies to provide long term support of the agencies' mission and charitable programs.

Scholarship funds are restricted to provide scholarships for specified fields of study, schools or types of students.

Permanently restricted net assets are restricted by the donor to be held in perpetuity with the related income expendable to support either temporarily restricted or unrestricted purposes, according to the gift instruments. Permanently restricted net assets at March 31 are as follows:

	2018	2017
Donor advised funds	$ 3,206	$ 3,185
Donor restricted funds	30,452	28,037
Other funds	9,668	9,643
Total permanently restricted net assets	$ 43,326	$ 40,865

Temporarily restricted net assets at March 31 are as follows:

	2018	2017
Donor restricted funds	$ 32,940	$ 30,461
Scholarship funds	8,169	7,588
Building fund	494	458
Other funds	7,269	6,623
Total temporarily net assets	$ 48,872	$ 45,130

(amounts in thousands)

11. Net Assets, Continued:

Unrestricted net assets at March 31 are as follows:

	2018	2017
Unrestricted funds	$ 12,918	$ 12,172
Donor-advised funds	47,279	44,115
Board-designated funds functioning as endowments	40,498	34,991
Total unrestricted net assets	$ 100,695	$ 91,278
Total net assets	$ 192,893	$ 177,273

12. Endowment:

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – Contributions made to the Foundation are subject to the terms of the Foundation's governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation. In addition, under the terms of agreements with donors, the Foundation has variance power over amounts contributed to the Foundation; that is, the ultimate discretion of the use of such funds lies with the discretion of the Board of Directors.

Endowment Net Asset Classification by Type of Fund

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 48,872	$ 40,120	$ 88,992
Donor-advised funds	47,279	-	3,206	50,485
Board-designated funds functioning as endowment	40,498	-	-	40,498
Total funds	$ 87,777	$ 48,872	$ 43,326	$ 179,975

(amounts in thousands)

12. Endowment, Continued:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 45,130	$ 37,680	$ 82,810
Donor-advised funds	44,115	-	3,185	47,300
Board-designated funds functioning as endowment	34,991	-	-	34,991
Total funds	$ 79,106	$ 45,130	$ 40,865	$ 165,101

Changes in Endowment Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, March 31, 2016	$ 70,585	$ 36,108	$ 40,574	$ 147,267
Investment return:				
Investment income	1,840	1,299	-	3,139
Net appreciation	6,238	6,518	-	12,756
Total investment return	8,078	7,817	-	15,895
Contributions	7,493	7,115	260	14,868
Appropriation of endowment assets for expenditure	(7,019)	(5,910)	-	(12,929)
Reclasses	(31)	-	31	-
Endowment net assets, March 31, 2017	$ 79,106	$ 45,130	$ 40,865	$ 165,101

(amounts in thousands)

12. Endowment, Continued:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment return:				
Investment income	3,010	1,870	-	4,880
Net appreciation	6,627	5,364	-	11,991
Total investment return	9,637	7,234	-	16,871
Contributions	8,743	2,435	2,453	13,631
Appropriation of endowment assets for expenditure	(9,702)	(5,926)	-	(15,628)
Reclasses	(7)	(1)	8	-
Endowment net assets, March 31, 2018	$ 87,777	$ 48,872	$ 43,326	$ 179,975

Description of Amounts Classified as Permanently Net Assets

	2018	2017
Permanently Restricted Net Assets		
The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	$ 43,326	$ 40,865

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to grants supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives.

12. Endowment, Continued:

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has established a spending policy providing guidelines for amounts available annually for distribution in the form of grants and operating expenses net of certain offsetting contributions and administrative fee income. Investment management fees are not included in the spending policy. The spending policy is based upon a maximum of 5% of the average market value of the Foundation's total investment pool for the previous 12 calendar quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Underwater Endowment Funds – From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. Such endowments are often referred to as "underwater" endowments. Though the Foundation is not required by donor-imposed restriction or law to use its unrestricted resources to restore the endowments to their historic dollar value, accounting guidance for not-for-profit organization require that such losses and subsequent gains be reflected as changes in unrestricted net assets until the fair values again reach their historical dollar values. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies at March 31, 2018 and 2017.

Investment expenses – Investment expenses comprise both management and custodial fees for which the Foundation is billed directly and are evaluated periodically for reasonableness by the Foundation. Investment expenses, net of agency endowment obligations, totaled $681 ($767 less $86) for 2018 and $675 ($753 less $78) for 2017.

Certain investment expenses charged to the Foundation on mutual funds are netted against investment income by the mutual fund manager. Mutual fund investment expenses, net of donor restricted endowment obligations, included in investment income reported on the statement of activities, totaled $656 ($729 less $73) for 2018 and $583 ($642 less $59) for 2017.

13. Legal Matters:

During the normal course of business, the Foundation may, from time to time, be involved in routine legal matters which management intends to defend. Management believes the likelihood of any material adverse outcome to be remote. As of the date of this report, the Foundation has no open legal matters.