

**CENTRAL CAROLINA  
COMMUNITY FOUNDATION**

**FINANCIAL REPORT**

**JUNE 30, 2016**

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
INDEX  
YEARS ENDED JUNE 30, 2016 AND 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Central Carolina Community Foundation  
Columbia, South Carolina

We have audited the accompanying consolidated financial statements of Central Carolina Community Foundation and subsidiaries (Foundation) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

### Management's Responsibility for the 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 entity'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 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 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 Central Carolina Community Foundation and subsidiaries as of June 30, 2016 and 2015 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.

*Derrick, Stubbs & Stith, LLP*

October 18, 2016

An independently owned member  
**RSM US Alliance**



**CENTRAL CAROLINA COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 4,192,980	\$ 4,514,395
Investments	86,605,192	83,840,631
Other assets	38,328	61,224
Office equipment, net of accumulated depreciation of \$ 140,067 (2016) and \$ 135,387 (2015)	22,566	21,564
Land	4,836,750	4,836,750
Interest in charitable remainder unitrusts	13,005,739	11,743,038
Interest in life insurance policies	217,446	209,966
Interest in lead annuity trusts	5,353,979	6,145,275
<b>Total assets</b>	<u><u>114,272,980</u></u>	<u><u>111,372,843</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	42,872	59,045
Grants payable	-	5,877
Deferred liabilities	52,455	47,781
Life insurance payable to other charities	76,222	72,334
Due to supporting organizations	3,981,557	4,681,688
Funds held as agency endowments	6,523,903	6,427,112
<b>Total liabilities</b>	<u><u>10,677,009</u></u>	<u><u>11,293,837</u></u>
Net Assets		
Unrestricted		
Designated fund	13,399,801	14,226,415
Donor-advised fund	47,455,155	43,941,582
Field-of-interest fund	8,245,175	7,942,480
Unrestricted fund	8,832,585	8,555,043
Board designated	7,162,313	7,387,542
<b>Total unrestricted</b>	<u><u>85,095,029</u></u>	<u><u>82,053,062</u></u>
Temporarily restricted	18,500,942	18,025,944
<b>Total net assets</b>	<u><u>103,595,971</u></u>	<u><u>100,079,006</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 114,272,980</u></u>	<u><u>\$ 111,372,843</u></u>

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	Unrestricted Fund	Temporarily Restricted Fund	Total
Public Support and Revenue			
Contributions	\$ 18,170,042	\$ -	\$ 18,170,042
Less: contributions to agency endowments	(340,111)	-	(340,111)
Interest and dividends	2,608,622	5,783	2,614,405
Less: interest and dividends received for agency endowments	(201,901)	-	(201,901)
Revenues from unitrusts, annuity trusts & pooled income funds	824,081	487,110	1,311,191
Sales of securities and other property	4,369,704	9,673	4,379,377
Less: proceeds from sales of agency endowments securities	(334,823)	-	(334,823)
Unrealized (depreciation) on securities	(5,468,496)	(12,635)	(5,481,131)
Less: appreciation of agency endowment securities	414,982	-	414,982
Fundraising events	41,359	-	41,359
Other income	297,033	-	297,033
Net assets released from restrictions	14,933	(14,933)	-
<b>Total support and revenue</b>	<b>20,395,425</b>	<b>474,998</b>	<b>20,870,423</b>
Expenses			
Program Services			
Grants and related expenses	16,819,781	-	16,819,781
Less: grants to agency endowments	(288,725)	-	(288,725)
Trust beneficiary payments	14,800	-	14,800
<b>Total program services</b>	<b>16,545,856</b>	<b>-</b>	<b>16,545,856</b>
Support Services			
Management and general	288,096	-	288,096
Investment management	57,677	-	57,677
Fundraising	466,356	-	466,356
Less: management and administration of agency endowments	(4,527)	-	(4,527)
<b>Total support services</b>	<b>807,602</b>	<b>-</b>	<b>807,602</b>
<b>Total expenses</b>	<b>17,353,458</b>	<b>-</b>	<b>17,353,458</b>
Increase (decrease) in net assets	3,041,967	474,998	3,516,965
Net Assets			
Beginning of year	82,053,062	18,025,944	100,079,006
<b>End of year</b>	<b>\$ 85,095,029</b>	<b>\$ 18,500,942</b>	<b>\$ 103,595,971</b>

See notes to financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

	Unrestricted Fund	Temporarily Restricted Fund	Total
Public Support and Revenue			
Contributions	\$ 16,357,721	\$ -	\$ 16,357,721
Less: contributions to agency endowments	(714,169)	-	(714,169)
Interest and dividends	2,394,247	6,079	2,400,326
Less: interest and dividends received for agency endowments	(188,760)	-	(188,760)
Revenues from unitrusts, annuity trusts & pooled income funds	894,081	(1,418,274)	(524,193)
Sales of securities and other property	472,089	1,281	473,370
Less: proceeds from sales of agency endowments securities	(36,936)	-	(36,936)
Unrealized (depreciation) on securities	(723,662)	(1,856)	(725,518)
Less: appreciation of agency endowment securities	63,589	-	63,589
Fundraising events	25,927	-	25,927
Other income	154,059	-	154,059
Net assets released from restrictions	14,947	(14,947)	-
<b>Total support and revenue</b>	<b>18,713,133</b>	<b>(1,427,717)</b>	<b>17,285,416</b>
Expenses			
Program Services			
Grants and related expenses	12,586,599	-	12,586,599
Less: grants to agency endowments	(598,859)	-	(598,859)
Trust beneficiary payments	14,800	-	14,800
<b>Total program services</b>	<b>12,002,540</b>	<b>-</b>	<b>12,002,540</b>
Support Services			
Management and general	256,682	-	256,682
Investment management	55,370	-	55,370
Fundraising	417,206	-	417,206
Less: management and administration of agency endowments	(4,395)	-	(4,395)
<b>Total support services</b>	<b>724,863</b>	<b>-</b>	<b>724,863</b>
<b>Total expenses</b>	<b>12,727,403</b>	<b>-</b>	<b>12,727,403</b>
Increase (decrease) in net assets	5,985,730	(1,427,717)	4,558,013
Net Assets			
Beginning of year	76,067,332	19,453,661	95,520,993
<b>End of year</b>	<b>\$ 82,053,062</b>	<b>\$ 18,025,944</b>	<b>\$ 100,079,006</b>

See notes to financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 3,516,965	\$ 4,558,013
Adjustment to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	4,752	2,302
Other assets	22,896	(42,356)
Charitable remainder unitrusts	(1,262,701)	681,477
Interest in life insurance policies	(7,480)	235,094
Lead annuity trust	791,296	716,907
Accounts payable	(16,173)	30,204
Grants payable	(5,877)	5,877
Deferred liabilities	4,674	12,929
Life insurance payable	3,888	(205,762)
Funds held as agency endowments	96,791	202,800
Interest and dividends restricted for reinvestment	(5,783)	(14,947)
Net realized and unrealized losses on investments	5,833,165	858,614
<b>Net cash provided by operating activities</b>	<u>8,976,413</u>	<u>7,041,152</u>
Cash Flows from Investing Activities		
(Purchase) of investments	(18,511,281)	(8,189,654)
Proceeds from sales of investments	9,913,556	2,377,306
(Purchase) of office equipment	(5,755)	(9,467)
<b>Net cash (used in) investing activities</b>	<u>(8,603,480)</u>	<u>(5,821,815)</u>
Cash Flows from Financing Activities		
Interest and dividends restricted for reinvestment	5,783	14,947
Amount contributed for supporting organizations	(700,131)	(34,910)
<b>Net cash (used in) financing activities</b>	<u>(694,348)</u>	<u>(19,963)</u>
Increase (decrease) in cash	(321,415)	1,199,374
Cash in All Funds		
Beginning	<u>4,514,395</u>	<u>3,315,021</u>
<b>Ending</b>	<u>\$ 4,192,980</u>	<u>\$ 4,514,395</u>

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

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**Note 1. General Information and Summary of Significant Accounting Policies**

**Organization and general information:** Central Carolina Community Foundation (the Foundation) was established in 1984 as a nonprofit corporation. The Foundation receives and administers gifts, grants and bequests for charitable purposes generally in the areas of humanities, arts, education, the environment, health and social services. The Foundation's support is primarily in, and for the benefit of, the central area communities of South Carolina. The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Basis of presentation:** The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Classification of net assets:** Under Subtopic ASC 958-205 (*Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*) provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was enacted by the State of South Carolina in 2008.

The Foundation generally does not accept contributions that are not wholly expendable by the institution on a current basis. The Foundation's governing documents and fund agreements give the Foundation's Board variance power to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of variance power, most contributions are classified as unrestricted net assets for financial statement purposes.

The Foundation's temporarily restricted net assets are comprised primarily of irrevocable charitable remainder trusts, charitable gift annuities, and life insurance funds. These assets are classified as temporarily restricted due to time restrictions as the assets will not become available for the Foundation's use until the time a stated event occurs. Once the event occurs, these assets are subject to the same variance power as those aforementioned and are reclassified to unrestricted and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Foundation's Board has not taken action to declare any portion of the Foundation's assets as permanent or temporary endowment funds that are not subject to expenditure if circumstances warrant.

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its unrestricted net assets (noting that all are subject to the aforementioned variance power) as follows:

**Designated:** Funds in which the beneficiaries are specified by the grantors.

**Donor advised:** Funds that have at least three characteristics (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distribution of investments, (2) the fund is separately identified by reference to contributions of the donor(s), and (3) the fund is owned and controlled by one of the Foundation's sponsoring organizations. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

**Field-of-interest:** Funds that are used for a specific charitable purpose.

**Unrestricted:** Unrestricted net assets of the Foundation's and affiliated organizations.

**Board designated:** Administrative, and other funds available for the Foundation's unrestricted use at the direction of the Board.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

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**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Interpretation of relevant law:** The Foundation's Board of Directors has determined that the Foundation is not subject to the net asset classification of funds requirements of ASC 958-205 because (1) the Foundation's Board retains complete variance power pursuant to its governing instruments and fund agreements over the spending purpose and amount (including principal) for substantially all assets owned by the Foundation, and (2) the Foundation's Board has never earmarked or otherwise designated any portion of the Foundation's assets as a permanent or temporary endowment that is not subject to expenditure if circumstances warrant.

**Investment policy:** The Foundation's Board of Directors has the ultimate responsibility for its investment funds and related investment returns. The Foundation's pooled funds are invested under an asset allocation policy that is expected to provide returns adequate to enable the Foundation to make grants and pay operating expenses. Under its current policy, the Foundation's pooled funds are invested in a manner intended to produce results that exceed certain relevant market indices over a specified time horizon. To satisfy its long-term rate of return objectives, the Foundation exercises due care to diversify pooled investment fund assets through its strategies to achieve the stated objectives for the Foundation in accordance with the asset allocation policy. Actual investment returns in any given year will fluctuate.

**Spending policy:** The Foundation's Board of Directors sets an annual spending rate for certain funds included in the investment pool. These funds include the field of interest, designated, unrestricted and Board designated fund classifications. The spending rate is based on a 20-quarter rolling average of applicable fund balances calculated as of March 31 of the preceding year.

**Fair value measurements:** The Foundation's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820-10, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

- |         |   |
|---------|---|
| Level 1 | Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.  |
| Level 2 | Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves. |
| Level 3 | Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Foundation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.                                 |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

**Common stock, preferred stock, and mutual funds:** Common stock, preferred stock, and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Fair value measurements (continued):**

**Alternative investments:** Alternative investments are valued at fair value, as determined by Fair Value Measurements of Investments in Certain Entities that Calculate Net Asset Value Per Share, pursuant to FASB ASU 2009-12. Valuation of interests in underlying investment funds is based on an amount equal to the pro rata interest in the net assets, which are at fair value, as reported by the management of the investment fund, adjusted for management and incentive fees, if any.

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2016:

	Level 1	Level 2	Level 3	Totals
<b>ASSETS</b>				
Investments				
Certificates of Deposit	\$ 1,068,442	\$ -	\$ -	\$ 1,068,442
Fixed Income	-	-	-	-
Mutual Funds				
Large Cap Blend - Foreign Developed Markets	15,965,250	-	-	15,965,250
Large Cap Blend - Foreign Emerging Markets	4,162,771	-	-	4,162,771
Large Cap Growth	7,906,141	-	-	7,906,141
Large Cap Value	7,909,295	-	-	7,909,295
Large Cap Blend	16,329,938	-	-	16,329,938
Multi Cap REIT	6,993,259	-	-	6,993,259
Short-Term Bond	4,455,803	-	-	4,455,803
Intermediate-Term Bond	21,430,017	-	-	21,430,017
Treasury Fund	11,119	-	-	11,119
Alternative Investments	-	-	-	-
Foreign Bonds	343,157	-	30,000	373,157
Land Held for Resale (Donor Contribution)	-	-	4,836,750	4,836,750
Future Interest in Donor Contributions				
Interest in Charitable Remainder Unitrusts	-	-	13,005,739	13,005,739
Interest in Life Insurance Policies	-	-	217,446	217,446
Interest in Lead Annuity Trusts	-	-	5,353,979	5,353,979
<b>TOTALS</b>	<b>86,575,192</b>	<b>-</b>	<b>23,443,914</b>	<b>110,019,106</b>
<b>LIABILITIES</b>				
Life Insurance Payable to Other Charities	-	-	76,222	76,222
Due to Supporting Organizations	-	-	3,981,557	3,981,557
Funds Held as Agency Endowments	-	-	6,523,903	6,523,903
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,581,682</b>	<b>\$ 10,581,682</b>

**CENTRAL CAROLINA COMMUNITY FOUNDATION**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Fair value measurements (continued):**

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

	Level 1	Level 2	Level 3	Totals
<b>ASSETS</b>				
Investments				
Certificates of Deposit	\$ 1,830,453	\$ -	\$ -	\$ 1,830,453
Fixed Income	424,456	-	-	424,456
Common Stock				
Basic Materials	31,415	-	-	31,415
Business Services	105,185	-	-	105,185
Communication	29,329	-	-	29,329
Consumer Goods	319,962	-	-	319,962
Consumer Services	66,393	-	-	66,393
Energy	121,075	-	-	121,075
Financial Services	220,205	-	-	220,205
Healthcare	210,961	-	-	210,961
Industrials	91,112	-	-	91,112
Real Estate	4,632	-	-	4,632
Technology	255,620	-	-	255,620
Transportation	41,722	-	-	41,722
Mutual Funds				
Large Cap Blend - Foreign Developed Markets	13,761,648	-	-	13,761,648
Large Cap Blend - Foreign Emerging Markets	3,436,068	-	-	3,436,068
Large Cap Growth	7,080,572	-	-	7,080,572
Large Cap Value	7,061,245	-	-	7,061,245
Large Cap Blend	14,259,940	-	-	14,259,940
Mid Cap Value	120,407	-	-	120,407
Multi Cap REIT	5,441,916	-	-	5,441,916
Short-Term Bond	3,683,873	-	-	3,683,873
Intermediate-Term Bond	18,111,647	-	-	18,111,647
Treasury Fund	368,465	-	-	368,465
Alternative Investments	-	2,806,036	3,796,294	6,602,330
Foreign Bonds	-	-	160,000	160,000
Land Held for Resale (Donor Contribution)	-	-	4,836,750	4,836,750
Future Interest in Donor Contributions				
Interest in Charitable Remainder Unitrusts	-	-	11,743,038	11,743,038
Interest in Life Insurance Policies	-	-	209,966	209,966
Interest in Lead Annuity Trusts	-	-	6,145,275	6,145,275
<b>TOTALS</b>	<u>77,078,301</u>	<u>2,806,036</u>	<u>26,891,323</u>	<u>106,775,660</u>
<b>LIABILITIES</b>				
Life Insurance Payable to Other Charities	-	-	72,334	72,334
Due to Supporting Organizations	-	-	4,681,688	4,681,688
Funds Held as Agency Endowments	-	-	6,427,112	6,427,112
<b>TOTALS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,181,134</u>	<u>\$ 11,181,134</u>

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Fair value measurements (continued):**

The following table summarizes the changes in fair values associated with ASC 820 Level 3 assets for the year ended June 30, 2016:

	Balance as of June 30, 2015	Change in Value of Split Interest Agreements	Transfers	Unrealized Gains/(Losses)	Balance as of June 30, 2016
<b>ASSETS</b>					
Alternative Investments	\$ 3,796,294	\$ -	\$ (3,796,294)	\$ -	\$ -
Foreign Bond	160,000	-	(130,000)	-	30,000
Land Held for Resale (Donor Contribution)	4,836,750	-	-	-	4,836,750
Future Interest in Donor Contributions					
Interest in Charitable Remainder Unitrusts	11,743,038	1,262,701	-	-	13,005,739
Interest in Life Insurance	209,966	7,480	-	-	217,446
Interest in Lead Annuity Trusts	6,145,275	(791,296)	-	-	5,353,979
<b>Totals</b>	<b>26,891,323</b>	<b>478,885</b>	<b>(3,926,294)</b>	<b>-</b>	<b>23,443,914</b>
<b>LIABILITIES</b>					
Life Insurance Payable to Other Charities	72,334	3,888	-	-	76,222
Due to Supporting Organizations	4,681,688	-	-	(700,131)	3,981,557
Funds Held as Agency Endowments	6,427,112	-	-	96,791	6,523,903
<b>Totals</b>	<b>\$ 11,181,134</b>	<b>\$ 3,888</b>	<b>\$ -</b>	<b>\$ (603,340)</b>	<b>\$ 10,581,682</b>

The following table summarizes the changes in fair values associated with ASC 820 Level 3 assets for the year ended June 30, 2015:

	Balance as of June 30, 2014	Change in Value of Split Interest Agreements	Transfers	Unrealized Gains/(Losses)	Balance as of June 30, 2015
<b>ASSETS</b>					
Alternative Investments	\$ 3,686,111	\$ 65	\$ -	\$ 110,118	\$ 3,796,294
Foreign Bond	210,000	-	(50,000)	-	160,000
Land Held for Resale (Donor Contribution)	4,836,750	-	-	-	4,836,750
Future Interest in Donor Contributions					
Interest in Charitable Remainder Unitrusts	12,424,515	(681,477)	-	-	11,743,038
Interest in Life Insurance	445,060	(235,094)	-	-	209,966
Interest in Lead Annuity Trusts	6,862,182	(716,907)	-	-	6,145,275
<b>Totals</b>	<b>28,464,618</b>	<b>(1,633,413)</b>	<b>(50,000)</b>	<b>110,118</b>	<b>26,891,323</b>
<b>LIABILITIES</b>					
Life Insurance Payable to Other Charities	278,096	726	(206,488)	-	72,334
Due to Supporting Organizations	4,716,598	-	-	(34,910)	4,681,688
Funds Held as Agency Endowments	6,224,312	-	-	202,800	6,427,112
<b>Totals</b>	<b>\$ 11,219,006</b>	<b>\$ 726</b>	<b>\$ (206,488)</b>	<b>\$ 167,890</b>	<b>\$ 11,181,134</b>

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Investments:** All investments are recorded at their fair market value and are summarized as follows for the year ended June 30, 2016:

	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 1,068,442	\$ 1,068,442
Fixed Income	-	-
Common Stock	-	-
Mutual Funds	76,595,312	85,680,074
Alternative Investments	-	-
Foreign Bonds	30,000	30,000
	<u>77,693,754</u>	<u>86,778,516</u>
Less: Allocated to Unitrusts	<u>(154,725)</u>	<u>(173,325)</u>
<b>Totals</b>	<b><u>\$ 77,539,029</u></b>	<b><u>\$ 86,605,191</u></b>

All investments are recorded at their fair market value and are summarized as follows for the year ended June 30, 2015:

	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 1,830,453	\$ 1,830,453
Fixed Income	448,608	424,456
Common Stock	1,204,447	1,497,610
Mutual Funds	62,464,513	73,511,099
Alternative Investments	3,000,000	6,602,330
Foreign Bonds	160,000	160,000
	<u>69,108,021</u>	<u>84,025,948</u>
Less: Allocated to Unitrusts	<u>(157,250)</u>	<u>(185,317)</u>
<b>Totals</b>	<b><u>\$ 68,950,771</u></b>	<b><u>\$ 83,840,631</u></b>

All investments are recorded at their fair market value and are summarized as follows:

The alternative investment is in The Investment Fund for Foundations (TIFF) Absolute Return Pool II. The fund employs a variety of absolute return oriented strategies including long/short equity, fixed income arbitrage, event driven and capital structure arbitrage. The Foundation may redeem capital only on December 31 at the expiration of the lock-up period, applicable to each class of share, provided that 100 days advanced written notice is received by TIFF. If not redeemed, shares are automatically reinvested at December 31 in the same class of shares for that lock-up period. The following are the positions for the year end June 30, 2015:

<u>Investment Fund Description</u>	<u>Shares</u>	<u>Market Value at June 30, 2015</u>	<u>Lock-up Expiration Date</u>
TIFF Absolute Return Pool II - Series 1	1130.07	\$ 2,806,036	12/31/2015
TIFF Absolute Return Pool II - Series 1	1528.87	\$ 3,796,294	12/31/2016

The TIFF investment was redeemed in full during the year end June 30, 2016.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

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**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Office equipment and depreciation:** Office equipment has been valued at cost, except the equipment which has been donated from outside sources. This equipment is recorded at fair market value at the time of donation. It is the Foundation's policy to capitalize all fixed asset acquisitions that exceed \$ 1,000 in value. Depreciation of office equipment is computed on the straight-line basis over estimated useful lives of five to twelve years. Depreciation expense was \$ 4,752 and \$ 2,302 for the fiscal years ending June 30, 2016 and 2015, respectively.

**Charitable remainder interest:** The Foundation is the beneficiary of numerous charitable remainder trusts. The trusts will distribute their assets upon the death of all income beneficiaries. The Foundation's portion has been valued using present value factors that are applied to the fair market value of the trusts at June 30, 2016 and 2015.

**Life insurance policies:** The Foundation is owner and beneficiary of four life insurance policies. At June 30, 2016 and 2015, respectively, these policies had an aggregate face value of \$ 469,609 and \$ 469,532 and a total surrender value of \$ 217,447 and \$ 209,996. As of June 30, 2016 and 2015, respectively, the Foundation was entitled to receive 55% and 57% of the face value and 65% and 66% of the total surrender value of the policies.

**Grants expense:** The Foundation records grant expense at the time a grant is paid.

**Advertising costs:** Advertising costs are charged to expenses as incurred. Total advertising and promotional costs incurred are \$ 43,256 and \$ 44,551 for the fiscal years ending June 30, 2016 and 2015, respectively.

**Use of estimates:** The Foundation uses estimates and assumptions in preparing its financial statements in accordance with generally accepted accounting principles of the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The most significant estimates are the estimation of the fair value of financial instruments, depreciation, and the value of donated services and equipment. Actual results could vary from the estimates that were used.

**Lead annuity trust:** The Foundation is the beneficiary of four annuity trusts. The Foundation's portion has been valued using present value factors that are applied to the annuity amounts.

**Managed assets:** The Foundation has two supporting organizations for which it provides administrative services. Of the cash and investment assets managed under these agreements, certain assets are titled in the supporting organization's name. It is the Foundation's policy to record these investments and cash as assets of the Foundation, with the related payable to the supporting organization.

**Principles of consolidation:** The accompanying consolidated financial statements include the accounts of the Foundation and several wholly-owned subsidiaries after the elimination of all material intercompany accounts, transactions, and profits. The investment is accounted for under the equity method. The subsidiaries were formed in December 2005 and December f 2007 for the purpose of holding real estate gifts until they are sold. It is the policy of the Foundation to transfer all related cash received at a sale back to the Foundation.

**Investments:** Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value determined on the basis of quoted market prices. Investments in alternative investments are carried at fair value as determined by the fund manager. Because the Foundation's alternative investments do not trade on secondary exchanges, a market valuation is not readily or easily determinable.

Investment transactions are reported on a trade-date basis. Realized gains and losses of equity and debt securities are determined on the basis of specific identification. Realized gains and losses of mutual funds are determined by average cost basis of shares sold.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

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**Note 1. General Information and Summary of Significant Accounting Policies (Continued)**

**Investments (continued):** Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Investments are recorded at cost when purchased or at market value at date of gift. Land Held for Resale is recorded at the lower of cost or market.

**Income taxes:** The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the tax years before 2012.

**Recent accounting pronouncements:** In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosure of Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Rather, those disclosures are limited for which the entity has elected to measure the fair value using practical expedient. The amendments in this Update are effective for non-public entities for fiscal years beginning after December 15, 2016, in interim periods within those fiscal years. A report entity should apply the amendments retrospectively to all periods presented. Earlier applications is permitted. Management does not anticipate ASU 2015-07 will have material impact on the Foundation's changes in net assets of financial position.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments require the Not-for-Profit (NFP) to present two classes of net assets on the face of the statement of financial position, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The amendments also require enhanced disclosure of information that will improve the decision usefulness of the information. The NFP will continue to report amounts for total net assets and changes in each of the two classes of net assets. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this Update is permitted. Management does not anticipate ASU 2016-14 will have material impact on the Foundation's changes in net assets of financial position.

**Note 2. Donated Services and Equipment**

The value of services and equipment donated by volunteers, where integral to the operation of the Foundation, has been reflected herein as estimated by management.

**Note 3. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 4. Fundraising Events**

The amount reported for fundraising events, the Best of Philanthropy Celebration, is net of related expenses of \$ 24,991 and \$ 23,733 for the years ended June 30, 2016 and 2015, respectively, and consists of actual receipts and disbursements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

**Note 5. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Foundation's Share of Unitrusts, Pooled Income Funds, Annuity Trusts, and Life Insurance Policies	<u>\$ 18,500,942</u>	<u>\$ 18,025,044</u>

**Note 6. Net Assets Released from Restrictions**

Net assets were released from restrictions during 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Passage of time	<u>\$ 14,933</u>	<u>\$ 14,947</u>
Net assets released from restrictions	<u>\$ 14,933</u>	<u>\$ 14,947</u>

**Note 7. Deposits**

The Foundation maintains its bank accounts at nine institutions. At June 30, 2016 and 2015, respectively, the bank balances of these accounts were \$ 4,998,566 and \$ 5,258,233 and the carrying amounts were \$ 4,192,980 and \$ 4,514,395. With the exception of \$ 3,859,758 and \$ 4,311,532, the Foundation is covered by additional insurance for those amounts in excess of federally insured limits. The Foundation is consciously investing over the FDIC limit at several institutions. In an effort to attain some return on short-term investments, the Foundation chose institutional risk over market risk, and is monitoring the financial stability of all the institutions very closely. The Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

The Foundation offers donors the option to start a fund that is placed in cash and cash equivalents, rather than in the investment pool. The cash and cash equivalents balance will increase as additional receipts for this fund type are collected.

**Note 8. Retirement Plan**

For the years ended June 30, 2016 and 2015, the Foundation sponsored a 401(k) retirement plan for all eligible employees. The Foundation contributes 6%, which totaled \$ 37,058 and \$ 35,447 for the years ended June 30, 2016 and 2015, respectively.

**Note 9. Operating Lease**

The Foundation leases office space in Columbia, South Carolina, under an operating lease that began on November 1, 2010, was amended on December 1, 2015, and will expire on December 31, 2018. The Foundation incurred \$ 51,901 and \$ 53,405 in rent expense in the years ending June 30, 2016 and 2015, respectively. The Foundation incurred \$ 3,896 and \$ 2,780 in office equipment lease expense in the years ending June 30, 2016 and 2015, respectively. Minimum future payments under these leases are as follows:

Year Ending	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
2016	\$ -	\$ 55,465
2017	54,907	53,911
2018	56,411	55,415
2019	30,865	29,870
2020	3,372	2,376
2021	913	-
<b>Total lease payments</b>	<u>\$ 146,468</u>	<u>\$ 197,037</u>

**CENTRAL CAROLINA COMMUNITY FOUNDATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Notes to Consolidated Financial Statements**

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**Note 10. Subsequent Events**

The Foundation evaluated subsequent events through October 18, 2016, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.