Communities of Coastal Georgia Foundation, Inc.

Financial Report

December 31, 2015 and 2014

C O N T E N T S

MOORE STEPHENS TILLER LLC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Communities of Coastal Georgia Foundation, Inc.
St. Simons Island, Georgia

We have audited the accompanying financial statements of Communities of Coastal Georgia Foundation, Inc. (a non-profit organization),which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities of Coastal Georgia Foundation, Inc. as of December 31, 2015 and 2014, 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.

Moore Stephens Tiller LLC

Brunswick, Georgia
July 27, 2016

Communities of Coastal Georgia Foundation, Inc.

Statements of Financial Position

December 31, 2015 and 2014

Assets

	2015	2014
Cash and cash equivalents	$ 3,137,701	$ 2,526,874
Accounts receivable	75,000	-
Pledges receivable, net	11,000	-
Grants receivable	60,000	-
Beneficial interest in remainder trusts	110,022	107,947
Beneficial interest in lead trust	620,874	733,892
Investments, at fair value	11,371,330	10,757,610
Artwork held for sale	510,000	610,000
Prepaid expenses	7,779	7,572
Assets held in trust - deferred compensation	17,769	5,169
Security deposit	735	735
Total Assets	$ 15,922,210	$ 14,749,799

Liabilities and Net Assets

	2015	2014
Liabilities		
Accounts payable	$ 5,680	$ 6,819
Accrued payroll	6,485	5,686
Deferred compensation payable	17,769	5,169
Amounts held to benefit an agency fund	2,255,630	2,214,863
Total Liabilities	2,285,564	2,232,537
Net Assets		
Unrestricted	12,815,290	11,655,821
Temporarily restricted	821,356	861,441
Total net assets	13,636,646	12,517,262
Total Liabilities and Net Assets	$ 15,922,210	$ 14,749,799

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Statements of Activity

For the Years Ended December 31, 2015 and 2014

	2015	2014
Unrestricted Net Assets		
Support and Revenue		
Contributions	$ 3,422,389	$ 2,847,946
Investment income	194,122	120,369
Management fee	10,974	12,089
Other income	5,272	-
Gain from sale of artwork held for sale	150,000	-
Realized and unrealized gains (losses)	(388,354)	163,760
Total Unrestricted Support and Revenue	3,394,403	3,144,164
Net assets released by satisfaction of restrictions	130,142	130,434
Total Unrestricted Support and Reclassifications	3,524,545	3,274,598
Expenses		
Grants and programs	2,058,091	828,304
Operating Expenses		
Salaries	170,014	153,098
General and administrative	136,971	133,061
Total operating expenses	306,985	286,159
Total Unrestricted Grants and Operating Expenses	2,365,076	1,114,463
Increase in Unrestricted Net Assets	1,159,469	2,160,135
Temporarily Restricted Net Assets		
Contributions	71,000	80,000
Change in value of split-interest agreements	19,057	23,954
Net assets released by satisfaction of restrictions	(130,142)	(130,434)
Decrease in Temporarily Restricted Net Assets	(40,085)	(26,480)
Increase in Net Assets	1,119,384	2,133,655
Net Assets, Beginning	12,517,262	10,383,607
Net Assets, Ending	$ 13,636,646	$ 12,517,262

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Increase in net assets	$ 1,119,384	$ 2,133,655
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	-	88
Realized and unrealized (gains) and losses on investments	388,354	(163,760)
Noncash contributions	(670,654)	(710,043)
Gain on sale of artwork held for sale	(150,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	(75,000)	-
Grants receivable	(60,000)	-
Pledges receivable	(11,000)	-
Beneficial interest in remainder trust	(2,075)	(73,821)
Beneficial interest in lead trust	113,018	99,867
Prepaid expenses	(207)	(1,924)
Assets held for deferred compensation arrangement	(12,600)	(5,169)
Accounts payable	(1,139)	608
Accrued payroll	799	1,874
Deferred compensation payable	12,600	5,169
Amounts held to benefit an agency fund	40,767	(102,514)
Net Cash Provided by Operating Activities	692,247	1,184,030
Cash Flows From Investing Activities		
Proceeds from sale of artwork held for sale	250,000	-
Purchase of investments	(11,483,872)	(6,276,524)
Sale of investments	11,152,452	5,418,300
Net Cash Required by Investing Activities	(81,420)	(858,224)
Net Change in Cash and Cash Equivalents	610,827	325,806
Cash and Cash Equivalents, Beginning	2,526,874	2,201,068
Cash and Cash Equivalents, Ending	$ 3,137,701	$ 2,526,874

See accompanying notes to the financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

General: Communities of Coastal Georgia Foundation, Inc. (the "Foundation") is a publicly-supported community foundation based in Glynn County. The Foundation was established in 2005 for the purpose of improving the quality of life in Coastal Georgia by promoting and increasing responsible, effective philanthropy.

The Foundation provides grants to charitable organizations throughout Camden, Glynn, and McIntosh Counties in Southeast Georgia. Through the Foundation's donor advised funds, grants can be made to any qualified nonprofit organization in the United States of America.

Basis of Presentation: The Foundation follows standards established by the Financial Accounting Standards Board (the "FASB"). References to Generally Accepted Accounting Principles ("GAAP") in these notes are to *FASB Accounting Standards Codification*, sometimes referred to as the "Codification" or "ASC". To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, GAAP requires that resources be classified into categories established according to their nature and purpose. The Foundation reports its financial position and activities according to three classes of net assets as follows:

> *Unrestricted* - Net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Foundation and its purposes. The significant categories of unrestricted net assets maintained by the Foundation are the founders fund, operating fund, donor advised funds, and discretionary grant making fund (see Note 13).
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> *Temporarily restricted* - Net assets are resources whose use by the Foundation is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by actions of the Foundation (see Note 13).
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> *Permanently restricted* - Net assets are resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Foundation. For the reasons noted below there were no permanently restricted net assets as of December 31, 2015 and 2014.

The Foundation enters into individual agreements with donors to reflect the types of funds to be created and the purposes for which the contributions are intended. Pursuant to the Foundation's articles of incorporation and by-laws, as well as all fund agreements by and between the Foundation and donors, the Board of Trustees maintains ultimate authority and control over contributions received and the related income and net change in value realized thereon. As a result of this "variance power," none of the net assets of the Foundation is classified as permanently restricted; rather, they are all classified as unrestricted, unless otherwise encumbered by a time stipulation.

Contributions: In accordance with GAAP, contributions received as well as unconditional promises to give are recognized in the year received. Contributions with donor-imposed restrictions are reported as temporarily restricted revenue. When a donor-imposed restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted contributions whose restrictions are met in the same year are reported as unrestricted contributions.

Cash: Cash includes highly liquid investments that are readily convertible into cash and have a maturity of twelve months or less when purchased. Cash and cash equivalents held by investment money managers are classified with investments in these financial statements.

Cash equivalents also include a Certificate of Deposit (CD) account that holds multiple tradable CD's. The Foundation purchases the CD's with lateral maturity dates for the purpose of steady cash flow. The Foundation defines lateral maturity dates as no greater than 6 months between the maturity dates of each lateral CD. The Foundation purchases the CD's with the intent to hold each CD until full maturity.

On occasion, the Foundation maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure of loss to be minimal.

Pledges Receivable: Pledges receivable are stated at the present value of their estimated future cash flows. Pledges receivable consist of unconditional promises to give that are expected to be collected in future years. The discount on these amounts is computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts is included in "contributions" in the accompanying statement of activities. Pledges receivable are reviewed for collectability and reserves for uncollected amounts are established when indication warrants the need. Concentrations of credit risk with respect to pledges receivable are, in management's opinion, considered minimal due to the Foundation's diverse donor base.

Accounts and Grants Receivable: Receivables are stated at the amount the Foundation expects to collect from balances outstanding. The Foundation closely monitors outstanding balances throughout the year, and writes off all balances that are considered uncollectible.

Beneficial Interest in Remainder Trusts: The Foundation is named beneficiary of two charitable remainder trusts that are controlled by third parties. The assets for the contribution receivable were recorded as temporarily restricted net assets when the Foundation was notified of the trusts' existence. The receivable is stated at present value of the amount expected to be received. Under the terms of both trusts, the Foundation will receive the contribution at the donors' death. Present value is determined using an appropriate discount rate and actuarially determined life expectancies. The net revaluation is recorded as change in value of split-interest agreements on the Statements of Activity.

Beneficial Interest in Lead Trust: During 2011, the Foundation was named beneficiary of a charitable lead annuity trust that is controlled by a trustee that is a former member of the Foundation's board of directors. The trust provides $130,000 per year to the Foundation for ten years. The assets for the contribution receivable were recorded as temporarily restricted net assets when the Foundation was notified of the trust's existence. The receivable is stated at present value of the amount to be received. Present value is determined using an appropriate discount rate. The net revaluation is recorded as a change in value of split-interest agreements on the Statements of Activity.

Investments: Investments in equity securities and mutual funds are carried at fair value based on unadjusted quoted market prices. Fixed income securities are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers.

Investment income and gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the value of investment securities, it is reasonably possible that risks in the near term could materially affect the amounts reported in the accompanying financial statements.

Property and Equipment: Property and equipment are stated at cost. Acquisitions in excess of $2,500 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. For the years ending December 31, 2015 and 2014, the Foundation's property and equipment are fully depreciated.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts and disclosures in these financial statements. Actual results may differ from those estimates.

Income Taxes: The Foundation is a qualifying, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code and as such is generally exempt from federal and state income taxes. The Foundation may be subject to income taxes if it failed to maintain its exempt status or if it conducted certain unrelated business activity. The Foundation has evaluated both its federal and state income tax positions, including positions that could have an effect on the Foundation's exempt status, and has concluded that it has no uncertain tax positions that require disclosure.

The Foundation files informational returns in the U.S. federal jurisdiction and one state jurisdiction. The Foundation is generally no longer subject to federal or state tax examinations for years before

2012. Interest and penalties are expensed as incurred. No interest and penalties were charged to expense for the years ending December 31, 2015 and 2014.

Reclassifications: Certain amounts in the December 31, 2014 financial statements have been reclassified to conform to the presentation utilized in December 31, 2015. These reclassifications have no impact on previously reported financial position, change in net assets, or cash flows.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are expected to be collected as follows as of December 31, 2015:

Less than one year	$	8,500
One year to five years		2,500
Total pledge receivable	$	11,000

There were no outstanding pledges at December 31, 2014. All outstanding pledges are expected to be collected.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable are expected to be collected as follows as of December 31, 2015:

Less than one year	$	30,000
One year to five years		30,000
Total grants receivable	$	60,000

There were no outstanding grants at December 31, 2014. All outstanding grants are expected to be collected.

During fiscal year 2015, the Foundation received a conditional grant. The total grant amount was $150,000 to be received in three annual payments. The first payment was received in June of 2015 in the amount of $50,000 with no required conditions. This amount is included in unrestricted contributions on the Statements of Activity. The remaining two payments of $50,000 each are conditional upon the Foundation raising matching funds from the community. The second payment of $50,000 will be available in June 2016. The matching period for this payment is from July 1, 2015 to June 30, 2017. The third payment of $50,000 will be available in June 2017. The matching period for the third payment is from July 1, 2016 to June 30, 2018. If the matching funds are not raised during the specified time period, the second and third payments of the grant may be forfeited. The conditional portion of the grant is not recognized as an asset or revenue until the conditions are substantially met.

NOTE 4 – BENEFICIAL INTEREST IN REMAINDER TRUST

The receivable from split-interest agreements provided by charitable remainder unitrusts represents the estimated net present value of the Foundation's interest in irrevocable trusts held by third parties. The balance of this receivable is as follows at December 31, 2015 and 2014:

	2015	2014
Beneficial interest in remainder trusts	$ 130,000	$ 130,000
Less discount to present value	(19,978)	(22,053)
	$ 110,022	$ 107,947

Actuarial assumptions published by the Social Security Administration and a discount rate range from 0.45% to 4.89% were used in calculating the present value.

NOTE 5 – BENEFICIAL INTEREST IN LEAD TRUST

The receivable from a split-interest agreement provided by a charitable lead annuity trust represents the estimated net present value of the Foundation's interest in an irrevocable trust held by a third party. The balance of this receivable is as follows at December 31, 2015 and 2014:

	2015	2014
Beneficial interest in lead trust	$ 650,000	$ 780,000
Less discount to present value	(29,126)	(46,108)
	$ 620,874	$ 733,892

A discount rate of 1.76% for 2015 and 1.97% for 2014 equal to the 10-year United States Treasury rate was used in calculating the present value.

NOTE 6 – ARTWORK HELD FOR SALE

In 2014, a donor contributed two pieces of artwork to the Foundation, and the Foundation immediately listed it for sale. The artwork was recorded at the appraised value of $610,000 at the date of the contribution. One of the pieces has an appraised value of $510,000 and the second with an appraised value of $100,000. During 2015, the artwork appraised at $100,000 was sold on installment with a sales price of $250,000. The balance on the installment arrangement at December 31, 2015 is reported as accounts receivable on the Statements of Financial Position in the amount of $75,000. Artwork held for sale for the year ended December 31, 2015 and 2014 totaled $510,000 and $610,000, respectively.

NOTE 7 – ENDOWMENT FUND

As of December 31, 2015 and 2014, the Board of Directors had designated $2,168,411 and $2,117,893, respectively, of unrestricted net assets as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Foundation has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average asset value calculated on September 30 each year over a rolling twelve-quarter period. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its general endowment fund to grow at a minimum of 5% annually, plus inflation. Therefore, the Directors reserve the right in any given year to spend below its 5% spending policy level.

To achieve its investment objectives, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equities, fixed income securities, cash reserves and alternatives. The allocation of assets should adhere to the following guidelines:

Asset Class	Minimum	Maximum
Equities	40%	70%
Fixed income	2%	29%
Hedge Funds	0%	22%
Real Estate	0%	11%
Commodities	0%	13%
Cash reserves	0%	20%

Composition of and changes in endowment net assets for the year ended December 31, 2015 and 2014 were as follows:

	2015	2014
Board-designated endowment net assets, beginning of year	$ 2,117,893	$ 2,032,654
Contributions	160,797	85,832
Interest and dividends, net of fees	52,243	30,809
Realized/unrealized gains	(99,979)	22,911
Transfer from (to) nonendowed net assets	(41,517)	(36,197)
Amounts appropriated for expenditure	(21,026)	(18,116)
Board-designated endowment net assets, end of year	$ 2,168,411	$ 2,117,893

NOTE 8 – INVESTMENTS

Investments were comprised of the following at December 31, 2015 and 2014:

	2015	2014
Marketable equity securities	$ 1,504,082	$ 2,324,991
Mutual funds	8,263,695	7,496,535
Hedge funds	792,403	-
Cash and cash equivalents	811,150	936,084
	$ 11,371,330	$ 10,757,610

Investment income as reported on the Statements of Activity is net of investment fees. Investment fees for the year ended December 31, 2015 and 2014 totaled $36,895 and $38,770, respectively.

NOTE 9 – FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of fair value as follows:

Level 1 — Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments.

Level 2 — Valuation is based on inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active and investments in investees which may permit redemption at the net asset value (or equivalent) within the near-term of the measurement date.

Level 3 — Valuation is based on unobservable inputs and investments in investees which do not permit redemption at the net asset value (or equivalent) within the near-term of the measurement date.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

When available, the Foundation uses quoted market prices to determine the fair value of investment securities. These investments are included in Level 1 and primarily consist of equity securities and mutual funds. For investments held in hedge funds that do not have quoted market prices, the Foundation uses other inputs including estimates provided by the investment managers. To the extent that the investments held in hedge funds offer liquidity at least quarterly, hedge funds are categorized in Level 2; otherwise, they are categorized in Level 3. The Foundation also uses other observable inputs including market interest rate curves and credit spreads, where applicable. These investments are included in Level 2 and primarily consist of fixed income; otherwise, they are categorized in Level 3.

Assets as of December 31, 2015 and 2014 measured at fair value are summarized below:

December 31, 2015:

	Level 1	Level 2	Level 3	Total
Marketable equity securities	$ 1,504,082	$ -	$ -	$ 1,504,082
Mutual funds	8,263,695	-	-	8,263,695
Hedge funds	-	792,403	-	792,403
Cash and cash equivalents	811,150	-	-	811,150
Total Investments	10,578,927	792,403	-	11,371,330
Receivables under split-interest agreements	-	-	730,896	730,896
Total Assets Measured at Fair Value	$ 10,578,927	$ 792,403	$ 730,896	$ 12,102,226

December 31, 2014:

	Level 1	Level 2	Level 3	Total
Marketable equity securities	$ 2,324,991	$ -	$ -	$ 2,324,991
Mutual funds	7,496,535	-	-	7,496,535
Cash and cash equivalents	936,084	-	-	936,084
Total Investments	10,757,610	-	-	10,757,610
Receivables under split-interest agreements	-	-	841,839	841,839
Total Assets Measured at Fair Value	$ 10,757,610	$ -	$ 841,839	$ 11,599,449

The level 3 agreements are reported at their net present values as described in Note 4 and Note 5. They are subject to specific significant unobservable inputs, which are summarized as follows:

	Fair Value at 12/31/2015	Valuation Method	Significant Unobservable Inputs	Range of Inputs
Beneficial interest in remainder trust	$ 37,546	Discounted Cash Flow	Life Expectancy (years)	6
			Discount Rate	4.89%
Beneficial interest in remainder trust	72,476	Discounted Cash Flow	Life Expectancy (years)	22
			Discount Rate	0.45%
Beneficial interest in lead trust	620,874	Discounted Cash Flow	Duration (months)	60
			Discount Rate	1.76%
	$ 730,896			

	Fair Value at 12/31/2014	Valuation Method	Significant Unobservable Inputs	Range of Inputs
Beneficial interest in remainder trust	$ 35,796	Discounted Cash Flow	Life Expectancy (years)	7
			Discount Rate	4.89%
Beneficial interest in remainder trust	72,151	Discounted Cash Flow	Life Expectancy (years)	23
			Discount Rate	0.45%
Beneficial interest in lead trust	733,892	Discounted Cash Flow	Duration (months)	72
			Discount Rate	1.97%
	$ 841,839			

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying Statement of Financial Position using significant unobservable (Level III) inputs:

	2015	2014
Beginning Balance	$ 841,839	$ 867,885
Donation	-	80,000
Change in value	19,057	23,954
Annuity payments	(130,000)	(130,000)
Ending Balance	$ 730,896	$ 841,839

NOTE 10 – AMOUNTS HELD TO BENEFIT AN AGENCY FUND

The Foundation received assets from two not-for-profit organizations to establish funds. The Organization specified itself as the sole beneficiary of the funds. Accounting standards require that the Foundation account for this transfer of assets as a liability. The Foundation has reported these funds as amounts held to benefit an agency fund on the Statements of Financial Position.

The Foundation maintains variance power and legal ownership of the agency fund, and as such continues to report these funds as assets of the Foundation. In accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organization.

The fair market value of the agency funds at December 31, 2015 and 2014 was $2,255,630 and $2,214,863, respectively. Financial activity related to these funds for the years ended December 31, 2015 and 2014 are excluded from the Foundation's Statements of Activity. The following summarizes the activity:

	2015	2014
Beginning Balance	$ 2,214,863	$ 2,317,377
Contributions	100,000	-
Net return on investments	(48,258)	59,128
Grants awarded	-	(150,000)
Support of Foundation services	(10,975)	(11,642)
Agency fund balances at December 31	$ 2,255,630	$ 2,214,863

NOTE 11 – EMPLOYEE BENEFIT PLAN

401(k) Deferred Compensation Plan: The Foundation sponsors a defined contribution retirement plan covering all employees meeting certain eligibility requirements. The Foundation makes discretionary contributions to the plan based on a percentage of employees' compensation. The contribution for the years ending December 31, 2015 and 2014 was $5,186 and $3,860, respectively.

457(b) Deferred Compensation Plan: Effective July 1, 2014, the Foundation adopted a non-qualified deferred 457(b) compensation plan for the current President/CEO. The plan allows the Foundation to contribute a specified percentage of the President/CEO's compensation up to the limitations of the Code Section 457(e)(15). The contributions are held in trust. Gains or losses on amounts held in the trust are fully allocable to the plan participant. As a result, there is no net impact on the Foundation's Statements of Activity resulting from investment gains and losses on assets held in the account, and the liability to the plan participant is fully funded at all times. The assets held for deferred compensation and the accrued liability balance for the years ending December 31, 2015 and 2014 totaled $17,769 and $5,169, respectively. The Foundation contributed $12,600 and $5,169 to the plan for the years ending December 31, 2015 and 2014, respectively.

NOTE 12 – EXPENSE CLASSIFICATION

Below is a functional classification of the Foundation's expenses for the year ended December 31, 2015 and 2014:

	2015	2014
Grants awarded and programs	$ 2,226,934	$ 985,693
Support services	76,745	71,538
Fundraising expenses	61,397	57,232
Total grants and operating expenses	$ 2,365,076	$ 1,114,463

NOTE 13 – NET ASSETS

Unrestricted net assets consisted of the following fund balances designated by the Board at December 31, 2015 and 2014:

	2015	2014
Founders fund	$ 1,369,414	$ 1,447,092
Donor advised funds	9,392,824	9,130,751
Discretionary grant making fund	980,393	875,069
Operating fund	1,072,659	202,909
Total unrestricted net assets	$ 12,815,290	$ 11,655,821

Temporarily restricted net assets consisted of the following fund balances at December 31, 2015 and 2014:

	2015	2014
Leasehold improvement purchase fund	$ 19,460	$ 19,460
Beneficial interest in remainder trust	110,022	107,947
Time-restricted	691,874	734,034
Total temporarily restricted net assets	$ 821,356	$ 861,441

NOTE 14 – LEASE

In July 2012, the Foundation entered into a lease agreement for office space. The lease term is from September 1, 2012 to August 31, 2017. Future minimum lease payments under the lease are as follows:

Year Ending December 31,		
2016	$	11,712
2017	$	8,096

Lease expense totaled $11,312 and $10,924 for the years ended December 31, 2015 and 2014, respectively.

NOTE 15 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after December 31, 2015 through July 27, 2016, which is the date on which the financial statements were available to be issued. No significant events occurred subsequent to the statement of financial position date but prior to issuance that would have a material impact on the financial statements or disclosures.