The Greater Cedar Rapids Community Foundation

Financial Statements
December 31, 2015

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Independent Auditor's Report

Board of Directors
The Greater Cedar Rapids Community Foundation
Cedar Rapids, Iowa

Report on the Financial Statements
We have audited the accompanying financial statements of The Greater Cedar Rapids Community Foundation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

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

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 The Greater Cedar Rapids Community Foundation 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.

RSM US LLP

Cedar Rapids, Iowa
April 18, 2016

The Greater Cedar Rapids
Community Foundation

Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 3,170,763	$ 1,922,078
Receivables, contributions, grants and bequests, net	558,105	720,051
Prepaid expenses	24,877	18,362
Investments	133,727,434	136,925,323
Property and equipment, net	1,572,719	1,606,875
Cash value of life insurance	273,348	263,216
Other assets	576,000	576,000
Total assets	$ 139,903,246	$ 142,031,905
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 11,536	$ 22,028
Accrued expense	51,922	31,376
Grants payable	11,738	4,985
Amounts due under annuity and unitrust agreements	2,007,824	1,974,743
Amounts held on behalf of others	29,994,525	29,757,776
Total liabilities	32,077,545	31,790,908
Net assets:		
Unrestricted net assets	106,115,382	107,880,776
Temporarily restricted	1,710,319	2,360,221
Total net assets	107,825,701	110,240,997
Total liabilities and net assets	$ 139,903,246	$ 142,031,905

See notes to financial statements.

The Greater Cedar Rapids
Community Foundation

Statement of Activities
Year Ended December 31, 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions and bequests	$ 13,098,982	$ -	$ 13,098,982
Less contributions raised on behalf of others	(2,317,051)	-	(2,317,051)
Contributions, net	10,781,931	-	10,781,931
Investment income, net of investment expense 2015 $308,438	3,071,287	176,681	3,247,968
Net depreciation of investments	(7,884,753)	(490,874)	(8,375,627)
	(4,813,466)	(314,193)	(5,127,659)
Less losses on behalf of others	1,291,190	-	1,291,190
Investment income, net	(3,522,276)	(314,193)	(3,836,469)
Other revenue	84,192	-	84,192
Net assets released from restrictions	72,621	(72,621)	-
Total support and revenue	7,416,468	(386,814)	7,029,654
Expenses and other adjustments:			
Grants	8,100,451	-	8,100,451
Administration of grants, allocated expenses	452,737	-	452,737
Less grants awarded on behalf of others	(835,124)	-	(835,124)
Grant expense, net	7,718,064	-	7,718,064
Other programs	219,019	-	219,019
Management and general expense	522,921	-	522,921
Fund raising and development expenses	675,846	-	675,846
Total expenses, net	9,135,850	-	9,135,850
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	263,088	263,088
Adjustment for transfer of funds to amounts held on behalf of others (Note 1)	46,012	-	46,012
Total expenses and other adjustments	9,181,862	263,088	9,444,950
Change in net assets	(1,765,394)	(649,902)	(2,415,296)
Net assets, beginning of year	107,880,776	2,360,221	110,240,997
Net assets, end of year	$ 106,115,382	$ 1,710,319	$ 107,825,701

See notes to financial statements.

The Greater Cedar Rapids Community Foundation

Statement of Activities
Year Ended December 31, 2014

	2014 Unrestricted	2014 Temporarily Restricted	2014 Total
Support and revenue:			
Contributions and bequests	$ 7,677,162	$ 10,000	$ 7,687,162
Less contributions raised on behalf of others	(1,753,591)	-	(1,753,591)
Contributions, net	5,923,571	10,000	5,933,571
Investment income, net of investment expense 2014 $269,355	2,645,926	183,480	2,829,406
Net appreciation of investments	1,711,693	157,208	1,868,901
	4,357,619	340,688	4,698,307
Less (earnings) on behalf of others	(926,760)	-	(926,760)
Investment income, net	3,430,859	340,688	3,771,547
Other revenue	111,143	-	111,143
Net assets released from restrictions	-	-	-
Total support and revenue	9,465,573	350,688	9,816,261
Expenses and other adjustments:			
Grants	7,399,223	-	7,399,223
Administration of grants, allocated expenses	469,259	-	469,259
Less grants awarded on behalf of others	(1,656,927)	-	(1,656,927)
Grant expense, net	6,211,555	-	6,211,555
Other programs	218,727	-	218,727
Management and general expense	586,750	-	586,750
Fund raising and development expenses	527,611	-	527,611
Total expenses, net	7,544,643	-	7,544,643
Other adjustments, actuarial adjustment on annuities and unitrust agreements	-	177,957	177,957
Adjustment for transfer of funds to amounts held on behalf of others (Note 1)	105,873	-	105,873
Total expenses and other adjustments	7,650,516	177,957	7,828,473
Change in net assets	1,815,057	172,731	1,987,788
Net assets, beginning of year	106,065,719	2,187,490	108,253,209
Net assets, end of year	$ 107,880,776	$ 2,360,221	$ 110,240,997

See notes to financial statements.

The Greater Cedar Rapids
Community Foundation

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	**$ (2,415,296)**	$ 1,987,788
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**105,702**	102,361
Actuarial adjustment on annuities and unitrust agreements	**263,088**	177,957
Adjustment for transfer of funds to amounts held on behalf of others	**46,012**	105,873
Net depreciation (appreciation) in market value of investments	**7,084,437**	(942,141)
Reinvested investment earnings	**(3,179,040)**	(3,035,704)
Proceeds from sale of donated investment securities	**1,259,953**	1,662,526
Loss on disposal of assets	**11**	3,952
Effects of changes in operating assets and liabilities:		
Receivables and other assets	**161,946**	212,271
Prepaid expenses	**(6,515)**	(6,110)
Accounts payable and accrued expenses	**10,054**	25,476
Grants payable	**6,753**	(215,136)
Net cash provided by operating activities	**3,337,105**	79,113
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	**847,852**	6,947,806
Purchases of investments	**(4,106,503)**	(7,185,529)
Purchases of property and equipment	**(72,042)**	(28,736)
Proceeds from sale of property and equipment	**485**	-
Decrease in cash value of life insurance	**(10,132)**	5,908
Net cash used in investing activities	**(3,340,340)**	(260,551)
Cash flows from financing activities:		
Contributions raised on behalf of others	**2,317,051**	1,753,591
Grants paid on behalf of others	**(835,124)**	(1,656,927)
Payments on annuity and life income agreements	**(230,007)**	(234,856)
Net cash provided by (used in) financing activities	**1,251,920**	(138,192)
Net increase (decrease) in cash and cash equivalents	**1,248,685**	(319,630)
Cash and cash equivalents:		
Beginning	**1,922,078**	2,241,708
Ending	**$ 3,170,763**	$ 1,922,078

See notes to financial statements.

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of business: In 1949, the Community Welfare Foundation (the Foundation) of Cedar Rapids was established as a private foundation for the purpose of receiving gifts and bequests to provide support for charitable enterprise in the city of Cedar Rapids. In 1987, the Foundation became a public foundation and changed its name to The Greater Cedar Rapids Community Foundation (the Foundation) to reflect the broader interests of the rapidly growing Linn County community. Today, the Foundation provides grants to various organizations in the greater Cedar Rapids community to help foster and promote public, charitable, scientific, literary and educational activities.

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

Summary of the Foundation's significant accounting policies follows:

Basis of presentation: The financial statements of the Foundation have been prepared on the accrual basis and follow the accounting guidance for contributions received and contributions made and financial statements of not-for-profit organizations. Under these standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Contributions received are reported as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, known as variance power, the contributions should be classified as unrestricted net assets. The Foundation receives contributions from donors with advice regarding distribution of the assets and the earnings therefrom. The Foundation attempts to meet the desires expressed by the donors at the time of the contribution; however, under the gifting agreements the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose if, in the sole judgment of the Foundation's Board of Directors, such restrictions or conditions become unnecessary, undesirable, impractical or inconsistent with the charitable needs of the community.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

A description of the funds of the Foundation is as follows:

Endowed funds, subject to variance power as described earlier, include gifts which require, by donor restriction, that the corpus of the gift be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. The related income and expenses associated with these restrictions have been reflected in the endowed funds. The endowed funds are classified as unrestricted due to the Foundation's variance power over the assets and are included in unrestricted net assets in the financial statements. The various types of endowed agreements are as follows:

Type of Endowed Fund	Description of Fund
Unrestricted	The donor has made a contribution of cash or assets to the Discretionary Fund at the Foundation which is invested in perpetuity. The investment earnings are then distributed by the Foundation as grants that address current issues and community needs.
Donor advised	The donor has made a contribution of cash or assets to an endowed fund at the Foundation which is invested in perpetuity. The donor, or someone the donor names, makes recommendations to the Foundation about how the investment earnings should be distributed as grants. The recommendations are submitted to the Foundation's Board of Directors for their approval.
Donor designated	The donor has made a contribution of cash or assets to an endowed fund at the Foundation which is invested in perpetuity. The investment earnings are then distributed by the Foundation as grants to the beneficiary(ies) that were specified by the donor when the fund was established to support general operations or a specific program of the organization.
Field of interest	The donor has made a contribution of cash or assets to an endowed Fund at the Foundation which is invested in perpetuity. The investment earnings are then distributed by the Foundation as grants that focus on a particular charitable cause.

Non-endowed funds include gifts (other than for operations) that are presently available for use and are included in unrestricted net assets in the financial statements. The donor may establish a donor advised, donor designated or field of interest fund whereby the corpus of the fund is available for use as determined under the various donor agreements subject to the variance power as described earlier.

Temporarily restricted net assets include funds received under various trust and annuity agreements, which require the Foundation to follow the provisions of the trust or annuity agreement until termination. Upon termination, the funds will be classified as unrestricted net assets as outlined earlier.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Amounts held on behalf of others: The Foundation acts as an agent for certain unrelated organizations. The total amount of the funds held on behalf of these organizations has been reflected in investments as an asset and a liability on the statement of financial position. On the statement of activities, the Foundation reports the gross amount of support, revenue and expenses with the amount raised and expended on behalf of others being shown as a reduction in the gross amounts of support, revenue and expenses. During the years ended December 31, 2015 and 2014, management determined that funds totaling $46,012 and $105,873, respectively, needed to be transferred to amounts held on behalf of others upon a reevaluation of the terms of the donor agreements.

Endowment fund investment and distribution policies: The Foundation has adopted investment and distribution policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The long-term objective of the Foundation, as determined by its investment committee, is to achieve a total return in excess of the sum of its distribution rate, the long-term inflation rate, the aggregate costs of portfolio management and any growth factor which the investment committee may, from time to time, determine appropriate. Total endowment assets should return, over rolling 12-month periods, a nominal rate of return greater than or equal to a composite index created by combining the various benchmark indices adopted by the investment committee for each category of its portfolio allocation.

To satisfy its long-term 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 within prudent risk constraints.

On an annual basis, the investment committee recommends the distribution rate to the Board of Directors for the ensuing year. It is the policy of the Foundation to distribute an amount equal to the product of the investment portfolio’s average market value for the trailing 12 quarter average multiplied by the spending rate. All distributions are subject to compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Contributions: The Foundation records contributions (including promises to give) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time the unconditional promise to give is made. Bequests are recognized as a contribution at the time the will is declared valid, provided that the bequest is unconditional. Pledges, bequests and other promises to give that are to be received after more than a year have been discounted to reflect the present value of the future cash flows.

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of the assets or promise to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. There are no material amounts of conditional promises to give at December 31, 2015 and 2014.

Gifts of cash and other assets that are received under trust or annuity agreements to be received in subsequent periods are recorded as temporarily restricted net assets. The temporarily restricted net assets are released to unrestricted net assets when the trust or annuity agreement terminates and the assets are collected.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributions of donated items are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributions from related parties, primarily board members, for the years ended December 31, 2015 and 2014 totaled $103,925 and $285,518, respectively.

Cash equivalents: The Foundation considers highly liquid investments purchased with an original maturity of three months or less and not held by a trustee to be cash equivalents.

Investments: Investments of the Foundation are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation elected to report the fair value of alternative investments, comprised of hedge funds and private equity funds, using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation based on various factors. See Note 4 for discussion of fair value measurements. Realized gains or losses on investments are determined by the average cost method for mutual funds, and specific identification method for investments in common stock and are reported as increases or decreases in net assets. Investment income is also reported in the statement of activities as an increase in unrestricted or temporarily restricted net assets based on the intentions stipulated by the donor.

Fair value of financial instruments: The present value of contributions, grants and bequests receivable are estimated based upon discounted cash flows. The carrying amount of long-term receivables approximate fair value since the receivables has been discounted to net present value. Investments are stated at fair value in the financial statements based primarily on quoted market values. Where quoted market values are not available for investments, fair value is determined based on supporting information received from the investees, including audited financial statements.

The carrying amounts of cash and accounts payable and accrued expenses approximate the fair value because of the short maturity of these instruments.

Living trusts, testamentary trusts and gift annuities: The assets in living trusts, testamentary trusts and gift annuities are recorded at fair value at the inception of the trust or annuity based on the fair value of the underlying investments and a liability is recorded to reflect the net present value of the expected future payments to the beneficiary. Living trusts, testamentary trusts and gift annuities assets totaled $3,950,984 and $4,510,954 as of December 31, 2015 and 2014, respectively, and are included with investments in the statements of financial position.

The annuity and life income obligations are determined annually to reflect the change in life expectancy of the donor/beneficiary as well as expected payments to be made under the agreement. Investment income and distributions to beneficiaries increase or decrease the assets and the related obligation.

The remainder interest is recorded as a contribution to the Foundation or an increase in amounts held on behalf of others, depending on the terms of the agreement.

The net present value of the annuity and life income obligations is computed using life expectancies from the Society of Actuaries' Annuity 2000 Mortality Table and the applicable interest rates established by the Internal Revenue Service.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment which are purchased are stated at their original cost and donated equipment is recorded at fair value at the date of receipt, typically determined through independent appraisal. Property and equipment are depreciated on the straight-line method over their estimated useful lives, which range from 5 to 40 years. The Foundation has adopted a policy of capitalizing, at cost, or at fair value if donated, all acquisitions of property and equipment in excess of $1,000 and a useful life greater than one year. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Impairment of long-lived assets: The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Grants payable: Grants are charged to operations and recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid.

Functional expenses: Operating expenses are allocated to program services, management and general, and fund raising based on estimated time spent in the activity. The amounts allocated to each functional expense category are included in the statement of activities.

Income tax status: The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. Certain investments of the Foundation are subject to the unrelated business income tax regulations, and occasionally will require the Foundation to pay tax on this unrelated business income. The Foundation is not classified as a private foundation.

The Foundation follows the accounting guidance for Accounting for Uncertainty in Income Taxes. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to its financial statements. The Foundation is no longer subject to examination by federal or state authorities for years prior to 2012, nor have we been notified of any impending examination and no examinations are currently in process.

Reclassification of net assets: As of December 31, 2015, management determined to present the operating, endowed and non-endowed funds as one line item, unrestricted net assets, in the statements of financial position as of December 31, 2015 and 2014. This presentation is appropriate under U.S. GAAP and fund descriptions are included in Note 1. These changes had no impact on total net assets or changes in net assets.

Current accounting developments: In October 2012, the FASB issued guidance which requires not-for-profit entities to classify cash receipts from the “nearly immediate” sale of donated financial assets as an operating activity in the statement of cash flows when received with no donor-imposed restrictions. When the donor has restricted the use of the cash receipts from the sale of donated financial assets, classification as a financing activity would be required. When financial assets are not “nearly immediately” sold, classification as an investing activity would be appropriate. The Foundation adopted this guidance for the year ended December 31, 2015 and applied the required changes retrospectively to the consolidated statements of cash flows for the years ended December 31, 2015 and 2014.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU is expected to impact the Foundation's financial statements as the Foundation has certain operating lease arrangements for which it is the lessee and lessor. The standard is effective on January 1, 2020, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

In May 2015, FASB issued ASU 2015-07, *Fair Value Measurement (Topic 850): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes 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. ASU 2015-07 also limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. This ASU will be effective for the Foundation for fiscal years beginning after December 15, 2016. Early adoption is permitted and the amendments in ASU 2015-07 should be applied retrospectively to all periods presented. As ASU 2015-07 only amends and eliminates certain disclosures, the Foundation does not anticipate its adoption will have a material impact on its financial statements.

Note 2. Receivables

Unconditional promises to give are expected to be realized in the following periods:

	2015	2014
In one year or less	$ 422,905	$ 469,001
From one to five years	159,300	272,950
Less discount to present value	(24,100)	(21,900)
Total	$ 558,105	$ 720,051

Interest was imputed at rates of 5 percent in discounting contributions receivable for the years ended December 31, 2015 and 2014.

Note 3. Investments

Many of the Foundation's investments are pooled on a market value basis. Income from the pool is allocated to funds based on the respective market value of the particular funds. The carrying value of investments is as follows:

	2015	2014
Equity securities	$ 6,168,342	$ 8,560,154
Mutual funds	85,193,254	91,300,905
Debt securities	1,680,442	2,001,130
Global fixed income bond funds	6,974,998	5,463,343
Money market funds	4,473,604	1,847,351
Real estate based securities	1,879,502	2,085,092
Hedge funds	6,069,282	6,984,997
Private equity funds	19,748,733	17,677,390
Savings and cash equivalents	1,539,277	1,004,961
Total	$ 133,727,434	$ 136,925,323

The Foundation is the trustee for three charitable remainder trusts whereby the Foundation is required to pay certain amounts to the income beneficiary for their lifetime. At the termination of the agreements, the Foundation will receive the corpus of these funds. As a result, these investments have been segregated from the general investments of the Foundation. Investments in the charitable remainder trusts consist of equity securities, debt securities and money market funds.

Note 4. Fair Value Measurements

The Foundation estimates fair value using the guidance established by *Fair Value Measurements,* which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in its principal market, or in the absence of a principal market the most advantageous market for the investment or liability. The Foundation accounts for its investments at fair value. In accordance with the guidance, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique which give the highest priority to quoted prices in active markets and the lowest priority to unobservable inputs, into a three-level fair value hierarchy. These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable, or can be corroborated by, observable market data. Level 2 investments also include other investments, measured using the practical expedient, that do not have any significant redemption restrictions, lock up periods, gates or other characteristics that would cause report and liquidation date NAV to be significantly different, if redemption were requested at the report date.

Note 4. Fair Value Measurements (Continued)

Level 3: The Foundation has elected to report the fair value of certain investments, primarily those included in other investments on the statement of financial position, using the practical expedient. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from the investees. These investments would have significant redemption and other restrictions that would limit the Foundation's ability to redeem out of the fund at report date NAV. For all investments that don't meet the conditions for using the practical expedient, valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques may include use of option pricing models, discounted cash flow models and similar techniques.

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 instruments measured at fair value and their classification in the valuation hierarchy. There have been no changes in the methodologies used as of December 31, 2015 and 2014.

Debt and equity securities: Valued at the closing price reported on the active or observable market on which the individual securities are traded. In less active markets or if prices are not current, the valuation is based on quoted prices for identical or similar assets.

Mutual funds: Valued at the quoted closing price reported on the active market on which the individual securities are traded.

Money market funds: Valued at cost, which approximates fair value of shares held at year-end.

Global fixed income bond funds: Valued at the closing price reported on the active or observable market on which the individual securities are traded. In less active markets or if prices are not current, the valuation is based on quoted prices for identical or similar assets which could result in Level 2 classification.

Real estate based funds: Fair value is determined based on the value of the underlying assets held by the funds. The valuation policy includes complete independent appraisals at least annually for each asset, with approximately 25 percent of the real estate investments externally appraised each quarter. Additionally the fund performs quarterly internal valuations on each of the real estate investments in the fund with the exception of recently acquired real estate investments.

Hedge funds: Valued using the practical expedient, which allows for the use of NAV of shares held at year-end. Values are based on exchange quotes, broker quotes or third-party vendor pricing to value complex or illiquid assets. Fair values of other assets are based on the best information available under the circumstances, which may include the reporting entity's own data.

Private equity - limited partnerships: Valued using the practical expedient, which allows for the use of the NAV of the ownership interest in the partnership based on the most recently completed audited financial statements of the partnership prepared in accordance with U.S. generally accepted accounting principles and adjusted for activity through the measurement date.

Note 4. Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between Levels 2 and 3 during the years ended December 31, 2015 and 2014.

The following tables present assets measured at fair value by classification within the fair value hierarchy as of December 31, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Service	$ 125,644	$ -	$ -	$ 125,644
Technology	910,202	-	-	910,202
Financials	814,982	-	-	814,982
Utilities	62,645	-	-	62,645
Consumer goods	1,275,819	-	-	1,275,819
Healthcare	1,018,079	-	-	1,018,079
Basic materials	174,349	-	-	174,349
Industrial	1,029,745	-	-	1,029,745
Energy	756,877	-	-	756,877
Mutual funds:				
Large cap	23,463,386	-	-	23,463,386
Mid cap	180,873	-	-	180,873
Small cap	4,505,934	-	-	4,505,934
Balanced	13,057	-	-	13,057
Diversifying strategies	704,465	-	-	704,465
International	29,824,171	-	-	29,824,171
Real estate	3,373,896	-	-	3,373,896
Real assets	2,115,100	-	-	2,115,100
Bond	19,357,910	-	-	19,357,910
Commodities	1,654,462	-	-	1,654,462
Debt securities	1,680,442	-	-	1,680,442
Global fixed income bond funds	1,503,257	5,471,741	-	6,974,998
Money market funds	3,290,881	1,182,723	-	4,473,604
Real estate based funds	-	1,879,502	-	1,879,502
Hedge funds	-	-	6,069,282	6,069,282
Private equity funds	-	-	19,748,733	19,748,733
Total	$ 97,836,176	$ 8,533,966	$ 25,818,015	132,188,157
Cash equivalents, reported at cost				1,539,277
				$ 133,727,434

Note 4. Fair Value Measurements (Continued)

	2014			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Service	$ 92,317	$ -	$ -	$ 92,317
Technology	917,512	-	-	917,512
Financials	1,256,358	-	-	1,256,358
Utilities	106,492	-	-	106,492
Consumer goods	1,545,625	-	-	1,545,625
Healthcare	1,055,153	-	-	1,055,153
Basic materials	345,572	-	-	345,572
Industrial	1,132,398	-	-	1,132,398
Conglomerates	1,071,792	-	-	1,071,792
Energy	1,036,935	-	-	1,036,935
Mutual funds:				
Large cap	15,273,599	-	-	15,273,599
Mid cap	148,734	-	-	148,734
Small cap	3,262,369	-	-	3,262,369
Balanced	14,117	-	-	14,117
Diversifying strategies	11,445,608	-	-	11,445,608
International	29,148,201	-	-	29,148,201
Real estate	8,293,192	-	-	8,293,192
Real assets	5,311,820	-	-	5,311,820
Bond	15,061,866	-	-	15,061,866
Commodities	3,341,399	-	-	3,341,399
Debt securities	2,001,130	-	-	2,001,130
Global fixed income bond funds	1,578,678	3,884,665	-	5,463,343
Money market funds	573,668	1,273,683	-	1,847,351
Real estate based funds	-	2,085,092	-	2,085,092
Hedge funds	-	-	6,984,997	6,984,997
Private equity funds	-	-	17,677,390	17,677,390
Total	$ 104,014,535	$ 7,243,440	$ 24,662,387	135,920,362
Cash equivalents, reported at cost				1,004,961
				$ 136,925,323

Note 4. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2015 and 2014:

	Private Equity Funds	Hedge Funds	Total	Private Equity Funds	Hedge Funds	Total
	2015			2014		
Balance, beginning	$ 17,677,390	$ 6,984,997	$ 24,662,387	$ 16,676,031	$ 6,097,048	$ 22,773,079
Plus investments	3,611,000	-	3,611,000	620,500	2,000,000	2,620,500
Sale of investment	(1,034,431)	(1,063,475)	(2,097,906)	(1,012,684)	(1,677,631)	(2,690,315)
Changes due to market value	(505,226)	147,760	(357,466)	1,393,543	565,580	1,959,123
Balance, ending	$ 19,748,733	$ 6,069,282	$ 25,818,015	$ 17,677,390	$ 6,984,997	$ 24,662,387
Net unrealized gains/ (losses) attributable to investments held as of year-end	$ (505,226)	$ 147,760	$ (357,466)	$ 1,393,543	$ 565,580	$ 1,959,123

The table below sets forth the unfunded commitments and redemption terms for the assets that were valued at NAV as of December 31, 2015 and 2014:

Description	Fair Value 2015	Fair Value 2014	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Private equity funds (a)	$ 16,224,170	$ 13,337,770	$ 5,910,770	Quarterly/Semi-Annually	95-100 days
Multi-strategy hedge funds (b)	6,069,282	6,984,997	-	Quarterly	not required
Global fixed income funds (c)	5,471,741	3,884,665	-	Daily	not required
Real estate funds (d)	1,879,502	2,085,092	-	Daily	not required
Private equity funds (a)	3,524,563	4,339,620	1,138,912	Not eligible	N/A
Total	$ 33,169,258	$ 30,632,144	$ 7,049,682		

(a) These are investments in several private equity funds that invest primarily in equity and debt investments. These investments are considered to have certain nonredeemable interests where redemptions are generally not permitted during the life of the fund. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund.

(b) This category invests in foreign funds that pursue multiple strategies to diversify risks and reduce volatility. The fund classifies its private investment funds into five portfolio strategies: opportunistic equity, enhanced fixed income, absolute return, tactical trading and private investments.

(c) The objective of this investment category is to provide income-oriented returns from a globally diversified portfolio of primarily debt or debt-like securities. An associated objective is the preservation and enhancement of principal.

(d) This category includes investments in a real estate fund that invests primarily in U.S. commercial real estate. The fund uses derivative financial instruments to reduce its exposure to changes in interest rates.

Investments may be exposed to various risks, such as interest rate, market and credit risks. As a result, it is at least reasonably possible that changes in risks in the near term could affect investment balances, and those affects could be significant.

Note 5. Property and Equipment

The balances of the major classes of depreciable assets at December 31, 2015 and 2014 are as follows:

	2015	2014
Land	$ 70,000	$ 70,000
Building and improvements	1,543,010	1,539,960
Furniture and equipment	438,121	379,555
Construction in progress	3,000	3,000
Total	2,054,131	1,992,515
Less accumulated depreciation	(481,412)	(385,640)
Net property and equipment	$ 1,572,719	$ 1,606,875

Note 6. Annuity and Unitrust Agreements

The Foundation has received amounts from various individuals under annuity and unitrust agreements (life income agreements), which require the Foundation to pay the donors varying amounts during their lifetime. The present value of the payments to be made, using discount rates ranging from 1.25 percent to 8.8 percent, is $2,007,824 and $1,974,743, as of December 31, 2015 and 2014, respectively. In estimating the amounts due under the annuity and unitrust agreements, management has estimated the life expectancy of the annuitants using life expectancy tables prepared by the Society of Actuaries' Annuity 2000 Mortality Table. However, actual events impacting these estimates could significantly change the valuation.

Note 7. Pension Plan

The Foundation has adopted a pension plan, qualified under Section 403(b) of the Internal Revenue Code, covering all of its employees. The plan is a defined-contribution plan whereby the Foundation contributes a varying percentage of the employees' salaries. The total pension expense for the years ended December 31, 2015 and 2014 was $72,802 and $62,591, respectively.

Note 8. Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in a commercial bank located in Cedar Rapids, Iowa. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. Total cash and cash equivalents held by the bank in excess of the FDIC insured limits at December 31, 2015 and 2014 was $2,920,763 and $1,672,078, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Charitable remainder unitrusts and annuity agreements	$ 1,710,319	$ 2,360,221

Note 10. Lease Commitments

The Foundation leases office equipment under noncancellable operating leases expiring in various years through 2019.

Future minimum lease payments required under these leases are as follows:

2016	$	26,700
2017		26,700
2018		26,156
2019		2,459
Total	$	82,015

There was minimal rent expense for the years ended December 31, 2015 and 2014.

The Foundation rents a portion of its facility under an operating lease to another organization. The lease has a term of five years expiring in June 2021. Rental income from the lease, for both the years ended December 31, 2015 and 2014, was $25,317.

The following is a schedule by years of future minimum rental payments to be received under the lease:

2016	$	25,273
2017		25,459
2018		25,459
2019		25,459
2020		25,459
Thereafter		12,729
Total minimum future rentals	$	139,838

Note 11. Endow Iowa Program

The Foundation participates in the Endow Iowa Program (the Program), which is administered by the Iowa Economic Development Authority through qualified community foundations. The Program's purpose is to create sustainable, philanthropic opportunities for charitable impact in Iowa communities. The legislation governing the Program requires that contributions received be accumulated in a fund, referred to as a 'permanent endowment', for purposes of calculating annual spending, which may not exceed 5 percent. As of December 31, 2015 and 2014, unrestricted contributions totaled $5,414,188 and $2,940,296, respectively, related to the Program.

Note 12. Subsequent Events

Management has evaluated subsequent events through April 18, 2016, the date the financial statements were available for issuance. Through that date there were no events requiring recognition or disclosure in the financial statements.