Council on Foundations, Inc. and Affiliate

Consolidated Financial Report
December 31, 2017

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Council on Foundations, Inc. and Affiliate

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Council on Foundations, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 Council on Foundations, Inc. and Affiliate as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Blue Bell, Pennsylvania
May 18, 2018

Council on Foundations, Inc. and Affiliate

Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash	$ 618,191	$ 1,281,913
Investments	7,390,248	7,557,823
Accounts receivable	128,123	184,348
Grants receivable, net	1,569,962	555,494
Prepaid expenses	526,983	447,879
Deposit	129,847	129,847
Other asset	266,857	434,815
Deferred compensation investments	382,215	558,550
Equipment and leasehold improvements, net	586,213	550,206
Total assets	$ 11,598,639	$ 11,700,875
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 736,932	$ 626,571
Deferred membership dues	811,250	1,055,340
Deferred registration and other fees	169,928	230,240
Deferred accreditation and subscription fees	34,835	62,084
Line of credit	1,767,754	1,011,533
Deposits	110,018	106,344
Capital lease obligations	-	2,179
Accrued disposal loss	817,405	1,399,250
Deferred rent and construction allowance	295,024	494,662
Deferred compensation liability	382,215	558,550
Total liabilities	5,125,361	5,546,753
Commitments and contingencies (Note 6)		
Net assets:		
Unrestricted	3,750,421	3,784,397
Temporarily restricted	2,524,252	2,171,120
Permanently restricted	198,605	198,605
Total net assets	6,473,278	6,154,122
Total liabilities and net assets	$ 11,598,639	$ 11,700,875

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statements of Activities
Years Ended December 31, 2017 and 2016

	2017				2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:								
Membership dues and contributions	**$ 6,389,000**	**$ 250,100**	**$ -**	**$ 6,639,100**	$ 6,474,525	$ 263,885	$ -	$ 6,738,410
Release from restrictions:								
Satisfaction of time restrictions	**263,885**	**(263,885)**	**-**	**-**	497,320	(497,320)	-	-
Total membership dues and contributions	**6,652,885**	**(13,785)**	**-**	**6,639,100**	6,971,845	(233,435)	-	6,738,410
Grants and contributions	**744,450**	**3,192,952**	**-**	**3,937,402**	178,609	1,836,849	-	2,015,458
Conference registrations, exhibit income and sponsorship income	**1,693,206**	**-**	**-**	**1,693,206**	1,595,238	-	-	1,595,238
Accreditation deposits and fees	**168,999**	**-**	**-**	**168,999**	159,166	-	-	159,166
Contributed services	**54,800**	**-**	**-**	**54,800**	269,050	-	-	269,050
Other	**78,269**	**-**	**-**	**78,269**	68,075	-	-	68,075
Publications	**91,896**	**-**	**-**	**91,896**	96,947	-	-	96,947
Operational investment income	**-**	**37,962**	**-**	**37,962**	-	22,955	-	22,955
Office rental income	**570,682**	**-**	**-**	**570,682**	570,682	-	-	570,682
Release from restrictions:								
Satisfaction of program restrictions	**1,910,133**	**(1,910,133)**	**-**	**-**	1,093,261	(1,093,261)	-	-
Satisfaction of time restrictions	**953,864**	**(953,864)**	**-**	**-**	1,124,444	(1,124,444)	-	-
Total revenue and support	**12,919,184**	**353,132**	**-**	**13,272,316**	12,127,317	(591,336)	-	11,535,981
Expenses:								
Program services	**11,334,972**	**-**	**-**	**11,334,972**	11,313,372	-	-	11,313,372
Supporting services	**2,474,847**	**-**	**-**	**2,474,847**	3,438,543	-	-	3,438,543
Total expenses	**13,809,819**	**-**	**-**	**13,809,819**	14,751,915	-	-	14,751,915
Change in net assets before non-operating activities	**(890,635)**	**353,132**	**-**	**(537,503)**	(2,624,598)	(591,336)	-	(3,215,934)
Non-operating activities:								
Investment income	**856,659**	**-**	**-**	**856,659**	633,118	-	-	633,118
Change in net assets	**(33,976)**	**353,132**	**-**	**319,156**	(1,991,480)	(591,336)	-	(2,582,816)
Net assets, beginning	**3,784,397**	**2,171,120**	**198,605**	**6,154,122**	5,775,877	2,762,456	198,605	8,736,938
Net assets, ending	**$ 3,750,421**	**$ 2,524,252**	**$ 198,605**	**$ 6,473,278**	$ 3,784,397	$ 2,171,120	$ 198,605	$ 6,154,122

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017
(With Summarized Comparative Totals for 2016)

	Program Services				Supporting Services					
	Member Services	Strategic Communications	Government Relations	Total Programs	Management and Governance	Development and Fundraising	Total Supporting Services	Allocated Costs	2017 Total	2016 Total
Salaries	$ 2,692,714	$ 141,451	$ 1,158,547	$ 3,992,712	$ 1,039,032	$ 159,623	$ 1,198,655	$ -	$ 5,191,367	$ 6,140,968
Employee benefits and payroll taxes	475,690	24,988	204,667	705,345	183,553	28,199	211,752	-	917,097	1,005,117
	3,168,404	166,439	1,363,214	4,698,057	1,222,585	187,822	1,410,407	-	6,108,464	7,146,085
Consultants and contract services	1,136,297	33,046	662,873	1,832,216	133,914	28,805	162,719	328,989	2,323,924	2,575,198
Conference expenses	1,175,819	-	26,775	1,202,594	2,687	-	2,687	-	1,205,281	1,059,892
Occupancy	1,300	-	-	1,300	-	-	-	1,374,656	1,375,956	1,372,279
Software subscriptions and supplies	106,819	31,867	53,382	192,068	134,620	109	134,729	191,435	518,232	455,776
Depreciation and amortization	-	-	-	-	2,625	-	2,625	245,709	248,334	245,319
Travel and other meetings	237,480	7,258	62,297	307,035	88,591	45	88,636	200	395,871	381,005
Printing, production and promotion	213,585	4,552	38,627	256,764	6,293	130	6,423	1,129	264,316	268,641
Insurance and maintenance	8,360	-	-	8,360	1,258	-	1,258	171,989	181,607	173,862
Program and committee meetings	386,139	5,883	72,254	464,276	74,095	-	74,095	-	538,371	529,891
Authors and speakers	170,609	-	22,205	192,814	-	-	-	-	192,814	252,989
Scholarships and awards	88,833	-	106,000	194,833	300	-	300	-	195,133	26,900
Bank, investment, and processing fees	43,408	-	-	43,408	381	-	381	93,242	137,031	131,239
Telephone and internet fees	1,155	11,615	38	12,808	17,886	-	17,886	27,588	58,282	62,914
Taxes and registrations	6,850	9,600	14,405	30,855	3,026	-	3,026	32,322	66,203	69,925
Allocated costs	1,279,745	67,226	550,613	1,897,584	493,812	75,863	569,675	(2,467,259)	-	-
	$ 8,024,803	$ 337,486	$ 2,972,683	$ 11,334,972	$ 2,182,073	$ 292,774	$ 2,474,847	$ -	$ 13,809,819	$ 14,751,915

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services				Supporting Services				
	Member Services	Strategic Communications	Government Relations	Total Programs	Management and Governance	Development and Fundraising	Total Supporting Services	Allocated Costs	2016 Total
Salaries	$ 2,648,489	$ 256,144	$ 1,451,931	$ 4,356,564	$ 1,477,840	$ 306,564	$ 1,784,404	$ -	$ 6,140,968
Employee benefits and payroll taxes	435,816	42,438	231,237	709,491	244,836	50,790	295,626	-	1,005,117
	3,084,305	298,582	1,683,168	5,066,055	1,722,676	357,354	2,080,030	-	7,146,085
Consultants and contract services	1,084,020	37,327	1,042,138	2,163,485	280,740	3,240	283,980	127,733	2,575,198
Conference expenses	1,059,892	-	-	1,059,892	-	-	-	-	1,059,892
Occupancy	7,000	-	-	7,000	-	-	-	1,365,279	1,372,279
Software subscriptions and supplies	128,095	24,014	43,011	195,120	161,279	87	161,366	99,290	455,776
Depreciation and amortization	-	-	-	-	-	-	-	245,319	245,319
Travel and other meetings	207,962	5,966	78,575	292,503	87,697	805	88,502	-	381,005
Printing, production and promotion	190,167	8,671	50,744	249,582	18,431	-	18,431	628	268,641
Insurance and maintenance	12,967	-	-	12,967	1,835	-	1,835	159,060	173,862
Program and committee meetings	308,790	1,272	81,126	391,188	126,926	49	126,975	11,728	529,891
Authors and speakers	248,528	-	4,461	252,989	-	-	-	-	252,989
Scholarships and awards	26,800	-	100	26,900	-	-	-	-	26,900
Bank, investment, and processing fees	43,615	-	-	43,615	465	-	465	87,159	131,239
Telephone and internet fees	1,672	17,700	185	19,557	43,073	-	43,073	284	62,914
Taxes and registrations	9,599	-	9,622	19,221	12,553	-	12,553	38,151	69,925
Allocated costs	921,323	89,190	502,785	1,513,298	514,587	106,746	621,333	(2,134,631)	-
	$ 7,334,735	$ 482,722	$ 3,495,915	$ 11,313,372	$ 2,970,262	$ 468,281	$ 3,438,543	$ -	$ 14,751,915

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	**$ 319,156**	$ (2,582,816)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized gains on investments	**(725,762)**	(445,093)
Amortization of deferred rent, construction allowance and accrued disposal loss	**(781,483)**	(733,700)
Loss on disposal of equipment and leasehold improvements	**529**	7,588
Increase in present value discount on grants receivables	**9,885**	3,820
Depreciation and amortization	**248,334**	245,319
Changes in assets and liabilities:		
Accounts receivable	**56,225**	(175,147)
Grants receivable	**(1,024,353)**	268,176
Prepaid expenses	**(79,104)**	(17,875)
Other asset	**130,864**	103,951
Accounts payable and accrued expenses	**110,361**	104,176
Deferred membership dues	**(244,090)**	260,140
Deferred registration and other fees	**(60,312)**	135,648
Deferred accreditation and subscription fees	**(27,249)**	62,084
Deposits	**3,674**	-
Deferred compensation liability	**(176,335)**	103,833
Net cash used in operating activities	**(2,239,660)**	(2,659,896)
Cash flows from investing activities:		
Purchases of equipment and leasehold improvements	**(247,776)**	(179,050)
Redemptions (purchases) of deferred compensation investments	**176,335**	(103,833)
Proceeds from the sale of investments	**1,103,070**	3,682,222
Purchases of investments	**(209,733)**	(310,238)
Net cash provided by investing activities	**821,896**	3,089,101
Cash flows from financing activities:		
Principal payments on capital lease obligations	**(2,179)**	(12,510)
Draws on line of credit	**1,776,438**	1,535,773
Repayments on line of credit	**(1,020,217)**	(2,024,514)
Net cash provided by (used in) financing activities	**754,042**	(501,251)
Net decrease in cash	**(663,722)**	(72,046)
Cash, beginning	**1,281,913**	1,353,959
Cash, ending	**$ 618,191**	$ 1,281,913
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 26,410**	$ 41,522

See notes to consolidated financial statements.

Note 1. Organization and Significant Accounting Policies

Organization: The Council on Foundations, Inc. (the Council) is a national nonprofit membership association that provides its members with services and support to help them succeed. The Council emphasizes the value of philanthropy in the lives of people everywhere.

The activities of the Council are funded primarily through membership dues from foundations and grant makers.

The Council was incorporated in 1957 under the laws of the state of New York as a nonprofit public charity. The Council works to serve the public good by promoting and enhancing responsible and effective philanthropy. The Council provides the opportunity, leadership and tools needed by philanthropic organizations to expand, enhance and sustain their ability to advance the common good.

To achieve the Council's mission and vision, three important priorities have guided its work during the years ended December 31, 2017 and 2016. These priorities embrace the dramatic changes taking place in philanthropy and, at the same time, build on the Council's distinctive competencies in a growing and varied field. They are as follows:

Member services: The Council ensures that foundations are connected to high-quality services across a broad range of needs. To this end, the Council has become both a developer and a go-to source for educational expertise and networking opportunities related to core field-wide issues (e.g., educational expertise that supports the field's ability to achieve standards of strong governance and effectiveness in grantmakers). Additionally, the Council seeks opportunities to partner with the broader network of philanthropic infrastructure organizations to co-create and deliver high-quality, co-branded educational offerings.

Public policy: The Council is the leading advocacy organization promoting a positive vision for philanthropy, making philanthropy consequential and conveying to influential public leaders and policy makers a compelling, clear agenda and case for enabling philanthropy. The Council strives to ensure a positive legislative and regulatory environment for philanthropy, as well as highlight for lawmakers the critical work being done by foundations in communities across the country. These efforts entail advancing public policies on key issues, including tax policy.

Strategic communications: The Council helps to increase outreach and communications to members, infrastructure partners, the field and the media through multiple high-impact communications platforms. The Council capitalizes on 21st century trends of networking and knowledge management, incorporating innovative uses of technology. This ensures that foundations are connected to one another (for peer-to-peer learning) and to expert content to address their most pressing needs.

The Council is affiliated with the Community Foundations National Standards Board (CFNSB). CFNSB was incorporated in April 2009 under the laws of the commonwealth of Virginia as a nonprofit public charity that is a supporting organization to the Council under Internal Revenue Code (IRC) Section 509(a)(3). CFNSB was incorporated as a separate entity in order to foster greater independence of the National Standards for U.S. Community Foundations accreditation program.

The Council and its affiliate, CFNSB are collectively hereafter referred to as the Organization.

A summary of the Organization's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support and promises to give are recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Note 1. Organization and Significant Accounting Policies (Continued)

Principles of consolidation: The consolidated financial statements include the accounts of the Council and its affiliate, CFNSB. All material interorganizational balances and transactions have been eliminated in consolidation.

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of ASC, Financial Statements of Not-for-Profit Organizations, the Organization 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.

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Council's operations or that have been designated by the Board for a particular purpose.

- Temporarily restricted net assets represent amounts specifically restricted by donors for various purposes or future periods. The unspent accumulations of investment earnings on permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors.

- Permanently restricted net assets represent endowment funds of the Council. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Concentration of credit risk: The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant financial risk on cash.

Investments: Investments, including deferred compensation investments, are carried at fair market value. To adjust the carrying value of these investments, the change in fair market value of investments is recorded as a component of investment income in the consolidated statements of activities as non-operating revenue. The change in the carrying value of deferred compensation investments is added to the deferred compensation liability.

The Council's investments include various types of securities that are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Accounts and grants receivable: Accounts and grants receivable are carried at gross amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts and grants receivables are written off when deemed uncollectible. Recoveries of accounts and grants receivable previously written off are recorded as revenue when received. There was no allowance for doubtful accounts at December 31, 2017 and 2016.

Grants to be received in a future period are discounted to their net present value at the time the revenue is recorded. The Organization's grants are generally receivable over a two-year period and are discounted at a rate ranging from 1.26% to 1.83% per annum.

Note 1. Organization and Significant Accounting Policies (Continued)

Equipment and leasehold improvements: Equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is principally provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to ten years. Leasehold improvements are amortized over the shorter of the lease period or estimated useful lives of the improvements. Maintenance and repairs are charged to expense when incurred; major improvements in excess of $5,000 are capitalized. Upon the retirement or disposal of assets, the accounts are relieved of the cost and accumulated depreciation with any resulting gain or loss included in revenue or expense.

Other asset: The renegotiation of the lease and related sublease (Note 6) created an asset in the amount of $176,197. Accumulated amortization expense on this asset is $126,738 and $89,644 at December 31, 2017 and 2016, respectively, for a net balance of $49,459 and $86,553 at December 31, 2017 and 2016, respectively. The Council also has a deferred rent receivable of $217,398 and $348,262 at December 31, 2017 and 2016, respectively.

Valuation of long-lived assets: The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the 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 estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Revenue recognition:

Dues: Membership dues are recognized as revenue in the period to which the dues are related, limited to the estimated value of the actual benefits received. Accordingly, dues paid by members in advance of the period to which they pertain are reflected in the consolidated financial statements as deferred membership dues. Membership dues paid in excess of the actual benefits received (excess dues) are considered a contribution and are recorded as unrestricted revenue if received in the year to which the dues pertain. Excess dues are recognized as temporarily restricted revenue if collected in advance of the year to which the dues pertain. The implied time restriction is met in the year the member intends the excess dues to be available to the Council.

Grants and contributions: The Council reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated asset. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Unrestricted contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made.

Sponsorships: Sponsorships are considered exchange transactions and are recognized as revenue when the related event occurs. Cash received in advance of the event is included within deferred registration and other fees in the accompanying consolidated statements of financial position.

Conference registrations and exhibit income: Conference registrations and exhibit fees are recognized in the year in which the conference takes place. Revenue from these activities received in advance of the conference is reported as deferred registration and other fees in the consolidated statements of financial position.

Note 1. Organization and Significant Accounting Policies (Continued)

Revenue recognition (continued):

Publications: Publication revenue is recorded when the publication is shipped and is reported net of any discounts in the consolidated statements of activities.

Accreditation deposits and fees: Deposits received from community foundations at the time the foundation indicates an intent to initiate the certification or recertification process are recognized when received, as such deposits are nonrefundable to the community foundations but will be applied to the certification process. Accreditation fees are recognized as revenue upon performance of the certification or recertification services.

Contributed services**:** The Organization receives contributions of services from attorneys, primarily for its accreditation services, toward the fulfillment of program objectives. Those services, which meet the criteria for recognition under accounting principles generally accepted in the United States of America, have been included in both support and revenue and related functional expense categories.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based upon various methods deemed to justify the benefits received by those programs and supporting services.

Reclassifications: Certain items in the December 31, 2016 consolidated financial statements have been reclassified to conform to the December 31, 2017 consolidated financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Non-operating activities: The Council considers the investment income from its cash and cash equivalents and one specific investment fund to be operating in nature. Additionally, all allocable investment income or loss treated as temporarily restricted in accordance with donor specifications is considered to be operating in nature. All other investment returns are considered to be non-operating in nature.

Income taxes: The Council and CFNSB are exempt from income taxes under Section 501(c)(3) of the IRC. In addition, the Council and CFNSB qualify for charitable contribution deductions and have been classified as organizations that are not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

Management evaluated the Council's and CFNSB's tax positions and concluded that the Council and CFNSB had taken no uncertain tax positions that require adjustment to the consolidated financial statements. For the years ended December 31, 2017 and 2016, no provision for income taxes was made for the Council or CFNSB, as neither organization had any significant net unrelated business income and did not identify any uncertain tax positions requiring recognition or disclosure in the consolidated financial statements.

The Council and CFNSB file income tax returns in the U.S. federal and Virginia jurisdictions. Generally, the Council and CFNSB are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2014.

Note 1. Organization and Significant Accounting Policies (Continued)

Upcoming accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018 using either of two methods: *(a)* retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or *(b)* retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. Management has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Council for fiscal years beginning after December 15, 2018. The Council does not believe the adoption of the new financial instruments standard will have a material impact on its consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

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 in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Subsequent events: The Council has evaluated subsequent events through May 18, 2018, the date the consolidated financial statements were available to be issued. Subsequent to year end, the Council entered into a noncancelable operating lease for a new space for its headquarters in Washington, D.C. See Note 6.

Note 2. Investments

Investments consist of the following at December 31, 2017 and 2016:

	2017	2016
Fixed-income mutual funds	$ 1,932,797	$ 2,091,546
Exchange-traded funds	1,134,262	2,007,091
Equity mutual funds	2,761,620	1,810,531
Multi-asset mutual funds	869,725	919,398
Real asset mutual funds	341,930	361,152
Equities	333,662	310,098
Money market funds	16,252	58,007
	$ 7,390,248	$ 7,557,823

Investment income, net is summarized as follows:

	2017	2016
Realized and unrealized gains on investments	$ 725,762	$ 445,093
Interest and dividend income	168,859	210,980
	894,621	656,073
Less investment income, net – operating	(37,962)	(22,955)
Investment income – non-operating	$ 856,659	$ 633,118

Note 3. Grants Receivable

Grants receivable at December 31, 2017 and 2016, are due to be received as follows:

	2017	2016
Within one year	$ 1,011,177	$ 486,824
One to five years	575,000	75,000
	1,586,177	561,824
Less present value discount	(16,215)	(6,330)
	$ 1,569,962	$ 555,494

Note 4. Equipment and Leasehold Improvements

Equipment and leasehold improvements as of December 31, 2017 and 2016:

	2017	2016
Furniture and equipment, including software	$ 2,254,632	$ 2,603,168
Leasehold improvements	1,285,212	1,288,570
Website development	10,500	28,600
Computer and equipment under capital leases	69,245	136,155
	3,619,589	4,056,493
Less accumulated depreciation and amortization	(3,033,376)	(3,506,287)
	$ 586,213	$ 550,206

Depreciation expense for the years ended December 31, 2017 and 2016, was $211,240 and $208,225, respectively.

Note 5. Net Assets

Temporarily restricted: Temporarily restricted net assets are available for the following programs and time periods as of December 31, 2017 and 2016, as follows:

	2017	2016
Dues support of future activities	$ 250,100	$ 263,885
General operations – time restricted for 2017	-	852,491
General operations – time restricted for 2018	798,632	73,217
General operations – time restricted for 2019	563,513	-
Other grant-funded projects	264,384	439,357
Government relations	105,587	46,500
White House fellowship	-	22,167
Diversity, equity and inclusion	137,667	25,000
Career Pathways	404,369	448,503
	$ 2,524,252	$ 2,171,120

Permanently restricted: The permanently restricted funds of $198,605 as of December 31, 2017 and 2016, consist of the Council's endowment corpus for its Robert W. Scrivner Award. Such funds remain inviolate so long as the Council shall continue to exist. Earnings on these funds are considered temporarily restricted; as such earnings may be used only for the Scrivner Award project. The unspent balance of such accumulated earnings is included in other grant-funded projects of temporarily restricted net assets.

Note 5. Net Assets (Continued)

Endowments: The Council had the following endowment-related activities for the years ended December 31, 2017 and 2016:

	Temporarily Restricted	Permanently Restricted
Endowment net assets, January 1, 2016	$ 76,254	$ 198,605
Investment income, net	22,955	-
Contributions	-	-
Amounts appropriated for expenditures	(10,000)	-
Endowment net assets, December 31, 2016	89,209	198,605
Investment income, net	37,962	-
Contributions	-	-
Amounts appropriated for expenditures	(10,000)	-
Endowment net assets, December 31, 2017	**$ 117,171**	**$ 198,605**

Interpretation of relevant law: The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment returns on permanently restricted endowments are classified in accordance with donor specifications. When no specifications are outlined by the donor, investment earnings on the permanently restricted net assets arising from earnings thereon are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return objectives and risk parameters: The Council has adopted investment and spending policies for its endowment fund 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. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity. Under this policy, as approved by the Board of Directors, the objective is the preservation of capital. The assets must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. Over a three- to five-year period, the Council strives to achieve an average annual return of 5%, after fees.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Council 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). As a result, the Council has elected to adopt a well-diversified asset allocation consisting of equity and fixed-income securities. The Council’s current asset allocation for its permanently restricted endowment fund targets a composition of between 40% and 50% in U.S. equities, between 5% and 15% in international equities, and between 40% and 50% in aggregate bonds.

Spending policy: In accordance with donor instructions, earnings on the permanently restricted endowment are considered temporarily restricted; as such, earnings may only be used for the program purpose specified by the donors – the Scrivner Award project.

Note 6. Commitments and Contingencies

Operating lease: On March 7, 2007, the Council entered into a noncancelable operating lease for its headquarters in Crystal City, Virginia. The lease is for the period from June 1, 2007 through April 30, 2019. The lease contains one renewal option, which allows the Council to renew for a period of five additional years.

The lease provides for 11 months of free rent and contains a fixed escalation clause for increases in the annual minimum rent of 2.5% per annum, except for the sixth year, which is based on an increase of $1.50 per rentable square foot. Additionally, under the terms of this lease, the Council received from the landlord an allowance of $2,131,705 for leasehold improvements as an incentive to enter into the lease agreement.

Accounting guidance requires that all fixed rent increases, less any rental abatements and all lease incentives be recognized on a straight-line basis over the term of the lease. The difference between this rent expense and the required lease payments is reflected as deferred rent and construction allowance in the consolidated statements of financial position. The unamortized balance as of December 31, 2017 and 2016, totaled $295,024 and $494,662, respectively.

Rent expense under this lease for the years ended December 31, 2017 and 2016, including pass-through costs, was $1,374,656 and $1,365,279, respectively, and is included in occupancy expense in the consolidated statements of functional expenses.

On June 19, 2014, the Council entered into a sublease with a separate organization for a portion of its existing office space through April 30, 2019. The sublease allows for approximately a ten-month rent abatement. The Council recognizes the rent ratably over the entire term of the sublease. The Council recognized rental income of $570,682 for both of the years ended December 31, 2017 and 2016. The excess of the straight-lined amount and the cash is included in other asset as deferred rent receivable.

In July 2014, the Council exited 59% of their existing office space to accommodate a sublease with a separate organization. In accordance with applicable accounting guidance, the Council recognized a total net non-cash restructuring charge of $2,174,713 during the year ended December 31, 2014. The Council calculated the disposal of excess leased facilities cost based on the executed sublease agreement. Also included in the restructuring were adjustments made to the deferred rent liability and the tenant allowance liability.

The accrued disposal loss is $817,405 and $1,399,250 at December 31, 2017 and 2016, respectively. Amortization of the accrued disposal loss was $581,845 and $553,623 during the years ended December 31, 2017 and 2016, respectively.

Subsequent to year-end, the Council entered into a noncancelable operating lease for a new space for its headquarters in Washington, D.C. The lease is for the period from February 2019 through March 2030. The lease contains one renewal option, which allows the Council to renew for a period of five additional years. Rent commencing in April 2020 will approximate $58,000 per month.

The new lease provides for 14 months of free rent and contains a fixed escalation clause for increases in the annual minimum rent of 2.5% per annum. Additionally, under the terms of this lease, the Council will receive from the landlord an allowance of $1,227,060 for leasehold improvements as an incentive to enter into the lease agreement.

Note 6. Commitments and Contingencies (Continued)

Total future minimum lease payments for existing leases and those signed subsequent to year-end, and sublease rentals are as follows:

	Operating Lease	Sublease
Years ending December 31:		
2018	$ 2,000,127	$ (729,543)
2019	672,157	(248,764)
2020	524,057	-
2021	714,740	-
2022	732,566	-
Thereafter	5,889,207	-
	$ 10,532,854	$ (978,307)

Note 7. Line of Credit

On July 20, 2014, the Council established a margin account through its investment holder to serve as a line of credit to finance short-term working capital needs. Borrowings under this facility were on a demand basis and were secured by the investments of the Council totaling $7,390,248 and $7,557,823 at December 31, 2017 and 2016, respectively. Draws can be made at any time and are limited to the market value of the securities adjusted by broker's maintenance margins. If the equity in the Council's investment account falls below the maintenance margins, the broker reserves the right to sell securities in the account to cover the deficiency.

Interest was calculated monthly based on the 90-Day London Interbank Offered Rate, plus 1.50% (150 bps). At December 31, 2017 and 2016, the interest rate was 2.99% and 2.53%, respectively. Interest expense totaled $26,410 and $40,829 for the years ended December 31, 2017 and 2016, respectively.

The outstanding balance at December 31, 2017 and 2016, was $1,767,754 and $1,011,533, respectively. There are no specified repayment terms.

Note 8. Retirement Plans

Defined contribution plan: The Council sponsors and maintains a defined contribution plan under Section 403(b) of the IRC, known as the Council on Foundations Tax Deferred Annuity Retirement Plan (403(b) Plan). Under the 403(b) Plan, eligible employees may elect to contribute up to the federal tax limitation. As approved by the Board of Directors, the employer contribution was a fixed matching contribution equal to 100% of an eligible participant's elective deferrals, up to 5% of such eligible participant's compensation for the years ended December 31, 2017 and 2016.

Employer contributions are subject to the following vesting requirements:

Completed Years of Service	Percent Vested
1	0%
2	33%
3	67%
4	100%

Contribution expense for the years ended December 31, 2017 and 2016, was $163,026 and $120,836, respectively.

Effective January 1, 2017, the 403(b) Plan was amended to remove the service requirement relating to eligibility for employer matching contributions and change the employer contributions vesting schedule as follows:

Completed Years of Service	Percent Vested
1	33%
2	67%
3	100%

Supplemental executive retirement plans: The Council sponsors and maintains an executive deferred compensation plan under Sections 457(b) and 457(f) of the IRC for the benefit of certain employees who constitute a select group of management or highly compensated employees known as the Council on Foundations Executive Deferred Compensation Plan (Executive Plan). Pursuant to the Section 457(b) component part of the Executive Plan, eligible executives are provided the opportunity to defer compensation to supplement such executives' retirement benefits under the 403(b) Plan. Executives are fully vested when plan contributions are made.

Pursuant to the Section 457(f) component part of the Executive Plan, the Board of Directors has only designated the President & CEO of the Council as being eligible to participate. The Council contributed $4,334 and $9,513 to the Section 457(f) component part of the Executive Plan as of December 31, 2017 and 2016, respectively. The cumulative contributions and investment income for both deferred compensation plans totaling $382,215 and $558,550 at December 31, 2017 and 2016, respectively, are reported as a liability in the accompanying consolidated statements of financial position.

Note 9. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

To determine the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The Organization's mutual funds, equities, money market funds and exchange-traded funds are actively traded for identical assets and are considered Level 1 investments. The Organization's deferred compensation liability is based on observable inputs of the related assets and is, therefore, considered a Level 2 item.

Note 9. Fair Value Measurements (Continued)

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	2017			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Investments:				
Equity mutual funds:				
Global	$ 1,656,784	$ 1,656,784	$ -	$ -
Domestic	1,104,836	1,104,836	-	-
	2,761,620	2,761,620	-	-
Fixed-income mutual funds:				
Short duration	206,215	206,215	-	-
Domestic	1,390,134	1,390,134	-	-
Global	336,448	336,448	-	-
	1,932,797	1,932,797	-	-
Equities:				
Domestic	333,662	333,662	-	-
	333,662	333,662	-	-
Exchange-traded funds:				
Domestic	1,134,262	1,134,262	-	-
	1,134,262	1,134,262	-	-
Money market funds	16,252	16,252	-	-
Multi-asset mutual funds	869,725	869,725	-	-
Real asset mutual funds	341,930	341,930	-	-
	$ 7,390,248	$ 7,390,248	$ -	$ -
Deferred compensation:				
Mutual funds:				
Large value	$ 73,752	$ 73,752	$ -	$ -
Global	44,622	44,622	-	-
Small cap	44,591	44,591	-	-
Mid cap	38,221	38,221	-	-
Large cap	92,641	92,641	-	-
Real estate	13,929	13,929	-	-
Bond	42,726	42,726	-	-
Money market funds	31,733	31,733	-	-
	$ 382,215	$ 382,215	$ -	$ -
Liabilities at fair value:				
Deferred compensation	$ 382,215	$ -	$ 382,215	$ -

Note 9. Fair Value Measurements (Continued)

	2016			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Equity mutual funds:				
Global	$ 1,557,595	$ 1,557,595	$ -	$ -
Domestic	252,936	252,936	-	-
	1,810,531	1,810,531	-	-
Fixed-income mutual funds:				
Short duration	222,938	222,938	-	-
Domestic	1,467,824	1,467,824	-	-
Global	400,784	400,784	-	-
	2,091,546	2,091,546	-	-
Equities:				
Domestic	310,098	310,098	-	-
	310,098	310,098	-	-
Exchange-traded funds:				
Domestic	2,007,091	2,007,091	-	-
	2,007,091	2,007,091	-	-
Money market funds	58,007	58,007	-	-
Multi-asset mutual funds	919,398	919,398	-	-
Real asset mutual funds	361,152	361,152	-	-
	$ 7,557,823	$ 7,557,823	$ -	$ -
Deferred compensation:				
Mutual funds:				
Large blend	$ 87,725	$ 87,725	$ -	$ -
Global	59,430	59,430	-	-
Small cap	16,162	16,162	-	-
Mid cap	8,178	8,178	-	-
Large cap	213,889	213,889	-	-
Balanced	15,148	15,148	-	-
Bond	158,018	158,018	-	-
	$ 558,550	$ 558,550	$ -	$ -
Liabilities at fair value:				
Deferred compensation	$ 558,550	$ -	$ 558,550	$ -

RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
Council on Foundations, Inc. and Affiliate

We have audited the consolidated financial statements of Council on Foundations, Inc. and Affiliate as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than present the financial position and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Blue Bell, Pennsylvania
May 18, 2018

Council on Foundations, Inc. and Affiliate

Consolidating Statement of Financial Position
December 31, 2017
(With Summarized Comparative Totals for 2016)

	2017				2016
	Council	**CFNSB**	**Eliminations**	**Total**	Total
Assets					
Cash and cash equivalents	$ 529,329	$ 88,862	$ -	$ 618,191	$ 1,281,913
Investments	7,390,248	-	-	7,390,248	7,557,823
Accounts receivable	127,523	14,500	(13,900)	128,123	184,348
Grants receivable, net	1,569,962	-	-	1,569,962	555,494
Prepaid expenses	526,983	-	-	526,983	447,879
Deposit	129,847	-	-	129,847	129,847
Other asset	266,857	-	-	266,857	434,815
Deferred compensation investments	382,215	-	-	382,215	558,550
Equipment and leasehold improvements, net	578,338	7,875	-	586,213	550,206
Total assets	$ 11,501,302	$ 111,237	$ (13,900)	$ 11,598,639	$ 11,700,875
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 665,266	$ 85,566	$ (13,900)	$ 736,932	$ 626,571
Deferred membership dues	811,250	-	-	811,250	1,055,340
Deferred registration and other fees	169,928	-	-	169,928	230,240
Deferred accreditation and subscription fees	-	34,835	-	34,835	62,084
Line of credit	1,767,754	-	-	1,767,754	1,011,533
Deposits	110,018	-	-	110,018	106,344
Capital lease obligations	-	-	-	-	2,179
Accrued disposal loss	817,405	-	-	817,405	1,399,250
Deferred rent and construction allowance	295,024	-	-	295,024	494,662
Deferred compensation liability	382,215	-	-	382,215	558,550
Total liabilities	5,018,860	120,401	(13,900)	5,125,361	5,546,753
Net assets:					
Unrestricted	3,759,585	(9,164)	-	3,750,421	3,784,397
Temporarily restricted	2,524,252	-	-	2,524,252	2,171,120
Permanently restricted	198,605	-	-	198,605	198,605
Total net assets	6,482,442	(9,164)	-	6,473,278	6,154,122
Total liabilities and net assets	$ 11,501,302	$ 111,237	$ (13,900)	$ 11,598,639	$ 11,700,875

Council on Foundations, Inc. and Affiliate

Consolidating Statement of Activities
Year Ended December 31, 2017
(With Summarized Comparative Totals for 2016)

	2017										
	Council				CFNSB						
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Total	Eliminations	Total	2016 Total
Revenue and support:											
Membership dues and contributions	$ 6,389,000	$ 250,100	$ -	$ 6,639,100	$ -	$ -	$ -	$ 6,639,100	$ -	$ 6,639,100	$ 6,738,410
Release from restrictions:											
Satisfaction of time restrictions	263,885	(263,885)	-	-	-	-	-	-	-	-	-
Total membership dues and contributions	6,652,885	(13,785)	-	6,639,100	-	-	-	6,639,100	-	6,639,100	6,738,410
Grants and contributions	744,450	3,192,952	-	3,937,402	-	-	-	3,937,402	-	3,937,402	2,015,458
Conference registrations, exhibit income and sponsorship income	1,693,206	-	-	1,693,206	-	-	-	1,693,206	-	1,693,206	1,595,238
Accreditation deposits and fees	-	-	-	-	168,999	-	168,999	168,999	-	168,999	159,166
Contributed services	12,500	-	-	12,500	42,300	-	42,300	54,800	-	54,800	269,050
Other	158,169	-	-	158,169	-	-	-	158,169	(79,900)	78,269	68,075
Publications	91,896	-	-	91,896	-	-	-	91,896	-	91,896	96,947
Operational investment income	-	37,962	-	37,962	-	-	-	37,962	-	37,962	22,955
Office rental income	570,682	-	-	570,682	-	-	-	570,682	-	570,682	570,682
Release from restrictions:											
Satisfaction of program restrictions	1,910,133	(1,910,133)	-	-	-	-	-	-	-	-	-
Satisfaction of time restrictions	953,864	(953,864)	-	-	-	-	-	-	-	-	-
Total revenue and support	12,787,785	353,132	-	13,140,917	211,299	-	211,299	13,352,216	(79,900)	13,272,316	11,535,981
Expenses:											
Program services	11,104,832	-	-	11,104,832	230,140	-	230,140	11,334,972	-	11,334,972	11,313,372
Supporting services	2,550,653	-	-	2,550,653	4,094	-	4,094	2,554,747	(79,900)	2,474,847	3,438,543
Total expenses	13,655,485	-	-	13,655,485	234,234	-	234,234	13,889,719	(79,900)	13,809,819	14,751,915
Change in net assets before non-operating activities	(867,700)	353,132	-	(514,568)	(22,935)	-	(22,935)	(537,503)	-	(537,503)	(3,215,934)
Non-operating activities:											
Investment income	856,659	-	-	856,659	-	-	-	856,659	-	856,659	633,118
Change in net assets	(11,041)	353,132	-	342,091	(22,935)	-	(22,935)	319,156	-	319,156	(2,582,816)
Net assets:											
Beginning	3,770,626	2,171,120	198,605	6,140,351	13,771	-	13,771	6,154,122	-	6,154,122	8,736,938
Ending	$ 3,759,585	$ 2,524,252	$ 198,605	$ 6,482,442	$ (9,164)	$ -	$ (9,164)	$ 6,473,278	$ -	$ 6,473,278	$ 6,154,122