Pinellas Community Foundation

Audited Financial Statements

December 31, 2017 and 2016

Pinellas Community Foundation

Contents

FRSCPA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Governors
Pinellas Community Foundation

We have audited the accompanying financial statements of Pinellas Community Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2017 and 2016 and the statement 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 auditors' 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 auditors consider internal control relevant to the Foundation'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 Foundation'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

FRSCPA, PLLC

St. Petersburg, Florida
July 23, 2018

Pinellas Community Foundation
Statements of Financial Position
December 31, 2017 and 2016

December 31,	2017	2016
ASSETS		
Assets		
Cash and cash equivalents	$ 530,982	$ 360,757
Contributions receivable	225,168	–
Split-interest agreement assets	729,399	631,735
Investments	30,928,829	28,760,444
Investments, permanently restricted	65,753,773	59,323,614
Total Assets	$98,168,151	$89,076,550
LIABILITIES AND NET ASSETS		
Liabilities	$ 15,022	$ –
Net Assets:		
Unrestricted	31,811,208	29,121,201
Temporarily restricted	588,148	506,834
Permanently restricted	65,753,773	59,448,515
Total net assets	98,153,129	89,076,550
Total Liabilities and Net Assets	$98,168,151	$89,076,550

See accompanying notes to financial statements.

Pinellas Community Foundation

Statement of Activities and Changes in Net Assets
Year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2017 Total**
Support and Revenue:				
Contributions and bequests	401,483	–	2,729,240	**3,130,723**
Income from investments	909,593	–		**909,593**
Income from permanently restricted assets		–	1,738,504	**1,738,504**
Net gain on investments	1,961,377	–	4,798,317	**6,759,694**
Change in value of split-interest agreements	–	81,314	16,350	**97,664**
	3,272,453	81,314	9,282,411	**12,636,178**
Net assets released from restriction	1,233,448	–	(1,233,448)	–
Total support and revenue	4,505,901	81,314	8,048,963	**12,636,178**
Expenses:				
Management and general	588,428	–	–	**588,428**
Trustee fees	663,847	–	–	**663,847**
Total expenses	1,252,275	–	–	**1,252,275**
Increase in assets before charitable disbursements and transfers	3,253,626	81,314	8,048,963	**11,383,903**
Charitable disbursements and transfers:				
Grant payments	(918,686)	–	(1,388,638)	**(2,307,324)**
Reclassification of funds	355,067	–	(355,067)	–
Increase in net assets	2,690,007	81,314	6,305,258	**9,076,579**
Net assets, beginning of year	29,121,201	506,834	59,448,515	**89,076,550**
Net assets, end of year	$31,811,208	$588,148	$65,753,773	**$98,153,129**

See accompanying notes to financial statements.

Pinellas Community Foundation

Statement of Activities and Changes in Net Assets
Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2016 Total**
Support and Revenue:				
Contributions and bequests	$ 127,434	$ –	$ 426,859	**$ 554,293**
Income from investments	724,345	–	–	**724,345**
Income from permanently restricted assets	–	–	1,665,017	**1,665,017**
Net gain on investments	1,239,619	–	2,767,785	**4,007,404**
Change in value of split-interest agreements	–	21,840	10,380	**32,220**
	2,091,398	21,840	4,870,041	**6,983,279**
Net assets released from restriction	592,026	–	(592,026)	**–**
Total support and revenue	2,683,424	21,840	4,278,015	**6,983,279**
Expenses:				
Management and general	445,382	–	–	**445,382**
Trustee fees	634,660	–	–	**634,660**
Total expenses	1,080,042	–	–	**1,080,042**
Increase in assets before charitable disbursements and transfers	1,603,382	21,840	4,278,015	**5,903,237**
Charitable disbursements and transfers:				
Grant payments	(721,634)	–	(1,778,010)	**(2,499,644)**
Reclassification of funds	3,397,660	–	(3,397,660)	**–**
Increase in net assets	4,279,408	21,840	(897,655)	**3,403,593**
Net assets, beginning of year	24,841,793	484,994	60,346,170	**85,672,957**
Net assets, end of year	$29,121,201	$506,834	$59,448,515	**$89,076,550**

See accompanying notes to financial statements.

Pinellas Community Foundation

Statements of Cash Flows
December 31, 2017 and 2016

Year ended December 31,	**2017**	2016
Cash flows from operating activities:		
Increase in net assets	**$9,076,579**	$3,403,593
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Net unrealized (gain) loss on investments	**(3,489,496)**	(2,328,349)
Net realized (gain) loss on investments	**(3,270,198)**	(1,771,498)
Changes in operating assets and liabilities:		
Split-interest agreement assets	**(97,664)**	43,688
Contributions receivable	**(225,168)**	–
Liabilities	**15,022**	–
Net cash provided by (used in) operating activities	**2,009,075**	(652,566)
Cash flows from investing activities:		
Proceeds from sale of investments	**27,577,994**	23,599,390
Purchases of investments	**(29,416,844)**	(23,111,772)
Net cash provided by (used in) investing activities	**(1,838,850)**	487,618
Net increase (decrease) in cash and cash equivalents	**170,225**	(164,948)
Cash and cash equivalents, beginning of year	**360,757**	525,705
Cash and cash equivalents, end of year	**$530,982**	$360,757

See accompanying notes to financial statements.

1. Organization and Operations

The Pinellas Community Foundation, formerly Pinellas County Community Foundation, (the "Foundation") was established by a Trust Agreement dated January 1, 1969. The original trust agreement is recorded in O.R. Book 3588, Page 20 in the public records of Pinellas County. The purpose of the Foundation is to receive property from donors, to oversee the investment of donated funds by monitoring the work of the Foundation Trustees, and to distribute investment income (or investment principal when directed by donor) to recognized charities located in Pinellas County, Florida. If designated by a donor, charities located outside of Pinellas County can be beneficiaries of donated funds or income earned on those funds.

2. Significant Accounting Policies

Basis of Presentation

The Foundation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification and the standards of financial reporting for not-for profit Foundation as described in the American Institute of Certified Public Accountants' Industry Guide for Not-for-Profit Organizations. Accordingly, the financial statements are prepared on an accrual basis of accounting. The financial statements of the Foundation are the representation of management and include estimates of amounts and judgments it believes are reasonable under the circumstances.

Net assets

Accounting standards requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair value. These financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into two self-balancing net asset groups as follows:

> Unrestricted – Net assets that are not subject to donor-imposed stipulations or net assets that provide the governing board with discretionary control to use in carrying on the mission of the Foundation. Unrestricted net assets also include restricted contributions whose restrictions are met in the same year.

Temporarily restricted – Net assets subject to explicit or implicit donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted – Net assets subject to donor-imposed stipulations that neither expire within a certain period of time nor can be fulfilled or otherwise removed by actions of the Foundation. Generally the donors of these assets permit the Foundation to use the income earned on any related investment for general or specific purposes.

Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. In order for the Foundation to be classified as a single entity in accordance with the Code of Federal Regulations, specifically Treas. Reg. Section 1.170A-9(f)(11)(v)(B), the Foundation governing document must provide for powers of modification, more commonly known as variance power. Although the Pinellas Community Foundation Trust Agreement provides the Board of Governors broad authority to exercise its variance power, the Board of Directors generally exercises this authority when the stated purpose of a contribution becomes no longer applicable or incapable of fulfillment. Accordingly, the Foundation classifies a substantial portion of funds as restricted net assets and segregates for internal recordkeeping all funds that have donor or gift restrictions attached.

Liquidity

Assets are presented in the accompanying Statement of Financial Position according to their nearness of conversion to cash and liabilities according to their nearness to their maturity and resulting use of cash.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation places its cash with high quality financial institutions. At times, cash may be in excess of FDIC insurance limits. The Foundation does not believe it is exposed to any significant credit risk on cash.

Contributions and Unconditional Promises

Contributions and unconditional promises to give are measured at their fair values and are reported as an increase in net assets when received. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized.

Amounts restricted for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as satisfactions of program restrictions and net assets released. If a restriction is fulfilled in the same time period in which the contribution is received, it is reported as unrestricted support. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Investments

Investments are stated at fair value, which represents the value on the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations. Gains or losses on securities sold are computed on a specific identification basis. Investment income and unrealized gains or losses are allocated to the funds based upon their principal balances.

Investments are in the custody of SEC Registered brokerage and investment firms which manage them in accordance with policies set by the Pinellas Community Foundation Trust Agreement, the Foundation’s Board of Governors, or appropriate gift agreements. The Foundation’s investments consist primarily of common stocks, mutual funds, corporate and United States government securities/bonds, alternative strategy funds and real estate funds. Assets included in investments are carried at fair value as described in Note 3.

Split-Interest Agreements

The Foundation is named beneficiary of various lead and remainder trusts, the assets of which are held by outside trustees. Contribution revenue and the related assets’ interest are recognized using the present value of assets expected to be received. Subsequent changes to the fair value of the assets are recognized as changes in the value of the Foundation’s interest in the trusts in the accompanying Statement of Activities.

Charitable Disbursements and Grants

Charitable disbursements from income earned on the restricted funds are paid out regularly as the income is earned. Charitable disbursements from income earned on the unrestricted funds and bequests are paid out partially in the year of receipt with the balance paid out in the following year. Grants are not accrued at December 31st since grants are disbursed in the same year a written commitment is made to provide such grant funding.

Foundation administrative fees

In accordance with the Pinellas Community Foundation Trust Agreement, the Foundation assesses an annual administrative fee which is set by the Board of Governors. This administrative fee is 0.45% of the fair market value of assets under management. In 2016, the administrative fee was 0.30%. The administrative fee covers a portion of the costs incurred for the management of the Foundation. Administrative fees amounted to $387,645 and $239,984 for the years ended December 31, 2017 and 2016, respectively. The fees are paid out of the ordinary income and principal of investments to the Foundation’s operating funds and are used to support the management of the Foundation.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Foundation has cash deposits which at times may exceed the FDIC insurance limit. Deposit accounts are maintained with what management believes to be a quality financial institution.

Income Tax Status

The tax-exempt status of the Foundation was recognized in 1971 and to the best information available, retroactive to its creation in 1969. The Foundation has maintained this tax-exempt status from the ruling in 1971 to the present date. The Foundation qualifies as a tax-exempt Foundation under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation follows the income tax standard for uncertain tax positions. The Foundation periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized for the years ending December 31, 2017. Management is not aware of any activities that would jeopardize the Foundation’s tax-exempt status. Should the Foundation’s tax returns be challenged in the future, the Foundation’s tax years of 2014 and thereafter are open for potential examination by the IRS.

3. Fair Value Measurements

The Foundation’s investments are reported at fair value in accordance with accounting principles generally accepted in the United States of America, which define fair value, establish a framework for measuring fair value, and require disclosures about fair value measurements.

In accordance with these accounting principles, fair value is defined 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. This standard also established a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Accounting principles establish a three-tier hierarchy to classify fair value measurements for disclosure purposes. Investment valuations are classified as follows:

- Level 1 valuations, for which the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the counter markets with sufficient volume),

- Level 2 valuations, for which the valuation is based on quoted market prices for similar instruments traded 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 in the market, and

- Level 3 valuations, for which the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on company-specific data. These unobservable assumptions reflect the Foundation’s own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Split interest agreements – the assets held in split-interest agreements are valued based on quoted market prices of the underlying investments, net of the present value of expected cash outflows using estimated life expectancies of the income beneficiaries and appropriate discount rates. Split interest agreements are classified as Level 2 in the fair value hierarchy.

Certain of the Foundation's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and liabilities include cash and cash equivalents and liabilities.

The fair value of financial instruments is reported using the input guidance and valuation techniques described above. The fair value levels and amounts as of December 31, 2017 and 2016 are presented in the following tables:

	Assets Reported at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$3,367,269	$ –	$ –	$3,367,269
Equity securities:				
Mutual funds and EFTs	26,550,352	–	–	26,550,352
Domestic equities	22,866,194	–	–	22,866,194
Debt securities:				
Mutual funds and EFTs	20,357,381	–	–	20,357,381
Corporate and US bonds	–	17,598,420	–	17,598,420
Other:				
Real estate funds	489,987	–	–	489,987
Alternative strategy funds	4,899,974	–	–	4,899,974
Commodities index funds	162,628	–	–	162,628
Mineral rights	–	–	3,197	3,197
Real estate	–	–	387,200	387,200
	78,693,785	17,598,420	390,397	96,682,602
Split-interest agreement assets	–	729,399	–	729,399
Total	$78,693,785	$18,327,819	$390,397	$97,412,001

	Assets Reported at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	$2,114,960	$ –	$ –	$ 2,114,960
Equity securities:				
Mutual funds and EFTs	11,893,943	–	–	11,893,943
Domestic equities	26,796,906	–	–	26,796,906
Debt securities:				
Mutual funds and EFTs	31,502,312	–	–	31,502,312
Corporate and US bonds	–	12,244,020	–	12,244,020
Other:				
Real estate funds	1,524,366	–	–	1,524,366
Alternative strategy funds	1,630,621	–	–	1,630,621
Commodities index funds	59,833	–	–	59,833
Mineral rights	–	–	3,197	3,197
Real estate	–	–	313,900	313,900
	75,522,941	12,244,020	317,097	88,084,058
Split-interest agreement assets	–	631,735	–	631,735
Total	$75,522,941	$12,875,755	$317,097	$88,715,793

A reconciliation of the Foundation's Level 3 financial instruments for the years ended December 31, 2017 and 2016 is provided below:

	Mineral rights	Real estate	Total
Balance, December 31, 2015	$3,197	$313,900	$317,097
Investment income and expenses	1,230	–	1,230
Distributions	(1,230)	–	(1,230)
Balance, December 31, 2016	$3,197	$313,900	$317,097
Net realized and unrealized gains	–	73,300	73,300
Investment income and expenses	1,787	–	1,787
Distributions	(1,787)	–	(1,787)
Balance, December 31, 2017	$3,197	$387,200	$390,397

4. Endowment Funds

The Foundation's endowment includes funds established for a variety of donor-restricted purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Governors has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and, (b) the original value of subsequent gifts to the permanent endowment.

Return Objectives and Risk Parameters
Investment and spending policies for endowment assets are governed by the Pinellas Community Foundation Trust Agreement, policies adopted by the Board of Governors, and/or gift agreements provided to the Foundation. Generally, these investment policies and spending polices for endowment assets attempt to provide a reasonable return of current income, with due regard for the safety and maintenance of inflation-adjusted value of principal. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. The instruments used to set investment policy generally permit the endowment assets to be invested in a manner that is intended to produce a long-term rate of return on assets that will support any spending policy while maintaining and growing the real value of the portfolio.

Strategies Employed for Achieving Objectives
Investment strategies to achieve any stated return objective are determined by the Board of Governors and/or qualified advisors at each Trustee Institution which manages assets for the Foundation. Generally, to satisfy its long-term rate-of-return objectives, the Foundation relies on a diversified portfolio designed to minimize the risk of loss, with a maximum allocation to cash and fixed income of 80% and a maximum allocation to equities of 60% with minimums at 40% and 20%, respectively. Additionally, the investment strategy allows for a maximum of 10% to be invested in alternative investments. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). At times, the

Foundation may permit variance from its standard investment strategies to align with donor gift restrictions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Spending policies for endowment assets are governed by the Pinellas Community Foundation Trust Agreement, policies adopted by the Board of Governors, and/or gift agreements provided to the Foundation. Most funds of the Foundation are governed by restriction to appropriate the prior year's net income (i.e. interest and dividends, excluding realized and unrealized gains, net of 50% of fees incurred). The goal of this kind of spending policy is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide for additional real growth through new gifts and investment return. The Foundation Board of Governors believes that modification of any written spending restriction attached to a gift received by the Foundation should be made in consultation with a donor (if living), any charitable beneficiary, if any is specified, the Trustee which holds the assets, and appropriate advisors. The modification of any such restriction would be overseen by an appropriate judicial or administrative body.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets.

As of December 31, 2017 and 2016, activity within the endowment funds consisted of the following:

	Unrestricted, Board-designated	Permanently Restricted	**Total**
Endowment net assets, January 1, 2017	$28,760,444	$59,323,614	**$88,084,057**
Endowment investment return:			
Investment income	909,593	1,738,504	**2,648,097**
Realized gains	1,292,356	1,982,243	**3,274,599**
Unrealized gains	669,021	2,816,074	**3,485,095**
Total endowment investment return	2,870,970	6,536,821	**9,407,791**
Additions to endowment funds	383,998	2,729,240	**3,113,238**
Investment management fees	(208,729)	(455,118)	**(663,847)**
Administrative fees	(123,211)	(264,434)	**(387,645)**
Reclassification of funds	355,067	(355,067)	**–**
Appropriation of endowment for expenditures	(918,686)	(1,388,638)	**(2,307,324)**
Net transfers in (out) of endowment	(191,024)	(372,645)	**(563,668)**
Total endowment activity	2,168,385	6,430,159	**8,598,545**
Endowment net assets, December 31, 2017	$30,928,829	$65,753,773	**$96,682,602**

	Unrestricted, Board-designated	Permanently Restricted	**Total**
Endowment net assets, January 1, 2016	$24,295,844	$60,175,986	**$84,471,830**
Endowment investment return:			
Investment income	724,241	1,665,017	**2,389,258**
Realized gains	615,030	1,156,468	**1,771,498**
Unrealized gains	624,589	1,703,760	**2,328,349**
Total endowment investment return	1,963,860	4,525,245	**6,489,105**
Additions to endowment funds	–	175,154	**175,154**
Investment management fees	(168,716)	(466,534)	**(635,250)**
Administrative fees	(73,043)	(166,941)	**(239,984)**
Reclassification of funds	3,397,660	(3,397,660)	**–**
Appropriation of endowment for expenditures	(655,161)	(1,814,065)	**(2,469,226)**
Net transfers in (out) of endowment	–	292,429	**292,429**
Total endowment activity	4,464,600	(852,372)	**3,612,228**
Endowment net assets, December 31, 2016	$28,760,444	$59,323,614	**$88,084,058**

5. Split-Interest Agreements

The Foundation is a beneficiary of certain charitable lead trusts and charitable remainder trusts, which are known as split-interest agreements. A portion of these trusts is to be paid to the Foundation at specified times in the future or upon the death of certain other beneficiaries. The Foundation is not the trustee for these trust agreements, nor does it have any control over the related trust assets.

Receivables from split-interest agreements represent the estimated net present value of the Foundation's interest in various irrevocable trusts held by third-parties. The net present value of these receivables is determined using estimated investment returns consistent with the composition of the asset portfolios, the periodic payouts of the trusts to the trust's beneficiaries while living, life expectancies from the Social Security Administration tables, and a discount rate of 6 percent. Actual results could differ from those estimates.

On an annual basis, the Foundation revalues the receivables based on changes in the value of the trusts' assets as well as the assumptions above. Revaluation adjustments are reported in the Statement of Activities as changes in the value of beneficial interest in trusts. These receivables are classified as temporarily or permanently restricted net assets until the future cash flows are received.

6. Subsequent Events

Subsequent events have been evaluated by management through July 23, 2018, which is the date the financial statements were available to be issued.