Communities Foundation of Texas

Consolidated Financial Report
June 30, 2015

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Contents

Independent Auditor's Report

To the Board of Trustees
Communities Foundation of Texas
Dallas, Texas

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Communities Foundation of Texas (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Communities Foundation of Texas as of June 30, 2015, and its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As described in Note 1 to the consolidated financial statements, the Foundation changed its accounting policy related to the classification of cash and cash equivalents held in investments accounts. Our opinion is not modified with respect to this matter.

RSM US LLP

Oklahoma City, Oklahoma
December 2, 2015

Communities Foundation of Texas

Consolidated Statement of Financial Position
June 30, 2015
(In Thousands)

Assets		
Cash and cash equivalents	**$**	**57,171**
Interest, dividends and other receivables		**1,827**
Contributions receivable (Note 12)		**3,757**
Investments		**904,277**
Beneficial interest in charitable remainder trusts (Note 6)		**8,221**
Real estate held for sale		**5,000**
Real estate held for investment (Note 4)		**53,738**
Other investments		**16,871**
Cash surrender value of life insurance policies		**202**
Headquarters and equipment, net (Note 3)		**15,322**
Other assets		**623**
Total assets	**$**	**1,067,009**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	**$**	**2,241**
Grants and program services payable (Note 5)		**26,977**
Funds held for others		**33,982**
Deferred revenue (Note 6)		**358**
Liabilities associated with split-interest agreements (Note 6)		**3,627**
Notes payable (Note 7)		**3,456**
Total liabilities		**70,641**
Net assets (Note 8)		
Unrestricted		**811,682**
Unrestricted, board-designated endowments		**23,594**
Total Unrestricted		**835,276**
Temporarily restricted		**156,436**
Permanently restricted		**4,656**
Total net assets		**996,368**
Total liabilities and net assets	**$**	**1,067,009**

See Notes to Consolidated Financial Statements.

Communities Foundation of Texas

Consolidated Statement of Activities
Year Ended June 30, 2015
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and gains:				
Contributions	$ 60,604	$ 12,900	$ -	$ 73,504
Investment income, net (Note 2)	12,817	1,022	-	13,839
Net realized gains on sales of investments	68,762	13,986	-	82,748
Net unrealized losses on investments	(61,545)	(14,479)	-	(76,024)
Gain on sale of real estate held for investment	4,850	-	-	4,850
Change in value of split-interest agreements (Note 6)	(199)	259	-	60
Other income	6,733	6	-	6,739
Reclassifications—donor directed	642	(642)	-	-
Net assets released from restrictions	10,538	(10,538)	-	-
Total revenues and gains	103,202	2,514	-	105,716
Grants and expenses:				
Programs:				
Grants	83,564	-	-	83,564
Other	6,492	-	-	6,492
Supporting activities:				
General and administrative expenses:				
Communities Foundation of Texas	9,161	-	-	9,161
Supporting Foundations	5,234	-	-	5,234
Development	2,043	-	-	2,043
Total grants and expenses	106,494	-	-	106,494
Change in net assets	(3,292)	2,514	-	(778)
Net assets, beginning of year	838,568	153,922	4,656	997,146
Net assets, end of year	$ 835,276	$ 156,436	$ 4,656	$ 996,368

See Notes to Consolidated Financial Statements.

Communities Foundation of Texas

Consolidated Statement of Cash Flows
Year Ended June 30, 2015
(In Thousands)

Cash Flows from Operating Activities		
Change in net assets	$	(778)
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation		1,733
Net unrealized loss on investments		76,024
Net realized gain on sales of investments		(82,748)
Change in value of split interest agreements		(60)
Gain on sale of real estate held for investment		(4,850)
Noncash contributions		(18,243)
Proceeds from sales of noncash contributions		15,825
Changes in operating assets and liabilities:		
Contributions, interest, dividends and other receivables		202
Cash surrender value of life insurance policies		3
Other assets		(8)
Accounts payable and accrued liabilities		404
Grants and program services payable		(2,052)
Funds held for others		(234)
Deferred revenue		(49)
Liabilities associated with split-interest agreements		(725)
Net cash used in operating activities		(15,556)
Cash Flows from Investing Activities		
Purchases of investments		(944,191)
Proceeds from the sales of investments		941,019
Purchases of real estate held for investment		(183)
Proceeds from sales of real estate held for investment		10,997
Headquarters and equipment purchases		(214)
Net cash provided by investing activities		7,428
Net decrease in cash and cash equivalents		(8,128)
Cash and cash equivalents, beginning of year		65,299
Cash and cash equivalents, end of year	$	57,171
Supplemental Disclosures of Cash Flow Information		
Debt financed construction in progress	$	3,456
Interest paid	$	63

See Notes to Consolidated Financial Statements.

Note 1. Summary of Significant Accounting Policies

General purpose and activities: Communities Foundation of Texas (the Community Foundation) is a nonprofit Texas corporation with no capital stock and is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Community Foundation administers more than 900 funds comprised of donor advised, non–donor advised, trusts and endowment funds established with an instrument of gift. The Community Foundation is committed to serving charitable needs both domestically and abroad through charitable grants and services at the discretion of the Board of Trustees.

In addition, the Community Foundation administers the Educate Texas program, a significant program that provides grants and support to Texas schools.

Reporting entity: The consolidated financial statements include the Community Foundation and the W.W. Caruth, Jr. Foundation, The Nancy Ann Hunt Foundation, The Ruth Foundation, and The Robert and Nancy Dedman Foundation (the Supporting Foundations). The Supporting Foundations are consolidated with the Community Foundation in the accompanying financial statements because the Community Foundation has an economic interest in the organizations and controls the affiliated organizations' boards of directors and/or by virtue of common trustees. The consolidated financial statements also include the accounts and activities of Flora Street, LLC (and its wholly owned entities Flora Street Retail, LLC and Flora Street Retail I-2, LLC), Central Control Company, Inc., Florida Central Control, Inc., Citrus Condos, Caruth Building Services, Inc., Medallion Center Partners, LP, and Medallion Center Partners GP, LLC. The primary purpose of these entities is to hold and manage real estate properties and other investments on behalf of the Community Foundation and certain Supporting Foundations. The Community Foundation, the Supporting Foundations, and all other consolidated entities are collectively referred to as the Foundation throughout these financial statements. All significant inter-organization transactions have been eliminated.

Basis of presentation: The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting and to ensure the observance of limitations and restrictions placed on the use of available resources, the Foundation maintains its accounts in accordance with the principles and practices of fund accounting. The accompanying consolidated financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Estimates: The preparation of consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ significantly from those estimates.

Significant estimates: Estimates that are particularly susceptible to significant change include the fair value of investments, beneficial interest in charitable remainder trusts, contributions receivable and related allowance for doubtful accounts. Due to the level of risk associated with these financial instruments, it is reasonably possible that changes in the values of the investments and beneficial interest will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position. Significant fluctuations in fair values could occur from year to year, and the amounts the Foundation will ultimately realize could differ materially. Management's estimate of contributions receivable and the related allowance for uncollectible amounts is based on consideration of all relevant available information and an analysis of the collectibility of individual contributions at the financial statement date.

Note 1. Summary of Significant Accounting Policies (Continued)

Net asset classification: As a community foundation, in accordance with United States Treasury Regulations, the Foundation possesses variance power. Variance power is the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances. The Foundation interprets this variance power to apply to endowment restrictions as well as purpose restrictions. This power is exercisable only in narrowly defined circumstances. Since this variance power is incorporated by reference in most gift instruments, the Foundation views its variance power as an explicit expression of donor intent (see Note 8).

The Board of Trustees, on the advice of legal counsel, has determined that the majority of the Foundation's endowment funds meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Most of the Foundation's endowment contributions are received subject to the terms of a standard fund agreement. Under the terms of the standard fund agreement, the Board of Trustees has the ability to distribute as much of the corpus of any gift, devise, bequest or fund as the Board of Trustees, in its sole discretion, shall determine under the Foundation's current spending policy. As a result of the ability to distribute corpus, the Board of Trustees has determined that all endowment contributions received subject to the standard fund agreement, and subject to UPMIFA, are classified as temporarily restricted until appropriated, at which time the appropriation is reclassified to unrestricted net assets. Generally, if the corpus of a contribution may at some future time become available for spending, it is recorded as temporarily restricted. If the corpus never becomes available for spending (i.e., variance power is not specifically incorporated in the gift instrument), it will be reported as permanently restricted.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

In addition to donor-imposed endowment restrictions, all contributions received with donor imposed time restrictions are classified as temporarily restricted until the payments are received unless the respective gift is specifically designated for use in the current period by the donor. Contributions received under split-interest agreements, except for charitable gift annuities, are also classified as temporarily restricted due to the implied time restriction on the use of such assets.

Endowment investment and spending policies: The Foundation has adopted investment and spending policies for endowments that attempt to provide a predictable stream of funding to programs supported by its endowment. The Foundation's investment and spending policies work together to achieve this objective. The current long-term return objective is compared to a similarly weighted benchmark representing appropriate market based indices. The performance is also compared to the general inflation rate as measured by the Consumer Price Index. 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 parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowment funds. The current spending policy is to distribute an amount not greater than 5 percent of the average preceding 16 quarters net asset balance in the fund.

Note 1. Summary of Significant Accounting Policies (Continued)

Contribution revenue recognition: Contributions are recognized as revenue when they are received or unconditionally promised. Bequests are recognized as contribution revenue at the date the will is declared valid by the probate court and the amount to be received by the Foundation can be estimated. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the gift date. Contributions to be received after one year are recorded at the present value of their estimated future cash flows using a discount rate that is commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in the same net asset class and fund as the original contribution.

The Foundation reports gifts of cash and other assets as restricted support when they are received under gift instruments with donor stipulations that limit their use (i.e. gifts without variance power) and/or time restrictions (including implied time restrictions). When a restriction expires, that is, when a stipulated time restriction ends or donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

Net assets released from restrictions: Net assets released from restrictions are net asset reclassifications that result from fulfillment of the purposes for which the net assets were restricted and/or restrictions which expired with the passage of time.

Reclassifications-donor directed: Donor-directed reclassifications are net asset reclassifications that occur when a donor withdraws or court action removes previously imposed restrictions, when a donor imposes restrictions on otherwise unrestricted net assets, when a donor changes or modifies their existing restriction, and/or when an existing donor restriction requires certain amounts to be reclassified.

Cash and cash equivalents: Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less when purchased, excluding cash equivalent funds held in the Foundation's investment portfolio.

Beneficial interest in charitable remainder trusts: Beneficial interest in charitable remainder trusts represents the amount held for the benefit of the Foundation under irrevocable trusts agreement between donors and third-party trustees and are carried at fair value in the consolidated statement of financial position (see Note 6). The Foundation estimates the fair value of the interest annually and recognizes any changes in the fair value as a change in value of split-interests in the consolidated statement of activities.

Investments: The Foundation reports investments at fair value. Unrealized gains and losses are included in the change in net assets. Realized gains and losses are computed on the average cost basis.

Cash surrender value of life insurance policies: Cash surrender value of life insurance is recorded at the amount that can be realized at the date of the consolidated statement of financial position.

Headquarters and equipment: Headquarters and equipment are recorded at estimated fair market value at the date of donation or at cost, if purchased. The Foundation capitalizes all contributions or purchases of equipment with an original cost basis of $1,000 or more. Depreciation is recorded using the straight-line method based on expected useful lives ranging from three to 40 years. The Foundation records impairments of its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over the estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances at the time of the determination. No property or equipment impairments were recorded in 2015.

Note 1. Summary of Significant Accounting Policies (Continued)

Real estate held for sale: The Foundation measures assets held for sale at the lower of its carrying amount or fair value less cost to sell. Gains or losses are recognized for any subsequent changes to fair value less cost to sell. Property is classified as held for sale when (1) management with the appropriate authority commits to a plan to sell the asset, (2) the asset is available for immediate sale in its present condition, (3) an active program to locate a buyer and other actions required to complete the plan have been initiated, (4) the sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale, (5) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (6) actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale are not depreciated.

In order to maximize the Foundation's earnings and grow the assets available for distribution over time, the Foundation determined that certain real estate assets should be sold and the proceeds used to purchase additional investments. At June 30, 2015, a parcel of land with a carrying value of approximately $5,000,000 was being marketed for sale.

Real estate held for investment: Real estate investments are stated at the lower of historical cost, if purchased, or fair market value at the date of donation, net of accumulated depreciation. The Foundation's investments in real estate consists of properties held for leasing (see Note 14) and/or other investment purposes. Leased property includes a shopping center, retail locations, office space and agricultural land. Periodic fair value appraisals are made as deemed necessary based on economic conditions and management discretion. Improvements to real estate in excess of $1,000 are depreciated on a straight line basis from three to 35 years.

Other investments: Other investments consists of equity interests in closely held corporations, limited partnerships and limited liability companies which do not have readily determinable fair values. These investments are carried under the equity method or at the lower of cost or market in the consolidated financial statements. Under the equity method, the interests carrying amount is (1) increased for the Foundation's proportionate share of earnings or (2) decreased for the Foundation's proportionate share of losses and distributions received. In 2015, the Foundation's three equity investments reported gross revenue of approximately $10,922,000 and net earnings of approximately $5,476,000. At June 30, 2015, the equity interests had combined total current assets of approximately $5,484,000, noncurrent assets of $40,132,000, current liabilities of $168,000, non-current liabilities of $482,000, and total equity of $44,966,000. The Foundation recognized earnings of approximately $1,348,000 which is included in other income in the consolidated statement of activities and reported total assets of approximately $14,869,000 classified as limited partnership and limited liability company interests in the consolidated statement of financial position. All other limited partnership and limited liability company interests are reported at the lower of cost (or fair value at the time of donation) or market and have a carrying value of approximately $2,002,000 at June 30, 2015.

Impairment of long-lived assets: The Foundation reviews long-lived assets, including real estate held for investment and limited partnership and limited liability company interests, for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not otherwise be recoverable. In connection with this review, the Foundation also re-evaluates applicable periods of depreciation and amortization for these assets. The Foundation assesses the recoverability by determining whether the net book value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Foundation determines that the carrying value of the asset may not be recoverable, it measures any impairment based on the asset's fair value as compared to the asset's carrying value. Once impairment is recognized the asset will not be written back to cost, even if the asset or investment subsequently increases in fair value. The Foundation did not recognize any impairment of long-lived assets in 2015.

Note 1. Summary of Significant Accounting Policies (Continued)

Split-interest agreements and gift annuities: Under charitable remainder trust and annuity agreements, the Foundation pays annual benefits from the trust's assets over the term of the trust to third-party beneficiaries, with remaining trust assets at the end of the trust's term being distributed to the Foundation and/or other charities as directed by the trust instrument. Under charitable gift annuities, assets received are available for immediate use by the Foundation, and annual benefits paid from the Foundation assets are distributed to third-party beneficiaries over the term of the agreement. See Note 6 for additional information regarding the Foundation's split-interest agreements, including charitable gift annuities.

Funds held for others: The Foundation follows the Accounting Standards Codification (ASC) topic, Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others. This guidance requires the Foundation to account for assets that are received from a not-for-profit organization for the benefit of that not-for-profit organization, or one of its affiliated organizations, as a liability to the specified beneficiary concurrent with its recognition of the assets received. The Foundation maintains variance power and legal ownership over these funds. All asset transfers of this type, and the activity associated with those assets, are recognized as agency transactions and are not reflected in the consolidated statement of activities. In the consolidated statement of financial position, the assets held on behalf of the agency are included in cash and investments, and the related liability is classified as funds held for others. Assets and liabilities related to such funds totaled approximately $33,982,000 at June 30, 2015.

Rental revenue: The Foundation, as a lessor, retains substantially all of the risks and benefits of ownership of the investment properties and accounts for leases as operating leases. Minimum rents are accrued on a straight-line basis over the terms of their respective leases. Certain retail tenants are also required to pay overage rents based on sales over a stated base amount during the lease year.

Certain leases require the tenant to reimburse the Foundation for a substantial portion of the operating expenses, including common area maintenance, real estate taxes and insurance. Operating expenses typically include utility, insurance, security, janitorial, landscaping and other administrative expenses. Reimbursements from tenants are accrued for recoverable portions of all these expenses as revenue in the period the applicable expenditures are incurred.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Costs are allocated between development, general and administrative, or grants and other program services based on evaluations of the related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Grants: Grants are recorded as an expense when they are approved by the Foundation officers for payment and all conditions of the grant have been met by the grantee. The Board of Trustees ratifies grants at their quarterly meeting.

Income tax matters: The Community Foundation and the Supporting Organizations are exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC), as organizations described in IRC Section 501(c)(3), and have been determined not to be private foundations under Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made related to the Foundation; however, should the Foundation engage in activities unrelated to the purpose for which it was created, taxable income could result. Capital gains received through partnership interests are taxable. A supporting organization of the Foundation incurred approximately $41,000 in unrelated business income tax for the year ended June 30, 2015. This amount is reflected in general and administrative expenses in the consolidated statement of activities.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting for uncertain tax positions: The ASC provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions. Generally, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ending prior to June 30, 2011.

Fair value measurements: The Foundation follows ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

The 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. All transfers between fair value hierarchy levels are recognized by the Foundation at the end of each reporting period.

Financial assets and liabilities carried at fair value on recurring basis include investments, beneficial interest in charitable remainder trust, and funds held for others. The Foundation has no assets or liabilities carried at fair value on a nonrecurring basis in 2015.

Change in accounting policy: Effective July 1, 2014, the Foundation changed its accounting policy related to the classification of cash and cash equivalents held in investment accounts. Under the revised policy, cash and cash equivalents held in investment accounts are classified as investments in the statement of financial position and the statement of cash flows rather than cash and cash equivalents. This method is preferable as it reflects the true nature of how such assets are managed and utilized by the Foundation. The effect of this change in accounting policy was to reduce cash and cash equivalents and increase investments $81,547,000 at July 1, 2014. This change also effects the financial statement disclosures related to investments throughout the financial statements. This change in accounting principal has no impact on the change in net assets or beginning or ending net assets reported in the consolidated financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

New accounting pronouncements: For the year ended June 30, 2015, the Foundation implemented Accounting Standards Update (ASU) No. 2013-06, Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate. This ASU requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefits the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services; however, if measuring such service at cost will significantly overstate or understate the value of the services received, the recipient not-for-profit entity may elect to recognize that service at either (1) the cost recognized by the affiliate for the personnel providing that service, or (2) the fair value of that service. Implementation of ASU No. 2013-06 did not affect the Foundation's consolidated financial statements as no affiliates provide material services which directly benefit the Foundation.

On May 1, 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (a consensus of the FASB Emerging Issues Task Force). The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 is effective for the Foundation for the year ended June 30, 2018 and should be applied retrospectively to all periods presented. Earlier application is permitted and the Foundation elected to early implement ASU 2015-07 for the year ended June 30, 2015. Implementation of ASU 2015-07 resulted in changes to the Foundation's fair value measurement disclosures (see Note 13) for its investments carried at net asset value.

Subsequent events: Management has evaluated subsequent events through December 2, 2015, the date the consolidated financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

Note 2. Investment Income

Investment income consists of the following for the year ended June 30, 2015 (in thousands):

Interest and dividends	$	15,887
Other investment income		113
Consulting, management and administration fees		(2,161)
	$	13,839

Note 3. Headquarters and Equipment

Headquarters and equipment are summarized as follows at June 30, 2015 (in thousands):

Land	$ 2,979
Building	19,426
Furniture	1,554
Office equipment	320
Computer equipment and software	2,130
	26,409
Less accumulated depreciation	(11,087)
	$ 15,322

Depreciation expense related to the Foundation's headquarters and equipment totaled approximately $831,000 in 2015.

Note 4. Real Estate Held for Investment

Real estate held for investment purposes is summarized as follows at June 30, 2015 (in thousands):

Land	$ 37,136
Buildings and land improvements	21,803
Construction in progress	3,928
	62,867
Less accumulated depreciation	(9,129)
	$ 53,738

Depreciation expense related to the Foundation's real estate held for investment totaled approximately $902,000 in 2015.

Note 5. Grants Payable

Grants approved and committed for future payment are as follows at June 30, 2015 (in thousands):

Grants payable in:	
2016	$ 15,973
2017	4,428
2018	3,425
2019	1,788
2020	1,152
Thereafter	782
	27,548
Less unamortized discount (0.95%–3.16%)	(571)
	$ 26,977

Conditional grants totaled approximately $14,542,000 at June 30, 2015 and are not recorded as expense until the conditions are substantially met by the grantee.

Note 6. Split-Interest Agreements

At June 30, 2015, the Foundation has recorded approximately $8,014,000 in fair value of charitable gift annuities and charitable remainder trusts in which the Foundation serves as the trustee, as an asset in its consolidated statement of financial position. Assets received under these agreements are recorded at fair value and in the appropriate net asset category. Related contributions per the agreements are recognized as contribution revenue and are equal to the present value of future benefits to be received by the Foundation over the term of the agreements. The Foundation received contribution revenue related to these agreements of approximately $408,000 in the year ended June 30, 2015. Liabilities have been established for split-interest agreements in which the Foundation is the trustee or for which the Foundation is obligated to an annuitant under a charitable gift annuity and these liabilities totaled approximately $3,280,000 at June 30, 2015. For split-interest agreements for which the Foundation is the trustee but is not the charitable beneficiary (or not the only charitable beneficiary), the Foundation has established liabilities to the other not-for-profit organizations, and this obligation totaled approximately $347,000 at June 30, 2015.

Some of the Foundation's charitable remainder trusts (included in assets above) are income trusts. Under these agreements, payments to lead beneficiaries (i.e., the individual designated by the donor) are limited to the income earned by the trust and as such a liability to the lead beneficiary is not recorded. Gifts of income trusts are recorded at fair value on the gift date. The fair value of the contribution is the fair value of the assets to be received in the future, discounted for the life expectancy of the lead beneficiary. The difference between the fair value of the assets when received and the fair value of the contribution is recognized as deferred revenue in the statement of financial position and totaled approximately $358,000 at June 30, 2015. The discount will be amortized over the term of the trusts as a decrease in deferred revenue and an increase in change in value of split-interest agreements in the consolidated statement of activities.

During the term of the agreements, changes in the value of the split-interest agreements are recognized in the consolidated statement of activities based on accretion of the discounted amount of the contribution, and reevaluations of the expected future benefits (payments) to be received (paid) by the Foundation (beneficiaries), based on changes in life expectancy and other assumptions. Discount rates ranging from 1.4 percent to 6.92 percent were used in these calculations at the dates of the contributions.

The Foundation is the beneficiary of seven irrevocable charitable remainder trusts held by financial institutions at June 30, 2015. The beneficial interest is carried at fair value, which is based on the present value of the future distributions expected to be received over the term of the agreements. The Foundation recognized contribution revenue related to these agreements of approximately $2,214,000 in 2015. The estimated fair value of the beneficial interest is approximately $8,221,000 at June 30, 2015 which was calculated using discount rates ranging from 2 percent to 6 percent. Changes in fair value of the beneficial interests are reflected as a change in value of split-interest agreements in the consolidated statement of activities.

Note 7. Notes Payable

In the prior year, the Foundation was donated 100 percent interest in Flora Street, LLC. Flora Street, LLC through its wholly owned interest in Flora Street Retail, LLC and Flora Street Retail I-2, LLC (collectively Flora Street), owns two condominium units under development for restaurant space in an office building being constructed in Dallas, Texas. At the time the gift was made and through the present, Flora Street was a party to two debt instruments being used to fund the construction of the office building, parking facilities and restaurant space. The co-obligors of the debt and owners of the office building and parking facilities (the Borrower Group) include several parties related to the original donor but unrelated to the Foundation. The debt instruments, collateralized by the building under construction and guaranteed by certain entities related to the Borrower Group, are summarized as follows:

- Mezzanine loan (due to an unrelated third party) with an outstanding balance of $65,000,000 at June 30, 2015 bears interest at a rate of 4.5 percent annually and matures on July 31, 2018 with interest only payments due monthly throughout the term of the loan. Flora Street's allocable portion of the loan is approximately $567,000 at June 30, 2015.
- Construction loan (due to a syndicate of banks) with a total borrowing base of up to $73,700,000 of which approximately $23,126,000 is outstanding at June 30, 2015. The loan bears interest at (1) Libor + 3.25 percent (1 month or 3 month at borrowers option) or (2) the higher of (a) the prime rate or (b) the sum of the Federal Funds rate for such day plus 0.5 percent, plus 0.25 percent and is 3.43 percent at June 30, 2015. Interest only payments are due during the initial maturity period which extends through April 30, 2017. At June 30, 2015, total outstanding borrowings on the loan are approximately $23,126,000 of which $2,889,000 has been allocated to Flora.

Once the construction phase is complete, the construction loan along with the mezzanine loan will be renegotiated with each member of the Borrower Group entering into separate debt agreements for their total cost of construction.

In addition, the donor has signed a separate advisory and indemnification agreement (the Agreement) with the Foundation. Under the terms of the agreement, the donor will provide management and advisory services for the benefit of Flora Street at no charge, will fund any liquidity needs including debt service and/or operating deficiencies that may arise once the construction of the restaurants are complete, and will indemnify Flora Street in the event claims arise from other members of the Borrower Group.

Note 8. Total Net Asset Composition

The Foundation's total net asset composition at June 30, 2015 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ 23,594	$ 132,418	$ 4,656	$ 160,668
Supporting organizations	459,423	8,900	-	468,323
Non-endowment funds:				
Donor advised	218,450	475	-	218,925
Donor purpose restricted	-	2,530	-	2,530
Non-donor advised	118,322	-	-	118,322
Headquarters and equipment	15,322	-	-	15,322
	352,094	3,005	-	355,099
Split-interest agreements	165	12,113	-	12,278
Total net assets	$ 835,276	$ 156,436	$ 4,656	$ 996,368

Note 8. Total Net Asset Composition (Continued)

Temporarily restricted net assets include contributions received with endowment restrictions, time restrictions, and those received under split-interest agreements with an implied time restriction. In addition, the Foundation continues to classify contributions (and related net assets) received under gift instruments (generally grants), which specifically do not reference variance power and require the return of assets if not used for the donor-specified purpose until such funds are expended in accordance with the donor-restricted purpose as temporarily restricted.

Permanently restricted net assets include donor-restricted endowment funds in which variance power is not referenced in the gift instrument and based on the Foundation's legal opinion are not spendable through action of the Board of Trustees.

The Foundation manages approximately 600 donor-advised funds. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion of the use of these funds lies with the Board of Trustees. Non–donor advised funds represent amounts held by the Foundation designated for specific purposes by donors and/or the Foundation.

Note 9. Endowment Funds

Endowment net asset composition at June 30, 2015 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 132,418	$ 4,656	$ 137,074
Board-designated endowment funds	23,594	-	-	23,594
Total endowment funds	$ 23,594	$ 132,418	$ 4,656	$ 160,668

Changes in endowment net assets for the year ended June 30, 2015, are summarized as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at July 1, 2014	$ 24,606	$ 132,986	$ 4,656	$ 162,248
Investment return:				
Investment income	65	1,007	-	1,072
Realized gains	2,591	13,804	-	16,395
Unrealized losses	(2,588)	(14,174)	-	(16,762)
Total investment return	68	637	-	705
Other income	-	6	-	6
Contributions	-	5,224	-	5,224
Donor-directed reclassifications	-	(642)	-	(642)
Appropriation of endowment assets	(1,080)	(5,793)	-	(6,873)
Endowment net assets at June 30, 2015	$ 23,594	$ 132,418	$ 4,656	$ 160,668

Note 10. Employee Benefit Plans

Defined benefit plan: The Foundation had a defined benefit employee retirement plan, the CFT Employees Retirement Plan (the Plan). In September 2008, the Foundation's Board of Trustees adopted a resolution to curtail the Plan with no further benefits accruing for current participants and in 2014 decided to terminate the plan. All participants were given the opportunity to receive a distribution of their calculated benefits or receive an annuity insurance contract in the amount of their earned retirement benefits. The Foundation completed its funding of the participant benefits in May 2015 resulting in an additional expense of approximately $1 million for the year ended June 30, 2015. The Foundation has no remaining liabilities or responsibilities to the Plan participants at June 30, 2015.

Defined contribution plan: The Foundation has a defined contribution plan that covers all full-time employees of the Foundation who have completed six-months of service and attained the age of twenty-one. Participating employees can contribute on a voluntary basis up to 82 percent of eligible earnings, not to exceed the amount allowed by law. The Foundation makes matching contributions on a discretionary basis, as determined by the Board of Trustees. In addition, all full-time employees with more than six-months of service receive a safe harbor contribution of at least 3 percent of their annual salary. Costs associated with the defined contribution plan including contributions were approximately $374,000 in 2015.

Note 11. Concentrations and Risks of Credit

At June 30, 2015, the Foundation maintained uninsured balances of cash and cash equivalents of approximately $20,900,000, in depository accounts and approximately $34,721,000, in short-term securities and money market funds with financial institutions. The Foundation monitors financial institution concentrations and does not anticipate any losses from these concentrations.

At June 30, 2015, net contributions receivable of approximately 86 percent are due from five donors. In 2015, the Foundation received contributions from eight donors representing 34 percent of total contribution revenue.

Note 12. Contributions Receivable

Unconditional contributions receivable recorded in the statement of financial position, including amounts due under pledge agreements, are approximately $3,757,000 at June 30, 2015. The Foundation believes all contributions receivable will be fully collected and expects to receive $3,457,261 in one year or less and the remaining $300,000 in the next one to five years. Due to immateriality of long-term contributions receivable, no discount has been calculated by the Foundation.

At June 30, 2015, conditional promises to give were approximately $2,539,000. These contributions will be recorded as revenue when the related conditions have been substantially met.

Note 13. Fair Value Measurements

The Foundation's Investment Committee, appointed by the Board of Trustees, is responsible for the overall management of the Foundation's investments, including the hiring and termination of investment managers, investment consultant(s), custodian banks and securities lending agents. The Foundation's Investment Office is responsible for sourcing, evaluating, and selecting investments for recommendation to the Foundation's Investment Committee. They are also responsible for the day-to-day operations involving due diligence and other testing procedures in regards to reviewing the reasonableness of fair value for all investments, which includes evaluating the accuracy and adequacy of information provided by custodians, brokers and managers. The valuation process for investments is the responsibility of the Foundation's Investment Office and all other fair value measurements are the responsibility of the Foundation's accounting department. Fair value measurements for beneficial interests in charitable remainder trusts and funds held for others are prepared by the Foundation's accounting department and approved by the Board of Trustees during their review and approval of the Foundation's periodic internal financial statements.

Note 13. Fair Value Measurements (Continued)

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows:

Cash and cash equivalents: The asset's carrying amount approximates fair value due to its short maturity.

Contributions receivable: The asset is carried at cost net of a discount to present value using a rate which is commensurate with the risks involved on the gift date and an allowance for uncollectible accounts at the financial reporting date. Risks associated with individual gifts are assessed annually through the Foundation's review of the status of each gift. Fair value is the price a market participant would pay to acquire the right to receive the cash flows inherent in the promise to pay and due to inclusion of a discount to net present value and allowance for uncollectible accounts the carrying value approximates fair value.

Interest, dividends and other receivables: The asset is carried at cost, which approximates fair value due to the short maturity of such amounts.

Investments: All of the Foundation's marketable securities are valued by nationally recognized third-party pricing services. The Foundation gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis and the Foundation classifies all such assets as Level 1. The Foundation gives a Level 2 priority to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, using the market approach. Level 2 inputs under the market approach include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity, and/or where price quotations vary substantially either over time or among market makers, or in which little information is released publicly. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Nonmarketable securities, are carried at fair value which is based on the net asset value per share (NAV) as provided by the fund manager. The Foundation uses management agreements, analyst notes, audited financial statements, and underlying investment holdings to evaluate the fund manager's valuation methodology (i.e., in determining whether the fund manager follows ASC 820) and determine if any adjustment to the NAV is necessary.

Beneficial interests in charitable remainder trusts: The beneficial interest is carried at fair value, which is based on the present value of the expected future cash inflows from the trusts. The fair value of the underlying trust assets is based on quoted market prices when available or the best estimate of fair value as determined by the third-party trustee. The Foundation's valuation technique considers the fair value of the assets held in the trust and applies a discount rate to convert such amounts to a single present value amount. The discount rate used by the Foundation reflects current market conditions including the inherent risk in the underlying assets and the risk of nonperformance by the trustee. Due to the significant unobservable inputs required to estimate the expected future cash receipts from the trust agreements under the income approach, the Foundation's beneficial interest is classified as Level 3 in the hierarchy.

Cash surrender value of life insurance: The asset's carry amount is the current cash surrender values on life insurance policies for which the Foundation is the beneficiary, and as such, the carrying value approximates fair value.

Note 13. Fair Value Measurements (Continued)

Accounts payable and accrued liabilities: The carrying amount of the liability approximates fair value due to its short maturity.

Grants and program services payable: The carrying amount of the liability is based on the discounted value of the expected future cash distributions, which approximates fair value.

Funds held for others: The liability is stated at fair value as determined using the income approach (expected future cash outflows). Fair value is based on the fair value of the cash and investment assets held by the Foundation for the benefit of the recipient agency. The specific assets held for the benefit of the other organization have been classified within the hierarchy for investments (as discussed above). The related and associated liability is classified as Level 3 in the hierarchy as there is no market for a similar liability and principal inputs (i.e., fair value of assets in the portfolio and management's allocation for shares in the pool) are unobservable and significant to the overall fair value measurement.

Deferred revenue and liabilities associated with split-interest agreements: The liabilities' fair value is determined by discounting the future cash flows at rates that could currently be negotiated by the Foundation for borrowings of similar amounts. The carrying value approximates the liabilities' fair value.

Notes payable: The liability's carrying value approximates fair value and has not been separately calculated due to immateriality.

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy as follows at June 30, 2015, (in thousands):

	Total	Level 1	Level 2	Level 3
Assets:				
Investments:				
Cash equivalents and short term funds	$ 71,845	$ 71,845	$ -	$ -
Government securities and municipal bonds	1,557	-	1,557	-
Corporate bonds	1,855	948	-	907
Equities	130,420	130,420	-	-
REIT	679	679		
Mutual funds	261,920	261,920	-	-
Investments measured at net asset value:	436,001	-	-	-
Total investments	904,277	465,812	1,557	907
Beneficial interest in charitable remainder trust	8,221	-	-	8,221
Total assets	$ 912,498	$ 465,812	$ 1,557	$ 9,128
Liabilities:				
Funds held for others	$ 33,982	$ -	$ -	$ 33,982
Total liabilities	$ 33,982	$ -	$ -	$ 33,982

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Note 13. Fair Value Measurements (Continued)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows (in thousands):

	Assets		Liabilities
	Investments: Corporate Bonds	Beneficial Interest in Charitable Remainder Trust	Funds Held for Others
Balance at July 1, 2014	$ -	$ 5,735	$ 34,216
Net unrealized losses—included in earnings	(4)	-	(3,621)
Net realized gains on sales of investments—included in earnings	-	-	3,563
Contributions—included in earnings	-	2,214	24,202
Distributions	-	-	(24,521)
Change in value of split-interest agreements—included in earnings	-	272	-
Purchases	911	-	-
Investments income—included in earnings	-	-	143
Balance at June 30, 2015	$ 907	$ 8,221	$ 33,982

The summary of changes in fair value of Level 3 assets and liabilities has been prepared to reflect the activity in the same categories as those provided in the consolidated statement of activities, except that none of the activity related to the funds held for others is reported in the consolidated statement of activities. All transactions in funds held for others increase and/or decrease assets and liabilities simultaneously and do not impact the consolidated statement of activities and/or net assets.

The Foundation's Level 3 gains and (losses) included in the change in net assets for the year ended June 30, 2015 are summarized as follows (in thousands):

Total realized and unrealized losses for the period included in change of net assets	$ (4)
Change in unrealized losses for the period included in the change in net assets for assets held at the end of the reporting period	$ (4)

Note 13. Fair Value Measurements (Continued)

The following table provides additional information describing the nature and risks of assets carried at net assets value (NAV) by major class at June 30, 2015:

	Fair Value (In Thousands)	Unfunded Commitments (In Thousands)	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity index funds (a)	$ 209,716	$ -	Daily	1 day
Equity fund (b)	5,492	-	Daily	1 day
International fund (c)	27,300	-	Monthly	30 days
Emerging market funds (d)	49,475	-	Daily, Bi-Monthly	1-2 days
Multi-asset fund (e)	76,947	-	Daily	3 days
Fund of funds (f)	46,735	7,727	Daily,Monthly, Quarterly, Annually	3-45 days
REIT (g)	17,763	-	Daily	1 day
Private equity funds (h)	2,573	-	N/A	N/A
	$ 436,001	$ 7,727		

(a) This class includes commingled equity index funds that invest in large, mid and small cap domestic public equities. No accounts have short positions.

(b) This class includes a commingled fund that invest only in domestic small cap value public equities. The account has no short positons.

(c) This class includes a commingled fund that invests in large and mid-cap international public equities. This account has no short exposure.

(d) This class includes a commingled emerging market equity index fund and a commingled actively managed fund that invests only in emerging market public equities.

(e) This class includes a commingled fund that invests in public equity and fixed income markets across the globe. For the equity portion, the fund takes long and short positions to invest in stocks and companies operating across diversified sectors. For the fixed income portion, the fund invests in securities including, but not limited to, US Treasury obligations, US Treasury inflation protected securities, US Treasury bonds, notes, or bills or other US Treasury or agency obligations.

(f) This class includes commingled funds that provide exposure to a diverse array of absolute return oriented strategies, some implemented by single-strategy specialist and others pursued by managers employing multiple techniques. These strategies may include but are not limited to long / short equity, event-driven investing, capital structured arbitrage and fixed income arbitrage.

(g) This class includes a commingled fund that invest only in passive real estate investment trusts. The account has no short exposure.

(h) These funds consist of investments in private equity funds and similar investment funds that are generally designed for long-term investment strategies by investing in companies whose stock is not publically traded, bank debt, and similar investment securities. Distributions are typically based on capital transactions and other liquidity events within the underlying investment funds. The ultimate outcome of liquidity events and overall duration of the funds cannot reasonably be determined.

Note 13. Fair Value Measurements (Continued)

The following table summarizes the valuation techniques and significant unobservable inputs used for the Foundation's assets and liabilities that are categorized within Level 3 of the fair value hierarchy at June 30, 2015 (in thousands):

Investment Type	Fair Value	Valuation Techniques	Unobservable Input (b)	Range of Inputs (Weighted Average)
Investments--corporate bonds	$ 907	Present value of expected future cash flow model	Yield	3.1-4.7% (3.9%)
Beneficial interest in charitable remainder trusts	$ 8,221	Discounted cash flows	Discount rate (a)	2-6% (4.73%)
			Expected rate of return (c)	3.8% (3.8%)
Funds held for others	$ 33,982	Income approach	Present value of future cash outflows (d)	-
			Discount rate (a)	0% (0%)

(a) Represents amounts used when the Foundation has determined that market participants would take into account these discounts when pricing the assets or liability.

(b) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

(c) Represents the net fair market value of assets to be paid to the Foundation based on terms stated in the trust agreement.

(d) Represents the respective charitable organization's ownership interest in the Foundation's investment pool (i.e., the underlying assets which are measured at fair value). The unobservable inputs for the funds held for others liability are the same as those for the Foundation's investment pool disclosed through Note 13.

Note 14. Leases

The Foundation leases office, retail and restaurant space as well as certain agricultural land to independent third parties. These leases expire over the next 12 years. The following schedule provides a summary of the Foundation's real estate investments with operating leases in effect at June 30, 2015 (in thousands):

Land	$ 20,223
Building and land improvements	21,803
	42,026
Less accumulated depreciation	(9,129)
	$ 32,897

Note 14. Leases (Continued)

Future minimum rentals under noncancelable operating leases include the following at June 30, 2015 (in thousands):

Year ending June 30:		
2016	$	3,555
2017		3,008
2018		2,100
2019		1,735
2020		1,527
Thereafter		3,665
	$	15,590

This amount does not include contingent rentals that may be received under certain leases of retail space that are based on a percentage of revenues. Contingent rentals amounted to approximately $76,000 in 2015. The Foundation recognized lease income of $4,824,000 in 2015.

Note 15. Commitments and Contingencies

A supporting organization has a funding agreement with a university which commits to annual contributions of approximately 90 percent of the lesser of net income (excluding gain on the sale or exchange of property held for investment) or net cash flow from operating activities of the supporting organization not to exceed the target contribution of $1,250,000. In the event the net income or net cash flow is not sufficient to meet the target contribution, the supporting organization has an agreement with a donor to fund the short-fall amount. The funding agreement is intended to continue in perpetuity unless, over time, the supporting organization makes special contributions (i.e. contributions in excess of target contribution) aggregating $25,000,000. At June 30, 2015, the supporting organization has met the target contribution level for all program years. For the year ended June 30, 2015, the supporting organization funded $3,650,000 in contributions to the university. The donor may terminate their agreement with the supporting organization at any time, at which point the supporting organization can terminate its agreement with the university subject to a four year phase out period.

A supporting organization has been named a joint pledge member in the amount of $10,000,000. All joint pledge members are related parties of the supporting organization. The total amount of the pledge, paid in annual installments, is to be paid in full on or before July 1, 2019. As a joint pledge member, payments may or may not be paid using the supporting organization's funds. For the year ended June 30, 2015, the supporting organization funded $1,000,000 towards the pledge.

A supporting organization has been named a joint pledge member in a joint matching pledge in the amount of $1,300,000. All pledge members are related parties of the supporting organization. The payments are to be paid in quarterly installments beginning July 1, 2015 and ending April1, 2017. As a joint pledge member, payment may or may not be paid using the supporting organization's funds.

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