

**COMMUNITY FOUNDATION OF
GREATER JACKSON, INC. AND SUBSIDIARY**

Audited Consolidated Financial Statements
Year Ended March 31, 2016
(With Summarized Financial Information
for the Year Ended March 31, 2015)

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Foundation of Greater Jackson, Inc.
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Foundation of Greater Jackson, Inc. and Subsidiary (the "Foundation") which comprise the consolidated statement of financial position as of March 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended and the related notes to the consolidated financial statements (collectively the "financial statements").

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's March 31, 2015 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Home LLP". The signature is written in a cursive, flowing style.

Ridgeland, Mississippi
August 17, 2016

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND ITS SUBSIDIARY

Consolidated Statements of Financial Position

March 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash	\$ 449,948	\$ 250,986
Money market funds	3,298,207	3,989,320
Contribution receivable - charitable lead annuity trust, current portion	-	61,375
Contribution receivable - bequest	5,500,000	-
Total current assets	<u>9,248,155</u>	<u>4,301,681</u>
Investments	36,728,856	33,694,756
Cash surrender value of life insurance policies	92,049	72,109
Equipment and furnishings, net of accumulated depreciation	3,260	4,419
Total assets	<u>\$ 46,072,320</u>	<u>\$ 38,072,965</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Note Payable	\$ 12,500	\$ -
Amounts held for others under agency transactions	6,567,623	5,794,883
Total current liabilities	<u>6,580,123</u>	<u>5,794,883</u>
Net assets		
Unrestricted	19,219,489	16,366,434
Temporarily restricted	20,272,708	15,911,648
Total net assets	<u>39,492,197</u>	<u>32,278,082</u>
Total liabilities and net assets	<u>\$ 46,072,320</u>	<u>\$ 38,072,965</u>

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND ITS SUBSIDIARY

Consolidated Statements of Activities

Year Ended March 31, 2016

(With Summarized Financial Information for the Year Ended March 31, 2015)

	Unrestricted Funds	Temporarily Restricted Funds	Total All Funds	
			2016	2015
Revenue, gains and other support				
Contributions	\$ 5,718,402	\$ 7,134,597	\$ 12,852,999	\$ 4,416,968
Interest and dividends	489,436	641,879	1,131,315	1,151,992
Realized gains (losses) on investments	(76,617)	(102,357)	(178,974)	734,978
Unrealized losses on investments	(1,197,932)	(1,260,951)	(2,458,883)	(620,044)
Miscellaneous income	-	11,701	11,701	12,547
Administrative fees for agency funds	48,959	-	48,959	39,467
Net assets released from restrictions- Satisfaction of program restrictions	2,063,809	(2,063,809)	-	-
Total revenue, gains and other support	7,046,057	4,361,060	11,407,117	5,735,908
Expenses				
Program services	4,045,135	-	4,045,135	4,285,817
Management and general	107,793	-	107,793	97,450
Fundraising	40,074	-	40,074	37,346
Total expenses	4,193,002	-	4,193,002	4,420,613
Change in net assets	2,853,055	4,361,060	7,214,115	1,315,295
Net assets, beginning of year	16,366,434	15,911,648	32,278,082	30,962,787
Net assets, end of year	\$ 19,219,489	\$ 20,272,708	\$ 39,492,197	\$ 32,278,082

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND ITS SUBSIDIARY

Consolidated Statements of Functional Expenses

Year Ended March 31, 2016

(With Summarized Financial Information for the Year Ended March 31, 2015)

	Program Services	Management and General	Fund Raising	Total Expenses	
				2016	2015
Direct expenses					
Grants and scholarships	\$ 2,443,259	\$ -	\$ -	\$ 2,443,259	\$ 2,390,798
Program expenses	1,022,304	-	-	1,022,304	1,309,199
Conferences and meetings	6,984	-	-	6,984	5,274
Investment and management fees	126,148	-	-	126,148	164,748
Total direct expenses	3,598,695	-	-	3,598,695	3,870,019
Allocated expenses					
Accounting and legal	1,966	37,354	-	39,320	32,231
Bank fees	2,958	-	-	2,958	3,869
Depreciation	974	104	81	1,159	824
Dues and subscriptions	11,038	1,183	920	13,141	6,219
Employee benefits	27,005	3,667	2,667	33,339	31,028
Insurance	7,668	822	639	9,129	6,214
Marketing and sponsorships	65,237	7,684	5,976	78,897	64,459
Meals and entertainment	900	96	75	1,071	1,737
Miscellaneous	2,681	287	224	3,192	3,129
Payroll taxes	18,342	2,491	1,812	22,645	21,545
Postage	3,766	403	314	4,483	4,330
Printing	12,222	1,491	1,192	14,905	18,044
Rent	16,440	16,440	-	32,880	32,880
Salaries and wages	239,830	32,570	23,687	296,087	286,824
Software hosting	16,502	1,768	1,375	19,645	19,017
IT consulting	6,480	-	-	6,480	6,941
Supplies	3,430	469	362	4,261	3,857
Telephone	9,001	964	750	10,715	7,446
Total allocated expenses	446,440	107,793	40,074	594,307	550,594
Total	\$ 4,045,135	\$ 107,793	\$ 40,074	\$ 4,193,002	\$ 4,420,613

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND ITS SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended March 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 7,214,115	\$ 1,315,295
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,159	824
Realized (gains) losses on investments	178,974	(734,978)
Unrealized losses on investments	2,458,883	620,044
Non-cash contributions	(2,300,000)	-
Changes in assets and liabilities		
Contribution receivable - charitable lead annuity trust	61,375	116,628
Contributions receivable - bequest	(5,500,000)	-
Cash surrender value of life insurance policies	(19,940)	7,121
Amounts held for others under agency transactions	1,203,071	327,636
Net cash provided by operating activities	<u>3,297,637</u>	<u>1,652,570</u>
Cash flows from investing activities		
Purchase of equipment and furnishings	-	(2,532)
Net change in money market funds	691,113	(499,373)
Proceeds from sale of investments	10,244,049	12,734,762
Purchase of investments	(14,046,337)	(13,780,239)
Net cash used in investing activities	<u>(3,111,175)</u>	<u>(1,547,382)</u>
Cash flows from financing activities		
Increase in notes payable	12,500	-
Net increase in cash and cash equivalents	198,962	105,188
Cash, beginning of year	250,986	145,798
Cash, end of year	<u>\$ 449,948</u>	<u>\$ 250,986</u>
Non-cash investing activity contributed timber rights	<u>\$ 2,300,000</u>	

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Nature of Operations

The Community Foundation of Greater Jackson, Inc. and its subsidiary (the "Foundation") is a nonprofit, community corporation created by and for the people of Hinds, Rankin and Madison Counties to help charitable donors establish permanent giving funds that reflect individual philanthropic interests while also making a long-term, positive impact on the community.

In December 2015, the Foundation formed CFGJ Properties, LLC (the "LLC"), pursuant to the Revised Mississippi Limited Liability Company Act. The Foundation is the sole member of the LLC with 100% ownership in the company. The LLC was created as a vehicle for the Foundation to receive charitable donations in the form of real property.

Basis of Presentation

The Foundation's financial statements are presented on the accrual basis and report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted net assets, (2) temporarily restricted net assets and (3) permanently restricted net assets.

Use of Estimates

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Community Foundation of Greater Jackson, Inc. and CFGJ Properties, LLC. All material intercompany items and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturity when purchased of three months or less to be cash equivalents.

Money Market Funds

Money market funds include highly liquid mutual funds that invest in short-term securities. The funds' objectives are to maintain fair market values at \$1 per share.

Investments

The Foundation's investments are measured at fair value in the financial statements. Investment income or loss, including realized and unrealized gains and losses on investments and interest and dividends, is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or by law.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

The Foundation's investments are allocated among equity and fixed income securities, commodities and timber rights. The Foundation desires to maintain a diversified mix of assets and maintains an investment policy that is monitored by management and the Investment Committee.

Equipment and Furnishings

Equipment and furnishings are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated lives of the assets. It is the policy of the Foundation to capitalize all fixed asset purchases with a minimum useful life of one year and a minimum cost of \$500.

Amounts Held for Others Under Agency Transactions

The Foundation accounts for amounts held for others under agency transactions in accordance with Accounting Standards Codification ("ASC") 958-605, *Transfers of Assets to a Not-For-Profit Entity or Charitable Trust That Raises or Holds Contributions for Others* ("ASC 958-605"). This standard establishes requirements for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. ASC 958-605 requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as "amounts held for others under agency transactions".

Net Assets

Restricted net assets are those which have been restricted by donors. The restriction may be temporary or permanent, depending upon the terms of the gift. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Gifts whose restrictions are met in the same reporting period are reported as unrestricted gifts.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain reclassifications were made to prior year amounts to conform to the current year financial statement presentation. These reclassifications had no impact on prior year operations or total net assets.

Contributions

Contributions are recognized as revenue when they are received or unconditionally promised.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Noncash contributions are recorded at fair value on the date of the donation.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Continued

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. See Note 11 for discussion of contributed services.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2015, from which the summarized information was derived.

Note 2. Charitable Lead Annuity Trust

In the years ended March 31, 2016 and 2015, the Foundation was the beneficiary of a charitable lead annuity trust. During the year ended March 31, 2016, the Foundation received the final annuity payments derived from the trust. The Foundation recorded amortization of the discount associated with the estimated present value of the receivable in the amount of \$525 and \$7,172 as contributions in 2016 and 2015, respectively.

The balance of the charitable lead annuity trust receivable at March 31, 2016 was \$0. The status of the amounts recorded under the charitable lead annuity trust was as follows at March 31, 2015:

Remaining quarterly payments	\$ 61,900
Less: discount at 6.5 percent	<u>525</u>
Present value of amounts receivable	61,375
Current portion of present value	<u>61,375</u>
Long-term portion of present value	<u>\$ -</u>

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Investments

The details of investments at March 31, 2016 were as follows:

	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 24,517,022	\$ 27,524,917	\$ 3,007,895
Fixed income securities	6,648,157	6,903,939	255,775
Timber rights	-	2,300,000	N/A*
	<u>\$ 31,165,179</u>	<u>\$ 36,728,856</u>	<u>\$ 3,263,670</u>

* Timber rights were received as a donation and recorded at fair value during fiscal year 2016. Unrealized appreciation/depreciation would result from subsequent valuations. No unrealized appreciation or depreciation has been recognized for the year ending March 31, 2016. See Note 4 and Note 5 for further discussion.

The cost basis of marketable securities includes reinvested dividends.

Investment return is classified in the consolidated statements of activities based on the donor's requirements for invested funds. The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the year ended March 31, 2016.

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 489,436	\$ 641,879	\$ 1,131,315
Realized losses	(76,617)	(102,357)	(178,974)
Unrealized losses	(1,197,932)	(1,260,951)	(2,458,883)
	<u>\$ (785,113)</u>	<u>\$ (721,429)</u>	<u>\$ (1,506,542)</u>

During the fiscal year ending March 31, 2016, investment securities with total fair market values of \$314,256 were contributed to the Foundation. These contributed investments were subsequently sold and the resulting proceeds of the sales are included in contributions on the statement of activities.

The details of investments at March 31, 2015 were as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 21,598,870	\$ 27,721,025	\$ 6,122,155
Fixed income securities	5,777,462	5,932,476	155,014
Commodities	41,277	41,255	(22)
	<u>\$ 27,417,609</u>	<u>\$ 33,694,756</u>	<u>\$ 6,277,147</u>

Amounts shown as cost include reinvested dividends.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Continued

Investment return is classified in the statements of activities based on the donor's requirements for invested funds. The following schedule summarizes the investment return and its classification in the statements of activities for the year ended March 31, 2015.

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 450,218	\$ 701,774	\$ 1,151,992
Realized gains	(32,144)	767,122	734,978
Unrealized loss	(49,222)	(570,822)	(620,044)
	<u>\$ 368,852</u>	<u>\$ 898,074</u>	<u>\$ 1,266,926</u>

During the fiscal year ended March 31, 2015, investments with total fair market values of \$1,595,447 were contributed to the Foundation. These contributed investments were subsequently sold and the resulting proceeds of the sales are included in contributions on the statement of activities.

The Foundation invests in various investment types. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

Note 4. Fair Value Disclosures

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a framework for measuring fair value and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. ASC 820 also expands financial statement disclosures about fair value measurements. Under ASC 820, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 also establishes a three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Directly or indirectly observable inputs other than Level 1 prices, such as quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates); or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities would include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as for which the determination of the fair value requires significant management judgment or estimation.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of assets and liabilities being measured and their placement within the fair value hierarchy.

Assets measured at fair value, on a recurring basis, are summarized below as of March 31, 2016 and 2015. There have been no changes in the valuation methodologies used at March 31, 2016 and 2015.

Money market funds (Level 1): Valued at net asset value of shares held by the funds at year-end.

Investments in equity and fixed income securities, except for bonds (Level 1): Valued at the closing price reported on the active market on which the individual securities are traded.

Commodities (Level 1): Valued at the closing price reported on the active market on which the commodities are traded.

Bonds (Level 2): Valued based on yields currently available on comparable securities of issues with similar credit ratings.

Timber rights (Level 3): The fair value is calculated by applying a discounted cash flow approach. The valuation model considers the present value of the net cash flows expected to be generated by the asset and the risks and management costs associated with the asset.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of March 31, 2016:

	Level 1	Level 2	Level 3
Money market funds	\$ 3,298,207	\$ -	\$ -
Equity securities			
Mutual funds	23,532,915	-	-
Common stocks	3,992,002	-	-
Timber rights	-	-	2,300,000
Fixed income securities			
Mutual funds	6,151,357	-	-
Bonds	-	752,582	-
Total assets at fair value	<u>\$ 36,974,481</u>	<u>\$ 752,582</u>	<u>\$ 2,300,000</u>

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of March 31, 2015:

	Level 1	Level 2	Level 3
Money market funds	\$ 3,989,320	\$ -	\$ -
Equity securities			
Mutual funds	23,210,353	-	-
Common stocks	4,510,672	-	-
Commodities	41,255	-	-
Fixed income securities			
Mutual funds	5,834,130	-	-
Bonds	-	98,346	-
Total assets at fair value	\$ 37,585,730	\$ 98,346	\$ -

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements.

	Timber Rights
Balance at April 1, 2015	\$ -
Contributions	2,300,000
Balance at March 31, 2016	<u>\$ 2,300,000</u>

Note 5. Timber Rights

In December 2015, the Foundation received as a donation a leasehold interest of 1,858 acres of timber rights referred to as a Timber Purchase and Cutting Agreement (the "TPC") in Northern Alabama. The TPC is 99 year agreement that primarily gives the owner the right to grow and harvest timber for 87 more years on certain properties in which the timber rights were owned by the donor. Additionally, the owner of the TPC also has recreational rights for the term of the agreement. There are no annual payments associated with the TPC and the owner is only subject to property taxes for timber growing purposes (\$2.50 per acre). There is no reforestation expense for the TPC owner during the last 24 years of the agreement, as the ownership of any acreage clear-cut during that time period will revert back to the landowner. Additionally, there is an option for the landowner to buy out the rights to the TPC from the TPC owner at the 50 and 75 year anniversaries. Additionally, if there is any land needed for mineral use by the landowner, the landowner would have to pay the TPC owner the fair market value of all standing timber as well as the value of the loss of future growing rights for the term of the use on the parcels being used.

As of March 31, 2016, the leasehold included 599 acres of pre-merchantable timber and 1,258 acres of merchantable timber. The fair market value of the TPC was appraised at \$2,300,000 by an independent third party appraiser. The TPC will be re-appraised every 5 years from the date of donation; any changes in fair market value based on appraisals will be recorded as unrealized gains or losses in the statement of activities. The timber will be cut and harvested at the discretion of the Foundation. Proceeds received from timber harvests will be recorded as reductions to the carrying value of the TPC.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Amounts Held for Others Under Agency Transactions

At March 31, 2016 and 2015, the Foundation was the intermediary for agency funds with a combined value of \$6,567,623 and \$5,794,883, respectively. The following table summarizes activity in such funds during the years ended March 31, 2016 and 2015:

	2016	2015
Agency fund balances at April 1	\$ 5,794,883	\$ 5,494,516
Contributions	1,349,497	624,414
Investment income	283,741	247,913
Realized gain (loss) on investments	(43,553)	306,982
Unrealized gain (loss) on investments	(548,133)	(393,938)
Management fees and grants paid on behalf of fund(s)	(268,812)	(485,004)
Agency fund balances at March 31	<u>\$ 6,567,623</u>	<u>\$ 5,794,883</u>

Note 7. Endowment Net Assets

The Foundation's endowment consists of approximately 100 individual funds established for a variety of purposes. Its endowment includes both donor-restricted and donor-advised endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the purchasing power of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as temporarily restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Continued

Endowment net asset composition by type of fund included \$3,228,647 donor-advised, unrestricted funds and \$13,345,866 temporarily restricted funds as of March 31, 2016 and \$3,580,765 donor-advised, unrestricted funds and \$14,666,451 temporarily restricted funds as of March 31, 2015. Changes in endowment net assets for the years ended March 31, 2016 and 2015 are as follows:

	Year Ended March 31,	
	2016	2015
Endowment net assets, beginning of year	\$ 18,247,216	\$ 17,441,967
Investment return		
Interest and dividends	771,209	850,859
Net appreciation (depreciation) in value	(1,717,421)	205,432
Total investment return	(946,212)	1,056,291
Contributions and other income	381,330	884,461
Net assets released	(1,107,821)	(1,135,203)
Endowment net assets, end of year	<u>\$ 16,574,513</u>	<u>\$ 18,247,216</u>

The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to support current and future operational needs, while seeking to maintain the purchasing power of these endowment assets over the long-term. The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the Domestic Consumer Price Index) plus management fees and distribution needs, thus protecting the assets against inflation. The Foundation expects its endowment funds to provide an average rate of return of approximately 7 percent annually. Actual returns in a given year may vary from this amount dependent upon a combination of market variances and the donor's choice of investment options.

The Board of Trustees and Investment Committee believe that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of endowment assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets.

The Foundation has a policy of appropriating for distribution each year a maximum of 5 percent of its endowment fund's average fair value for the previous 12 months. Although not anticipated, the Board of Trustees may modify any restrictions if such restrictions become unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1 percent annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted as shown below as of March 31, 2016 and 2015:

	2016	2015
Art	\$ 1,681,363	\$ 1,819,408
Catholic church and other non-profits	222,715	253,702
Children's Cancer Clinic	405,960	439,842
Community enrichment	2,245,129	2,379,725
Disaster Relief	13,421	-
Educational purposes	4,415,160	5,028,709
Episcopal Diocese operations	393,069	458,807
Journalism awards	111,056	126,730
Library	2,668	3,029
Mid-South Foundation purposes	327,040	354,336
Mission work	36,102	94,728
Museums	593,261	645,116
Musicians	578,486	419,653
Philanthropy	52,648	-
Scholarships	1,642,951	1,845,720
Special needs	826,445	895,460
Underprivileged children	188,970	207,394
Women's issues	163,174	174,232
Other	873,090	765,057
Time restrictions	5,500,000	-
	<u>\$ 20,272,708</u>	<u>\$ 15,911,648</u>

In fiscal year 2016, the Foundation was the beneficiary of a bequest with a total estimated value of \$8,000,000, of which \$2,500,000 was received during the fiscal year. Time restrictions shown above represent estimated future cash flows that are included in contributions receivable - bequest on the Statement of Financial Position. The donor did not impose any restrictions upon the contribution; therefore, as the time restrictions are satisfied through the remaining distributions, the assets will be reclassified from temporarily restricted to unrestricted net assets. The Foundation's Board of Trustees is currently considering the potential use of these funds.

Note 9. Operating Leases

The Foundation leases its office facilities under a long-term, non-cancelable operating lease agreement. During August 2015 the Foundation exercised a one-year extension option. The renewed lease term expires December 31, 2017. Total rent expense for fiscal 2016 and 2015 for operating leases was \$32,880 in each year.

Future net minimum rental payments required under the operating lease agreement total \$28,770.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC. AND SUBSIDIARY
Years Ended March 31, 2016 and 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Concentrations of Credit Risk

The Foundation maintains its cash in bank deposits accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on its bank deposits.

The Foundation holds money market funds and securities at brokerage firms that are potentially subject to credit risks. Balances are insured up to \$500,000, including a \$250,000 limit for cash, by the Securities Investor Protection Corporation ("SIPC"). At March 31, 2016, the Foundation had approximately \$32,305,572 in excess of SIPC insured limits.

Note 11. Contributed Services

The facility utilized by the Foundation is provided at a cost that is less than fair rental value. Rental expense for each of the years ended March 31, 2016 and 2015 includes \$16,440 of contributed rent. These amounts are reflected in the accompanying financial statements as contribution revenue and rent expense.

Note 12. Profit Sharing 401(k) Retirement Plan

The Foundation has a safe harbor, contributory 401(k) profit sharing plan (the "Plan") covering all full-time employees. Employees are allowed to contribute a percentage of their annual wages to the Plan, subject to certain Internal Revenue Service limitations. The Foundation contributes a safe harbor non-elective contribution of 3 percent and a discretionary age-weighted contribution. The Company's total contributions to the Plan were \$8,883 and \$8,605 in 2016 and 2015, respectively.

Note 13. Subsequent Events

The Foundation has evaluated subsequent events through August 17, 2016, the date these financial statements were available to be issued. At its February 2016 meeting, the Foundation's Board of Trustees made the decision to allocate resources to explore a new location for the Foundation's corporate office. A decision is expected sometime during fiscal year 2017.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
Community Foundation of Greater Jackson, Inc.
and Subsidiary.
Jackson, Mississippi

We have audited the consolidated financial statements of Community Foundation of Greater Jackson, Inc. and Subsidiary (the "Foundation"), as of and for the year ended March 31, 2016, and have issued our report thereon, dated August 17, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Horne LLP". The signature is written in a cursive, flowing style.

Ridgeland, Mississippi
August 17, 2016

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Consolidated Schedules of Operations

March 31, 2016, 2015, 2014, 2013, and 2012

	2016	2015	2014	2013	2012
Total revenues, gains and other	\$ 11,407,117	\$ 5,735,908	\$ 5,562,716	\$ 7,240,991	\$ 3,121,540
Unrealized (gains) losses on investments	2,458,883	620,044	(2,043,334)	(1,060,432)	635,888
Realized (gains) losses on investments	178,974	(734,978)	(287,715)	(378,415)	(325,766)
Adjusted revenues	14,044,974	5,620,974	3,231,667	5,802,144	3,431,662
Total expenses	(4,193,002)	(4,420,613)	(3,101,050)	(2,664,110)	(2,495,022)
Change in net assets, net of market effect	\$ 9,851,972	\$ 1,200,361	\$ 130,617	\$ 3,138,034	\$ 936,640

The schedule is presented to provide supplemental information relating to the change of net assets, net of market effect. Market effects include changes in unrealized losses (gains) and realized losses (gains).

See independent auditor's report on supplementary information.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Consolidated Schedules of Contribution Income

March 31, 2016, 2015, 2014, 2013, and 2012

	2016	2015	2014	2013	2012
Contributions	\$ 12,852,999	\$ 4,416,968	\$ 2,250,202	\$ 4,955,591	\$ 2,901,901
Less nonrecurring contributions	(11,100,000)	(989,943)	-	(2,928,006)	(1,000,000)
Adjusted contributions	\$ 1,752,999	\$ 3,427,025	\$ 2,250,202	\$ 2,027,585	\$ 1,901,901

The schedule represents a five-year comparison of contributions net of nonrecurring contributions. Nonrecurring contributions are defined by management as significant, one-time contributions.

See independent auditor's report on supplementary information.