



Consolidated Financial Statements

For the Year Ended December 31, 2016

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Independent Auditor's Report

**To the Board of Trustees
Seattle Foundation
Seattle, Washington**

We have audited the accompanying consolidated financial statements of Seattle Foundation (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1700
Bellevue WA
98004

clarknuber.com

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2016, and the results of its activities 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 2015 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark Nuber PS

Certified Public Accountants
May 15, 2017

SEATTLE FOUNDATION

**Consolidated Statement of Financial Position
December 31, 2016
(With Comparative Totals for 2015)**

	2016	2015
Assets:		
Cash and cash equivalents	\$ 6,741,803	\$ 6,795,106
Accounts and other receivables	379,404	247,399
Pledges receivable and other assets, net	2,523,527	3,646,424
Bequests receivable	2,796,582	992,520
Beneficial interests held in trust	25,371,719	26,204,496
Investments	828,311,501	765,809,065
Real estate held for sale	2,178,000	2,178,000
Mission related investments	9,163,373	7,649,594
Fixed assets, net of accumulated depreciation	3,250,467	829,797
Total Assets	\$ 880,716,376	\$ 814,352,401
Liabilities and Net Assets		
Liabilities:		
Unconditional grants payable	\$ 2,936,516	\$ 2,306,121
Other liabilities	1,707,084	666,982
Funds held for others	48,403,720	49,017,027
Liability for life estate	535,796	602,753
Liability for charitable lead and remainder trusts	26,493,991	23,939,409
Liability for charitable gift annuities	2,723,543	2,938,537
Total Liabilities	82,800,650	79,470,829
Net Assets:		
Unrestricted-		
Community/area of interest	93,924,744	92,491,980
Donor advised	374,041,477	322,567,646
Designated	220,040,956	206,816,014
Supporting organizations	53,574,606	56,856,088
Administrative	7,926,150	8,083,214
Total unrestricted	749,507,933	686,814,942
Temporarily restricted	37,233,913	36,666,407
Permanently restricted - perpetual trusts	11,173,880	11,400,223
Total Net Assets	797,915,726	734,881,572
Total Liabilities and Net Assets	\$ 880,716,376	\$ 814,352,401

See accompanying notes.

SEATTLE FOUNDATION

Consolidated Statement of Activities
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Revenues and Support:					
Contributions and agency funds-					
Community/area of interest	\$ 3,189,406	\$ 750,406	\$ -	\$ 3,939,812	\$ 10,916,558
Donor advised	94,286,822	2,533,978		96,820,800	72,595,789
Designated	1,680,128			1,680,128	1,718,276
Supporting organizations	1,533,999			1,533,999	12,889,998
Agency	810,318			810,318	797,041
Administrative	390,717	55,000		445,717	251,696
GiveBIG	16,354,286			16,354,286	14,353,030
	118,245,676	3,339,384		121,585,060	113,522,388
Less agency	(810,318)			(810,318)	(797,041)
Less GiveBIG	(16,354,286)			(16,354,286)	(14,353,030)
Total contributions	101,081,072	3,339,384		104,420,456	98,372,317
Dividend and interest income	12,428,042			12,428,042	11,958,013
Gains (losses) on investments, net	39,331,901			39,331,901	(14,321,478)
Change in value of charitable gift annuities and trusts	(240,332)	3,095,389	(226,343)	2,628,714	(283,732)
Other income	923,218			923,218	387,281
Net assets released from restriction	5,867,267	(5,867,267)			
Total Revenues and Support	159,391,168	567,506	(226,343)	159,732,331	96,112,401
Expenses:					
Grants-					
Community/area of interest	7,787,282			7,787,282	8,372,791
Donor advised	57,832,498			57,832,498	61,101,578
Designated	8,897,770			8,897,770	8,844,175
Supporting organizations	7,329,585			7,329,585	5,041,805
Agency	4,565,293			4,565,293	2,382,401
	86,412,428			86,412,428	85,742,750
Less agency	(4,565,293)			(4,565,293)	(2,382,401)
Total grants expense	81,847,135			81,847,135	83,360,349
Investment management and trustee fees	4,197,878			4,197,878	2,927,524
Support expenses	10,653,164			10,653,164	9,843,279
Total Expenses	96,698,177			96,698,177	96,131,152
Change in Net Assets	62,692,991	567,506	(226,343)	63,034,154	(18,751)
Net assets, beginning of year	686,814,942	36,666,407	11,400,223	734,881,572	734,900,323
Net Assets, End of Year	\$ 749,507,933	\$ 37,233,913	\$ 11,173,880	\$ 797,915,726	\$ 734,881,572

See accompanying notes.

SEATTLE FOUNDATION

**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 63,034,154	\$ (18,751)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Noncash items included in change in net assets:		
Depreciation	348,403	400,756
Change in present value adjustment of pledges receivable	(57,249)	42,174
Net (gain) loss on investments	(39,331,901)	14,321,478
Noncash contribution of interest in LLC		(11,575,875)
Noncash contributions of real estate held for sale		(2,178,000)
Net (gain) loss on charitable gift annuities and trusts	(5,801,079)	599,329
Noncash change in value of beneficial interest assets	832,777	(673,336)
Noncash change in liability for annuities and trusts	2,339,588	357,739
Change in operating accounts:		
Accounts receivable and other assets	(132,005)	(33,644)
Pledges receivable	1,180,146	(2,190,486)
Bequests receivable	(1,804,062)	645,916
Mission related investments	(1,513,779)	(950,141)
Funds held for others	(613,307)	(2,261,168)
Unconditional grants payable	630,395	(1,192,841)
Other liabilities	824,626	666,500
Net Cash Provided by (Used in) Operating Activities	19,936,707	(4,040,350)
Cash Flows From Investing Activities:		
Purchase of fixed assets	(2,620,554)	(731,487)
Purchase of investments	(390,495,087)	(341,209,694)
Proceeds from sale of investments	373,125,631	345,802,428
Net Cash (Used in) Provided by Investing Activities	(19,990,010)	3,861,247
Net Change in Cash and Cash Equivalents	(53,303)	(179,103)
Cash and cash equivalents, beginning of year	6,795,106	6,974,209
Cash and Cash Equivalents, End of Year	\$ 6,741,803	\$ 6,795,106
Supplementary Information:		
Fixed asset purchases included in accounts payable	\$ 148,519	\$ -
Noncash contributions of investments	\$ -	\$ 11,575,875
Noncash contributions of real estate held for sale	\$ -	\$ 2,178,000

See accompanying notes.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 1 - Description of Organization and Significant Accounting Policies

Organization - Seattle Foundation's (the Foundation) mission is to ignite powerful and rewarding philanthropy to make King County a stronger, more vibrant community for all. The Foundation is a public charity and is incorporated under the laws of the State of Washington. It is authorized to accept gifts, bequests, contributions and grants of property to carry out its organizational purpose. The Foundation generally does not administer programs of its own; instead, it grants funds to a variety of charitable and nonprofit organizations to support their respective programs.

Financial Statement Presentation - The Foundation has an economic interest in and control over certain supporting organizations, as defined under Section 509(a)(3) of the Internal Revenue Code (Code). The consolidated financial statements include the accounts of the Foundation and the supporting organizations (collectively referred to as the Foundation). All of the financial activities and balances of these organizations are included in the consolidated financial statements. All significant inter-organization accounts and transactions have been eliminated. In 2016, the supporting organizations consisted of the following nonprofit corporations:

Brotman Foundation	Seattle International Foundation
Dabney Point Fund	TSF Properties
Luino and Margaret Dell'Osso Family Foundation	TSF Services
Dillon Family Foundation	Walker Family Foundation
Glenhome Trust	Whitehorse Foundation
George P. Hardgrove Foundation	

The Foundation's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Foundation presents its net assets, revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets on which there are no donor-imposed restrictions for use or on which donor-imposed restrictions have expired.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which a time restriction has not been met, and income that is not yet available for use as designated by the donor. Temporarily restricted net assets include charitable remainder trusts, charitable lead trusts, pledges, and bequests which will be collected in a future year.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation. Permanently restricted net assets consist of perpetual trusts.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. When a 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 consolidated statement of activities as net assets released from restriction.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 1 - Continued

Revenue Recognition - Contributions are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. Contributions of assets other than cash are recorded at their estimated fair value on the date received. Contributed real estate is recorded at appraised or estimated fair value on the date received.

Grants - Community, area of interest, agency and designated grants are approved by the Board of Trustees of the Foundation in accordance with the Foundation's bylaws and operating guidelines. The Board has delegated authority to certain Foundation senior staff members to approve donor advised fund grant recommendations that are consistent with the Foundation's charitable purposes and policies. Grants are approved by the Board of Trustees of the Foundation or supporting organizations in accordance with their respective bylaws and guidelines. Unconditional grants and distributions are recorded in the consolidated financial statements when approved and communicated to the grantee. Grants approved by the Board of Trustees that are payable upon the performance of specified conditions by the grantee are not reflected in grants payable in the consolidated financial statements until such time as those conditions are satisfied.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements - U.S. GAAP establishes a framework for measuring fair value and requires certain disclosures. To increase consistency and comparability in fair value measurements, fair value is required to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

U.S. GAAP utilizes a three-level valuation hierarchy based on observable and unobservable inputs. Observable inputs consist of data obtained from independent sources. Unobservable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Financial assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Financial assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Financial assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

While this requirement applies to all financial assets recorded on a recurring basis, it primarily applies to the securities held in the Foundation's investment portfolio and certain liabilities.

Fair Value of Financial Instruments - Financial instruments reported at fair value on a recurring basis include investments and funds held for others. Financial instruments not reported at fair value on a recurring basis include receivables, mission related investments, payables and liabilities under charitable remainder trusts and charitable gift annuities. The carrying amounts of these financial instruments approximate fair value.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash in bank accounts and highly liquid investments with maturities of three months or less at date of acquisition. Cash and cash equivalents on deposit with brokers or in investment pools are considered to be investments.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 1 - Continued

Pledges Receivable - Pledges receivable (unconditional promises to give) are stated at the amount management expects to receive. Management provides an allowance for probable uncollectible pledges through a charge to contribution revenue and a credit to the allowance account based on its assessment of each pledge. Pledges that are deemed uncollectible are written off through a charge to the allowance and a credit to pledges receivable.

Pledges are recognized as revenues in the period the pledge is received. Pledges receivable over periods in excess of one year are recorded at present value. Amortization of discounts is included in contribution revenue.

Funds Held for Others - U.S. GAAP establishes standards for transactions in which a not-for-profit organization 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. Specifically, when a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that designated fund, the community foundation must account for the transfer of such assets as if it is holding the funds as an agent of the donor. Accordingly, the funds are included in the Foundation's assets with an offsetting liability. The liability shown on the consolidated statement of financial position has been established at the fair value of funds estimated by the Foundation. Activities related to these funds held for others do not affect the change in net assets on the consolidated statement of activities. These funds are considered agency funds as described in Note 2.

Investments - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Investments in securities traded on organized securities exchanges are valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter markets are valued at the last reported bid price. Real estate investments are recorded at fair value determined by periodic appraisals which are obtained as deemed necessary based upon economic conditions and management's discretion with the assistance of third-party investment managers. The fair value of other investments, principally investments in hedge funds and private equities, for which quoted market prices are not available, are determined by management with the assistance of third-party investment managers using methods it considers appropriate. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Investments are made according to the Investment Objectives and Policies adopted by the Foundation's and supporting organizations' Boards of Trustees. These guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside parties are contracted by the Foundation for the purpose of providing investment management and consulting.

Investment securities, in general, are exposed to various risks, including interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Mission Related Investments - The Foundation has made loans, loan guaranties, and equity investments for program purposes. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on the principal outstanding. Management has reviewed the collectability of the notes receivable and equity investments and has determined an allowance for impairment is not necessary as of December 31, 2016 and 2015.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 1 - Continued

Concentration of Credit Risk - Investments in cash, mutual funds, and investments held in banks generally exceeded the available federally insured amounts.

Approximately 14% and 22% of contributions was from one and two donors for the years ended December 31, 2016 and 2015, respectively. Approximately 87% and 96% of pledges receivable was from four donors at December 31, 2016 and 2015, respectively.

Fixed Assets Capitalization and Depreciation - The Foundation capitalizes assets with a cost greater than \$5,000 and an estimated useful life of more than one year. Purchased fixed assets are recorded at cost and donated fixed assets are recorded at fair value on the date received. Software development costs incurred to create a website and intangibles consisting of rebranding costs are capitalized.

Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the related assets as follows:

Technology, equipment and software	3 - 5 years
Leasehold improvements	10 years
Furniture and fixtures	3 - 10 years
Intangibles	5 - 10 years

Income Taxes - The Foundation and its supporting organizations qualify as tax-exempt organizations under Section 501(c)(3) of the Code. The Foundation is further classified as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Foundation is subject to federal income tax only on "unrelated business taxable income" as defined in Section 512 of the Code.

In-Kind Contributions - Each year, volunteers give their time and expertise to the Foundation in a wide variety of areas including grants, audit, investment, finance and other activities. These contributions, despite their considerable value to the mission of the Foundation, are not reflected in the consolidated financial statements.

Comparative Amounts for 2015 - The consolidated 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Financial Statement Reclassifications - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassification have no effect on the change in net assets or net asset balances as previously reported.

Subsequent Events - The Foundation has evaluated subsequent events through May 15, 2017, the date on which the consolidated financial statements were available to be issued.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 2 - Contributions, Donations, Gifts and Bequests

The Foundation's corporate bylaws and contribution documents grant the Foundation "variance power" that in effect gives the Foundation control over all grant disbursements. Consequently, all contributions are classified as unrestricted if they are available to the Foundation with no restriction as to when the funds are available for expenditure.

Donations, gifts and bequests are recorded as contributions to the appropriate program funds at fair value. These contributions are maintained in the funds until expended as grants, in accordance with the Board of Trustees' authorization. In order to fund operations of the Foundation, a designated percentage of fund assets is transferred to the administrative fund. In addition, a donor may choose to provide direct support to the administrative fund.

A description of each of the Foundation's funds is as follows:

Community - Funds for which donors have neither imposed any restrictions nor reserved any rights to make recommendations regarding distributions. Distributions from these funds are made at the discretion of the Board based on identified community needs.

Area of Interest - Funds designated by donors for use in specific fields of interest or specific geographic areas within the State of Washington.

Donor Advised - Funds for which donors have reserved the right to make nonbinding recommendations to the Board regarding grant distributions and conditions related to the grants.

Designated - Funds designated by the donors for support of specific charitable organizations.

Administrative - Funds which are used to pay the operating costs of the Foundation.

Agency - Funds received under the terms of agreements with certain qualified not-for-profit organizations that specify themselves as the ultimate beneficiary for the funds. Even though these funds are classified as agency funds (funds held for others), the Foundation maintains legal variance power over these assets.

Assets held in charitable gift annuities and charitable trusts are recorded as follows:

Charitable Gift Annuities - Under its Charitable Gift Annuity (CGA) program, the Foundation has received contributions from donors pursuant to written agreements that stipulate periodic payments will be made to specified beneficiaries. Upon the death of the beneficiaries, the related periodic payments cease and the related remaining funds, decreased by payments to other beneficiaries if stipulated, become available for use by the Foundation.

The present value of the periodic payments is actuarially determined at year end based on mortality and discount rate assumptions that meet or exceed those set forth under Washington state law as applicable to issues of charitable gift annuities. It is expected that the investment earnings and a portion of the original contributions will be distributed; however, if for some reason principal is depleted, the Foundation is responsible for continuing the periodic payments.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 2 - Continued

Upon receipt of a CGA contribution, the Foundation records the fair value of the assets received and the net present value of the actuarially determined liability. The portion of the actuarially determined residuum payable to the Foundation is recorded as a contribution.

Investment income and changes in the estimated liability are recognized in the consolidated statement of activities. As of December 31, 2016, the Foundation had 45 active CGAs. Underlying investments were valued at \$3,724,065 and \$4,048,667 at December 31, 2016 and 2015, respectively. The corresponding liability for payments to other beneficiaries was determined to be \$2,723,543 and \$2,938,537 at December 31, 2016 and 2015, respectively. The Foundation maintains assets equal to the sum of reserves on outstanding agreements and a surplus of ten percent of such reserves, in accordance with Washington state law.

Charitable Remainder Trusts - Under the Foundation's Charitable Remainder Trust (CRT) program, a donor establishes and funds a trust with specified distributions to be made to the donor and/or other beneficiaries over the trust's term. The Foundation will receive the amounts remaining in a CRT at the end of the trust's stated term.

Charitable Lead Trusts - Under the Foundation's Charitable Lead Trust (CLT) program, a donor establishes and funds a trust with specified distributions to be made to the Foundation. At the termination of the trust, the amount remaining in the CLT reverts to the donor and/or other beneficiaries.

Upon formation of an irrevocable CRT or CLT when the Foundation is the trustee, the fair value of the assets received and the net present value of the Foundation's actuarially determined charitable interest is recorded as contribution revenue by the Foundation. The difference is recorded as a liability. Subsequently, changes in the fair value of the assets and changes in the estimated liability are recognized in the consolidated statement of activities. Included in investments at December 31, 2016, are CRTs and CLTs with a fair value of \$45,243,784 and a corresponding liability of \$26,493,991. Included in investments at December 31, 2015, are CRTs and CLTs with a fair value of \$42,201,462 and a corresponding liability of \$23,939,409.

When the Foundation has irrevocable rights to a CRT or CLT, but the Foundation is not the trustee and does not hold the assets, the Foundation's interest in the trust assets and specified future distributions is recorded as a beneficial interest held in trust, using actuarial assumptions. The change in value of the Foundation's beneficial interest during the year is recorded as a component of change in value of charitable gift annuities and trusts. At December 31, 2016, beneficial interests in CRTs and CLTs totaled \$8,734,899 and \$4,429,110, respectively. At December 31, 2015, beneficial interests in CRTs and CLTs totaled \$9,295,636 and \$4,469,773, respectively.

Perpetual Trusts - The Foundation is a named income beneficiary on various perpetual trusts for which the Foundation does not serve as trustee. Under these arrangements, the Foundation is to receive all income earned on its share of the underlying assets held in perpetuity. Accordingly, contribution revenue and the related asset are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional, irrevocable right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying consolidated statement of activities as a component of change in value of charitable gift annuities and trusts. At December 31, 2016 and 2015, beneficial interests in perpetual trusts totaled \$12,207,710 and \$12,439,087, respectively. Included in these amounts is a perpetual trust held for others which totaled \$1,033,830 and \$1,038,864 at December 31, 2016 and 2015, respectively.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 2 - Continued

The assets held in charitable gift annuities and charitable trusts, for which the Foundation is the trustee, are recorded at fair value using the same valuation method as the Foundation's investments. Beneficial interest held in trusts, for which the Foundation is not the trustee, is based on estimates provided by third party trustees.

Bequests are recorded as contribution revenue when the Foundation is notified of its beneficiary status, the bequest becomes irrevocable, and the Foundation's interest can be estimated. If the value of the Foundation's interest cannot be estimated, contribution revenue is recognized when distributions are received.

Note 3 - Investments and Fair Value Measurements

Valuation Techniques - Valuation techniques utilized to determine fair value are consistently applied. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Cash - Includes cash held in investment pools and is reflected at cost plus accrued interest, which represents fair value.

Marketable Equity and Fixed Income Securities - Valued at the closing price reported on the active market in which the securities are traded.

Hedged Strategies, Real Return and Real Estate Funds and Private Equity - Valued at net asset value (NAV), which represents the Foundation's proportionate share of the net assets of the investment as reported by the underlying investment managers or general partners.

Beneficial Interests Held in Trust - Valued at the Foundation's proportionate share of the underlying assets held by the trusts.

Funds Held for Others - Valued at each fund's proportionate share of the Foundation's investment portfolio, which is valued as described above.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2016

Note 3 - Continued

Fair values of the Foundation's assets and liabilities measured on a recurring basis are as follows:

	Fair Value Measurements at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value:				
Cash	\$ 54,734,863	\$ -	\$ -	\$ 54,734,863
Domestic equities	252,106,148	5,356,454		257,462,602
International equities	54,014,369	118,165,919		172,180,288
Domestic fixed income		115,714,034		115,714,034
International fixed income		25,329,381		25,329,381
Real estate			2,325,076	2,325,076
Real estate funds		9,538,207	17,290,457	26,828,664
Real return funds	6,222,042	18,147,042	9,220,063	33,589,147
Hedged strategies		96,308,935		96,308,935
Private equity			45,056,631	45,056,631
Other assets			959,880	959,880
Total Investments	367,077,422	388,559,972	74,852,107	830,489,501
Beneficial interests held in trust			25,371,719	25,371,719
Total Financial Assets at Fair Value	\$ 367,077,422	\$ 388,559,972	\$ 100,223,826	\$ 855,861,220
Financial Liabilities at Fair Value:				
Funds held for others	\$ -	\$ -	\$ 48,403,720	\$ 48,403,720
Total Financial Liabilities	\$ -	\$ -	\$ 48,403,720	\$ 48,403,720

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2016

Note 3 - Continued

	Fair Value Measurements at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value:				
Cash	\$ 45,498,742	\$ -	\$ -	\$ 45,498,742
Domestic equities	228,616,949	4,542,301		233,159,250
International equities	53,937,764	98,503,181		152,440,945
Domestic fixed income		104,555,505		104,555,505
International fixed income		25,190,845		25,190,845
Real estate			2,487,629	2,487,629
Real estate funds		10,212,888	18,784,938	28,997,826
Real return funds	6,497,146	15,463,848	6,052,712	28,013,706
Hedged strategies		91,996,502		91,996,502
Private equity			54,686,235	54,686,235
Other assets			959,880	959,880
Total Investments	334,550,601	350,465,070	82,971,394	767,987,065
Beneficial interests held in trust			26,204,496	26,204,496
Total Financial Assets at Fair Value	\$ 334,550,601	\$ 350,465,070	\$ 109,175,890	\$ 794,191,561
Financial Liabilities at Fair Value:				
Funds held for others	\$ -	\$ -	\$ 49,017,027	\$ 49,017,027
Total Financial Liabilities at Fair Value	\$ -	\$ -	\$ 49,017,027	\$ 49,017,027

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made using significant unobservable inputs (Level 3) is as follows:

	Fair Value Measurements at December 31				
	Investments	Beneficial Interests Held in Trust	Funds Held for Others	2016 Total Level 3	2015 Total Level 3
Beginning balance	\$ 82,971,394	\$ 26,204,496	\$ (49,017,027)	\$ 60,158,863	\$ 47,347,695
Total gains-					
Realized and unrealized	8,241,063	(539,990)	(2,960,053)	4,741,020	7,816,762
Interest and dividends, net of fees	(596,428)		(186,879)	(783,307)	(653,282)
Purchases and receipts	7,648,626		(1,330,799)	6,317,827	18,357,556
Sales and distributions	(23,412,548)	(292,787)	5,091,038	(18,614,297)	(12,709,868)
Ending Balance	\$ 74,852,107	\$ 25,371,719	\$ (48,403,720)	\$ 51,820,106	\$ 60,158,863

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2016

Note 3 - Continued

The table below summarizes significant terms of the agreements with certain investment companies. There are no significant redemption restrictions or unfunded commitments on other types of investments. Subsequent to year end, two commitments for a total investment of \$14.6 million were approved.

Asset Class	Fair Value	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Hedged Strategies	\$96.3M	No limit.	None	Redemption terms are quarterly with notification periods ranging from 45 to 95 days.	Lockup provisions range from none to 24 months.
Private Equity	\$45M	Ranging from 6 to 12 years.	\$6.2M	Closed end funds not eligible for redemption.	Not redeemable.
Real Estate (Closed End Funds)	\$16.9M	Closed end funds range from 6 to 12 years.	\$15.1M	Closed end funds not eligible for redemption.	Not redeemable.
Real Estate (REITs)	\$9.5M	No specified lifespan.	None	REITs provide for redemptions quarterly with 45 days' notice.	No restrictions.
Real Return Funds	\$9.2M	Ranging from 6 to 13 years.	\$11.5M	Closed end funds not eligible for redemption.	Not redeemable.
Domestic Equity	\$5.4M	No limit.	None	First redemption window is 06/30/20.	Lockup provision for 42 months.
International Equity	\$8.8M	No limit.	None	60 days written notice.	Lockup until 12/31/17.
Other Assets	\$1.0M	No limit.	None	Closely held interests not eligible for redemption.	Not redeemable.

Hedged Strategies and International Equity - Managers in this category strictly utilize long/short equity strategies in pursuit of investment returns. Investments may be made directly to the managers' funds or to a fund of funds vehicle.

Private Equity - Includes closed end fund of funds that make direct investments in venture capital and buy-out managers. The funds have a predetermined lifespan and redemptions during the life of the fund are not allowed.

Real Estate (Closed End Funds) - Closed end funds have predetermined lifespans and redemptions during the life of the funds are not allowed.

Real Estate (REITs) - The REITs allow for quarterly redemption requests, subject to approval by the REIT management.

Real Return Funds - Includes investments in commingled trusts that, in turn, provide exposure to Treasury Inflation Protected Securities (TIPS), commodities, natural resources and other inflation hedging strategies.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2016

Note 3 - Continued

Domestic Equity - Includes a fund that invests in public equity markets and follows a value-driven strategy.

Other Assets - Includes closely held stock, life insurance annuities and life insurance cash values.

The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, marketable debt securities and marketable equity securities. Had it been necessary to generate liquid funds to meet short-term needs on December 31, 2016, management estimates that it could have liquidated approximately \$707 million.

Note 4 - Pledges Receivable

Pledges receivable are expected to be received as follows at December 31:

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 1,774,840	\$ 2,110,000
Due within two to five years	<u>754,000</u>	<u>1,598,986</u>
	2,528,840	3,708,986
Less discount to present value	<u>(5,313)</u>	<u>(62,562)</u>
Pledges Receivable, Net	<u>\$ 2,523,527</u>	<u>\$ 3,646,424</u>

Note 5 - Fixed Assets

Fixed assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Technology, equipment and software	\$ 1,927,719	\$ 3,435,917
Leasehold improvements	1,977,997	330,354
Furniture and fixtures	830,053	312,108
Fixed assets in progress		123,180
Intangible assets	<u>196,262</u>	<u>196,262</u>
	4,932,031	4,397,821
Less accumulated depreciation	<u>(1,681,564)</u>	<u>(3,568,024)</u>
Fixed Assets, Net	<u>\$ 3,250,467</u>	<u>\$ 829,797</u>

Depreciation expense totaled \$348,403 and \$400,756 for the years ended December 31, 2016 and 2015, respectively.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 6 - Unconditional Grants Payable

Unconditional grants payable are scheduled to be disbursed as follows at December 31:

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 1,389,231	\$ 1,473,338
Due within two to five years	1,494,455	767,918
Thereafter	<u>52,830</u>	<u>64,865</u>
Total Unconditional Grants Payable	<u>\$ 2,936,516</u>	<u>\$ 2,306,121</u>

The discount for present value was immaterial at December 31, 2016 and 2015.

Note 7 - Revolving Line of Credit Agreement

The Foundation entered into a line of credit agreement on November 10, 2014, which provides for borrowings of up to \$10,000,000 and bears interest equal to the LIBOR rate plus 0.90%; however, in no event can the interest rate charged exceed the highest rate permitted by applicable state or federal law or be less than 0.90% per annum. The covenants require the Foundation to maintain collateral of at least \$50,000,000 in assets at an account established with the creditor. The credit agreement also contains various other customary restrictive covenants. The Foundation has complied with all covenants and there was no outstanding balance owed on the line at December 31, 2016 or December 31, 2015.

Note 8 - GiveBIG

The Foundation's annual GiveBIG campaign, which began in 2011, is an online giving event designed to raise money for nonprofit organizations in Greater Seattle. Each qualified contribution is increased proportionally by a pool of stretch funds provided by both the Foundation and GiveBIG sponsors.

GiveBIG contributions are made online to more than 1,600 nonprofit organizations representing a broad range of issues. Donors contribute through a secure third-party service provider, and the contributions are forwarded directly to the nonprofit organizations. The Foundation does not collect personal or payment information from any GiveBIG donor. In order for the nonprofit organizations to receive maximum benefit, no fees are charged by the Foundation.

Contributions and other information related to GiveBIG consist of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Online contributions	\$ 16,354,286	\$ 14,353,030
Stretch pool	<u>1,000,000</u>	<u>1,075,594</u>
Total GiveBIG Contributions	<u>\$ 17,354,286</u>	<u>\$ 15,428,624</u>
Number of donors	42,569	39,039
Number of gifts	89,097	76,222
Number of nonprofit recipient organizations	1,641	1,543

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future periods. They consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Charitable remainder and lead trusts	\$ 31,913,804	\$ 32,027,463
Pledges receivable	2,523,527	3,646,424
Bequests receivable	<u>2,796,582</u>	<u>992,520</u>
Total Temporarily Restricted Net Assets	<u>\$ 37,233,913</u>	<u>\$ 36,666,407</u>

Note 10 - Endowments

The Foundation's endowments consist of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). Net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. However, because of the Foundation's variance power as described in Note 2, all endowments are classified as unrestricted.

Interpretation of Relevant Law - The Board has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as making it advisable for the Foundation to track fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Foundation's organizing documents set forth the power to modify any restrictions or conditions on distributions from funds if, in the Foundation's judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area being served. As a result of this variance power, the Foundation classifies as unrestricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

Endowment net assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Donor-restricted endowment funds	\$ 118,215,626	\$ 101,497,008
Board designated quasi-endowment funds	<u>201,193,997</u>	<u>199,823,500</u>
Endowment Net Assets	<u>\$ 319,409,623</u>	<u>\$ 301,320,508</u>

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 10 - Continued

Changes to endowment net assets are as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Endowment net assets, beginning of year	\$ 301,320,508	\$ 305,675,714
Endowment investment return-		
Interest and dividends, net of fees	5,265,784	5,189,770
Total net (losses) gains	<u>18,217,480</u>	<u>(6,213,541)</u>
Total investment (losses) returns	23,483,264	(1,023,771)
Contributions	13,539,731	7,051,025
Net transfer from endowments	<u>(18,933,880)</u>	<u>(10,382,460)</u>
Endowment Net Assets, End of Year	<u>\$ 319,409,623</u>	<u>\$ 301,320,508</u>

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the total amount of the gifts made to the endowment by the donor. Deficiencies of this nature that are reported in unrestricted net assets were \$267,086 and \$398,645 at December 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations in prior years.

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation has been instructed to hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that, over time, will provide a real rate of return equal to the spending rate while assuming a reasonable level of investment risk. The Foundation expects its endowment funds, over time, to provide an average real rate of return of approximately 4.5 percent annually. Currently, the expected nominal rate of return is approximately 7 percent. Actual returns in any given year may vary from these amounts.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Foundation has a general policy of appropriating for distribution each year 4.5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. 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 a rate equal to inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 11 - Support Expenses

The detail of support expenses is as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Administrative fund	\$ 7,818,953	\$ 7,583,914
Program and support services for other funds	2,834,141	2,250,207
Change in allowance for loss from uncollectible amounts	<u>70</u>	<u>9,158</u>
Total Support Expenses	<u>\$ 10,653,164</u>	<u>\$ 9,843,279</u>

Fundraising expenses were immaterial for the years ended December 31, 2016 and 2015.

Note 12 - Retirement Plans

The Foundation maintains a defined contribution retirement plan that complies with Code Section 403(b). All regular employees are eligible to participate in the retirement plan immediately upon commencing employment. Although employee contributions can be made to the plan immediately, an employee is not eligible to receive matching contributions from the Foundation until completion of the orientation period, which is currently 90 days.

The Foundation matches employee contributions based on years of service as follows:

<u>Years of Service</u>	<u>Matching Percentage</u>
0 - 4 years	5.0%
5 - 9 years	7.5%
10 or more	10.0%

Total matching expense was \$256,451 and \$220,567 for the years ended December 31, 2016 and 2015, respectively. All contributions under the plan vest with employees at the time contributions are made.

The Foundation also maintains a nonqualified deferred compensation plan covered under Section 457(b) of the Internal Revenue Code. Only employees specifically designated by the Board of Trustees are eligible. The maximum salary deferral under the 457(b) plan was \$18,000 and \$17,500 (plus a catch-up provision of \$6,000 and \$5,500 for eligible participants) for the years ended December 31, 2016 and 2015, respectively. There are no matching provisions. The nonqualified deferred compensation plan is administered by the Foundation. At December 31, 2016 and 2015, there was one participant in the 457(b) plan. Total assets in the plan were \$91,039 and \$61,821 as of December 31, 2016 and 2015, respectively. Assets in the plan are held by the Foundation on a nontrust basis and are subject to the claims of its creditors.

SEATTLE FOUNDATION

Notes to Consolidated Financial Statements For the Year Ended December 31, 2016

Note 13 - Leases

Operations of the Foundation are conducted in leased office space in Seattle, Washington. The prior lease for office space expired in November 2016. In March 2016, the Foundation leased space in Westlake Tower to accommodate growth and expand meeting space available to support community convenings and outreach. The new lease commenced in November 2016 and expires in February 2027. The Foundation has the right to extend the initial term of the new lease for two successive periods of five years. Both leases include escalating base rent plus a proportionate share of the actual operating costs of the building as specified in the lease agreements. Rent expense was \$418,903 and \$357,814 for the years ended December 31, 2016 and 2015, respectively.

The Foundation also leases copier equipment. Future minimum lease payments under all noncancelable leases for existing office space and equipment are as follows:

For the Year Ending December 31,	Equipment		Total
	Office Space	Leases	
2017	\$ 592,448	\$ 8,604	\$ 601,052
2018	728,033	8,604	736,637
2019	745,718	8,604	754,322
2020	763,403	3,585	766,988
2021	781,088		781,088
Thereafter	4,318,088		4,318,088
Total Future Lease Payments	\$ 7,928,778	\$ 29,397	\$ 7,958,175

The new office in Westlake Tower also includes office space for community partners, aligned with the Foundation's mission, to sublease. As of December 31, 2016, the Foundation had sublease agreements with Global Washington, Seattle International Foundation and SkillUp Washington. The subleases have terms that extend through 2021 with total annual sublease payments ranging from \$139,000 to \$179,000.

SUPPLEMENTARY INFORMATION

SEATTLE FOUNDATION

**Consolidating Statement of Financial Position
December 31, 2016**

	Seattle Foundation	Supporting Organizations	Eliminations	Consolidated Total
Assets:				
Cash and cash equivalents	\$ 6,514,122	\$ 227,681	\$ -	\$ 6,741,803
Accounts and other receivables	311,818	67,586		379,404
Pledges receivable and other assets, net	2,523,527			2,523,527
Bequests receivable	2,796,582			2,796,582
Beneficial interests held in trust	25,371,719			25,371,719
Investments	777,100,916	51,210,585		828,311,501
Real estate held for sale		2,178,000		2,178,000
Mission related investments	6,663,373	2,500,000		9,163,373
Fixed assets, net of accumulated depreciation	3,250,467			3,250,467
Total Assets	\$ 824,532,524	\$ 56,183,852	\$ -	\$ 880,716,376
Liabilities and Net Assets				
Liabilities:				
Unconditional grants payable	\$ 963,356	\$ 1,973,160	\$ -	\$ 2,936,516
Other liabilities	1,606,794	100,290		1,707,084
Funds held for others	48,403,720			48,403,720
Liability for life estate		535,796		535,796
Liability for charitable lead and remainder trusts	26,493,991			26,493,991
Liability for charitable gift annuities	2,723,543			2,723,543
Total Liabilities	80,191,404	2,609,246		82,800,650
Net Assets:				
Unrestricted-				
Community/area of interest	93,924,744			93,924,744
Donor advised	374,041,477			374,041,477
Designated	220,040,956			220,040,956
Supporting organizations		53,574,606		53,574,606
Administrative	7,926,150			7,926,150
Total unrestricted	695,933,327	53,574,606		749,507,933
Temporarily restricted	37,233,913			37,233,913
Permanently restricted - Perpetual trusts	11,173,880			11,173,880
Total Net Assets	744,341,120	53,574,606		797,915,726
Total Liabilities and Net Assets	\$ 824,532,524	\$ 56,183,852	\$ -	\$ 880,716,376

See independent auditor's report.

SEATTLE FOUNDATION

Consolidating Statement of Activities
For the Year Ended December 31, 2016

	Seattle Foundation	Supporting Organizations	Eliminations	Consolidated Total
Unrestricted				
Revenues and Support:				
Contributions and agency funds	\$ 116,761,677	\$ 1,533,999	\$ (50,000)	\$ 118,245,676
Less agency and GiveBIG	<u>(17,164,604)</u>			<u>(17,164,604)</u>
Total contributions	99,597,073	1,533,999	(50,000)	101,081,072
Dividend and interest income	11,609,177	818,865		12,428,042
Gains on investments, net	36,867,223	2,464,678		39,331,901
Change in value of charitable gift annuities and trusts	(240,332)			(240,332)
Other income	647,529	1,347,827	(1,072,138)	923,218
Net assets released from restriction	<u>5,867,267</u>			<u>5,867,267</u>
Total Revenues and Support	154,347,937	6,165,369	(1,122,138)	159,391,168
Expenses:				
Grants	74,517,550	7,379,585	(50,000)	81,847,135
Investment management and trustee fees	3,622,333	575,545		4,197,878
Support expenses	<u>9,112,666</u>	<u>2,612,636</u>	<u>(1,072,138)</u>	<u>10,653,164</u>
Total Expenses	87,252,549	10,567,766	(1,122,138)	96,698,177
Change in Unrestricted Net Assets	67,095,388	(4,402,397)		62,692,991
Temporarily Restricted				
Revenues and Support:				
Contributions	3,339,384			3,339,384
Change in value of charitable gift annuities and trusts	3,095,389			3,095,389
Net assets released from restriction and transfers	<u>(6,988,182)</u>	<u>1,120,915</u>		<u>(5,867,267)</u>
Change in Temporarily Restricted Net Assets	(553,409)	1,120,915		567,506
Permanently Restricted				
Revenues and Support:				
Change in value of charitable gift annuities and trusts	<u>(226,343)</u>			<u>(226,343)</u>
Change in Permanently Restricted Net Assets	(226,343)			(226,343)
Total Change in Net Assets	66,315,636	(3,281,482)		63,034,154
Net assets, beginning of year	<u>678,025,484</u>	<u>56,856,088</u>		<u>734,881,572</u>
Net Assets, End of Year	<u>\$ 744,341,120</u>	<u>\$ 53,574,606</u>	<u>\$ -</u>	<u>\$ 797,915,726</u>

See independent auditor's report.