KPMG

THE RHODE ISLAND COMMUNITY FOUNDATION,
THE RHODE ISLAND CHARITIES TRUST, INC.,
THE HAFFENREFFER FAMILY FUND,
THE DOWNCITY PARTNERSHIP, INC.,
JUNE ROCKWELL LEVY FOUNDATION, INC., AND
WESTERLY HIGHER EDUCATION AND JOB SKILLS CENTER
(COLLECTIVELY, THE FOUNDATION)

Consolidated Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

THE FOUNDATION

Consolidated Financial Statements

December 31, 2015 and 2014

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KPMG LLP
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100 Westminster Street
Providence, RI 02903-2321

Independent Auditors' Report

The Board of Directors
The Rhode Island Community Foundation,
The Rhode Island Charities Trust, Inc.,
The Haffenreffer Family Fund,
The Downcity Partnership, Inc.,
June Rockwell Levy Foundation, Inc. and
Westerly Higher Education and Job Skills Center:

We have audited the accompanying consolidated financial statements of The Rhode Island Community Foundation, The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., June Rockwell Levy Foundation, Inc., and Westerly Higher Education and Job Skills Center (collectively, the Foundation), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

June 20, 2016

THE FOUNDATION

Consolidated Statements of Financial Position

December 31, 2015 and 2014

Assets		**2015**	**2014**
Cash	$	2,173,430	766,470
Investments (note 2)		733,307,154	753,477,884
Other assets (notes 4 and 6)		15,937,940	16,603,874
Other receivables, net (note 3)		26,597,406	26,711,357
Fixed assets, net (note 7)		4,375,296	4,530,845
Promissory notes receivable (less allowance for doubtful accounts of $650,000) (note 5)		7,476,012	8,476,012
Total assets	$	789,867,238	810,566,442
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (note 10)	$	821,166	2,386,762
Grants payable (note 9)		2,807,914	1,990,811
Charitable trusts (note 6)		6,533,399	6,783,648
Liability for funds held as agency endowments (note 10)		62,245,215	52,664,909
Total liabilities		72,407,694	63,826,130
Commitments and contingencies (note 11)			
Net assets:			
Unrestricted:			
Primarily designated for long-term investment (note 15)		680,679,236	710,615,356
Temporarily restricted (note 16)		36,780,308	36,124,956
Total net assets		717,459,544	746,740,312
Total liabilities and net assets	$	789,867,238	810,566,442

See accompanying notes to consolidated financial statements.

THE FOUNDATION

Consolidated Statements of Activities

Years ended December 31, 2015 and 2014

		2015	2014
Unrestricted:			
Revenues and investment activity:			
Contributions (note 10)	$	25,873,783	23,114,710
Net investment return (note 2)		(10,745,394)	25,900,872
Royalties and other income (notes 4 and 13)		2,120,356	1,748,510
Net assets released from restrictions		1,260,977	464,269
Total revenues and investment activity		18,509,722	51,228,361
Expenses:			
Net grants appropriated (notes 9 and 14)		38,674,555	32,362,858
Administrative expenses (note 14)		8,299,702	7,695,651
Special initiatives (note 14)		1,471,585	2,368,508
Total expenses		48,445,842	42,427,017
Change in unrestricted net assets		(29,936,120)	8,801,344
Temporarily restricted:			
Contributions		3,724,252	595,985
Change in value of investments held in trust		(1,711,535)	810,128
Net investment return		(96,388)	248,655
Net assets released from restrictions		(1,260,977)	(464,269)
Change in temporarily restricted net assets		655,352	1,190,499
Change in net assets		(29,280,768)	9,991,843
Net assets, beginning of year		746,740,312	736,748,469
Net assets, end of year	$	717,459,544	746,740,312

See accompanying notes to consolidated financial statements.

THE FOUNDATION

Consolidated Statements of Cash Flows

Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (29,280,768)	9,991,843
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	288,387	249,902
Realized gains on investments	(21,485,712)	(18,992,744)
Realized losses from agency funds	1,724,584	1,196,277
Net unrealized losses (gains) on investments	34,269,595	(7,655,620)
Net unrealized (gains) losses on agency funds	(3,009,632)	654,073
Gain on disposal of fixed assets	—	(8,000)
Change in other assets	665,934	(362,615)
Change in other receivables	113,951	(815,828)
Change in accounts payable and accrued expenses	(1,565,596)	1,241,606
Change in grants payable	817,103	(1,176,934)
Change in liability as trustee for charitable trusts	(250,249)	36,068
Change in liability for funds held as agency endowments	9,580,306	7,686,354
Net cash used in operating activities	(8,132,097)	(7,955,618)
Cash flows from investing activities:		
Purchases of investments	(376,973,428)	(469,566,364)
Proceeds from sales and maturities of investments	385,645,323	477,046,243
Additions to fixed assets	(132,838)	(226,171)
Payments on promissory notes receivable	1,000,000	794,474
Net cash provided by investing activities	9,539,057	8,048,182
Net change in cash	1,406,960	92,564
Cash, beginning of year	766,470	673,906
Cash, end of year	$ 2,173,430	766,470

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of the Business

The Rhode Island Foundation (the Foundation) is a community foundation formed in 1916 by a group of prominent local leaders in conjunction with Rhode Island Hospital Trust National Bank. The mission of the Foundation is to be a proactive community and philanthropic leader dedicated to meeting the needs of the people of Rhode Island.

The Rhode Island Community Foundation (the Community Foundation) was formed in 1984 as a nonprofit corporation with the same board of directors and management as The Rhode Island Foundation. The Community Foundation has similar charitable purposes as The Rhode Island Foundation, but the Community Foundation has funds that benefit charities both within and outside of Rhode Island.

On April 1, 2000, The Rhode Island Foundation dissolved the trust relationship with BankBoston. The assets of The Rhode Island Foundation were merged with The Rhode Island Community Foundation. The surviving entity is a nonprofit corporation, The Rhode Island Community Foundation, doing business as The Rhode Island Foundation.

The Haffenreffer Family Fund and June Rockwell Levy Foundation, Inc. became supporting organizations of The Rhode Island Community Foundation in 1987 and 2011, respectively. The board of directors of the Rhode Island Community Foundation appoints a majority of the directors of the governing bodies of each organization. These supporting organizations have charitable purposes similar to The Rhode Island Foundation.

In 1991, The Rhode Island Charities Trust, Inc., a not-for-profit corporation, became a supporting organization of The Rhode Island Community Foundation. The board of directors is the same as the membership of the Board for The Rhode Island Community Foundation. The income of The Rhode Island Charities Trust is designated for the United Way of Rhode Island.

In 2001, the Foundation set aside $9,000,000 to invest in the future of Providence's downcity neighborhood through a separate nonprofit, The Downcity Partnership, Inc. The mission of The Downcity Partnership, Inc. is focused on the revitalization of downtown Providence (Downcity), acting as a catalyst for development and new initiatives to benefit Downcity neighborhoods. The Downcity Partnership, Inc. will coordinate with other public, private, and nonprofit organizations, acting as the primary impetus for revitalization efforts.

In 2015, the Westerly Higher Education and Job Skill Center became a supporting organization of the Rhode Island Community Foundation. This supporting organization will eventually hold a facility that will provide workforce training in Rhode Island. The board of directors of the Rhode Island Community Foundation appoints a majority of the directors of the governing body of this organization.

The accompanying consolidated financial statements as of December 31, 2015 and 2014 include the accounts of The Rhode Island Community Foundation, The Rhode Island Charities Trust Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., June Rockwell Levy Foundation, Inc. and Westerly Higher Education and Job Skill Center (collectively referred to herein as the Foundation). All material inter-entity activity has been eliminated in the consolidated financial statements.

(b) Net Asset Classification

Temporarily restricted net assets consist of charitable gift annuities, pooled income funds, irrevocable charitable trusts, pledges and other contributions with purpose restrictions.

(c) Investments Held in Trust by Others

Investments held in trust by others are recorded at present value of expected net proceeds ultimately payable to the Foundation. These assets are adjusted annually to fair value, and any gain or loss is reflected in the consolidated statements of activities as investment income or losses.

(d) Fixed Assets

Fixed assets include land, building, computer and automotive equipment, furniture and fixtures, and leasehold improvements. The fixed assets are stated at cost. The fixed assets are being depreciated on a straight-line basis and the useful lives of the assets are as follows:

Classification	Useful lives
Website Redesign	3 years
Computer and Automotive equipment	4 years
Furniture, fixtures, and other equipment	7 years
Building and building improvements	4-40 years

(e) Grants Payable

The Foundation records grants as expenses when all conditions stipulated by the grant have been substantially met by the grantee. Grants issued with future payment dates and without substantive conditions are accrued and expensed when approved.

(f) Investment Management and Custody Fees

Investment management and custody fees represent fees paid directly to the investment managers.

(g) Use of Estimates

The management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities, and the disclosure of contingent assets and liabilities, to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(h) Fair Value Measurements

Effective in 2015, the Foundation retrospectively adopted the provisions of ASU No. 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2015-07). Among other things, ASU 2015-07 removes the requirement to classify, within the fair value hierarchy table in Levels 2 or 3, investments in certain funds measured at net asset value (NAV) when used as a practical expedient to estimate fair value. ASU 2015-07 also requires that any NAV-measured investments excluded from the fair value hierarchy table be summarized as an adjustment to the table so that such investments can be reconciled to investments reported in the consolidated statement of financial position. The adoption resulted only in changes to the Foundation's investment disclosures. As a result of the adoption, the Foundation's 2014 fair value hierarchy table was restated to reflect the removal of NAV-measured investments aggregating $533,651,205 in Levels 2 and 3.

(i) Fair Value of Financial Instruments

The fair values of the financial instruments as of December 31, 2015 and 2014, represents management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash, receivables, note receivables, other assets (nonderivatives), trade accounts payable, grants payable and liability for funds held as agency endowments, the carrying amounts are at cost plus accrued interest, which approximate fair value because of the short maturity of these instruments.
- Investments: See note 1(h).

(j) Agency Endowment Funds

The Foundation follows generally accepted accounting principles (GAAP) regarding the treatment of transactions in which the 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.

GAAP requires that if a Not-for-Profit Organization (NPO) 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 agency endowments. The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

(k) Cash and Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents, except for long-term investment.

(2) Investments

(a) Investments and Spending Policy

The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. The investment portfolio is allocated approximately 55% equity investments, 35% alternative investments, and 10% fixed income investments. The equity investments are further diversified into domestic, international and emerging markets. The alternative investments are further diversified into private equity, real assets and hedge/absolute return strategies. Additionally, the entire portfolio is diversified across economic sectors, geographic locations and industries.

(b) 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 Investment Committee is responsible for establishing an asset allocation policy. The asset allocation policy is designed to attempt to achieve diversity among capital markets and within capital markets, by investment discipline and management style. The Investment Committee designs a policy portfolio in light of the endowment's needs for liquidity, preservation of purchasing power and risk tolerances. This policy is reviewed on an ongoing basis by the Investment Committee. There is no limitation on the types of investments in which the endowment fund may be invested, and it is intended that the Board of Directors and the Investment Committee have the broadest flexibility as to the selection of investments for the endowment fund.

Realized and unrealized investment gains or losses are determined by comparison of the asset cost basis to net proceeds received at the time of disposition on a first in first out basis (realized) and comparison of the difference between market values and the cost basis (unrealized), respectively. Dividend and interest income is recognized when earned.

(c) Return Objectives and Risk Parameters

The primary investment objective of management is to maintain and grow the fund's real value by generating average annual real returns that meet or exceed the spending rate, after inflation, management fees and administrative costs. Consistent with this goal, the Board of Directors and the Investment Committee intend that the investments be managed with an intention to: maximize total returns consistent with prudent levels of risk; reduce portfolio risk through asset allocation and diversification. The Foundation manages its investment income spending policy by the "total return" method, which utilizes a Board-approved prudent spending rate percentage applied against a sixteen-quarter average investment portfolio market value. This method allows for the investments to be invested over the long term in order to achieve its primary investment objective. The Foundation's spending rate percentage ranged from 5% to 6.53% in 2015 and 2014.

The following tables summarize the Foundation's investments, other than those recorded at NAV, by major category within the ASC 820-10 fair value hierarchy as of December 31, 2015 and 2014, as well as related strategy and liquidity/notice requirements:

The following table summarizes Level I assets with daily liquidity:

		Level I	
		December 31, 2015	**December 31, 2014**
Short Term Investments:			
Cash and cash equivalents	$	42,130,766	42,730,180
Mutual Funds – Fixed Income:			
Bond Fund Non-Lending		38,374,536	35,019,927
Mutual Funds – Equities:			
Equity Mutual Funds		1,177,172	1,291,949
Real Estate		14,786,090	15,022,825
Common Stocks, preferred stock, and convertible bonds:			
Mid-Cap Funds		21,079,301	64,590,519
International Funds – equities and fixed income:			
Emerging Markets: Equity		33,050,522	39,266,254
Developed Markets: Equity		21,905,446	21,905,025
Total December 31, 2015	$	172,503,833	219,826,679

The following table reconciles NAV-measured investments to investments reported in the consolidated statements of the Foundation as of December 31, 2015 and 2014.

	Year ended December 31 2015	2014	Redemption or liquidation	Days' Notice
Mutual Funds-Equities:				
Traditional Index Funds: Non-Lending	$ 174,710,545	154,007,252	Daily	None
International Funds - equities and fixed income				
Developed Markets: Equity	73,889,658	73,895,082	Monthly	10
Developed Markets: Equity	43,846,553	40,207,386	Semi Monthly	None
Developed Markets: Fixed	19,820,306	21,108,349	Monthly (1)	10
Hedge Funds/Flexible Capital:				
Multiple Strategies	92,322,073	87,045,450	Quarterly	45-60
Multiple Strategies	4,823,304	—	Quarterly (2)	60
Multiple Strategies	3,706,968	5,588,352	Quarterly (3)	60
Multiple Strategies	36,366,868	21,393,313	Semi-liquid (5)	65-95
Multiple Strategies	7,068,263	6,671,828	Quarterly (4)	65
Multiple Strategies	22,705,651	34,012,766	Annually	45-95
Multiple Strategies	1,293,285	2,258,032	Illiquid (6)	-
Private Equity:				
Private Equity and Venture Capital Funds	39,557,573	37,731,319	Illiquid (6)	-
Real Assets/Inflation Hedging:				
Commodities	11,341,867	15,401,554	Daily	None
Treasury Inflation Protected Securities	9,195,028	14,111,855	Quarterly (3)	60
Real Estate and Natural Resources	20,155,379	20,218,667	Illiquid (6)	-
Total Investments Measured at NAV	$ 560,803,321	533,651,205		
All Other Investments	172,503,833	219,826,679		
Total Investments	$ 733,307,154	753,477,884		

(1) Partial: 100% paid on 3rd business day, Full: 100% paid on 9th business day.

(2) 25% per quarter.

(3) No more than 1/3 annually. 1/3 was redeemed in 2015.

(4) 20% existing shares available to redeem per quarter, full redemptions take 7 quarters.

(5) Redemptions generally available annually. Balances of $2,061,300 are illiquid. Balances of approximately $10,000,000 are available to withdraw 50% after year 1 with 5% penalty.

(Continued)

(6) Depending on the age of the fund, these funds are expected to liquidate in 1 to 25 years.

The return on investments consisted of the following for the years ended December 31:

		2015	2014
Interest and dividends	$	3,512,621	3,318,312
Unrealized and realized (losses) gains		(12,783,883)	26,648,364
Investment management and custody fees		(2,705,904)	(2,144,104)
Change in investment income receivable		13,136	5,778
Add (less) investment activity from agency funds		1,218,636	(1,927,478)
Net investment (losses) gains		(10,745,394)	25,900,872

The change in investments consisted of the following for the years ended December 31:

		2015	2014
Investments, beginning of year	$	753,477,884	736,159,749
Interest and dividends		3,512,621	3,318,312
Unrealized and realized (losses) gains		(12,783,883)	26,648,364
Investment management and custody fees		(2,705,904)	(2,144,104)
Net transfers		(8,193,564)	(10,504,437)
Change in investments		(20,170,730)	17,318,135
Investments, end of year	$	733,307,154	753,477,884

Net transfers consist primarily of contributions for long term investment and grant disbursements. Investment management and custody fees are fees paid directly to the managers. Additional investment fees that were not paid directly to the managers have been netted against the return on certain investments. The Foundation is not able to determine the amount of such fees.

The investment composition by fund type for the years ended December 31 are:

		2015	2014
Board designated	$	234,699,307	253,591,022
Donor designated		274,723,311	271,993,287
Donor advised		184,534,653	186,080,166
Supporting organizations		39,349,883	41,813,409
	$	733,307,154	753,477,884

Liquidity

Investments as of December 31, 2015 are summarized below based on when they may be redeemed or sold:

Daily	$	358,556,246
Semi-Monthly		43,846,553
Monthly		93,709,964
Quarterly		117,115,635
Annually		36,366,868
Semi-Liquid		22,705,651
Illiquid		61,006,237
Total	$	733,307,154

(3) Other Receivables

Other receivables consist primarily of pledges and the Foundation's remainder interest in charitable remainder trusts where the Foundation is not the trustee.

The Foundation's net interest in charitable remainder trusts as of December 31, 2015 and 2014 was $26,007,183 and $26,324,492, respectively. The Foundation's net interest in these charitable remainder trusts represents the fair value of assets in the trusts less the present value of payments expected to be made to other beneficiaries. Pledge receivables as of December 31, 2015 and 2014 were $391,886 and $205,000, respectively.

(4) Land

Included in other assets are land and a mining lease held by The Rhode Island Charities Trust Inc., in Sandersville, Georgia. The land is valued at cost and has been under lease to mining companies since 1963. The carrying value of the land at December 31, 2015 and 2014 is $1 and the carrying value of the mining lease is $1. The lease provides for a royalty based on the sales value of mining production. The royalty income in 2015 and 2014 was $929,479 and $499,879, respectively.

(5) Promissory Notes Receivable

At December 31, promissory notes receivable consisted of:

A promissory note, in the amount of $2,000,000 from Neighborhood Health Plan of Rhode Island, Inc. (NHPRI), a health maintenance organization licensed by the Rhode Island Department of Business Regulation (DBR). Interest is 5.75% payable quarterly. Principal is payable in equal payments of $500,000 due on January 1, 2006, 2011, 2016, and 2021. Payments of principal and interest are subordinate to claims of policyholders, claimants and beneficiaries, providers, and all other classes of creditors, and shall require the approval of DBR. Should NHPRI become unable to make principal payments, the Foundation may forgive those payments upon written notice from DBR to the Foundation that NHPRI is unable to make such payments. The balance at December 31, 2014 was $1,000,000. The promissory note was paid in full on July 27, 2015.

A promissory note dated February 25, 2004, in the amount of $3,500,000 from the Providence Preservation Society Revolving Fund, Inc., a nonprofit corporation organized to preserve Providence's architectural heritage and stimulate community revitalization. The initial term of the loan was for ten years, with additional 5-year extensions at the discretion of the Foundation. An extension was granted on December 28, 2011, extending the maturity date to December 31, 2018. Interest is 1%, payable annually. The balance at December 31, 2015 and 2014 was $3,500,000.

A promissory note dated July 7, 2005 in the amount of $3,000,000 from the Providence Preservation Society Revolving Fund, Inc., a nonprofit corporation organized to preserve Providence's architectural heritage and stimulate community revitalization. The initial term of the loan was for ten years, with additional 5-year extensions at the discretion of the Foundation. An extension was granted on December 28, 2011, extending the maturity date to December 31, 2018. Interest is 1%, payable annually. The balance at December 31, 2015 and 2014 was $3,000,000.

A promissory note dated December 28, 2011 in the amount of $1,300,000 from the Providence Preservation Society Revolving Fund, Inc., a nonprofit corporation organized to preserve Providence's architectural heritage and stimulate community revitalization. The note matures on December 31, 2018. Interest is 1%, payable annually. The balance at December 31, 2015 and 2014 was $1,300,000.

A promissory note dated May 16, 2007 in the amount of $2,360,109 from Rhode Island Public Radio, a nonprofit corporation. The principal balance of this note is due and payable on May 16, 2022. Interest is 0.86% and is payable quarterly. The balance at December 31, 2015 and 2014 was $326,012.

The Foundation has established an allowance on the above noted promissory notes receivable. The balance at December 31, 2015 and 2014 was $650,000.

(6) Charitable Trusts

The fair values of the charitable remainder trusts, charitable gift annuities and pooled income funds are as follows and are included in other assets:

		2015	2014
Charitable remainder trusts	$	3,170,333	3,110,233
Charitable gift annuities		5,743,228	6,136,942
Pooled income funds		6,813,416	7,006,330
Total	$	15,726,977	16,253,505

When the Foundation acts as trustee, a liability is recorded for the amount due to income beneficiaries of charitable gift annuities and charitable remainder trust, and for deferred revenue on pooled income funds. The present value of the estimated future payments to be distributed during the beneficiaries' expected lives is recorded as a liability using the current discount rate of 2% in 2015 and 2014.

(7) Fixed Assets

Fixed assets consisted of the following as of December 31:

		2015	2014
Land	$	450,000	450,000
Building		4,108,201	4,108,201
Building improvements		1,908,490	1,908,490
Furniture and fixtures		503,391	560,345
Computer equipment		625,831	1,050,122
Office equipment		84,240	100,502
Website design		—	315,912
Automotive equipment		39,636	39,636
		7,719,789	8,533,208
Less accumulated depreciation and amortization		(3,344,493)	(4,002,363)
	$	4,375,296	4,530,845

Depreciation expense was $288,387 and $249,902 for the years ended December 31, 2015 and 2014, respectively.

(8) Retirement Plan

The Foundation sponsors a defined contribution retirement plan in which contributions are based upon a specified percentage of salary. All employees are eligible after six months of service. There is a 4-year vesting schedule for the employer contribution as follows: 25% after year 1, 50% after year 2, 75% after year 3, and 100% after year 4. Retirement plan expense was $341,298 and $301,280 for 2015 and 2014, respectively. Employees also have the option to contribute to this plan through salary reductions. These funds are managed exclusively by third-party administrators.

(9) Grants

Grants payable for the years ended December 31, 2015 and 2014 is summarized as follows:

		2015	2014
Grants due in 2015	$	—	1,775,811
Grants due in 2016		2,492,914	215,000
Grants due in 2017		315,000	—
Grants payable at end of year	$	2,807,914	1,990,811

The Foundation approves grants with conditions; however, the probability is remote that the grantees will not meet these conditions. Accordingly, all grants are accounted for as grants payable when approved.

(10) Liability for Funds Held as Agency Endowments

At December 31, 2015 and 2014, the Foundation held agency endowment funds and certain other designated funds with a combined value of $62,245,215 and $52,664,909, respectively, which it accounts for as a liability. The following summarizes activity in such liability accounts during the years then ended:

		2015	2014
Beginning liability for funds held as agency endowments	$	52,664,909	44,978,555
Contributions		14,087,389	8,633,147
Investment income		274,705	217,276
Unrealized and realized gains		(1,285,048)	1,850,350
Investment management and custody fees		(208,293)	(140,148)
Foundation support fees		(496,435)	(387,695)
Grants		(2,792,012)	(2,486,576)
Ending liability for funds held as agency endowments	$	62,245,215	52,664,909

During 2015 and 2014, the Foundation, as a fiscal agent, received funds designated for specific organizations in the amount of $257,610 and $193,500, respectively. Included in accounts payable and accrued expenses is the Foundation's net fiscal agent liability from these funds which was $163,305 and $183,079 at December 31, 2015 and 2014, respectively.

(11) Commitments and Contingencies

(a) Investments

Private equity and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with private equity and real asset investments as of December 31, 2015 and 2014 were $53,050,099 and $43,789,468.

(b) Loan Guarantees

The Foundation is a limited liability guarantor of a term promissory note from Webster Bank to Carelink Pace Organization. The Foundation's guarantor liability is limited to $25,000 and will remain in effect until April 2019.

The Foundation is also a limited liability guarantor of a promissory note from RBS Citizens, National Association to the Rhode Island Philharmonic Orchestra for up to 50% of the principal balance. The guarantee at December 31, 2015 is $2,764,568. This guaranty will remain in effect until March 21, 2018.

(c) Potential Litigation

The Foundation is involved in miscellaneous general liability suits arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on the Foundation’s financial position or results of operations.

(12) Tax Status

Each of the entities comprising the Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code.

The Foundation is highly confident that it has at all times maintained its tax-exempt status by fulfilling its mission and is highly confident that the vast majority of its operations and revenue are exempt from income tax liability. Management asserts that no such uncertain tax position exists for the Foundation at December 31, 2015.

The Foundation’s long-term investments include alternative investments, such as hedge funds and venture capital funds that generate unrelated business income per Section 514 of the Internal Revenue Code. The Foundation reports applicable unrelated business income by filing the applicable U.S. and state income tax returns.

(13) Leases

The Foundation leases property to others under noncancelable operating leases requiring fixed monthly payments over various terms. For the years ended December 31, 2015 and 2014, the Foundation recognized $559,768 and $705,869, respectively, in lease revenue which is included in other income. At December 31, 2015, future minimum lease receipts were as follows:

		Amount
Year ending December 31:		
2016	$	283,366
2017		226,817
2018		115,292
2019		115,292
2020		115,292
Thereafter		105,685
Total	$	961,744

(14) Functional Classification of Expenses

For the years ended December 31, 2015 and 2014, total expenses of the Foundation were classified by function as follows:

		2015	2014
Grants and program services:			
Net grants appropriated	$	38,674,555	32,362,858
Administration of grants and programs		2,655,973	3,668,621
		41,330,528	36,031,479
Management and general and communications		6,002,161	5,340,155
Fundraising		1,113,153	1,055,383
	$	48,445,842	42,427,017

Special initiatives are included in administration of grants and programs.

(15) Unrestricted Net Assets by Organization

Unrestricted net assets by organization at December 31, 2015 and 2014 consist of:

		2015	2014
The Rhode Island Community Foundation	$	634,092,691	661,361,589
The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., Westerly Higher Education and Job Skills Center and The June Rockwell Levy Foundation, Inc.		46,586,545	49,253,767
Total	$	680,679,236	710,615,356

(16) Temporarily Restricted Net Assets by Organization

Temporarily restricted net assets by organization at December 31, 2015 and 2014 consist of:

		2015	2014
The Rhode Island Community Foundation:			
Time and purpose restrictions	$	36,769,930	36,124,956
Total	$	36,769,930	36,124,956

(17) Subsequent Events

The Foundation has evaluated subsequent events from the balance sheet date through June 20, 2016, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.