

**The Greater Kansas City Community Foundation  
and Supporting Organizations**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2017 and 2016



**The Greater Kansas City Community Foundation  
and Supporting Organizations**  
December 31, 2017 and 2016

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## Independent Auditor's Report

Board of Directors  
The Greater Kansas City Community Foundation  
and Supporting Organizations  
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of The Greater Kansas City Community Foundation and Supporting Organizations (the Foundations), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

Board of Directors  
The Greater Kansas City Community Foundation  
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***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Greater Kansas City Community Foundation and Supporting Organizations as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 12 to the consolidated financial statements, the 2016 consolidated financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

**BKD, LLP**

Kansas City, Missouri  
August 8, 2018

# The Greater Kansas City Community Foundation and Supporting Organizations

## Consolidated Statements of Financial Position December 31, 2017 and 2016

### Assets

	2017	2016
Cash and cash equivalents	\$ 278,633,644	\$ 284,896,051
Investments	2,755,397,717	2,322,462,265
Contributions receivable, net	47,598,174	53,032,060
Notes and other receivables	29,014,329	15,813,212
Property and equipment, net	46,745,725	51,225,731
Total assets	\$ 3,157,389,589	\$ 2,727,429,319

### Liabilities and Net Assets

#### Liabilities

Grants and other payables	\$ 38,239,198	\$ 47,232,646
Notes and bonds payable	18,000,029	31,929,053
Charitable remainder trusts and gift annuities	26,410,353	28,611,170
Funds held for agencies	863,991,611	764,719,813
Total liabilities	946,641,191	872,492,682

#### Net Assets

Unrestricted	2,174,734,682	1,824,065,999
Temporarily restricted	36,013,716	30,870,638
Total net assets	2,210,748,398	1,854,936,637
Total liabilities and net assets	\$ 3,157,389,589	\$ 2,727,429,319

**The Greater Kansas City Community Foundation  
and Supporting Organizations**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Revenues and Support</b>		
Contributions – total amount raised	\$ 507,484,722	\$ 454,902,282
Less amounts raised on behalf of others	<u>142,039,452</u>	<u>156,936,542</u>
Net contributions	365,445,270	297,965,740
Investment return	263,223,195	178,296,831
Change in value of charitable remainder trust obligations	(4,070,635)	(1,875,383)
Income from services	2,084,037	2,605,104
Other	<u>2,958,604</u>	<u>3,634,387</u>
Total unrestricted revenues and support	<u>629,640,471</u>	<u>480,626,679</u>
<b>Grants and Expenses</b>		
Grants	403,400,067	312,626,745
Less amounts distributed on behalf of others	<u>139,915,592</u>	<u>93,325,107</u>
Net grants	263,484,475	219,301,638
Donor services expenses	6,843,966	8,052,473
Program direct fund expenses	5,198,092	5,867,387
Administrative expenses	1,550,843	1,612,072
Development expenses	<u>1,894,412</u>	<u>1,352,286</u>
Total grants and expenses	<u>278,971,788</u>	<u>236,185,856</u>
Change in unrestricted net assets	350,668,683	244,440,823
<b>Change in Temporarily Restricted Net Assets</b>	5,143,078	5,485,940
<b>Change in Net Assets</b>	355,811,761	249,926,763
<b>Net Assets, Beginning of Year</b>	<u>1,854,936,637</u>	<u>1,605,009,874</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,210,748,398</u>	<u>\$ 1,854,936,637</u>

**The Greater Kansas City Community Foundation  
and Supporting Organizations**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
		<i>(As Restated - Note 12)</i>
<b>Operating Activities</b>		
Change in net assets	\$ 355,811,761	\$ 249,926,763
Items not requiring (providing) operating activities cash flows		
Net realized and unrealized gains on investments	(235,498,521)	(153,082,044)
Contributions of investments	(57,645,133)	(1,609,741)
Loss (gain) on disposal of property and equipment	2,404,068	(59,471)
Contribution revenue resulting from issuance of a note receivable	(19,090,000)	-
Grant expense resulting from assignment of note receivable	-	22,677,404
Depreciation	2,312,611	2,486,278
Changes in		
Contributions and other receivables	8,199,201	26,399,188
Grants and other payables	(8,993,448)	(8,683,396)
Charitable remainder trust liability	(2,200,817)	649,007
Funds held for agencies	99,271,798	81,035,178
	<u>144,571,520</u>	<u>219,739,166</u>
Net cash provided by operating activities		
<b>Investing Activities</b>		
Purchase of property and equipment	(236,673)	(2,863,646)
Purchase of investments	(687,417,689)	(791,251,988)
Proceeds from sale of investments	547,625,891	615,999,183
Advances made on notes receivable	(1,094,710)	(1,536,769)
Principal payments received on notes receivable	4,218,278	278,627
	<u>(136,904,903)</u>	<u>(179,374,593)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Principal payments on notes and bonds payable	(13,929,024)	(6,007,415)
	<u>(13,929,024)</u>	<u>(6,007,415)</u>
Net cash used in financing activities		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(6,262,407)	34,357,158
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>284,896,051</u>	<u>250,538,893</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 278,633,644</u>	<u>\$ 284,896,051</u>
<b>Supplemental Cash Flows Information</b>		
Grant expense incurred and related to the assignment of notes receivable	\$ -	\$ 22,677,404
Note receivable issued in exchange for future estate distribution	19,090,000	-

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### *Nature of Operations and Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of The Greater Kansas City Community Foundation (the Community Foundation), its wholly-owned limited liability companies, its controlled not-for-profit organization Greater Horizons and the following supporting organizations (collectively, the Foundations):

- Allen and Gloria Block Foundation
- Blue River Land Trust LTD
- Community Foundation of Wyandotte County \*
- Greater Northwest Kansas Community Foundation (d/b/a Bird City Century II Development Foundation)
- CF Leads \*
- Gary Dickinson Family Foundation
- George A. and Dolly F. Larue Trust
- Greater Horizons Foundation
- Greater Horizons Trust
- Greater Lee's Summit Healthcare Foundation
- Highland Kansas City Foundation
- Irvin E. and NeVada P. Linscomb Foundation
- Jack and Helyn Miller Foundation
- Kansas City Area Life Sciences Institute, Inc.
- Kansas City Public Library Foundation
- Parsons Area Community Foundation
- Polsky Family Supporting Foundation
- Real Estate Charitable Foundation
- Rehabilitation Institute Foundation
- Ross Family Foundation
- Stanley H. Durwood Foundation
- The K Foundation

\*These supporting organizations retired during 2017 or 2016.

Supporting organizations are affiliated charitable organizations that enjoy the continuing involvement of their Boards of Directors, yet gain public charity status through their affiliation with the Community Foundation.

The Foundations' revenues and support are derived principally from contributions and their activities are conducted primarily in the Greater Kansas City metropolitan area.

# **The Greater Kansas City Community Foundation and Supporting Organizations**

## **Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

### ***Cash and Cash Equivalents***

At December 31, 2017 and 2016, cash equivalents consisted primarily of money market funds and temporary cash investments with maturities of three months or less. At December 31, 2017, substantially all of the Foundations' cash and cash equivalents were held in financial institutions and investment brokerage firms in excess of federally insured limits; however, management is constantly evaluating the financial stability of these institutions and believes the risk of loss is minimal.

### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Certificates of deposit are stated at cost and life insurance policies are carried at their cash surrender value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investments in hedge funds, common trust funds and certain limited partnerships are recorded at net asset value (NAV), as a practical expedient. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments.

The Community Foundation's Board of Directors has adopted policies for the allocation of investment income and administrative expenses to various funds for which the underlying assets are "pooled." Investment income earned by these pooled assets is allocated to each fund participating in the pool based on the average monthly balance invested. Certain investments related to donor advised funds are maintained outside the pooled assets. Investment return for these funds is based on the actual investment performance of the related assets.

### ***Notes Receivable***

Notes receivable are stated at the amounts loaned to other organizations or individuals plus any accrued and unpaid interest. The Foundations provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Payments are due as specified in the note agreements. Notes are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the note.

### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is computed on a straight-line basis over the estimated useful lives of each asset.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and leasehold improvements	10-50 years
Furniture and fixtures	5-10 years
Computer equipment and software	3 years

The Foundations evaluate the recoverability of the carrying value of property and equipment whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2017 and 2016.

### ***Charitable Remainder Trusts and Charitable Gift Annuities***

The Foundations have entered into irrevocable agreements with donors whereby, in exchange for the gift from the donor, the Foundations are obligated to provide annual distributions to a designated beneficiary.

#### Charitable Remainder Trusts

A charitable remainder unitrust pays a fixed percentage of the net fair market value of the trust assets value at least annually. A charitable remainder annuity trust pays a fixed dollar amount that will not vary from year to year. Each trust is a separate legal entity. At the end of the trust term, the remainder interest is paid to the Foundations.

The portion of the trust attributable to the future interest of the Foundations is recorded in the consolidated statements of activities as temporarily restricted contributions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the Foundations' consolidated statements of financial position. On an annual basis, the Foundations revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates provided by the Internal Revenue Service and applicable mortality tables.

#### Charitable Gift Annuities

A charitable gift annuity pays a fixed dollar amount for the life of the beneficiary/beneficiaries. The assets gifted by the donor become the assets of the Foundations at the time of the gift. Unlike the charitable remainder trusts, the annuities are private contracts between the charity and the donor.

# **The Greater Kansas City Community Foundation and Supporting Organizations**

## **Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

The assets received from the donor are recorded at fair value. The Foundations have recorded a liability at December 31, 2017 and 2016, which represents the present value of the future annuity obligations. The liability has been determined using discount rates as provided by the Internal Revenue Service.

### ***Funds Held for Agencies***

The Community Foundation acts as a fiscal agent for other not-for-profit organizations that wish to establish a fund at the Community Foundation with its own funds and specified itself as the beneficiary of that fund. The Community Foundation refers to such funds as agency funds and accounts for the transfer of such assets as a liability. For financial reporting purposes, contributions to and distributions from agency funds are netted with the gross activity on the Consolidated Statements of Activities.

### ***Classification of Net Assets***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Most funds of the Foundations are classified as unrestricted net assets because the governing instruments of the Foundations and donor agreements provide the Foundations with variance power.

Contributions received by the Foundations are separated as Donor Advised Funds, Designated Funds, Field of Interest Funds or Undesignated Funds at the request of the donor. Donor Advised Funds are available for grant disbursement generally based on donor recommendation. Designated Funds are generally used for a specific charitable organization as recommended by the donor. Field of Interest Funds are available for grant disbursement within a charitable field of interest as recommended by the Community Foundation's Board of Directors. Undesignated Funds are carried in the name of the donor, if applicable, and are available for disbursement at the discretion of the Community Foundation's Board of Directors.

Temporarily restricted net assets are those whose use by the Foundations has been limited by donors to a specific time period or purpose. At December 31, 2017 and 2016, temporarily restricted net assets consisted of contributions receivable totaling \$13,990,707 and \$18,990,707, respectively, restricted for the purpose of repaying the outstanding lines of credits. The remaining temporarily restricted balances at December 31, 2017 and 2016 of \$22,023,009 and \$11,879,931, respectively, consisted of time restrictions related to charitable remainder and annuity trusts and contributions receivable.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### ***Contributions and Contributions Receivable***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

The Foundation provides an allowance for uncollectible contributions receivable, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Contributions are due as indicated by the donor in the pledge agreement. Contributions receivable are considered delinquent and reserved for or written off based on the individual credit evaluation and specific circumstances of the pledge.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

### ***Grants***

Grant expenses are recorded when approved. In some instances, grants are approved subject to receipt of future gifts and investment income. These are not considered conditional and, therefore, are recognized when approved.

# **The Greater Kansas City Community Foundation and Supporting Organizations**

## **Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the donor services, program direct fund expenses, administrative and development categories based on time expended, usage and other methods.

### ***Income Taxes***

The Internal Revenue Service has determined the Community Foundation is a publicly supported organization as defined in Section 509(a)(1) of the Internal Revenue Code. The supporting organizations are organizations of the type described in Section 509(a)(3). All organizations are exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Foundations file tax returns in the U.S. federal jurisdiction.

### ***Use of Estimates***

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

### ***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

### ***Reclassifications***

Certain reclassifications have been made to the 2016 consolidated financial statements to conform to the 2017 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### ***Subsequent Events***

Subsequent events have been evaluated through August 8, 2018, which is the date the consolidated financial statements were available to be issued.

### **Note 2: Investments, Investment Return and Fair Value Measurements**

#### ***Investments and Fair Value Measurements***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following tables detail the investment balances and present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2017 and 2016:

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

	2017			
	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 241,811,760	\$ 241,811,760		
Investments				
Investments at fair value				
Equity strategies				
Berkshire Hathaway	325,710,089	325,710,089		
U.S. equities	353,805,902	353,743,193	\$ 62,709	
Foreign equities	22,531,683	22,531,683		
Vanguard institutional index fund	352,949,118	352,949,118		
Domestic mutual funds	358,279,434	358,279,434		
Foreign mutual funds	333,845,883	333,845,883		
Exchange traded notes	1,596,694	1,596,694		
Fixed income strategies				
U.S. treasury and agency securities	47,874,846		47,874,846	
Corporate and municipal bonds	57,657,474		57,657,474	
Domestic bond funds	514,742,302	514,293,617	448,685	
Foreign bond funds	7,390,873	7,390,873		
Foreign bonds	420,595		420,595	
Other investment strategies				
Balanced mutual funds	14,659,903	14,659,903		
Master limited partnership mutual funds	5,571,402	5,571,402		
Commodities and commodity funds	4,128,838	4,128,838		
Real estate investment trusts	13,030,952	12,888,964	132,595	\$ 9,393
Alternative mutual funds	18,636,899	18,580,385	56,514	
Alternative investments	102,730,224	202,943	785,030	101,742,251
Closely held stock	46,606,287			46,606,287
Limited partnerships	2,804,533	2,804,533		
Real estate	6,272,749			6,272,749
Total investments at fair value	<u>2,591,246,680</u>	<u>2,329,177,552</u>	<u>107,438,448</u>	<u>154,630,680</u>
Investments at net asset value (NAV)				
Hedge funds	6,252,422			
Common trust funds	77,361,683			
Limited partnerships	70,756,030			
Total investments at NAV	<u>154,370,135</u>			
Investments at cost				
Certificates of deposit	8,424,953			
Life insurance	1,355,949			
Total investments at cost	<u>9,780,902</u>			
 Total investments	 <u>2,755,397,717</u>	 <u>2,329,177,552</u>	 <u>107,438,448</u>	 <u>154,630,680</u>
	<u>\$ 2,997,209,477</u>	<u>\$ 2,570,989,312</u>	<u>\$ 107,438,448</u>	<u>\$ 154,630,680</u>

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

	Total	2016 Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 200,145,583	\$ 200,145,583		
Investments				
Investments at fair value				
Equity strategies				
Berkshire Hathaway	289,319,735	289,319,735		
U.S. equities	306,301,330	306,243,346	\$ 57,984	
Foreign equities	17,744,268	17,744,268		
Vanguard institutional index fund	314,714,493	314,714,493		
Domestic mutual funds	328,929,664	328,929,664		
Foreign mutual funds	246,262,338	246,262,338		
Exchange traded notes	1,958,051	1,958,051		
Fixed income strategies				
U.S. treasury and agency securities	33,063,904		33,063,904	
Corporate and municipal bonds	60,302,022		60,302,022	
Domestic bond funds	423,401,911	422,950,752	451,159	
Foreign bond funds	5,476,498	5,476,498		
Foreign bonds	534,741		534,741	
Other investment strategies				
Balanced mutual funds	13,469,174	13,469,174		
Master limited partnership mutual funds	3,315,222	3,315,222		
Commodities and commodity funds	1,377,795	1,377,795		
Real estate investment trusts	10,454,974	10,141,300	294,391	\$ 19,283
Alternative mutual funds	13,755,104	13,755,104		
Alternative investments	74,149,722	266,635	765,621	73,117,466
Closely held stock	12,199,138			12,199,138
Limited partnerships	3,069,444	3,069,444		
Real estate	12,471,554			12,471,554
Total investments at fair value	<u>2,172,271,082</u>	<u>1,978,993,819</u>	<u>95,469,822</u>	<u>97,807,441</u>
Investments at net asset value (NAV)				
Hedge funds	6,549,480			
Common trust funds	65,058,740			
Limited partnerships	69,281,295			
Total investments at NAV	<u>140,889,515</u>			
Investments at cost				
Certificates of deposit	7,880,845			
Life insurance	1,420,823			
Total investments at cost	<u>9,301,668</u>			
Total investments	<u>2,322,462,265</u>	<u>1,978,993,819</u>	<u>95,469,822</u>	<u>97,807,441</u>
	<u>\$ 2,522,607,848</u>	<u>\$ 2,179,139,402</u>	<u>\$ 95,469,822</u>	<u>\$ 97,807,441</u>

# **The Greater Kansas City Community Foundation and Supporting Organizations**

## **Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 securities are estimated through internal analysis and through the use of independent appraisals. There have been no significant changes in the valuation techniques during the year ended December 31, 2017. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

### ***Level 3 Valuation Process***

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with specialists to generate fair value estimates through independent appraisals on a periodic basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States of America.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### **Level 3 Reconciliation**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	<b>Closely Held Stock</b>	<b>Alternative Investments</b>	<b>Real Estate &amp; Real Estate Investment Trusts</b>
Balance, January 1, 2016	\$ 13,072,822	\$ 42,908,937	\$ 15,818,647
Net realized and unrealized gains (losses)	-	31,747,856	(47,741)
Purchases	-	-	118,192
Contributions	911,603	552,700	145,438
Sales and redemptions	(1,745,287)	(132,695)	(3,511,949)
Grants	-	(1,959,332)	(31,750)
Transfers out of Level 3	(40,000)	-	-
Balance, December 31, 2016	12,199,138	73,117,466	12,490,837
Net realized and unrealized gains (losses)	-	6,758,409	(53,018)
Contributions	34,407,149	22,443,647	794,337
Sales and redemptions	-	(577,271)	(153,464)
Grants	-	-	(6,796,550)
Balance, December 31, 2017	<u>\$ 46,606,287</u>	<u>\$ 101,742,251</u>	<u>\$ 6,282,142</u>
Total gains (losses) for the period included in the change in net assets attributable to the change in unrealized gains or losses related to assets and liabilities still held at the reporting date			
Year ended December 31, 2016	<u>\$ -</u>	<u>\$ 31,766,101</u>	<u>\$ (47,742)</u>
Year ended December 31, 2017	<u>\$ -</u>	<u>\$ 6,763,351</u>	<u>\$ (52,878)</u>

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### **Unobservable (Level 3) Inputs**

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2017 and 2016.

	Fair Value at		Valuation	Unobservable	Range (Weighted Average) at	
	12/31/2017	12/31/2016	Technique	Inputs	12/31/2017	12/31/2016
Closely held stock	\$ 46,606,287	\$ 12,199,138	Discounted cash flow	Weighted average cost of capital	20% - 29% (23%)	29% - 33% (31%)
				Marketability yield adjustment		
			Projected cash flows	5% - 40% (14%)		
			Adjusted net asset method	Discount for lack of control	20% - 30% (25%)	20% - 30% (25%)
				Discount for minority interest		
				Marketability yield adjustment		
			Market approach	Enterprise value market multiples	3% - 7% (6%)	
				Index change in value		
			Sales comparison approach		5%	
Alternative investments	101,742,251	73,117,466	Asset based approach	Discount for lack of control	5% - 10% (8%)	5% - 10% (8%)
				Marketability yield adjustment		
Real estate and real estate investment trusts	6,282,142	12,490,837	Sales comparison approach	Probability of success		100%
			Income capitalization rate	Capitalization rate	9%	9%

### **Investments at Net Asset Value**

At December 31, 2017 and 2016, the Foundations held the following investments in certain entities that calculate net asset value per share or its equivalent.

	Fair Value 2017	Fair Value 2016	Restrictions on Redemption	Redemption Notice Period
Hedge funds (A)	\$ 6,252,422	\$ 6,549,480	Initial lock-up of 1-2 years	65- 95 days
Common trust funds (B)	77,361,683	65,058,740	Limited to month-end redemption	5 days
Limited partnerships (C)	<u>70,756,030</u>	<u>69,281,295</u>	Limited to month-end or quarter-end redemption	30-90 days
Total	<u>\$ 154,370,135</u>	<u>\$ 140,889,515</u>		

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

- (A) This category includes investments in multi-strategy hedge funds that primarily utilize directional (long/short domestic and global equity) and absolute return strategies with the objective of protecting capital, providing returns uncorrelated to the broad United States of America equity market and earning attractive rates of return over time.

The Foundations' hedge funds have lock-up periods ranging from one to two years, and thereafter require between 65 and 95 days of advance notice prior to redemption. Redemption payments may be delayed in the event of certain extraordinary circumstances including, but not limited to, an inability to liquidate existing positions or the default or delay in payments due the funds from brokers, banks or other persons, or when the disposal of part or all of the assets of the funds, or the determination of the net asset value of the shares, would not be reasonably practicable or would be seriously prejudicial to the non-redeeming shareholders.

- (B) This category includes investments in common trust funds, which permit the commingling or pooling of investors' money into one account (known as a common fund) for the purpose of creating a single investment. Because they are a bank product, common trust funds are not required to be registered with the Securities and Exchange Commission and they are not considered to be a security under state and federal securities laws. Much like mutual funds, common trust funds strike a net asset value on a periodic basis and have varying investment strategies that primarily include investments in traditional assets such as domestic and international equity, fixed income securities and other securities.

The Foundations' investments in common trust funds can be redeemed monthly with five business days' notice.

- (C) This category includes several partnerships. Each partnership operates in accordance with the terms of a limited partnership agreement and continues to operate year to year, unless dissolved in accordance with the agreements. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long term horizon by employing a strategy under which the partnerships invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, timber, absolute return/hedge funds, private equity and venture capital investments).

The Foundations' investment partnerships are priced at varying intervals, generally allowing exit at month-end or quarter-end. Advance notice periods range from 30 to 90 days. In certain situations where redemptions comprise ten percent of partnership assets at quarter-end or 25 percent at year-end, the partnerships may suspend redemptions.

At December 31, 2017 and 2016, the Community Foundation's unfunded commitments amounted to \$13,483,796 and \$15,469,900, respectively.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

### **Investment Return**

Total investment return is comprised of the following:

	<b>2017</b>	<b>2016</b>
Interest and dividends	\$ 32,679,155	\$ 29,355,194
Realized gains on sale of investments	47,009,631	14,954,177
Unrealized gains on investments	188,488,890	138,127,867
Investment management fees	(4,954,481)	(4,140,407)
	<b>\$ 263,223,195</b>	<b>\$ 178,296,831</b>

### **Note 3: Contributions Receivable**

Contributions receivable at December 31, 2017 and 2016 consisted of the following unconditional promises to give with discount rates ranging from 2 percent to 3 percent:

	<b>2017</b>	<b>2016</b>
Due less than one year	\$ 20,202,873	\$ 30,697,505
Due in one to five years	29,106,042	24,076,380
Due in more than five years	-	21,000
	49,308,915	54,794,885
Less allowance for uncollectible contributions	(1,402,349)	(1,129,323)
Unamortized discount	(308,392)	(633,502)
	<b>\$ 47,598,174</b>	<b>\$ 53,032,060</b>

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

### Note 4: Notes and Other Receivables

Notes and other receivables at December 31, 2017 and 2016 consist of the following:

	2017	2016
Due from local for-profit organization; matures June 5, 2022; interest accrues at 4.13% per annum and is due annually; collateralized by investments	\$ 5,000,000	\$ 5,000,000
Due from local for-profit organization; matures January 1, 2030; monthly principal and interest at 5.5% beginning February 1, 2009; collateralized by real estate and equipment	2,801,908	2,940,265
Due from an estate trustee; matures January 1, 2026; interest accrues at 1.97% per annum and due annually commencing January 1, 2018; principal is due in full on maturity date	17,171,153	-
Due from local non-profit organization; matures December 31, 2025. The note bears interest at 4.0% per annum and is due in monthly principal and interest payments upon construction completion; collateralized by a lease, rents under a sublease and real estate. The note was paid in full during 2017.	-	1,306,273
Accrued interest receivable	574,774	265,583
Other receivables	3,466,494	6,301,091
	\$ 29,014,329	\$ 15,813,212

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

### Note 5: Property and Equipment

Property and equipment at December 31, 2017 and 2016 consists of:

	<b>2017</b>	<b>2016</b>
Land	\$ 1,910,000	\$ 2,066,000
Buildings and leasehold improvements	50,291,825	52,491,204
Furniture and fixtures	2,017,416	1,963,451
Computer equipment and software	1,807,946	1,782,212
Construction in progress	54,534	97,694
	56,081,721	58,400,561
Less accumulated depreciation and amortization	9,335,996	7,174,830
	\$ 46,745,725	\$ 51,225,731

### Note 6: Notes and Bonds Payable

	<b>2017</b>	<b>2016</b>
Lines of credit (A)	\$ 13,990,707	\$ 18,990,707
Promissory note payable (B)	1,718,384	1,868,998
Bonds payable (C)	2,580,789	11,406,097
Other	96,339	88,385
	18,386,219	32,354,187
Less unamortized debt issuance costs	(386,190)	(425,134)
	\$ 18,000,029	\$ 31,929,053

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

**December 31, 2017 and 2016**

- (A) Revolving line of credit not to exceed \$12,000,000 maturing March 31, 2018. Subsequent to year end, the line of credit was renewed and extended to March 31, 2019. Interest is due on June 30 and then on the last day of each quarter until paid in full. The loan carries an interest rate of London Interbank Offered Rate (LIBOR) plus 0.5 percent. Interest was 2.00 percent and 1.15 percent at December 31, 2017 and 2016, respectively. The line of credit is secured by the personal property of a donor. Revolving line of credit not to exceed \$8,000,000 expiring June 30, 2018. Subsequent to year end, the line of credit was renewed and extended to June 30, 2020. The loan carries an interest rate of 30 day LIBOR plus .6 percent (previously .75 percent) or bank offered rate. Interest was 1.93 percent and 1.44 percent at December 31, 2017 and 2016, respectively. Interest is charged periodically until paid in full. The line of credit is guaranteed by the personal property of a donor. The purposes of the lines of credit are to fund contributions to charitable organizations and both lines of credit are renewed annually.
- (B) Promissory note dated December 14, 2012 for \$2,300,000, with a fixed interest rate of 2.36 percent. Quarterly interest payments of \$13,570 are due in 2013. Thereafter, 56 quarterly payments of \$48,349 are due beginning March 14, 2013, maturing on December 13, 2027.
- (C) Leasehold Revenue Bonds, Series 2012, issued by the Health and Educational Facilities Authority of the State of Missouri. The bonds mature December 1, 2027 with a fixed interest rate of 2.17 percent. The bonds are guaranteed by a private foundation. During 2017 and 2016, \$8,825,308 and \$906,545, respectively, of the bonds were redeemed.

The promissory note was issued to purchase land and buildings from the private foundation and the bonds were issued to construct a charter school on the property. In connection with the project, the Foundations have entered into a lease agreement with a separate non-profit organization to lease the land, buildings and equipment for a term of 15 years with lease payments being equal to the debt service payments on the promissory note and bonds plus \$100,000 annually.

Including renewals of debt occurring subsequent to year end, aggregate annual maturities of long-term debt at December 31, 2017, are:

2018	\$ 388,977
2019	7,320,315
2020	7,471,864
2021	414,576
2022	424,042
Thereafter	2,366,445
	\$ 18,386,219

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

### Note 7: Employee Benefit Plan

The Community Foundation sponsors a defined contribution plan. All full-time employees and part-time employees working 1,500 or more hours per year are eligible to participate upon reaching age twenty-one and completion of three months of service. The Community Foundation contributes an amount to the participant's account equal to 10 percent of the participant's salary, subject to certain limitations. During the years ended December 31, 2017 and 2016, the Community Foundation's contributions to the Plan amounted to approximately \$433,000 and \$419,000, respectively.

### Note 8: Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and supporting services benefited.

	2017					Total
	Grants	Donor Services Expenses	Program Direct Fund Expenses	Administrative Expenses	Development Expenses	
Grants	\$ 263,484,475	\$ -	\$ -	\$ -	\$ -	\$ 263,484,475
Salaries	-	163,496	2,648,723	794,617	971,198	4,578,034
Payroll taxes and benefits	-	25,354	981,762	294,529	359,980	1,661,625
Office and program materials	-	12,225	408,196	122,459	149,672	692,552
Conferences and training	-	59,783	32,547	9,764	11,934	114,028
Telephone and utilities	-	865	22,469	6,741	8,239	38,314
Office and equipment repairs and maintenance	-	8,834	22,488	6,747	8,246	46,315
Promotional and local travel	-	17,089	50,886	15,266	18,658	101,899
Printing and postage	-	-	43,014	12,904	15,772	71,690
Depreciation and amortization	-	2,101,362	126,749	38,025	46,475	2,312,611
Professional services	-	706,957	400,717	120,215	146,930	1,374,819
Insurance	-	7,720	57,531	17,259	21,095	103,605
Marketing	-	17,377	128,770	38,631	47,216	231,994
Rent	-	90	242,659	72,798	88,975	404,522
Unrelated business income tax	-	-	30,719	870	-	31,589
Other	-	3,722,814	862	18	22	3,723,716
<b>Total</b>	<b>\$ 263,484,475</b>	<b>\$ 6,843,966</b>	<b>\$ 5,198,092</b>	<b>\$ 1,550,843</b>	<b>\$ 1,894,412</b>	<b>\$ 278,971,788</b>

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

	2016					
	Grants	Donor Services Expenses	Program Direct Fund Expenses	Administrative Expenses	Development Expenses	Total
Grants	\$ 219,301,638	\$ -	\$ -	\$ -	\$ -	\$ 219,301,638
Salaries	-	606,624	2,757,432	752,027	668,468	4,784,551
Payroll taxes and benefits	-	104,258	1,030,127	277,475	246,644	1,658,504
Office and program materials	-	153,833	418,179	114,049	101,377	787,438
Conferences and training	-	6,550	39,458	3,720	14,372	64,100
Telephone and utilities	-	20,953	22,913	6,249	5,555	55,670
Office and equipment repairs and maintenance	-	12,727	58,168	15,864	14,101	100,860
Promotional and local travel	-	83,842	72,182	-	30,935	186,959
Printing and postage	-	1,382	37,546	10,240	9,102	58,270
Depreciation and amortization	-	2,319,635	109,984	29,996	26,663	2,486,278
Professional services	-	513,314	447,071	308,309	98,732	1,367,426
Insurance	-	11,790	58,451	15,941	14,170	100,352
Marketing	-	11,458	127,931	-	54,827	194,216
Rent	-	374	276,618	75,441	67,059	419,492
Unrelated business income tax	-	-	86,811	-	-	86,811
Other	-	4,205,733	324,516	2,761	281	4,533,291
	\$ 219,301,638	\$ 8,052,473	\$ 5,867,387	\$ 1,612,072	\$ 1,352,286	\$ 236,185,856
Total	\$ 219,301,638	\$ 8,052,473	\$ 5,867,387	\$ 1,612,072	\$ 1,352,286	\$ 236,185,856

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

### Note 9: Transactions in Funds Held for Agencies

Transactions in funds held for agencies are summarized as follows:

	<b>2017</b>	<b>2016</b>
<b>Additions</b>		
Contributions	\$ 142,039,452	\$ 156,936,542
Transfer to agency funds	20,431,496	-
Interest and dividends	17,046,397	14,918,064
Net unrealized and realized gains	85,015,067	32,040,386
Total additions	264,532,412	203,894,992
<b>Deductions</b>		
Distributions - grants	139,915,592	93,325,107
Distributions - other	22,881,259	27,010,545
Total distributions	162,796,851	120,335,652
Administrative expenses	2,463,763	2,524,162
Total deductions	165,260,614	122,859,814
Change in balance	99,271,798	81,035,178
Balance in agency funds, beginning of year	764,719,813	683,684,635
Balance in agency funds, end of year	\$ 863,991,611	\$ 764,719,813

The Foundations contributed approximately \$20 million to agency funds during 2017. These contributions are eliminated on the face of the consolidated statement of activities and shown as a transfer into agency funds in the above summary of agency fund activities.

### Note 10: Endowment Net Assets

The Foundations' unrestricted net assets include approximately 200 individual funds established for a variety of purposes that function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Foundations to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### ***Interpretation of Relevant Law***

The Foundations are incorporated in the State of Missouri, which has adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundations are governed by the *Rules for the Establishment and Operation of Funds*, as adopted by the boards of directors. The Foundations have determined that the majority of the Foundations' contributions are subject to its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundations.

Under the terms of the *Rules for the Establishment and Operation of Funds* and individual fund agreements, the Foundations have the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest or fund as the boards of directors in their sole discretion shall determine. As a result, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes. Although the Foundations retain variance power over the distributions from these unrestricted funds, to the extent that the donors or boards of directors have recommended that certain funds function as endowment funds, the Foundations manage these funds as endowment funds (funds functioning as endowments).

### ***Endowment Investment and Spending Policies***

The Foundations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their funds.

The Foundations' primary long-term investment objectives are to seek competitive market returns so as to preserve and grow the capital of funds, provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs of the Foundations now and those in the future. Diversification of assets is employed to ensure that adverse results from one asset class will not have an unduly detrimental effect on total returns. Diversification is interpreted to include diversification by type, by characteristic and by number of investments, as well as by the hiring of managers that employ different management styles. The Foundations' current portfolio places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. The current long-term return objective for endowment funds is to provide a total return, including interest, dividends and capital appreciation (realized and unrealized) of 8 percent, net of investment expenses. Actual returns in any given year will vary from this amount.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

**December 31, 2017 and 2016**

For endowment funds under the Foundations' direct oversight, annual dollars available for distribution shall be computed by multiplying the average of the past three year-end fund balances times five percent (5 percent). Calculations are made as of the beginning of each fiscal year and are distributed according to the terms of the fund agreement, or if not specified, distributions are made by December of each fiscal year. Accordingly, over the long term, the Foundations expect the current spending policy to allow endowment assets to grow at an average rate of 3 percent per year. This is consistent with the Foundations' objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the years ended December 31, 2017 and 2016 were:

	<b>2017</b>	<b>2016</b>
	<i>Unrestricted</i>	<i>Unrestricted</i>
Endowment net assets, beginning of year	\$ 221,870,038	\$ 217,991,433
Investment return		
Interest and dividends	5,248,354	4,590,037
Net realized and unrealized gains	27,617,719	10,512,911
Total investment return	32,866,073	15,102,948
Contributions	5,611,120	6,483,313
Amounts appropriated for expenditure	(8,580,879)	(16,719,220)
Net transfers from board-designated endowments	(1,940,289)	(988,436)
Change in endowment net assets	27,956,025	3,878,605
Endowment net assets, end of year	\$ 249,826,063	\$ 221,870,038

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements

December 31, 2017 and 2016

### Note 11: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Contributions Receivable***

Approximately 92 percent and 82 percent of contributions receivable were due from three and four donors at December 31, 2017 and 2016, respectively.

#### ***Contributions Revenue***

Approximately 16 percent of net contributions revenue was received from one donor during the year ended December 31, 2016.

#### ***Investments***

The Foundations invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Approximately 25 percent and 26 percent of all investment holdings were held in two investment securities, Berkshire Hathaway and Vanguard Institutional Index Fund, at December 31, 2017 and 2016, respectively.

#### ***Charitable Remainder Trusts and Gift Annuities***

Estimates related to the valuation of charitable remainder trusts and gift annuities are described in *Note 1*.

#### ***Allowance for Contributions Receivable and Notes Receivable***

Estimates related to the allowance for uncollectible contributions receivable and notes receivable are described in *Note 1*. It is at least reasonably possible that actual collection could differ materially from the contributions and notes receivable currently reported in the accompanying consolidated statements of financial position.

# The Greater Kansas City Community Foundation and Supporting Organizations

## Notes to Consolidated Financial Statements December 31, 2017 and 2016

### ***Functional Allocation of Expenses***

Estimates related to the allocation of certain costs among the donor services, program direct fund expenses, administrative and development categories are described in *Note 1*.

### **Note 12: Restatement of Prior Year Consolidated Financial Statements**

The Consolidated Statement of Cash Flows for 2016 has been restated for an error in the reported amount of contributed investments. This restatement reduced previously reported 2016 net cash provided by operating activities and net cash used in investing activities by \$64,958,006. The error had no effect on the change in net assets. The following line items on the 2016 Consolidated Statement of Cash Flows were affected by the change:

	<b>As Restated</b>	<b>As Previously Reported</b>	<b>Effect of Change</b>
<b>Operating Activities</b>			
Items not requiring (providing) operating activities cash flows			
Contributions of investments	\$ (1,609,741)	\$ 63,348,265	\$ (64,958,006)
Net cash provided by operating activities	219,739,166	284,697,172	(64,958,006)
<b>Investing Activities</b>			
Purchase of investments	(791,251,988)	(856,209,994)	64,958,006
Net cash used in investing activities	(179,374,593)	(244,332,599)	64,958,006