PULASKI COUNTY COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2014 and 2013

Estep Burkey Simmons, LLC
Certified Public Accountants
& Consultants

Report of Independent Certified Public Accountants

Board of Directors
Pulaski County Community Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Pulaski County Community Foundation, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pulaski County Community Foundation, Inc. as of December 31, 2014 and 2013, 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.

Estep Burkey Simmons, LLC

Muncie, Indiana
August 14, 2015

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Pulaski County Community Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2014	2013
ASSETS		
Cash and cash equivalents	$ 935,034	$ 351,685
Bequest receivable	20,000	-
Investments	7,665,516	7,535,396
Furniture and equipment, net of accumulated depreciation of $21,408 and $20,710 in 2014 and 2013, respectively	912	1,610
	$ 8,621,462	$ 7,888,691
LIABILITIES		
Accounts payable	$ 1,101	$ 918
Accrued liabilities	2,926	3,623
Scholarships payable	5,918	7,242
Deferred revenue	425,795	-
Annuity reserves	72,837	46,470
Agency funds	518,834	516,986
Total liabilities	1,027,411	575,239
NET ASSETS		
Unrestricted	1,640,475	1,578,404
Temporarily restricted	1,394,004	1,418,851
Permanently restricted	4,559,572	4,316,197
	7,594,051	7,313,452
	$ 8,621,462	$ 7,888,691

The accompanying notes are an integral part of these statements.

Pulaski County Community Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years Ended December 31,

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Contributions	$ 46,441	$ 23,656	$ 243,375	$ 313,472
Administrative fee income	91,597			91,597
Interest and dividends	10,103	305,193		315,296
Realized gains on investments	22,384	138,555		160,939
Unrealized gains (losses) on investments	83,994	(182,813)		(98,819)
Change in value of split-interest agreements		2,276		2,276
Other income	335			335
	254,854	286,867	243,375	785,096
Net assets released from restrictions				
Restrictions satisfied by payments	311,714	(311,714)		
Reclassifications and other				
Expenses				
Program services				
Grants and scholarships	270,549			270,549
Program expenses	33,858			33,858
Supporting services				
Operating expenses	65,666			65,666
Administrative fee expense	86,237			86,237
Investment fees	23,242			23,242
Fundraising expenses	24,945			24,945
	504,497			504,497
CHANGE IN NET ASSETS	62,071	(24,847)	243,375	280,599
Net assets at beginning of year	1,578,404	1,418,851	4,316,197	7,313,452
Net assets at end of year	$ 1,640,475	$ 1,394,004	$ 4,559,572	$ 7,594,051

The accompanying notes are an integral part of these statements.

2013			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 19,667	$ 64,467	$ 65,740	$ 149,874
85,318			85,318
6,896	319,941		326,837
22,384	369,945		392,329
83,994	176,010		260,004
	4,613		4,613
218,259	934,976	65,740	1,218,975
431,990	(431,990)		
250,280			250,280
32,729			32,729
63,254			63,254
80,353			80,353
23,412			23,412
24,318			24,318
474,346			474,346
175,903	502,986	65,740	744,629
1,402,501	915,865	4,250,457	6,568,823
$ 1,578,404	$ 1,418,851	$ 4,316,197	$ 7,313,452

Pulaski County Community Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2014	2013
Cash flows from operating activities:		
Increase in net assets	$ 280,599	$ 744,629
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	698	959
Realized gains on investments	(160,939)	(392,329)
Unrealized (gains) losses on investments	98,819	(260,004)
Change in value of split-interest agreements	(2,276)	(4,613)
Contributions to restricted funds	(243,375)	(65,740)
Increase in bequest receivable	(20,000)	
Increase (decrease) in liabilities:		
Accounts payable	183	204
Accrued liabilities	(697)	589
Scholarships payable	(1,324)	(2,613)
Deferred revenue	425,795	
Agency funds	1,848	36,207
Net cash provided by operating activities	379,331	57,289
Cash flows from investing activities:		
Purchase of equipment		(1,099)
Contribution of annuity reserves	28,643	
Proceeds from sale of investments	1,847,920	1,629,649
Purchase of investments	(1,915,920)	(1,673,320)
Net cash used in investing activities	(39,357)	(44,770)
Cash flows from financing activities:		
Cash received from contributors for restricted funds	243,375	65,740
Net cash provided by financing activities	243,375	65,740
Net increase in cash and cash equivalents	583,349	78,259
Cash and cash equivalents at beginning of year	351,685	273,426
Cash and cash equivalents at end of year	$ 935,034	$ 351,685

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Pulaski County Community Foundation, Inc. (Foundation) was incorporated as a not-for-profit organization on November 30, 2001, under the laws of the State of Indiana. The Foundation is a public foundation located in Winamac, Indiana, which secures permanent funds to serve the philanthropic goals of donors who wish to better their community by providing them with flexible, efficient, and tax-effective ways to achieve the greatest possible impact. Support consists of donations from private and public organizations or individuals. Other sources of revenue are primarily investment earnings from the endowed funds held by the Foundation.

2. Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

3. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at financial institutions which are insured by agencies of the U.S. Government. For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Investments

In accordance with the Not-for-Profit Entities - Investments - Debt and Equity Securities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), investments are recorded at fair value. The changes in the difference between fair value and cost are reflected in the financial statements as net unrealized gains or losses on investments. Investment income, net realized and unrealized gains or losses are classified as unrestricted, temporarily restricted or permanently restricted revenue or expenses, depending on the existence and/or nature of any donor restrictions.

5. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2014 and 2013, the Foundation did not exceed the insured limit.

6. Property, Equipment and Depreciation

Purchased property and equipment is stated at cost. Donated property and equipment is recorded as support and revenue at the estimated fair-market value at the date of gift. Depreciation is computed according to the estimated useful lives of the respective assets, which range from three to forty years, using the straight-line method.

7. Deferred Revenue

During 2014, the Foundation received a $500,000 gift from Lilly GIFT VI, which has a matching requirement. The Foundation raised $122,022 towards the matching requirement during 2014 and recorded $74,205 as contribution revenue from the matching gift. The unmatched portion of the Lilly GIFT VI is $425,795 as of December 31, 2014 and is recorded as deferred revenue on the Statement of Financial Position.

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Grants and scholarships

Grants and scholarships, including multi-year awards, are recorded as an expense and a payable when grants are approved and communicated to the grantees. Grants and scholarships expense for the years ended December 31, 2014 and 2013 was $270,549 and $250,280, respectively.

9. Net Assets and Spending Policy

The financial statements have been prepared in accordance with FASB ASC 958-205-05. Under the provisions, net assets are classified based upon the existence or absence of donor-imposed restrictions. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

Unrestricted net assets represent the part of the net assets of the Foundation that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent the part of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Foundation.

Permanently restricted net assets represent the part of the net assets of the Foundation resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

The primary investment objective of the Foundation is to maximize total return of the Portfolio net of inflation, spending, and expenses, over a full market cycle without undue exposure to risk. It is expected that the Portfolio will outperform this weighted benchmark index over a full market cycle. The benchmark index is comprised of each asset class index weighted by its target allocation.

The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. The target spending amount for the Foundation will be up to 4.0% of the previous twelve-quarter, moving average of the Portfolio's market value. The formula shall be applied to the twelve quarters ending each fiscal year prior to payout.

10. Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision has been made for income taxes. The Foundation is not considered to be a private foundation.

11. Contributed Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

12. Compensated Absences

The Foundation’s policy for compensated absences requires employees to take their paid time off during the year for which it is earned. Therefore, no accumulation results and no accrual are necessary.

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Functional Allocation of Expenses

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

14. Advertising

Advertising costs are expensed as incurred and included in functional expenses. Advertising expenses totaled $3,399 and $3,124 for 2014 and 2013, respectively.

15. Uncertain Tax Positions

The Foundation follows the Income Tax topic of the FASB ASC. The Foundation now recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Foundation has examined this issue and has determined there are no material contingent tax liabilities.

The Foundation's federal and state exempt organization tax returns for 2011, 2012, and 2013 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

16. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - INVESTMENTS

The following is an analysis of the cost and fair value at December 31, 2014 and 2013, by type of investment. The investments are held in uninsured trust accounts at various financial institutions.

	2014 Fair Value	2013 Fair Value
Mutual funds - equities:		
Common stocks	$ 1,555,569	$ 1,839,331
Foreign large blend	403,321	408,840
Large value	2,470,117	883,910
World allocation	70,065	299,491
Small growth	268,946	275,821
Small blend	175,690	168,322
Large blend		1,280,947
World stock fund	170,727	164,020
Tactical allocation	232,488	
Long/short equity	255,401	246,563
Total mutual funds - equity	5,602,324	5,567,245

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE B - INVESTMENTS - Continued

	2014 Fair Value	2013 Fair Value
Mutual funds - fixed income:		
Short-term bond	204,728	201,046
Intermediate-term bond	1,317,831	1,244,889
High yield bond	116,003	116,048
World bond	424,630	406,168
Total mutual funds - fixed income	2,063,192	1,968,151
Total investments, at fair value	$ 7,665,516	$ 7,535,396
Total investments, at historical cost	$ 5,695,627	$ 5,840,317

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2014 and 2013.

	2014		
	Unrestricted	Temporarily Restricted	Total
Investment return	$ 10,103	$ 305,193	$ 315,296
Realized gains on investments	22,384	138,555	160,939
Unrealized gains (losses) on investments	83,994	(182,813)	(98,819)
	$ 116,481	$ 260,935	$ 377,416

	2013		
	Unrestricted	Temporarily Restricted	Total
Investment return	$ 6,896	$ 319,941	$ 326,837
Realized gains on investments	22,384	369,945	392,329
Unrealized gains on investments	83,994	176,010	260,004
	$ 113,274	$ 865,896	$ 979,170

NOTE C - RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments (Note B). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE D - FAIR VALUE MEASUREMENTS

The Foundation follows the provisions of the Fair Value Measurements and Disclosures topic of the FASB ASC. FASB ASC-820-10-35-19 defines fair value as 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.

FASB ASC 820-10-35-37 establishes a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables set forth financial assets measured at fair value in the Statement of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2014 and 2013, respectively:

	2014			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments	$ 7,665,516	$ 7,665,516		
Liabilities:				
Annuity reserves	$ 72,837		$ 72,837	

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE D - FAIR VALUE MEASUREMENTS - Continued

	2013			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments	$ 7,535,396	$ 7,535,396		
Liabilities:				
Annuity reserves	$ 46,470		$ 46,470	

Fair value for investments is determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for annuity reserves is determined by present value calculations done on an annual basis.

NOTE E - SPLIT-INTEREST AGREEMENT

The Foundation administers two split-interest agreements which require future payments to contributors or their named beneficiaries. The assets received are recorded at their fair value. The fair market value of assets held for the charitable gift annuity totaled $120,138 and $74,764 at December 31, 2014 and 2013, respectively. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of future payment obligations at December 31, 2014 and 2013 was $72,837 and $46,470, respectively. The liability was determined using discount rates of 5.7% to 7.2%. The change in the actuarial value of the annuity obligations resulted in a decrease in liabilities and an increase in revenue of $2,276 at December 31, 2014, and a decrease in liabilities and an increase in revenue of $4,613 at December 31, 2013.

NOTE F - RESTRICTED NET ASSETS

The Foundation adopted the topic Donor-Restricted Endowment Fund under FASB ASC 958. FASB ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of UPMIFA. Upon adoption, there was no change in the Foundation's net asset classification. In accordance with the Foundation's fund agreements, charitable endowments are classified as permanently restricted net assets. All other Foundation net assets are considered unrestricted or temporarily restricted.

The Foundation's endowment consists of over 81 and 77 individual funds established for a variety of purposes as of December 31, 2014 and 2013, respectively. The endowment includes both funds established by donors and funds designated by the Board to function as endowments. The Foundation maintains variance power over all of the endowment funds (including those established by donors) as provided within the fund agreements. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. While the Foundation ultimately has variance power over all of the assets maintained in endowment funds, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE F - RESTRICTED NET ASSETS - Continued

Endowment net assets composition by type of fund as of December 31, 2014 and 2013 was as follows:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 1,298,348	$ 4,559,572	$ 5,857,920
Board-designated endowment funds	$ 1,286,071			1,286,071
	$ 1,286,071	$ 1,298,348	$ 4,559,572	$ 7,143,991

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 1,293,291	$ 4,316,197	$ 5,609,488
Board-designated endowment funds	$ 1,239,863			1,239,863
	$ 1,239,863	$ 1,293,291	$ 4,316,197	$ 6,849,351

Changes in endowment net assets for the years ended December 31, 2014 and 2013, were as follows:

	2014		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenue and support			
Contributions and other	$ 50,697		$ 243,375
Investment return	54,757	$ 251,913	
Net appreciation of investments	9,997	44,440	
Total revenue and support	115,451	296,353	243,375
Appropriatation of endowment assets for expenditure	69,243	291,296	
Change in endowment net assets	46,208	5,057	243,375
Endowment net assets, beginning of year	1,239,863	1,293,291	4,316,197
Endowment net assets, end of year	$ 1,286,071	$ 1,298,348	$ 4,559,572

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE F - RESTRICTED NET ASSETS - Continued

	2013		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenue and support			
Contributions and other	$ 1,069		$ 65,740
Investment return	58,188	$ 258,968	
Net appreciation of investments	115,299	514,027	
Total revenue	174,556	772,995	65,740
Appropriatation of endowment assets for expenditure	53,547	277,406	
Change in endowment net assets	121,009	495,589	65,740
Endowment net assets, beginning of year	1,118,854	797,702	4,250,457
Endowment net assets, end of year	$ 1,239,863	$ 1,293,291	$ 4,316,197

Occasionally, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor of UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2014 and 2014, no endowment funds were underwater. Deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that may be deemed prudent by the board of directors.

The Foundation follows the topic Donor-Restricted Endowment Fund under FASB ASC 958. FASB ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of UPMIFA. In accordance with the Foundation’s fund agreements, charitable endowments are classified as permanently restricted net assets. All other Foundation net assets are considered unrestricted or temporarily restricted.

Donor restrictions have been imposed on a significant portion of the Foundation's net assets for the following areas of interest at December 31, 2014 and 2013.

	2014		2013	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Endowments	$ 1,010,731	$ 3,109,943	$ 1,009,102	$ 2,992,312
Scholarship	287,617	1,380,306	284,189	1,275,542
Charitable gift annuities		69,323		48,343
Growing and pass-through funds	95,656		125,560	
	$ 1,394,004	$ 4,559,572	$ 1,418,851	$ 4,316,197

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE G - AGENCY FUNDS

In accordance with FASB ASC-958-20-15, the Foundation reports contributions as a liability when third party organizations transfer these assets to the Foundation and specify themselves, or their affiliates, as the beneficiary. These liabilities are offset by the Foundation's investments.

During the years ended December 31, 2014 and 2013, the following activity occurred in the agency funds held by the Foundation. These amounts are not reflected on the statement of activities.

	2014		2013	
Support and revenue				
Contributions and pledges	$ 1,476		$ 1,871	
Investment income	23,188		24,532	
Realized gains on investments	12,118		29,090	
Unrealized gains (losses) on investments	(7,819)		19,611	
		$ 28,963		$ 75,104
Expenses				
Grants expense	19,972		32,121	
Bank trustee fees	1,783		1,811	
Administrative fees	5,360		4,965	
		27,115		38,897
Increase in agency funds		1,848		36,207
Balance at beginning of year		516,986		480,779
Balance at end of year		$ 518,834		$ 516,986

NOTE H - ADMINISTRATION MANAGEMENT

The Foundation assesses an administrative charge of 1.0% to 2.0% on endowment and pass-through funds. The amount assessed to the funds is based upon the principal balance of the fund. This amount is used primarily to support the operations of the Foundation.

For the years ended December 31, 2014 and 2013, $91,597 and $85,318, respectively, is included as support and revenue and $86,237 and $80,353, respectively is included as an expense. Due to the fact that administrative charges to various funds are considered a significant measure of the operations of community foundations, these fees have not been eliminated in the financial statements.

NOTE I - OPERATING LEASE AGREEMENT

On December 15, 2013, the Foundation entered into a one year operating lease for its office facility. The lease requires annual payments of $6,000 payable in installments of $500 per month. Rent expense at December 31, 2014 and 2013 was $6,000.

Pulaski County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE J - BEQUESTS

Bequests from estates are recorded when the Foundation is notified by the executor or other representative of a deceased person of an amount due the Foundation from an estate. The Foundation is aware that it has been named as beneficiary of certain estates; however the Foundation has not received any distributions. The Foundation was notified during 2014 that it will receive a $20,000 irrevocable bequest during the year ending December 31, 2015. The bequest has been recorded as a contribution and a receivable as of December 31, 2014.

NOTE K - RELATED-PARTY TRANSACTIONS

During 2014 and 2013, officers and board members made donations to the Foundation totaling $16,980 and $660, respectively.

NOTE L - SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, Subsequent Events, the Foundation has evaluated subsequent events through August 14, 2015, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2014, have been incorporated into these financial statements herein.